RP - Sanjiv Goenka Group
Growing Legacies

firstsource
Stay Ahead

15th July 2021

To,

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

Dear Madam/Sir,

Sub: Revised Annual Report for FY 2020-2021

With reference to the captioned matter and in furtherance to our letters dated 3rd July 2021 (Annual Report FY 2020-21) and 7th July 2021 (Corrigendum to the Annual Report for the Financial Year 2020-2021) we are submitting herewith a revised copy of the Company's Annual Report for the financial year 2020-2021.

The same is also available on the Company's website viz. https://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: 2021.07.15 16:21:16 +05'30'

Pooja Nambiar
Company Secretary & Compliance Officer

Encl. A/a

3rd July 2021

To,

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 2020-2021

Pursuant to Regulation 34(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith a copy of the Company's Annual Report for the financial year 2020-2021, which contains, inter-alia, the Notice convening the 20th Annual General Meeting (AGM).

The same is also available on the Company's website viz. https://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: 2021.07.03 21:51:43 +05'30'

Pooja Nambiar
Company Secretary & Compliance Officer

Encl. A/a

RP - Sanjiv Goenka Group
Growing Legacies

firstsource
Stay Ahead

7th July 2021

To,

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: Corrigendum to the Annual Report for the Financial Year 2020-2021

The Corrigendum is being issued with reference to our letter dated 3rd July 2021 with respect to the Annual Report for the Financial Year 2020-2021.

With reference to the captioned subject, we have noticed a typographical error on page number 46 of the Annual Report. It may be noted that the error is not a material error but a typographical error and it does not impact the financial statements in any manner. As soon as the typographical error was noticed, necessary rectifications have been promptly executed.

Accordingly, the revised para under the head GENERAL on page 46 shall be read as below:

"Further, your Directors would like to mention that the Managing Director & CEO received ₹ 139.14 Million as remuneration during the year from Firstsource Group USA Inc. subsidiary of the Company."

The updated Annual Report shall also be available on the website of the Company at https://www.firstsource.com/ at 'Investor Relations'.

We request you to take note of the same and bring it to the notice of the shareholders.

For **Firstsource Solutions Limited**

POOJA SURESH NAMBIAR
Digitally signed by POOJA SURESH NAMBIAR
Date: 2021.07.07 21:01:04 +05'30'

Pooja Nambiar
Company Secretary & Compliance Officer

FIRSTSOURCE SOLUTIONS LTD.,
Paradigm B, 5th Floor, Mindspace, New Link Road, Malad (W), Mumbai - 400 064. India.
Tel: +91 22 6666 0888 | Fax: +91 22 6666 0887 | Web: www.firstsource.com

(CIN: L64202MH2001PLC134147)

RP - Sanjiv Goenka Group
Growing Legacies

firstsource

Growing with PURPOSE

Annual Report
2020-21

Reviewing FY 2021

Revenues

50,780

(Rs. in million)

23.9% ▲
Y-o-Y growth

17.9% ▲
Y-o-Y CC growth

Operating EBIT

5,979

(Rs. in million)

(Margin **11.8%** of revenue)

34.7% ▲
Y-o-Y growth

Profit after tax

3,617*

(Rs. in million)

(Margin **7.1%** of revenue)

6.5% ▲
Y-o-Y growth

Earnings per share (Diluted)

5.13 per share

(In Rs.)

(FY'20 at **Rs. 4.89** per share)

4.9% ▲
Y-o-Y growth

*FY2021 PAT includes an exceptional charge of Rs. 1,151 million towards the fair value of an equity option granted to a large customer group in our Mortgage business. Adjusting for this charge, PAT came in at Rs. 4,499 million

www.firstsource.com

Contents

Growing with Purpose

As a purpose-led organization, we are energized by the desire to make a meaningful and tangible difference in the lives of our people, clients, shareholders, and the community alike.

In our mission to elevate the customer experience and create value for our global clients, we recognize the importance of creating a purpose-driven culture – one that flows inside-out from our organization. This begins by taking a people-first approach internally, empowering Firstsourcers to maximize their potential by connecting them to their role's purpose, upskilling them in new-age technologies, and focusing on their financial and physical wellbeing. For instance, our associates in Healthcare and Financial Services industries understand that they are not just customer service associates. They are Patient and Customer Advocates helping people access care and manage their financial affairs respectively, to lead a fuller life.

It then moves outward – deepening our relationship with clients, partners and community leaders – enabling us to attract top talent, drive growth, and influence entire communities through initiatives such as Impact Sourcing.

Guided by our 'Digital First, Digital Now' strategy, we co-innovate with our clients, complementing their strengths, and reinventing their operating models for the greatest business impact. We design intelligent solutions underpinned by the human touch, driving, agility and scalability for global organizations.

Chairman's Message

FY2021 has created a solid foundation for sustained progress. Our forecast for the coming year includes significant recovery in our healthcare business as well as sustained growth in BFS and the CMT sector.

Dear Shareholders,

Fiscal 2020-21 has been a strong one for Firstsource. We achieved historic levels of revenue and profitability while responding to the market and operational challenges posed by Covid. Despite the unprecedented challenges, we rapidly transitioned to a distributed work model to facilitate business continuity for our clients – while prioritizing the wellbeing of our colleagues and their families. I would like to express my deep appreciation to our leadership team and associates across the world who have worked tirelessly over the past year to maintain our market leading position.

Financial performance

Despite the insurmountable odds along the way, I am delighted to say that fiscal 2021 has been a landmark year for Firstsource. Our revenues crossed the Rs. 5,000 crore mark, with 17.9% growth in constant currency. We also onboarded over 6,800 employees during the year the highest ever by our company.

- Revenue from operations grew 23.9% from Rs. 40,986 million (US$578 million) in FY 2020 to Rs. 50,780 million (US$685 million)
- Operating margins hit 11.8%, higher than projected
- Profit after tax was Rs. 3,617 million, up from Rs. 3,397 million in the previous year

With our Mortgage business leading the pack, Banking & Financial Services (BFS) business continues to power positive growth. Although the healthcare sector witnessed substantial softening during the year, our Health Plans and Healthcare Services (HPHS) business demonstrated significant growth potential in the areas of telehealth and remote monitoring, offsetting reduced claim volumes. The Communications, Media & Technology (CMT) segment, on the other hand, continued to expand, driven by the growth of our top clients and new client acquisitions.

Execution strategy

To maintain our accelerated momentum, we continue to consistently invest in developing our people and technology capabilities and foray into new-age businesses, including FinTech, HealthTech, Streaming and Digital Media among others. Guided by our 'Digital First, Digital Now' approach, we are innovating and upgrading our solutions and enhancing our value proposition. Our growing ecosystem of industry-leading partnerships is enabling us to confidently offer leading edge solution to our clients. Our digital solutions also continue to become more purposeful as we focus on driving the outcomes that matter the most – to both our clients and their end customers. As a result, we have made huge strides in the quality of our client engagements as well as the range of projects executed by our team.

People

In our pursuit of business-growth, we have never lost sight of the safety and holistic well-being of our people and their families. Our people have and always will be our top priority. We have further ramped up employee engagement through wide-ranging support measures during these difficult times to ensure that Firstsourcers get all the help they need. These measures range from financial assistance and access to vaccines to compassionate leave and health benefits.

Outlook

FY2021 has created a solid foundation for sustained progress. Our forecast for the coming year includes significant recovery in our healthcare business as well as sustained growth in BFS and the CMT sector. We are also looking to consolidate our presence across the segments we operate in, leveraging our growing range of digital and cloud capabilities and scale of operations. Our hybrid work environment coupled with our onshore-offshore service mix lends us significant competitive advantage in a volatile environment.

I'd like to extend my deep gratitude to all our stakeholders for their unwavering trust and support. As a purpose-led company, Firstsource is poised to scale new heights in the year ahead.

Regards,

Dr. Sanjiv Goenka
Chairman, RP-Sanjiv Goenka Group and Firstsource Solutions Limited

In our pursuit of business-growth, we have never lost sight of the safety and holistic well-being of our people and their families. Our people have and always will be our top priority.

Message from the Managing Director & CEO

Dear Shareholders,

Fiscal 2020-21 has been a year unlike any other, both in terms of the monumental challenges we confronted and the extraordinary results we delivered. As much of the world reeled under the impact of the health crisis, we stayed true to our purpose of taking care of our people and empowering them to deliver excellence. I'm extremely proud of how our team of over 28,000 Firstsourcers around the globe remained empathetic and agile, looking out for their colleagues and supporting our clients on mission critical work.

While the first Covid wave forced us to drive agility and innovation to ensure business continuity for our clients, the second wave in India demanded humane solutions. We mobilized a host of support services for our employees and their families. These include critical medical equipment and supplies, remote doctor consultations, isolation facilities, and dedicated support desk for triaging requests – in addition to financial assistance. We also stepped up our partnerships with NGOs, volunteering our time, financial support and expertise to provide Covid relief.

Amidst all this chaos, our world-class talent and a maturing Digital First, Digital Now strategy helped us deliver the best results in our history. Our revenues totaled Rs.5078 crore during the fiscal year – up 23.9% Y-O-Y – with our operating margins coming in strong at 11.8%. I'm grateful to all our associates around the world who helped sustain the accelerated growth.

Unifying people and technology with purpose

Becoming a 'purpose-led' company at every level is key to staying on this accelerated growth path. We believe that an inside-out approach – one that puts our employees at the heart of everything – is the most effective way to achieve this. To this end, we are connecting our people to their role's purpose, upskilling and reskilling them in new-age digital technologies. We are attracting top talent – we welcomed over 6,000 new associates to our Firstsource family, onboarding and upskilling them remotely. We have intensified our focus on physical, mental and financial wellbeing – both at work and home – especially in light of the health crisis. Inclusion and Diversity and Impact Sourcing form the building blocks of our people-first approach.

Winning the digital game

Our 'Digital First, Digital Now' strategy permeates everything – from our internal processes to how we develop solutions and service our clients.

It helps us drive digital at scale – continually modernizing our offerings through automation, workflow and decision engines, analytics, and world-class platform partnerships. To win the digital game over the long haul, we are steadfastly building the product roadmap, augmenting our market-leading BPaaS capabilities. Our Digital Collections and Platform-based Post-closing Solution for the mortgage industry are a case in point. We are also targeting Born Digital and digital-first companies across our chosen segments. On the organizational front, we are bolstering our teams with diverse and digitally-savvy leaders to drive our digital agenda.

Banking and Financial Services (BFS)

The expedited adoption of digital banking infrastructure across the US and UK, combined with our ability to deepen existing relationships and onboard new clients, led to the stellar performance of our BFS business. We recorded 59% growth Y-O-Y. Our mortgage business led from the front, adding more than 30 new clients. We effectively harnessed the tailwinds from a low interest rate environment in our Originations business while simultaneously building up our mortgage servicing business. Our Collections business performed durably in the face of economic and regulatory uncertainty. We remain excited about our growth possibilities driven by our Digital Collections offering and emerging segments like Buy Now Pay Later. We saw robust growth in our UK BFS segment propelled by growing digital adoption. We continue to identify solid growth opportunities as the UK economy reopens and finds its post Brexit equilibrium.

Healthcare

Healthcare organizations redirected their entire infrastructure to address the pandemic, resulting in lower volumes and muted growth in the segment. As the US economy returns to normal and consumers look to complete their deferred treatment, we expect our investments in the Provider business to bear fruit. Our recent acquisition of PatientMatters, a healthcare revenue cycle management company, significantly consolidates our standing in the market and strategically positions us to capitalize on growth opportunities. As Covid fast-tracks the adoption of remote monitoring platforms and telehealth services, our Health Plans and Healthcare Services (HPHS) business is poised to gain rapid traction. We have retooled our organizational structure, enhanced our offerings with Digital Intake, Remote Health Monitoring and Telehealth solution, and most importantly onboarded new leaders to build growth momentum in HPHS.

Communications, Media and Technology (CMT)

During the early phase of the pandemic, our CMT clients experienced major headwinds impacting volumes and service mix. We adapted quickly and as business volumes returned, we experienced a strong recovery in the second half of the year. We are doubling down on the burgeoning streaming market and expanding our footprint in the US markets, with a focus on Media and Tech industries. With an encouraging pipeline and increased capabilities across our offerings, we are optimistic about spurring and sustaining growth in the segment.

Driving high growth sustainably

Our strategy for driving accelerated growth rests on two major pillars. First – staying sharply focused on specific segments of our three core verticals - Banking & Financial Services, Healthcare, and CMT, where we are market leaders or have a legitimate path to market leadership. We are systematically identifying and building offerings in adjacent growth areas in our chosen segments, leveraging our existing client relationships while also targeting the Born Digital challengers in each of these segments. Our digital-first solutions and offerings for these segments harness our expanding in-house technology capabilities as well as partnerships with industry leading platform and automation companies. A systematic mergers and acquisitions program for acquiring capabilities in target growth areas provides us potent optionality.

Second – driving sales and operational excellence in a virtuous cycle. We have expanded our go-to-market capabilities on existing and target accounts; revamped our account management framework and intensified cross-sell focus. Similarly, we are toning-up our delivery network and capabilities with world class talent, next-gen Operational Management Systems, and sharper focus on driving business impact for our clients.

Our industry-leading growth performance in FY 2021 creates significant momentum heading into the new fiscal year. We anticipate our BFS, Healthcare and CMT business engines to continue fueling growth.

I'd like to extend my heartfelt appreciation and thanks to our colleagues, clients, Board and Shareholders for their continued trust and support. This past year is proof that Firstsourcers are a group of resilient change makers, courageous and willing to accomplish extraordinary things even in the face of seemingly unsurmountable odds. As a company, we are more committed than ever to becoming a purposeful organization, putting our people first and delivering value for our clients with empathy.

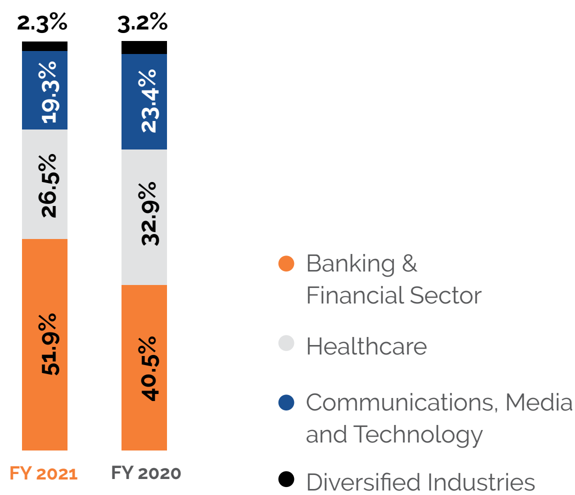
Regards,

Vipul Khanna
Managing Director & CEO

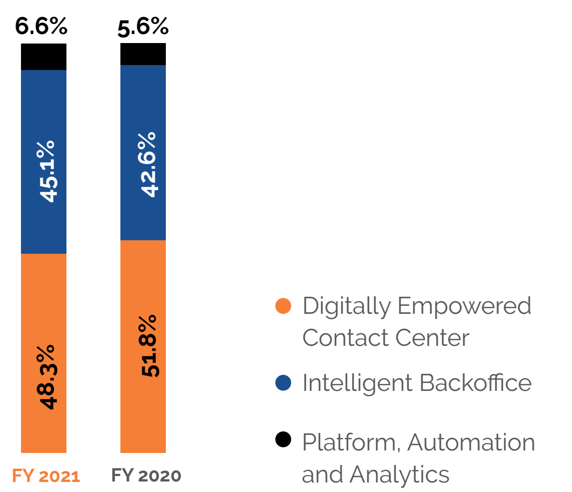
Financial Highlights

Powered by resilient Firstsourcers and innovative digital-first solutions, we delivered industry-leading growth in fiscal 2020-21

Revenue contribution by industry



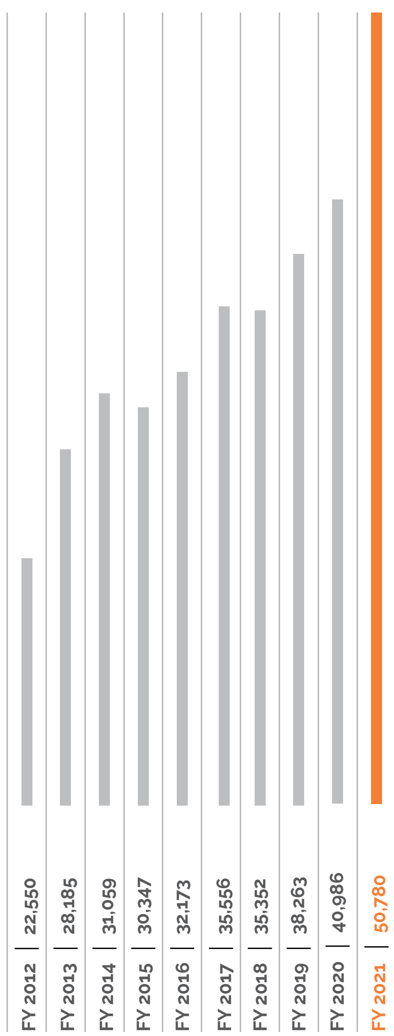
Revenue contribution by service lines



Revenue

(Rs. in million)

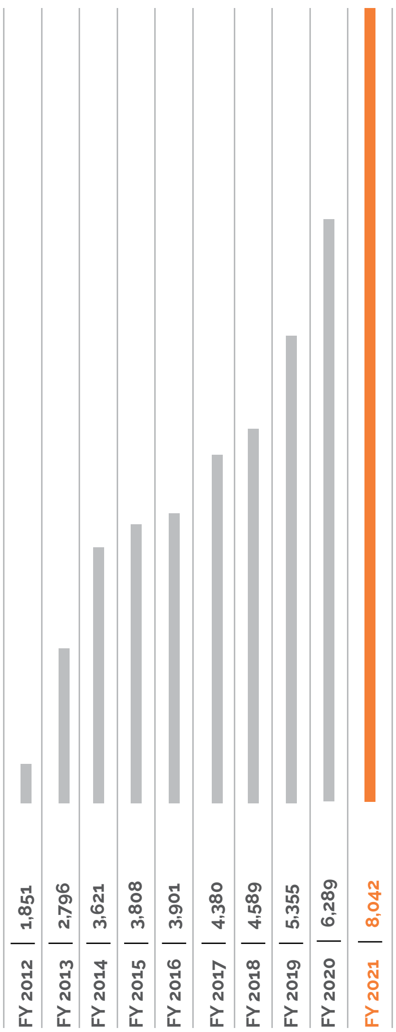
50,780



Operating EBIDTA

(Rs. in million)

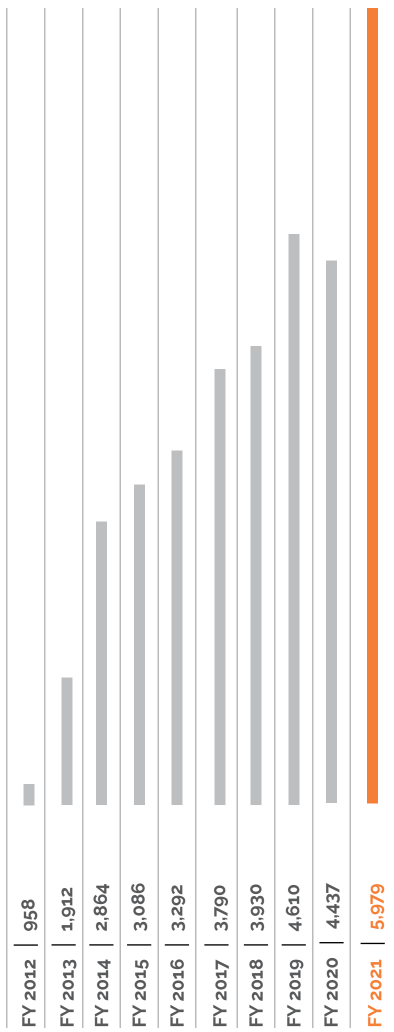
8,042



Operating EBIT

(Rs. in million)

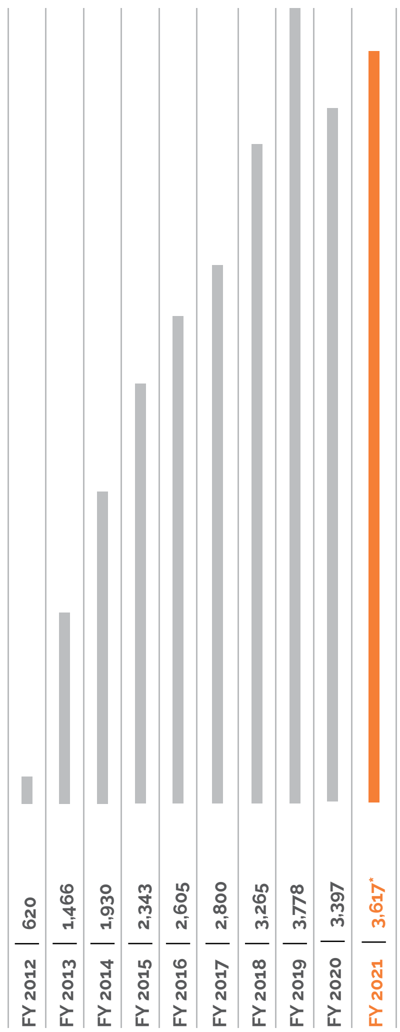
5,979



Profit after tax

(Rs. in million)

3,617*



*FY2021 PAT includes an exceptional charge of Rs. 1,151 million towards the fair value of an equity option granted to a large customer group in our Mortgage business. Adjusting for this charge, PAT came in at Rs. 4,499 million

About Firstsource

We are leading providers of domain-specific business process management 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.

Firstsource Solutions Limited (Firstsource), an RP-Sanjiv Goenka Group company, is a leading provider of transformational solutions and services spanning the customer lifecycle across Banking and Financial Services, Healthcare, Communications, Media and Technology, and diversified industries. Our 'Digital First, Digital Now' approach helps organizations reinvent operations and reimagine business models, enabling them to deliver moments that matter and build competitive advantage. With an established presence in the US, the UK, India, and the Philippines, we act as a trusted growth partner for over 150 leading global brands, including several Fortune 500 and FTSE 100 companies.

REACCH

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 demands for 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.

28,000+

Employees as on March 31, 2021

4

Countries

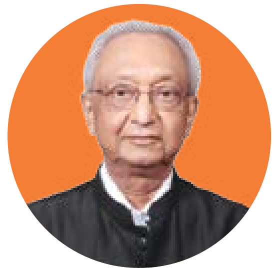
150+

Global clients including 17 Fortune 500 and 9 FTSE 100 companies

Board of Directors

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
Managing Director & CEO



Pradip Kumar Khaitan

Shashwat Goenka

Subrata Talukdar

Grace Koshie

Pratip Chaudhuri

Sunil Mitra

Charles Richard Vernon Stagg

Pradip Roy

Anjani K. Agrawal

Leadership Team

Vipul Khanna
Managing Director & CEO

Dinesh Jain
Chief Financial Officer

Prashanth Nandella
Chief Operating Officer

Randall L. Shafer
Head - Hospital Business

Venkatgiri Vandali
Head - Health Plans & Healthcare Services

Siddharth Parashar
Head – Europe

Debarshi Biswas
Head - Communications, Media & Technology

Arjun Mitra
Head - Collections

Steve Schachter
Head - Mortgage

Sundara Sukavanam
Chief Digital Officer

Shuchika Sahay
Chief Human Resources Officer

Rajlakshmi Raghavan
Head - Marketing & Communications

A Business Model that Delivers

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

Intelligent Backoffice Platforms

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

Scan QR code to know more

Automation and Analytics

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

Scan QR code to know more

Our Operating model

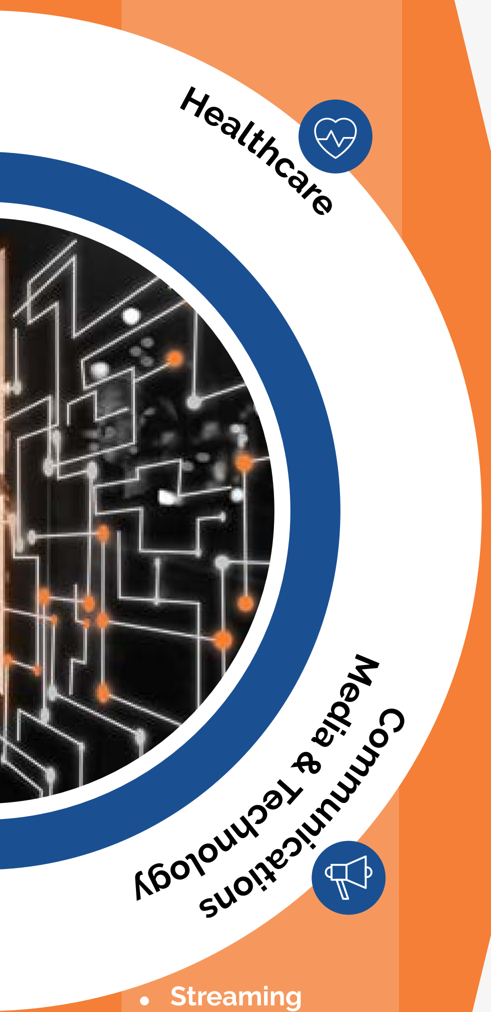
- Asset Finance
- Credit Cards
- Mortgages
- Retail & SME Banking
- FinTech

- Utilities
- Government Entities

WE WORK WITH LEADING BRANDS Leader in US non-bank lender market | Top 3 in the chosen Revenue Cycle Management systems |

the Moments that Truly Matter

- Hospitals
- Health Plans
- Health Services
- Med. Devices



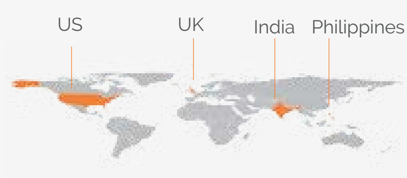
- Streaming Services
- Cable TV, Broadband and Telephony
- Consumer Tech
- E-Commerce
- Shared Economy

Driven by our values

Our values REACCH - act as our north star, enabling us to stay purposeful under all circumstances.

Heightened impact

Our presence in the US, UK, India and the Philippines, positions us 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.

People-first

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.

Employees

Passionate Firstsourcers collaborate with global businesses to deliver sustained excellence.

Community and environment

As a purpose-driven company, we are putting the strength of our people and resources to work, making a difference where it matters.

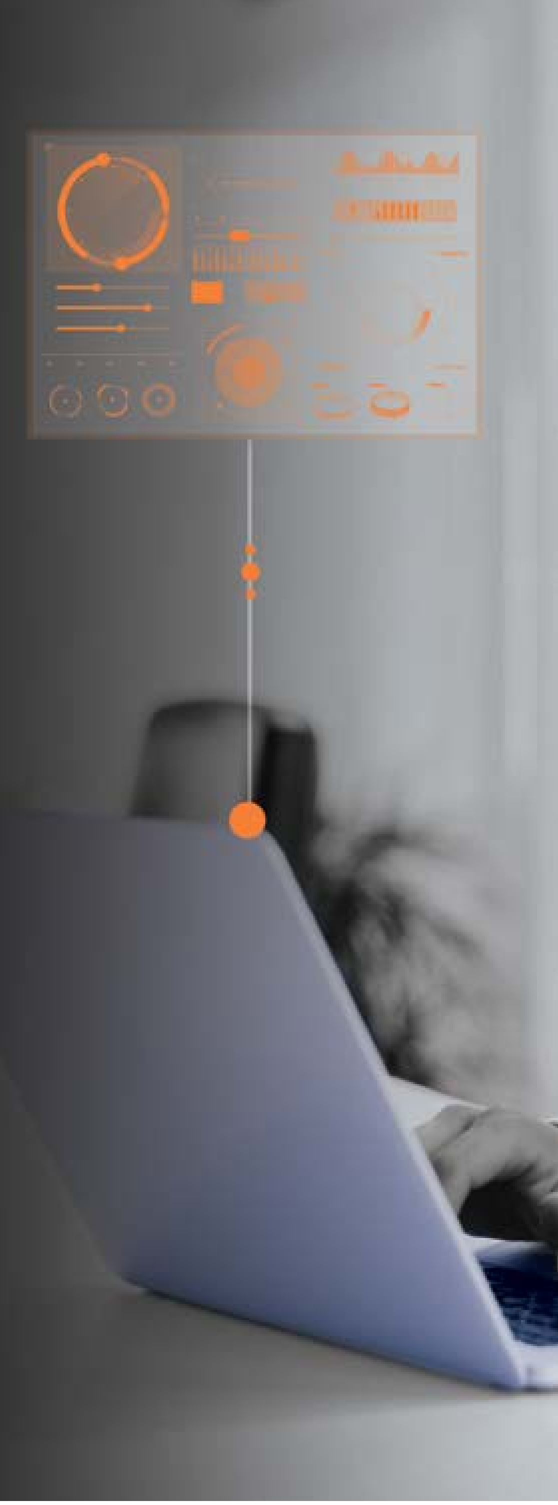
Partners

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

Leading CX service providers in the UK across Media and BFS segments | Top 5 consumer debt collections agency in the US

Winning the Long-haul Digital Game

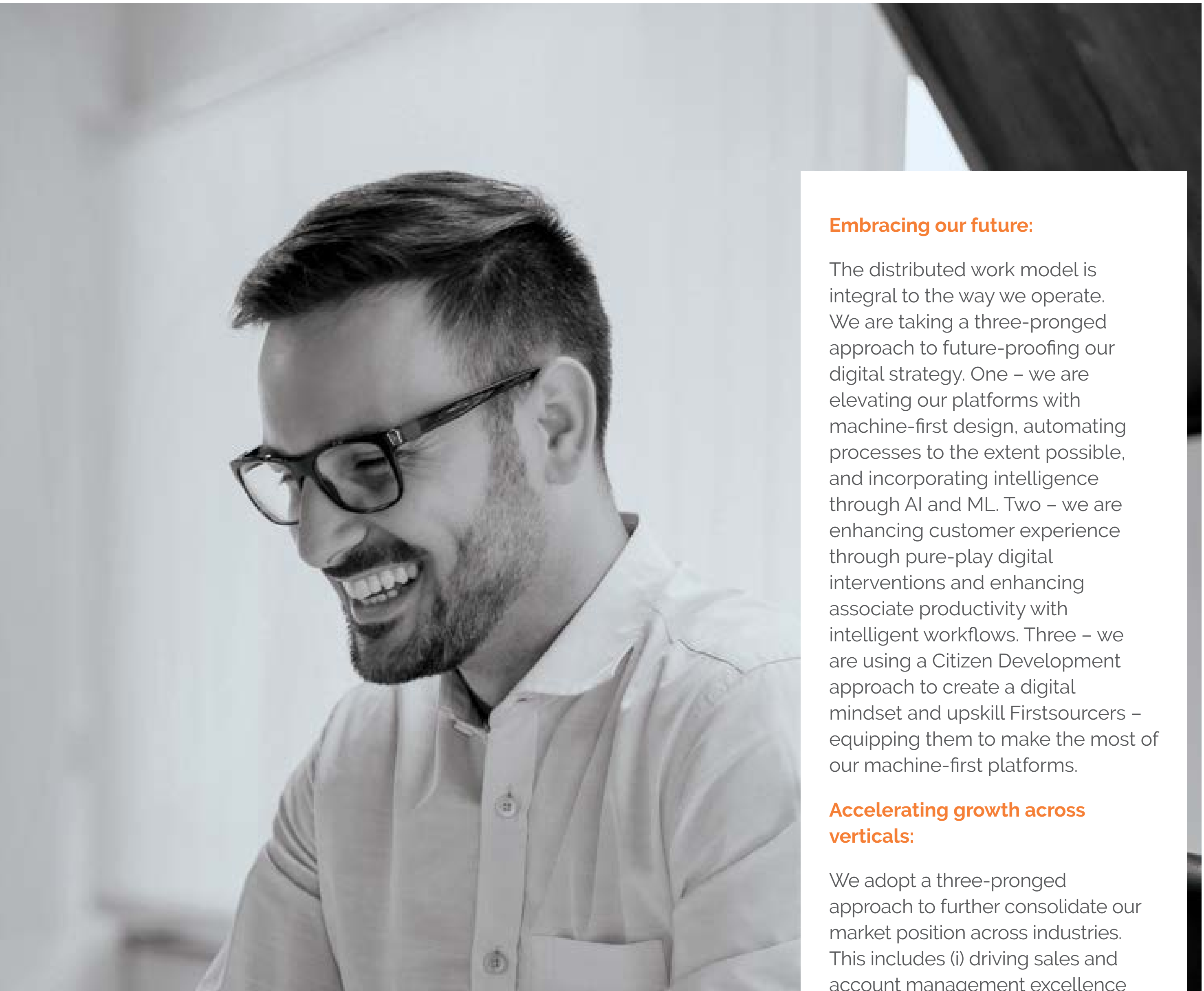
Our mantra for driving sustained long-term growth is 'doing well by doing good'. This means focusing equally on the needs of all stakeholders – employees, clients, customers, partners, shareholders, as well as the communities we operate in. As a purpose-led company, we lean into our foundational pillars of Inclusion & Diversity, Impact Sourcing, and Environmental, Societal and Corporate Governance (ESG) to make a meaningful impact.



Our business verticals

We continue to build proprietary tools and solutions in conjunction with our partners, helping our clients future-proof their operations and stay ahead.

- Banking and Financial Services
- Healthcare
- Communications, Media and Technology
- Diversified Industries



Strategies to drive sustainable and purpose-led growth

Driving the tech-human synthesis:

As part of our core operating ethos of maximizing business impact, we are reimagining technology from end users' perspective, harnessing the cloud, co-innovating with our clients right from the design stage, and leveraging outcome-based engagement models.

Embracing our future:

The distributed work model is integral to the way we operate. We are taking a three-pronged approach to future-proofing our digital strategy. One – we are elevating our platforms with machine-first design, automating processes to the extent possible, and incorporating intelligence through AI and ML. Two – we are enhancing customer experience through pure-play digital interventions and enhancing associate productivity with intelligent workflows. Three – we are using a Citizen Development approach to create a digital mindset and upskill Firstsourcers – equipping them to make the most of our machine-first platforms.

Accelerating growth across verticals:

We adopt a three-pronged approach to further consolidate our market position across industries. This includes (i) driving sales and account management excellence to propel new client acquisitions and grow existing accounts; (ii) expanding into adjacent markets; (iii) driving inorganic growth through systematic mergers and acquisitions. During fiscal 2020-21, we acquired PatientMatters, a healthcare Revenue Cycle Management (RCM) solutions provider. The acquisition significantly enhances our ability to better serve our customers and drive rapid growth in our Healthcare business.

Banking and Financial Services (BFS)

BFS companies are fast-tracking digitization to optimize costs and personalize customer experiences. The trend has been further accelerated by significant uptick in consumer digital adoption in the wake of the pandemic.

Our technology-led solutions help BFS as well as Born Digital organizations tailor customer experiences by blending automation, AI, and analytics with the human touch. In the mortgage segment, our industry-specific solutions help clients across the value chain – Originators, Servicers, and Title and Insurance companies – streamline their business processes, increase efficiencies, and drive revenue growth. Our Digital Collections offering drives smart, empathetic and customized collections process, transforming the customer experience and optimizing recovery.

Client Profile

5 of top 15

Mortgage servicers in the US

5 of top 15

Lenders in the US

3 of top 6

Retail banks in the UK

5 of top 10

Credit card issuers in the US

Case Study

Architecting business growth in an unprecedented environment

A motor, home, travel, and pet insurer was looking to adapt to changing business requirements while providing outstanding customer service. With the onset of pandemic, the client needed a work-from-home solution for their employees – one that could be deployed quickly. Firstsource implemented a flexible solution approach that transitioned 95% of associates to work-from-home (WFH) environment within one week. Our continuous improvement culture has also helped the client achieve a 30% reduction in cost per call, translating to over £9 million in savings over three years.

Transforming legacy systems and processes for superior outcomes

A leading US auto lender and dealer desired to achieve cost savings across 170 dealer franchises while improving the effectiveness of their sales, loan underwriting and debt collection processes. The client was constrained by two major factors: frequent downtime on their 20-year-old legacy application & database and minimal capital for investment in revamping it. Firstsource provided a five-year outsourcing partnership model that covered the company's new business sales, customer support and first-line collections. Using hundreds of AWS APIs, the Firstsource team integrated proprietary CRM and workflow platforms with legacy applications. The team then transformed processes and integrated seven front and back-office functions, protecting the client's P&L from negative impact. We helped the client achieve 17% cost savings (£4.3 million) with 20% improvement in collections efficiency.

Healthcare

The pandemic has presented unprecedented clinical and financial challenges to the healthcare industry. The continued demand for a robust healthcare infrastructure and changing patient expectations are creating additional pressures on Hospitals, Health Plans and Life Sciences companies. At the same time, it's creating opportunities for new business models, including Telehealth, RPM and personalized health.

Our proprietary platform-based services, digital patient access and Intelligent Automation offerings drive superior engagement and financial experience for patients, and enhanced financial performance for hospitals. On the Health Plans and Healthcare Services front – our digital-first offerings, including Digital Intake, Telehealth and Remote Patient Monitoring, reimagine the technology topography to deliver the outcomes that matter. In the Life Sciences industry – as consumer participation in decision-making, personalizing therapies, and product development becomes a top priority, our digitally enabled customer engagement solutions help enhance patient experience and coordinated care.

Client Profile

1000+

Hospitals in the US

6 of top 10

Health insurance/managed care companies in the US

Our industry solutions

Providers
Our integrated solution straddles the patient financial engagement value chain – Patient Access, Eligibility and Enrollment, and Recovery. It offers Providers the flexibility to either deploy the full stack or choose certain components, enabling them to deepen engagement and enhance the patient financial journey.

Health Plans
We combine our domain and process expertise with next-gen technologies and analytics to drive disruptive transformation for our clients. Our core offerings for administrative and clinical operations reduce Administrative Loss Ratio (ALR) and Medical Loss Ratio (MLR), making healthcare more affordable for consumers.

Life Sciences
We are strategically investing in digital capabilities to enhance patient engagement across the journey in Biopharma and MedTech industries – from conducting virtual and decentralized trials to supporting patient access, affordability, and adherence to medication.

Case Study

Automating business processes drives 10X volume growth on faxed POs

A leading healthcare business and data automation company, that helps numerous healthcare organizations across the US and the EU automate their business processes, faced a challenge with efficiently processing Purchase Orders (POs).The challenge of manually processing approximately 22,000 POs from 4,100 healthcare providers in North America and another 1,500 providers in Europe, that come in several formats and languages, hampered efficiency and took the focus of hospital staff away from high-value activities. Firstsource team carefully analyzed the process and came up with the right-fit automation solution – a robust workflow engine supported by our proprietary platform Sympraxis that leverages a combination of multiple OCR technologies to automate data extraction and minimize manual intervention. Converted into digital formats, the solution allows users to automatically sort POs by different parameters as well. Firstsource brought the turnaround time (TAT) for processing the POs down to 30 minutes, with 99.9% accuracy elevating customer satisfaction and driving 10x volume growth for the client.

Rural hospital ignites net revenue with digital patient engagement integration

A 250-bed hospital providing much-needed healthcare in rural Alabama struggled to embrace the seismic tilt in the healthcare industry. With the exponential growth in patient responsibility over the past decade, the Provider needed to improve their patient outreach methods with industry-leading technology. This plan entailed satisfying the consumer demands using a digital outreach strategy. They knew they needed a tool that allowed patients to conduct business conveniently, using a communication channel of their preference. The answer was Firstsource's digital self-pay patient engagement solution. Leveraging our digital platform, omnichannel communication capabilities, and best-in-class workflows, the client realized a net cashback of 33.5%, increased overall collections by more than 40%, and a reduction in bad debt volume by more than 31%.

Communications, Media and Technology (CMT)

With CMT customers expecting a high degree of engagement, delivering enriched customer experiences is crucial to thriving. We help CMT organizations re-imagine their human-machine interfaces, extract value from digitized data, and build next-gen solutions to consistently outperform their competition.

Our industry solutions

Communications

Our dedicated solutions help improve the customer experience based on customer journey mapping. We blend equal parts Intelligent Automation and human touch to impact the entire customer life cycle – enhancing customer acquisition and loyalty and reducing attrition.

Media

A powerful blend of analytics, digital FTEs and human intervention helps clients grow their subscriber base and strengthen brand loyalty – without inflating acquisition costs. Our data models and advanced algorithms develop target subscriber personas and drive personalized omnichannel campaigns, boosting subscriptions and renewals.

Technology

Agility, operational expertise and smart technology are key to the success of consumer and enterprise technology clients. Our Digitally Empowered Contact Center (DECC) and automation capabilities help fast growing tech businesses drive a differentiated customer experience for competitive advantage.

Client Profile

1 of top 2

Broadcasting and media companies in the UK

2 of top 6

Telecom and broadcasting companies in the US

Case Study

Process innovation and right-shore delivery drive £40 million in incremental revenue

A global subscription media company in UK aspired to improve customer acquisition, cross-selling and subscriber retention. Firstsource provided a right-shore customer service solution for the client's TV and broadband offerings, spanning the end-to-end customer lifecycle. We followed this up with continuous improvement initiatives over several years – ranging from analytics and process innovation to knowledge management and moving offshore. Our efforts resulted in driving £40 million in incremental revenue while saving the client £37 million over three years.

Analytics-driven customer service and support generates £9 million in cost savings

A digital-native media streaming company sought to provide outstanding customer support while promoting self-service. As the sole provider for all its customer service requirements, Firstsource leveraged analytics across 50% of customer interactions. The insights helped improve digital deflection, first time resolution and other metrics, generating over £9 million in cost savings over three years.

Diversified Industries

Much like businesses across industries, Utility companies and Government entities are also looking to simplify customer/citizen experience and drive higher engagement. With tech-savvy customers/citizens demanding seamless one-click experiences, we help Utilities & Public Services build a holistic view of the customer journey and offer contextualized experiences across channels. Our Digitally Empowered Contact Center (DECC) transforms customer engagement, rapidly catering to evolving needs and boosting customer acquisition, satisfaction and retention rates.

Client Profile

1 of top 3

Utility companies in the UK

Case Study

Robust revenue growth at better profit margins

A leading UK electricity and gas supplier was looking to grow their domestic energy customer base with acceptable margins. However, increasing customer attrition and price comparison websites made customer retention challenging. Firstsource deployed a holistic inbound and outbound customer acquisition program backed by a comprehensive retention and win-back strategy. This helped the client grow their customer base, reducing cost to serve by £400,000 and driving incremental annualized revenues to the tune of £2 million.

Driving Strategic Transformation

Firstsource enables organizations to go beyond incremental change, reimagining their operating models to deliver breakthrough value. Our approach provides the overarching framework to address challenges of enterprise-wide transformation and orchestrate a portfolio of initiatives to ensure the transformation goals and objectives support the business strategy. This allows organizations to frame and link execution to the value defined in their strategic transformation goals. Here are two instances of our thought leadership.

Scan here to read more

Scan here to read more

Our Business Transformation Leadership Framework was a major initiative – to understand what leaders can do to ensure the success of their transformation programs, we approached 120 senior executives for their insights. The research 'Overcome the human challenges of business transformation' identifies five leadership challenges that leaders should focus on across their transformation initiatives. Senior executives scored their most significant transformation initiative using our framework. Their personal experiences provide leadership lessons to help organizations replicate success and avoid common pitfalls.

In the Banking and Financial Services industry, the pandemic has created a sense of urgency around elevating the customer experience. Who will win this battle? Incumbents, FinTechs or big Techs? We've identified five key battlegrounds that will determine the winners of the future. The whitepaper provides insights into how customer needs are evolving, the opportunities for different players, and the core capabilities they need to win in the marketplace.

PeopleFirst

We attribute our success to our people. As a purpose-driven organization, we aspire to attract and retain the best talent in the industry, offering holistic opportunities for professional as well as personal growth. Our People Operations team enables our purpose-led culture by developing the mindsets and skills people need to adapt and thrive in a transformative age - all while prioritizing their financial, physical, emotional, and social well-being.

28,004
Employees as on 31st March 2021

5,708
Employees in the US

5,519
Employees in UK

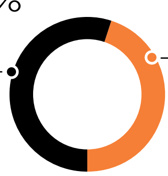
16,289
India

488
Philippines

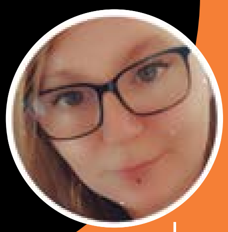
Gender diversity

Males 55%

Women 45%



31 years
Average age of employees



Take a bow Joanne Lydiard for your quick thinking that saved the life of a customer.

Trained to pick up the slightest cue of dissent or agitation in the customer's voice, Joanne Lydiard felt that something was amiss as she spoke to a customer. He mentioned he was feeling uneasy and abruptly ended the call. Sensing that he needed medical aid, she instinctively called an ambulance. This benign gesture turned out to be lifesaving.

Grateful to her for saving his life, the customer requested a call back to express his gratitude to her. Recounting her conversation, she says, "Once I heard how emotional he was getting, I just started crying. He was so thankful and said I literally saved his life. He explained that he had four children who were so thankful that their dad is still here today because I called the ambulance."

Kudos to you Theresa Turner for your outstanding customer service and showing the world how we are impacting lives positively.

Theresa Turner, a Firstsourcer from our Palm Bay office in the US, went above and beyond her duties while assisting a client. Her empathetic intervention, patience, compassionate behavior, and professional guidance helped the client avail a lower interest loan. Here's the full excerpt of the customer's note.

"I just wanted to reach out to you to let you know how very much I appreciated working with your mortgage processor, Theresa Turner… Theresa is a GEM! She is professional, efficient, patient, compassionate and kind. If it weren't for Theresa connecting with us with understanding and compassion, I know I would have canceled the application probably in the second month.

We are so grateful to have had the good fortune to work with Theresa to get this loan through the system. She and I had to interact sometimes daily, the last couple of months, to make sure I was correctly providing what else the underwriters wanted. I wanted to buy Theresa a thank you something but wasn't sure if that would be ethical or not. So, I thought I would just let you know instead what an amazing asset she is to your company!

Thank you to her and for the lower interest loan!"

Adapting to Change

The Covid-19 pandemic has completely revolutionized the way we work and operate. We ensured business continuity for our clients while prioritizing the safety and wellbeing of our employees.

As our global workforce transitioned to a work-from-home (WFH) model in the aftermath of the pandemic, we introduced an engagement initiative 'It's My Week' – to enhance employees' sense of connection. This involved, employees sharing their stories of courage, compassion, resilience, teamwork and more. A theme was assigned to each day of the week – Motivational Monday, Teaming Tuesday, Wellness Wednesday, Thankful Thursday, Foodie Friday, Super Saturday and Sunday Funday. This was well appreciated by employees and we've received over 500 inspiring stories to date.

As a part of the Wellness Wednesday initiative, we initiated **FitSource**, a holistic wellness program to foster physical, mental, social and financial wellbeing. More than 30 wellbeing sessions were conducted by health experts. The sessions were later made available on-demand via the Learning Management System (LMS). On an average, over 150 employees joined the live sessions and more than 16000 employees accessed the recorded sessions during the year. Mental Health First Aiders were introduced across geographies and Employee Assistance Program (EAP) services were available to all our employees in the US, UK and India.

We switched to remote hiring, created gamified and video interfaces for employee onboarding, upskilled managers to work effectively in remote settings, and provided mobile-friendly e-learning options for our people.

In addition, for employees working at the office, we implemented health screenings and followed stringent safety protocols to create a safe environment. For those that transitioned to work-from-home, we established a structured WFH policy.

We didn't just stop there. We launched **FirstReward,** in partnership with Vantage Circle to recognize workplace contributions across the world. We also recognized and celebrated the achievements of Firstsourcers across geographies, business units and functions through Global Leadership Awards.

As the work-from-home format became more entrenched, we appointed managers, implemented specific technology, and adopted new Town Hall formats to increase engagement. Our innovative engagement initiatives turned out to be a success. We improved our employee satisfaction scores both internally as well as on Glassdoor.

Through all these initiatives, we successfully laid the foundation for a digital-first workplace, allowing us to deliver consistently high-quality experiences across the organization.

Talent Acquisition and Impact Sourcing

To attract the sharpest minds to Firstsource, we launched 'Taleo' and 'Aspiring Minds' – an online Applicant tracking System across geographies. Using our cutting-edge, AI powered digital platforms, we welcomed over 6000 new employees to Firstsource in FY21. Our seamless on-boarding process was designed to help new hires easily integrate into our company, assimilate with our culture, and gain a better understanding.

As a purpose-driven company, providing career opportunities to the underprivileged is an important focus area. Our goal is to hire 10,000 Impact Workers over the next four years using a two-pronged strategy. On the one hand, our location-based strategy aims to set up operations in Tier 3 locations, contributing to economically depressed areas. On the other, we partner with impact-focused recruitment agencies, government and social organizations, and pure-play Impact Sourcing companies to attract and hire Impact Workers across locations.

Fostering Inclusion and Diversity

We officially launched our Inclusion and Diversity (I&D) program in March 2021. While we have continuously fostered inclusive behaviour across the organization, the official launch of the program solidifies our commitment to I&D. It brings our ideas and vision to fruition, allowing people from diverse backgrounds and with varied mindsets to thrive and succeed together.

Firstsource Academy

In a rapidly changing world, upskilling our employees to stay abreast with the latest industry trends is crucial to success. The Firstsource Academy utilizes digital platforms and partnerships with globally renowned learning providers to offer on-demand, outcome-based learning solutions. It offers over 160 different programs to enhance domain knowledge and leadership skills using a digital first approach.

Awards and Accolades

Awards

International Customer Experience Awards 2020

Won the Silver Award for 'Best Customer Experience Strategy', jointly with our client giffgaff

Top Patient Engagement Solutions Provider

Named a '2020 Top Patient Engagement Solutions Provider' by Healthcare Tech Outlook

HousingWire's Tech100 Mortgage Award

Mortgage business innovative, post-closing solution listed in 2021 HW Tech100

Business Impact Awards 2020

Recognized as the 'The Most Innovative Company' in the 'Multi-Cloud' category at the 'Business Impact Awards 2020', hosted by VMware and The Economic Times

IMEA Partner Awards by Automation Anywhere

Awarded the 'Digital Evangelist of the Year – India 2020' award at Automation Anywhere's prestigious IMEA Partner Awards

Contact Centre Network Northern Ireland Awards 2020

Firstsource's Derry contact centre bagged first place in the 'Best Homeworking Programme' category at the CCNNI 2020

Welsh Contact Centre Awards 2020

Firstsource bagged an award in the 'Contact Centre Manager of the Year' category and the Cardiff centre was declared runner up in the 'Outsourced Contact Centre of the Year' category

Analyst Recognition

NelsonHall's NEAT Evaluation

Positioned as a 'Leader' in NelsonHall's NEAT Evaluation – both for 'Overall Mortgage & Loan Services' as well as 'Support for New Digital Business Models'.

Corporate Social Responsibility

Our goal is to be a good corporate citizen in all aspects of our operations and activities. We are committed to operating in an economically, socially and environmentally responsible manner while balancing the interests of diverse stakeholders.

The way we conduct our business reflects our commitment to driving profitable growth and sustainable development with integrity. Through our values and principles, we strive to positively impact the community by promoting inclusive growth in the areas of education, healthcare, and environmental sustainability and conservation.

In FY21, our overarching focus was ensuring a humane and empathetic response to the Covid-19 crisis. Through our primary pillars of Healthcare, Education and Environment, we endeavored to make an impact internally as well as externally, helping our people and the communities we operate in navigate through the pandemic.

CSR Vision

To be a leading and socially responsible company – empowering lives by providing access to Education, Environment, Healthcare, promoting Sports, Arts and Culture, and supporting gender equality and women empowerment – to improve the overall quality of life.

Key Highlights for FY 2020-21

Healthcare

At Firstsource, we help people maintain a healthy lifestyle and prevent chronic diseases by organizing various awareness campaigns and contributing towards building a strong healthcare infrastructure – across the communities we operate in. We also routinely organize blood donation drives at various office locations and conduct awareness campaigns through various social media platforms to reach out to a wider audience.

Education

Education plays a pivotal role in levelling the playing field. We organized various virtual workshops on job readiness, helping candidates build an impressive resume and improve their interview skills and problem-solving techniques. We also made monetary contributions aimed at promoting holistic child development through education, skilling and livelihood, provided scholarship to underprivileged students, and supported local schools through educational videos. Additionally, we organized virtual sessions on 'Coping with Back-to-School Concerns' and 'How to Cope with the Stress of Covid-19' across all our US locations.

Disaster relief

We extended support to rebuild Firstsource employee homes that were destroyed by typhoons Rolly and Ulysses. Further, we donated to the Philippines Red Cross to aid typhoon victims. We also collaborated with Domestic Abuse Charity 'My Sisters Place' to promote their services for women and children at high risk, specifically during the Covid-19 lockdown.

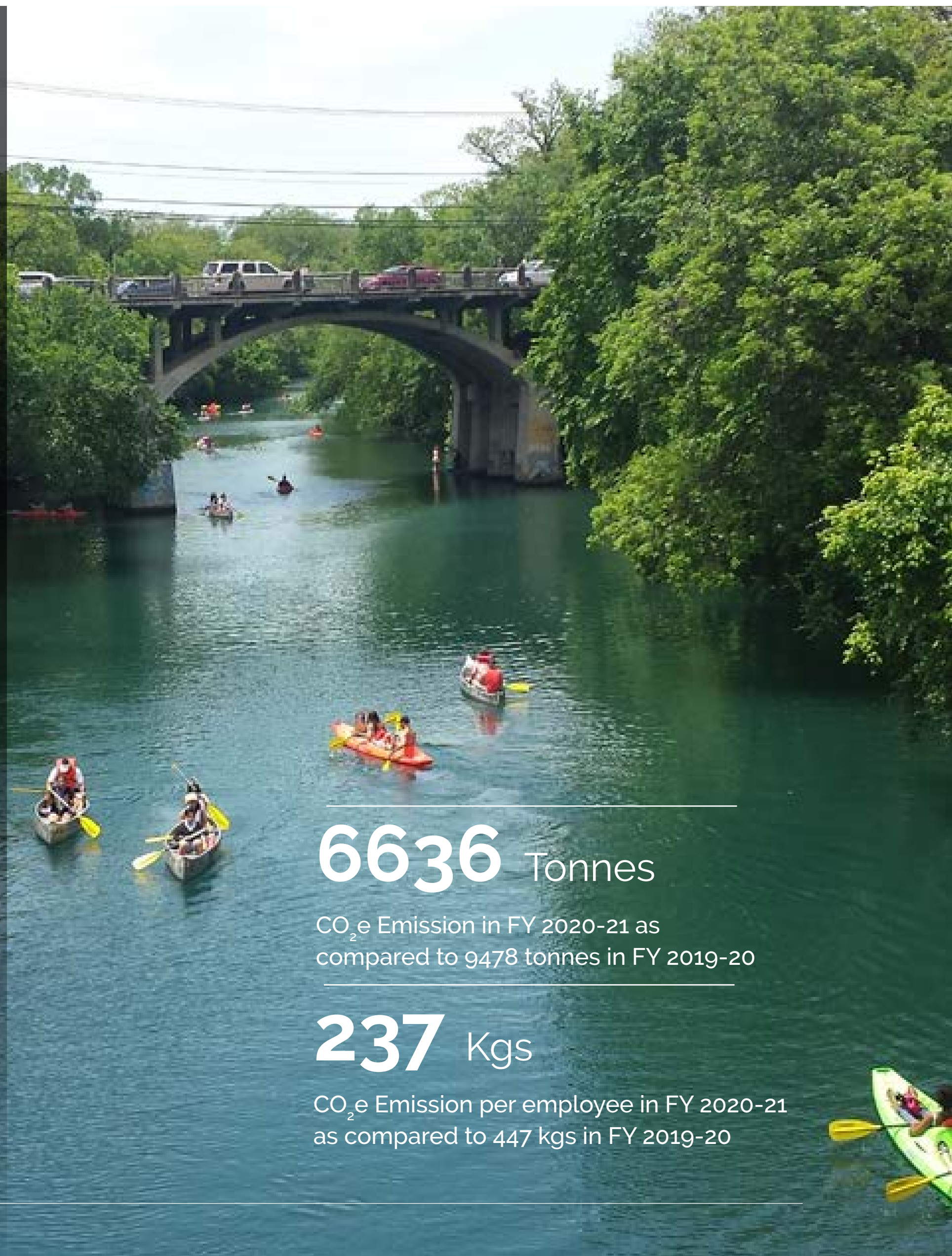
Employees' contribution

Our CSR activities also extend to 'Payroll Giving', where our employees voluntarily request a deduction from their salary each month, which is then accumulated and donated to a cause of their choice.

Environmental, Social and Governance

We listen and respond to our stakeholders

Firstsource's responsible and sustainable business approach is rooted in what matters to our wide range of stakeholders. We monitor key data and parameters central to the Environmental, Social and Corporate Governance (ESG) performance as well as the impact of our operations.



Environmental Stewardship

We help combat climate change and environmental challenges by ensuring resource efficiency and reducing our environmental footprint. To achieve our environmental goals, we have set stringent internal targets to reduce waste, water and carbon emission as well as invest in renewable green energy.

Key Initiatives

- Installation of sensor taps to minimize water wastage
- Department-wise monitoring of paper consumption and leveraging digital technologies to become paperless
- Purchase of green renewable power from solar and wind parks
- Installation of sensor-based lower energy LED lighting system
- Segregation of dry and wet waste
- Purchase of refurbished furniture and IT systems

6636 Tonnes

CO_2e Emission in FY 2020-21 as compared to 9478 tonnes in FY 2019-20

237 Kgs

CO_2e Emission per employee in FY 2020-21 as compared to 447 kgs in FY 2019-20

Social

As a global citizen, we believe that we can thrive only when the communities that we operate in also thrive. We remain committed to impacting communities through initiatives that improve access to jobs, education, and training, protect the environment, promote people's health and well-being, and encourage equality and care for the underprivileged.

For more details on our CSR activities refer page 030 and CSR Annexure on page 051 of the report.

Governance

Firstsource has a relatively diverse portfolio of businesses across multiple geographies, including the US, the UK, India, and the Philippines, governed by a number of regulations and guidelines.

We are committed to governance policies and practices with a robust 'Regulatory Compliance Framework', which allows us to proactively identify, assess, monitor, control, and report compliance in adherence to country-specific laws and regulations. The framework ensures that compliance ownerships are aligned with corporate objectives and serve the interests of the company and its shareholders.

Board Governance and its Committees

The Board of Directors ("the Board") of the Company provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company through its various Statutory Committees.

- Risk Management Committee
- Audit Committee
- N&R Committee
- CSR Committee
- Stakeholder Relationship Committee

Enterprise Risk Management Framework

Firstsource's Risk Management framework has been designed based on COSO and other globally recognized models that provide guidance on developing a strong, effective internal control system. The framework seeks to go beyond identifying, measuring, monitoring, and reporting risk to generate information that influences strategic and operational decisions to maximize value.

ERM Imperatives

- Business Objectives
- Regulatory Prescriptions
- Business Profile Changes
- Focus on Emerging Risks
- Synchronization with Audits
- Client / External Reviews

Stakeholders

- Board of Directors
- Audit Committee
- Risk Committee
- Functional Heads
- Clients / Regulators
- Other Lines of Defenses

Enterprise Risk Management Process

Risk Identification

- Risk Survey across Executive Team / Function Heads
- Risk identification and Risk Register updates
- Review and approval by Risk committee

Risk Assessment

- Assessment basis impact and likelihood analysis
- Categorization of risks into VH, H, M, L buckets
- Prioritizing for response / remediation

Risk Response

- Define tolerance thresholds to decide on the response
- Develop overall response strategy
- Identify stakeholders for response accountability

Monitoring & Reporting

- Ongoing monitoring & self assessment by risk owners
- Continuous Re-assessment / re-alignment of risks by ERM
- Periodic reporting to Risk Committee

Risk Categories

- Strategic / Business
- Macro Economic
- Operational & HR
- Financial
- Technology
- Compliance

Monitoring Levels

- Entity
- Business Unit
- Geography
- Client
- Projects
- Location

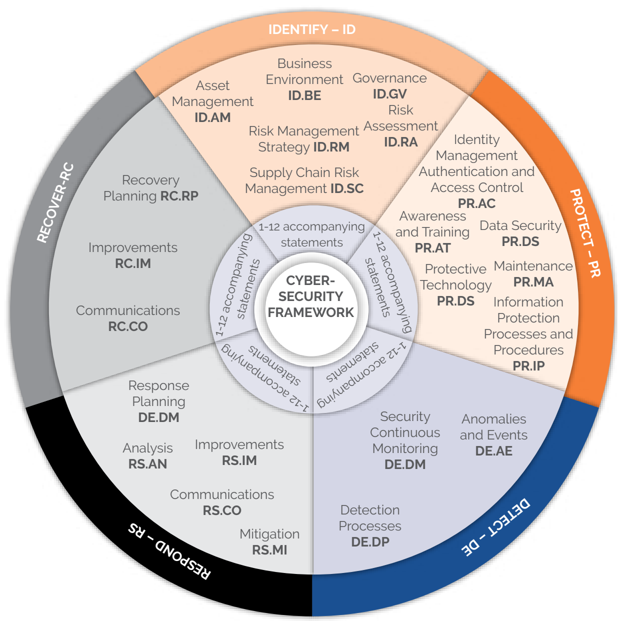
Ethics

Our commitment to operating with the highest ethical standards is reinforced by our policies, including Global Ethics Policy, Whistle Blower Policy, Anti Bribery, Financial Crimes Policy, Gift and Entertainment Policy accessible on our internal platforms as part of mandatory training.

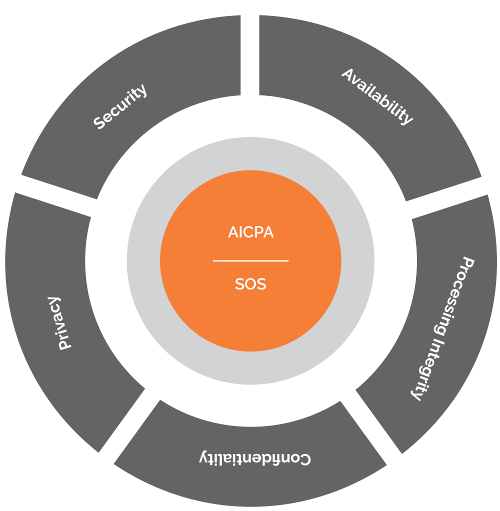
Information Security

With a rigorous approach to Infosec and adopting global security standards, we take pride in maintaining the highest standards of Information Security. Firstsource is a certified ISO 27001, HITRUST, SOC2 and PCIDSS organization. We deploy state-of-the-art technology solutions, for both on premises and cloud instances, with processes that are dedicated to fostering an overall enterprise culture where security is a top priority.

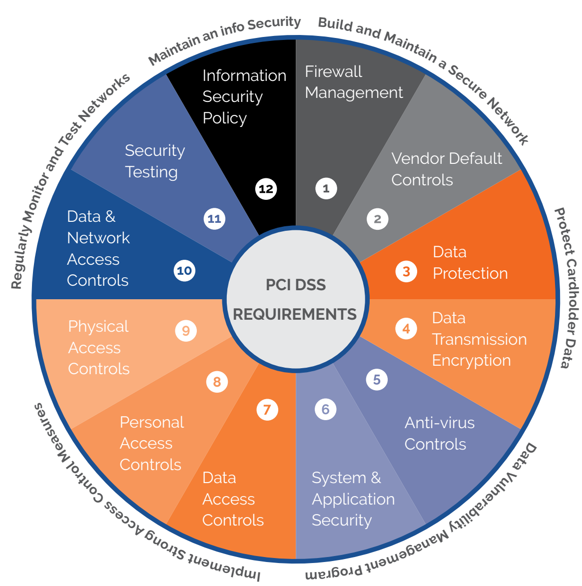
ISO/IEC 27001:2013



CFS / NIST



AICPA –TSA – 100



PCI DSS, V3.2

Directors' Report

Dear Members,

Directors of your Company take great pleasure in presenting the 20th Annual Report on the business and operations of your Company and the Audited Financial Statements for the financial year ended March 31, 2021.

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 1, 2016. The performance of the Company for the FY2020-21 is summarised herein below:

(₹ in Million)

Particulars	Consolidated		Standalone	
	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20
Total Income	**50,792.46**	**41,074.57**	**13,529.55**	**9,707.12**
Profit Before Interest and Depreciation	8,054.71	6,377.31	5,204.22	2,982.53
Interest and Finance Charges	522.30	583.21	153.00	156.77
Depreciation/ Amortization	2,063.52	1,852.00	797.95	705.84
Profit Before Tax and and exceptional items	**5,468.89**	**3,942.10**	**4,253.27**	**2,119.92**
Exceptional items	1,150.55	-	-	-
Share in net profit of associate	-	0.01	-	-
Profit from ordinary activities before tax and after share in net profit of associate	4,318.34	3,942.11	4,253.27	2,119.92
Provision for Taxation (including Deferred Tax Charge/ Credit)	701.57	545.26	586.74	299.77
Net Profit After Tax	**3,616.77**	**3,396.85**	**3,666.53**	**1,820.15**
Owners of the Company	3,616.86	3,396.86	3,666.53	1,820.15
Non-controlling Interest	(0.09)	(0.01)	-	-
Total	**3,616.77**	**3,396.85**	**3,666.53**	**1,820.15**
Opening Balance in Profit & Loss Account	12,076.46	13,004.03	11,886.49	14,170.47
Closing Balance in Profit & Loss Account	13,810.25	12,076.46	13,669.95	11,886.49
Earning Per Share (₹) – Basic	5.31	4.90	5.38	2.63
Earning Per Share (₹) – Diluted	5.13	4.89	5.20	2.62

RESULT OF OPERATIONS:

The consolidated total income increased from ₹ 41,074.57 Million to ₹ 50,792.46 Million, an increase of 23.66% over the previous financial year. The consolidated Net Profit After Tax increased from ₹ 3,396.85 Million to ₹ 3,616.77 Million, an increase of 6.47% over the previous financial year. The detailed analysis of the consolidated results form as part of the Management Discussion and Analysis Report provided separately as part of the Annual Report.

The standalone total income increased from ₹ 9,707.12 Million to ₹ 13,529.55 Million, an increase of 39.38% over the previous financial year. The standalone Profit After Tax increased from ₹ 1,820.15 Million to ₹ 3,666.53 Million, an increase of 101.44% over the previous financial year.

INCREASE IN SHARE CAPITAL:

During the year, your Company issued/ allotted 2,272,436 equity shares of the face value of ₹ 10/- each on the exercise of stock options under Firstsource Solutions Employee Stock Option Scheme 2003 (ESOS 2003). Consequently, the outstanding, issued, subscribed and paid up capital of the Company has increased from 693,826,780 shares to 696,099,216 shares of ₹ 10/- each aggregating to ₹ 6,960.99 Million as on March 31, 2021.

CHANGE IN THE NAME OF PROMOTERS:

During the year under review, the name of the promoters of the Company has been changed w.e.f. January 19, 2021 to "RPSG Ventures Limited" from "CESC Ventures Limited".

GLOBAL OPERATION CENTERS:

The Company, on a consolidated basis has 39 global operation centers as on March 31, 2021. The centers are located across the US, the UK, India and the Philippines. 13 of the Company's operation centers are located in 7 cities in India, 18 in the US, 6 in the UK and 2 in the Philippines.

During the year, the Company incurred capital expenditure of ₹ 1,731 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:

- **International Customer Experience Awards 2020**

  Won the Silver Award for 'Best Customer Experience Strategy', jointly with our client giffgaff

- **Top Patient Engagement Solutions Provider**

  Named a '2020 Top Patient Engagement Solutions Provider' by Healthcare Tech Outlook

- **HousingWire's Tech100 Mortgage Award**

  Mortgage business innovative, post-closing solution listed in 2021 HW Tech100

- **Business Impact Awards 2020**

  Recognized as the 'The Most Innovative Company' in the 'Multi-Cloud' category at the 'Business Impact Awards 2020', hosted by VMware and The Economic Times

- **IMEA Partner Awards by Automation Anywhere**

  Awarded the 'Digital Evangelist of the Year – India 2020' award at Automation Anywhere's prestigious IMEA Partner Awards

- **Contact Centre Network Northern Ireland Awards 2020**

  Firstsource's Derry contact centre bagged first place in the 'Best Homeworking Programme' category at the CCNNI 2020

- **Welsh Contact Centre Awards 2020**

  Firstsource bagged an award in the 'Contact Centre Manager of the Year' category and the Cardiff centre was declared runner up in the 'Outsourced Contact Centre of the Year' category

Analyst Recognition:

- **NelsonHall's NEAT Evaluation**

  Positioned as a 'Leader' in NelsonHall's NEAT Evaluation – both for 'Overall Mortgage & Loan Services' as well as 'Support for New Digital Business Models'

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 9, 2021 at the rate of 30% i.e. ₹ 3.00 per share of ₹ 10/- each.

The interim dividend for FY2020-21 aggregated to ₹ 1928.32 Million (net of applicable TDS).

The Dividend Distribution Policy of the Company was approved by the Board at its meeting held on August 8, 2017 and is available on the Company's website at **https://mk0firstsourcecw8t7d.kinstacdn.com/wp-content/uploads/2021/03/Dividend-Distribution-Policy-1.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 other than as mentioned above. 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 28,004 employees as of March 31, 2021.

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, 2021.

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 29 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 (Independent Director) 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://mk0firstsourcecw8t7d.kinstacdn.com/wp-content/uploads/2021/04/CSR-Policy.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 ₹ 0.73 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 ₹ 38.74 Million to Unspent CSR Account for the above mentioned cause towards CSR expenditure for FY 2020-21.

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:

- A virtual workshop on "Job Readiness" was organised for final year engineering school students in collaboration with Foundation for Excellence (FFE). Topics such as resume writing, interview skills, problem solving techniques and mental health & wellness were covered during the course of this Program. 27 students were impacted and a team of 7 Firstsourcers were involved in workshop coordination and delivery;
- Awareness campaigns were organised to promote partner NGO merchandise. Participating NGOs included Thank you foods & Blessdbuy selling goods such as masks, sanitizers, food items;
- We have a long term association with Cheshire, which is a home for about 25+ visual and hearing impaired girls. FSL India sponsored a Dandiya Dance program and a meal from Dominos Pizzas for all beneficiaries;
- Light of Life Trust (LOLT) was established, with a vision to transform the lives of the underprivileged rural communities through Education, Skilling and Livelihood and Primary Health Care services. To support LOLT efforts in this direction, FSL directed funds of ₹ 0.2 Million for Project Anando- that aims at holistic child development;
- Foundation for Excellence was formed with the mission to help economically underprivileged and academically bright students complete their higher education in the field of medicine and engineering through a Scholarship Program. Firstsource granted

₹ 0.2 Million during the financial year 2020-21 towards sponsoring the education of 5 engineering students from marginalized communities;

- Good Friday and Easter meals were distributed amongst 30+ people at Cheshire homes.

Philippines:

- Firstsourcers donated PHP10,059.00 and items such as plastic containers of biscuits, big packs of powdered milk and hygiene kits to Haven for Children. An agency managed by DSWD (gov't) providing care and rehabilitation services and home to around 80 abandoned boys age ranging from 7 to 17 years old located at Muntinlupa City, Manila;
- Support and donation for Firstsource employees whose houses got destroyed when typhoons Rolly & Ulysses struck. Cash donations to Philippine Red Cross were made in order to reach more victims in need of aid.

USA:

- A six week challenge program was designed to encourage a healthy lifestyle through the successful completion of various exercise and dietary related tasks and daily goals at Amherst;
- Teaming and Confidence Exercises were organised educating employees about recognition and reinforcement of positive interaction at Laporte;
- National Heart Disease Awareness Month was celebrated across all US locations. This was done through a "Wear Red Campaign" to support Heart Health and increase awareness;
- Firstsourcers at Louisville participated in coat and warm clothing donation drive for the community;
- Firstsourcers and their children were given virtual sessions (FS Educator) on how to cope with the stress of Covid-19 required homeschooling, across all US locations. Consequently, a virtual session on Coping with Back to School Concerns was organised as part of the FS Educator series;
- A team from Firstsource participated in the WNY Veterans Food Initiative hosted by WNYHeroes, a not-for-profit veteran's organization. The food initiative is a program designed to provide food to veterans and their families every other Tuesday, for the remainder of the year. The product is provided by USDA and shipped directly to the WNYHeroes Main Office on Main Street in Williamsville, NY. It is here where the Firstsourcers assisted in the unloading and sorting of all the protein boxes, produce boxes, and dairy boxes that were provided. From here, the food is either delivered or it is picked up by the veterans themselves. Each family that receives a meal will receive a box of each. The program will feed approximately 240+ families every other week stretching to families from Williamsville to as far East as Rochester, NY;
- A virtual web session on "How to manage your finances during a crisis" was delivered by Key Bank for all US employees;
- Amherst office witnessed a blood donation drive where 10 units of blood impacted 30 patients at various local hospitals;
- A virtual candy drive was organised at Louisville using an Amazon wish list to have employees fulfil orders of candy to be delivered to the Norton Children's Hospital;
- A donation drive was organised for 3 homeless children (clothes, food, personal hygiene items, toys) that a Firstsource employee fostered because the children were left parentless by a tragedy in the local community area;
- A blood donation drive was organised at Palm Bay;
- Toys, hats and gloves were donated for Toys for Tots program run by the United States Marine Corps Reserve which distributes toys to children whose parents cannot afford to buy them gifts for Christmas;
- Firstsourcers across all US offices shared Holiday Tradition photos as part of "Show your Spirit Campaign" on Christmas. Approximately 2300 employees participated;
- 1500+ employees participated in donations through the FirstReward platform redeeming Vantage Points to send giftcards to NGOs;
- 300 Firstsourcers participated in the Ultimate Buffalo Bills Fan Challenge at Amherst. They dressed up in their best Bills Gear and submitted a picture and a write up as to why they are the Ultimate Buffalo Bills Fan. Top 3 won a USD100 Buffalo Bills store giftcard;
- All offices celebrated the Black History Month through Educational Mailers, Trivia, Book Club featuring Great Black Leaders (1 event each week for a month) with 2300+ employees in attendance;
- Awareness campaign on Ergonomics witnessed participation from 300 employees. The session was centred around the nuances of posture and how-to setup your work station for best results;
- Daily Inspirational messages were shared across all US Healthcare business units to bring motivation, lift spirits, and give inspiration to 1500+ Firstsourcers;
- International Women's Day witnessed participation from 1500+ employees in a photo challenge contest.

UK:

- Firstsourcers celebrated Autism awareness day, World Heath day, Earth day, Mental Health awareness week across all sites in the UK;
- Llamau couch to 5k Challenge & Marathon in a month Challenge was organised at Cardiff which involves developing a running plan for beginners in an attempt to promote wellness;
- Firstsourcers collaborated with Domestic Abuse Charity 'My Sisters Place' to promote their local services for women & children at high risk, specifically during Covid 19-lockdown;

- Middlesbrough centres launched social media messages on Mental Wellbeing in collaboration with Red Umbrella- a UK based organisation providing bespoke mental healthcare;
- Firstsourcers at Derby offices participated in a 5k Rainbows virtual challenge where a member of the Rainbows Hospice for Children and Young People will support in completing the 5k anytime anywhere over a number of days;
- Firstsourcers at Derby offices organised a Lockdown Hamper Raffle.
- Firstsourcers promoted local Mental Health Charity 'One Life Stockton' and 'Be Kind' Appeal during Mental Health Awareness Week;
- Firstsourcers celebrated Pride Month through educational campaigns on newly recognised genders, history of Pride and by wearing bright colours to work across all sites;
- All sites celebrated Carers week through advertised support and help groups, recognising the work of carers and encouraged employees to add their voice to the cause;
- Firstsourcers at the Derby offices raised £171 as part of Childrens Hospice Week, Slush Puppy Day & World Chocolate Day celebration, in support of the Rainbows charity;
- Awareness campaigns on single use plastic, swap-able alternatives, using no plastic shops and getting commitments from individuals across all sites;
- 500 Firstsourcers across all sites supported local Food Banks by donating nonperishable goods;
- 6 Interactive virtual sessions were organised as part of the Virtual World of Work Programme for second year college students that aims at making them job ready;
- Firstsourcers at Derry offices supported Foyle Foodbank- a local charity that provides meals for those in the community who are struggling;
- As part of LGBT Awareness employees at Belfast & Derry, participated in various educational campaign on Awareness of local charities working in this space alongside wearing bright colours to work and sharing personal stories;
- Firstsourcers at Belfast donated £168 to a Children's Hospice;
- 7 Firstsourcers at Cardiff supported a local school through educational videos;
- A Wellness Wednesday Session on Home Gardening was organised for employees at Cardiff;
- Employees participated in the 10,000 steps a day challenge for Brain Tumour Reasearch;
- Employee Assistance Program (EAP) Promotion Week - Showcasing the benefits of throughout the week for better mental and physical wellness;
- Firstsourcers participated in acknowledgement and information sharing for World Cancer day, Time to Talk day, Lunar New Tear and International Mother language day at Cardiff.

NOTE: Firstsource's modes of CSR delivery also extends into "Payroll Giving" where employees volunteer to deduct a small part of their salary every month, which accumulates and can then be donated to a cause of their choice. Please find below our FY21 update on the same:

- Employees in the UK donated to various charities via payroll giving. A sum of £37,904 was raised across all sites;
- A sum of PHP 19,105 was raised through payroll giving at Cebu and Manila. The sum was directed towards staff welfare (security and housekeeping) and Rehabilitation centeres (NGOs) alongiwth food items being donated;
- 988 Firstsourcers across all India location contributed towards GiveIndia donation and we raised a sum upwards of ₹ 2 Million.

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 1, 2019, the Board constituted a Risk Management Committee on February 4, 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://mk0firstsourcecw8t7d.kinstacdn.com/wp-content/uploads/2021/05/WHISTLE-BLOWER-POLICY-2021-1.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. Subrata Talukdar (DIN 01794978) retires by rotation and being eligible, has offered himself for re-appointment at the ensuing Annual General Meeting ("AGM");
- The Board appointed Mr. Anjani K. Agrawal (DIN 08579812) as an Additional Director (Non-Executive, Independent) on the Board of the Company w.e.f. May 11, 2021. He holds office up to this Annual General Meeting (AGM). The Board recommends appointment of Mr. Anjani K. Agrawal as an Independent Director for a term of three (3) consecutive years, effective from May 11, 2021 for approval of members of the Company at this AGM. The Company has received the declaration from Mr. Anjani K. Agrawal confirming that he meets the criteria of independence as prescribed under Section 149(6) of the Act;
- Mr. Pradip Roy (DIN 00026457) ceased to be an Independent Director on account of completion of his two (2) consecutive terms, at the conclusion of ensuing AGM. The Board places on record its appreciation towards valuable contribution made by him during his tenure as a Director of the Company;
- 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 FY2020-21, the following four (4) Board and Audit Committee Meetings were held on:

1. May 26, 2020
2. August 12, 2020
3. October 28, 2020
4. February 9, 2021

Note: Due to the exceptional circumstances caused by the COVID-19 pandemic and consequent relaxations granted by MCA and SEBI, all Board/ Committee Meetings in FY 2020-21 were held through Video Conferencing.

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://mk0firstsourcecw8t7d.kinstacdn.com/wp-content/uploads/2021/03/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 & 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 Managing Director & 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 & 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 9, 2021.

- Review the performance of Non-Independent Directors including Managing Director & CEO and the Board as a whole;
- Review the performance of the Chairman 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 & 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, 2021, the Audit Committee comprised of three (3) Independent Directors viz. Ms. Grace Koshie (Chairperson), Mr. Pradip

Roy, Mr. Sunil Mitra and one (1) Non-Independent Director, Mr. Subrata Talukdar.

Nomination & Remuneration Committee:

As on March 31, 2021, the Nomination & Remuneration Committee comprised of two (2) Independent Directors viz. Mr. Pradip Roy (Chairman), Mr. Pratip Chaudhuri and one (1) Non-Independent Director, Mr. Subrata Talukdar.

Corporate Social Responsibility Committee:

As on March 31, 2021, Corporate Social Responsibility Committee comprised of four (4) members viz Mr. Shashwat Goenka (Chairman), Mr. Vipul Khanna, Managing Director & CEO, Mr. Subrata Talukdar and one (1) Independent Director, Mr. Pradip Roy.

Stakeholders Relationship Committee:

As on March 31, 2021, Stakeholders Relationship Committee comprised of three (3) members viz. Mr. Subrata Talukdar (Chairman), Mr. Vipul Khanna, Managing Director & CEO, and one (1) Independent Director, Mr. Pradip Roy.

Investment Committee:

As on March 31, 2021, Investment Committee comprised of three (3) members viz. Mr. Shashwat Goenka (Chairman), Mr. Vipul Khanna, Managing Director & CEO and one (1) Non-Independent Director, Mr. Subrata Talukdar.

Strategy Committee:

As on March 31, 2021, Strategy Committee comprised of three (3) members viz. Mr. Shashwat Goenka (Chairman), Mr. Vipul Khanna, Managing Director & CEO and one (1) Non-Independent Director, Mr. Subrata Talukdar.

Risk Management Committee:

As on March 31, 2021, Risk Management Committee comprised of five (5) members viz. Mr. Shashwat Goenka (Chairman), Mr. Vipul Khanna, Managing Director & 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 the Board of Directors or the Shareholders as per the Act or LODR Regulations. 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://mk0firstsourcecw8t7d.kinstacdn.com/wp-content/uploads/2021/03/Related-Party-Transactions-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 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.

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 2, 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 & 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 & 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 & Remuneration Committee basis the power given to the Nomination & 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 & 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 & Remuneration Committee and will have an exercise period up to ten years as per the ESOP 2019 Plan and as determined by the Nomination & Remuneration Committee.

Under the ESOP 2019 Plan, as on March 31, 2021, the Nomination & Remuneration Committee has approved grant of 16,569,000 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 & 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, 2021, the ESOP Trust holds 17,010,000 equity shares purchased through secondary market.

SUBSIDIARY COMPANIES:

As on March 31, 2021, your Company has 17 subsidiaries and 1 Associate Company:

Domestic Subsidiary: (1)

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

International Subsidiaries: (16)

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 (Subsidiary 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. (Formerly known as ISGN Solutions Inc.) (WOS of Firstsource Group USA, Inc);
13. Sourcepoint Fulfillment Services, Inc. (Formerly known as ISGN 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).

Associate Company: (1)

1. Nanobi Data and Analytics Private Limited

Note:

1. During the year under review, the name of Firstsource Transaction Services, LLC was changed to Firstsource Health Plans and Healthcare Services, LLC.
2. Firstsource Solutions USA, LLC, USA, a Wholly Owned Subsidiary (WOS) of MedAssist Holding, LLC, a step down subsidiary of the Company entered into Membership Interest Purchase Agreement to acquire 100% stake in PatientMatters, LLC ("PatientMatters") a leading Revenue Cycle Management solutions provider with focus on US Healthcare Providers (Hospitals). On account of this, PatientMatters, LLC and its WOS Kramer Technologies, LLC and Medical Advocacy Services For Healthcare, Inc. 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 FY2020-21.

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://mk0firstsourcecw8t7d.kinstacdn.com/wp-content/uploads/2021/03/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, if any 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://mk0firstsourcecw8t7d.kinstacdn.com/wp-content/uploads/2021/06/Annual-Return-FY-2020-21.pdf.

STATUTORY DISCLOURES OF PARTICULARS:

A) Conservation of Energy:

The Company continues to make progress towards energy conservation across all its operation centers 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 center/(s) and across its' operation centers. 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) New Technology Adoption:

- **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-or-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 Multi-Cloud. 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 Centers (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 Center and also Company's cloud platform.

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, 87.12% 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:

(Standalone figures in ₹ Million)

Particulars	FY2021	FY2020
Foreign Exchange Earnings	11,541.17	7,703.35
Foreign Exchange Outgo (including capital goods and imports)	62.39	69.54

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, Company Secretaries for the FY2020-21. 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 8, 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 or as per the extended timelines by the Government from time to time. 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, 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 i.e. till the conclusion of 21st AGM.

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.

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 FY2020-21:

- 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 Managing Director & CEO received ₹ 139.14 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 FY2020-21, 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, 2021 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.

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 millions 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 2020-21 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

Mumbai
May 11, 2021

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 FY2020-21 and

(ii) The percentage increase in remuneration of each Director, Managing Director & CEO, Chief Financial Officer and Company Secretary of the Company in the FY2020-21.

Name & Designation	% increase/ decrease in remuneration in the FY2020-21	Ratio of remuneration of each Director to median remuneration of employees
Directors		
Mr. Vipul Khanna, MD & CEO*	82.89%	65.57
Dr. Sanjiv Goenka, Chairman,	33.33%	1.38
NI-NED	33.33%	1.38
Mr. Charles Richard Vernon Stagg, I-NED	33.33%	0.69
Ms. Grace Koshie, I-NED	7.14%	2.58
Mr. Pradip Kumar Khaitan, NI-NED	33.33%	1.38
Mr. Pradip Roy, I-NED	(5.00%)	3.27
Mr. Pratip Chaudhuri, I-NED	30%	2.24
Mr. Shashwat Goenka, NI-NED	-	1.89
Mr. Subrata Talukdar, NI-NED	(5.56%)	3.10
Mr. Sunil Mitra, I-NED	-	2.24
KMP's		
Mr. Dinesh Jain, President & CFO*	(15.24%)	NA
Ms. Pooja Nambiar, CS & Compliance Officer	7.41%	NA

Legends: KMP – Key Managerial Personnel, MD & CEO – Managing Director & CEO, 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 FY2020-21 is ₹ 290,412.

(iii) The percentage increase in the median remuneration of employees in the FY2020-21

Median remuneration of employees during the FY2020-21 was ₹ 290,412 compared to ₹ 267,468 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, 2021, there were 16,289 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 FY2020-21 other than the Managing Director & CEO was 9% and the increase in the salary of the Managing Director & CEO was 82.89%.

Note: Mananging Director & CEO was paid salary in FY2019-20 for part of the year and which excluded the bonus component. Since, Managing Director & CEO was paid salary for whole FY2020-21 which include the bonus as well, his increase remuneration amounted to 82.89%.

(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, 2021

1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY:

RP- SG 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's 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 (Managing Director & CEO)	1	1
3.	Mr. Subrata Talukdar	Member (Non-Executive Non-Independent Director))	1	1
4.	Mr. Pradip Roy	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): ₹ 1,952.77 Million

Sl. No.	Particulars	Amount in ₹ Million
7a	2 % of average net profit of the company as per section 135(5)	39.05
7b	Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	0.42
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)	39.47

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
0.73	38.74	April 19, 2021	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		Expected to be completed by the end of Financial Year 2022-23	38.74	Nil	38.74	No	RP-Sanjiv Goenka Group CSR Trust	CSR00002382
	Total						**38.74**		**38.74**			

(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 (₹ Millions)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1.	Donation to 'Light of Life Trust'	Education, Healthcare	Yes	Maharashtra		0.30	Yes		
2.	Scholarship 'Foundation for Excellence'	Education	Yes	Maharashtra		0.20	Yes		
3.	Cheshire Homes	Healthcare	Yes	Maharashtra		0.04	Yes		
	Total					**0.54**			

(d) Amount spent in Administrative Overheads: ₹ 0.19 Million (Give India admin charges)

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 0.73 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.	Name
NIL							

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

(1) Sl. No.	(2) Project ID.	(3) Name of the Project.	(4) Financial Year in which the project was commenced.	(5) Project duration.	(6) Total amount allocated for the project (in ₹).	(7) Amount spent on the project in the reporting Financial Year (in ₹).	(8) Cumulative amount spent at the end of reporting Financial Year. (in ₹)	(9) 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 1, 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 Managing Director & 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:
  - Managers and above: India, Philippines, UK;
  - US: GM+ and 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 & Remuneration Committee every year.
- Variable Pay Pool & Payout is approved by Nomination & 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 & 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 & 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 & Remuneration Committee and will have an exercise period up to ten years as per the Scheme and as determined by the Nomination & 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 & 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:**

      i. 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. Parental guarantee & others.

   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, 2021. Please refer to Note 23 of the consolidated financial statements and Note 25 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

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

[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.

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 31st March, 2021 (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 31st March, 2021 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 (External Commercial Borrowings and Overseas Direct Investment 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 (hereinafter called 'PIT Regulation');

   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;

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

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (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 generally complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc.

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 2020-21.

We further report that during the audit period the Company has issued and allotted 22,72,436 Equity Shares under the Employee Stock Option Schemes.

For MMJB and Associates LLP

Deepti Joshi
Designated Partner
FCS No. 8167
CP No. 8968
UDIN: F008167C000274598
Peer Review No: L2020MH006700

Place: Mumbai
Date: May 11, 2021

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

Deepti Joshi
Designated Partner
FCS No. 8167
CP No. 8968
UDIN: F008167C000274598
Peer Review No: L2020MH006700

Place: Mumbai
Date: May 11, 2021

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 1, 2020 to March 31, 2021
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 17 subsidiaries has 39 global delivery centers of which 13 are located in India, 18 in the USA, 6 in the UK and 2 in the Philippines as per the details given below: **India (13):** Chennai (2), Mumbai (3), Bangalore (4) and 1 each in Pondicherry, Hyderabad, Indore, and Trichy **USA (18):** Louisville in Kentucky, Kingston & Amherst in New York, Rockford and Belleville in Illinois, Salt Lake City in Utah, Colorado Springs in Colorado, Eugene in Oregon, Palm Bay & Jacksonville in Florida, Rocky Hill in Connecticut and 7 operational hubs of MedAssist. **United Kingdom (6):** Belfast, Cardiff, Londonderry, Middlesbrough, Warrington and Derby. **Philippines (2):** Manila, Cebu
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	₹ 6,960.99 Million
2.	Total turnover	₹ 12,851.52 Million
3.	Total profit after tax	₹ 3,666.53 Million
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):	₹ 39.06 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 2020-21)	Amount in ₹ Million
Average Profit	1,952.77
CSR Spend (2% of Average Profit)	39.05
Surplus arising out of the CSR projects or programmes or activities of the previous financial years	0.42

Details of the spend (FY 2020-21)	Amount in ₹ Million
Admin charges for 'Give India'	0.19
Light of Life Trust - Sponsorship of for Project Anando- that aims at holistic child development	0.3
Foundation for Excellence- Scholarship for underprivileged engineering students	0.2
Cheshire Homes - sponsored a Dandiya Dance program and a meal from Dominos Pizzas for all beneficiaries	0.04
Transferred to the "FSL UNSPENT CSR A/C 2020-21"	38.74

1.	Does the Company have any Subsidiary Company/ Companies?	As on March 31, 2021, the Company had 1 domestic subsidiary, 16 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 interalia, 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	Managing Director & CEO
	DIN	00026457
	Name	Mr. Pradip Roy
	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 Managing Director & 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/ Managing Director & 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, 2021, the strength of the permanent employees on roll workforce of Firstsource Solutions Limited on standalone basis stands at a total of 16,289.
2.	Total number of employees hired on temporary/ contractual/ casual basis.	As on March 31, 2021, the strength of employees hired on temporary/ contractual/ casual basis stands at a total of 104 as per below: **Employment Type** — **Headcount** Part Time Employees — 0 Casual Based — 0 Contract Employees — 104 Total — 104
3.	Total number of permanent women employees.	As on March 31, 2021, the strength of permanent women employees stands at a total of 5,335.
4.	Total number of permanent employees with disabilities.	As on March 31, 2021, the number of permanent employees with disabilities associated with the Company stands at a total of 21.
5.	Do you have an employee association that is recognized by the Management?	No.

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, 2021, there were overall 12 cases of sexual harassment reported for India in FY2020-21, out of which 9 are closed and 3 pending. Note: Out of 3 pending cases, 2 cases are closed and 1 is work in progress as on date.
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?	The Company has partnered with Give India who is our Payroll Giving partners. Employees are encouraged to sign up for payroll giving program and contribute to the NGO's of their choice. The beneficiaries of these NGO's belong to the marginalized, economically weak and disadvantaged sections of the society, especially girl child, underprivileged women and youth and persons with disabilities. Besides this, in partnership with an NGO, the Company continues to support education of underprivileged engineering graduates.

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 2020-21.

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://mk0firstsourcecw8t7d.kinstacdn.com/wp-content/uploads/2021/04/CSR-Policy.pdf.
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://mk0firstsourcecw8t7d.kinstacdn.com/wp-content/uploads/2021/04/CSR-Policy.pdf.
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.
2.	Are the programmes/ projects undertaken through in-house team/ own foundation/ external NGO/ government structures/ any other organisation?	The projects were undertaken by both the internal teams as well as through/ in-coordination with external agencies like NGOs and Government Institutions.

3.	Has the Company done any impact assessment for its initiative?	No, the CSR Committee does not currently review impact assessment for its initiatives. Further, the Company transferred its unspent amount to Unspent CSR Account ('Account'). Further, there will be transfer of funds in future from the said Account to the RP-Sanjiv Goenka Group CSR Trust ("Group CSR Trust") according to its fund requirement from time to time for the School project.
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 ₹ 39.47 Million (including surplus arising out of the CSR projects or programmes or activities of the previous financial years for ₹ 0.42) in various CSR activities during FY 2020-21, out of which ₹ 0.73 Million were already spent by the Company and the balance amount of ₹ 38.74 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	The Company has spent during the FY 2020-21 in the areas like Healthcare and Education towards community development.

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

Mumbai
May 11, 2021

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the Company's financial statements included herein and the notes thereto. 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, as well as 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 update or revise any forward-looking statements publicly, whether as a result of new information, future events, or otherwise. 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.

Global Economic Outlook

The fiscal year 2020-21 was atypical as the global economy witnessed an unprecedented decline in economic activity due to the once-in-a-century crisis unleashed by the COVID-19 pandemic.

Global growth projections continue to improve due to the growing momentum in vaccine administration, demand recovery led by fiscal stimulus measures implemented by Governments, and gradual return to normalcy. However, a resurgence of infections at the beginning of 2021, especially from new virus variants, reimposition of lockdowns, logistical challenges with vaccine distribution, and uncertainty over vaccine take-up, continue to pose concerns for the global growth outlook.

According to the International Monetary Fund's (IMF) World Economic Outlook of April 2021, the global economy contracted by 3.3% in 2020 and is projected to expand by 6.0% in 2021 and 4.4% in 2022. The intensity of the recovery is expected to differ significantly across economies, depending on access to medical interventions, the effectiveness of support policies, exposure to cross-country spillovers, and structural characteristics entering the crisis.

The United States (US) economy shrank by 3.5% in 2020 and is now projected to return to its pre-covid level and grow by 6.4% in 2021. The United Kingdom contracted by 9.9% in 2020 and is estimated to expand by 5.3% in 2021. The Euro Area shrank by 6.6% in 2020 and is forecasted to rise by 4.4% in 2021. The projected outlook takes into consideration additional fiscal policy support recently announced for 2021 in some countries.

Across economies, the strong and swift steps taken by the Central banks and Governments regarding monetary, fiscal, and unconventional financial policies helped mitigate negative outcomes in 2020. Most central banks are expected to maintain their current policies until 2022. Hence, financial conditions are anticipated to remain broadly at current levels for advanced economies, and steadily improve for emerging markets and developing economies.

Industry Structure and Development

The IT-BPM industry witnessed two major shifts due to the pandemic – acceleration of digital transformation across industries and global acceptance of a hybrid operating model that is reshaping an already evolving workplace and culture.

According to NASSCOM's Strategic Review 2021 report, the global IT services spend declined by 4% in 2020 to USD 692 Billion, as the pandemic impacted demand across all industries and segments. The impact was also felt in the global IT sourcing market that witnessed a decline of 0.8% to USD 120-122 Billion.

The global IT-BPM spend is expected to bounce back in 2021, led by digitalization. The rising adoption of advanced technologies such as Cloud & Analytics, Robotics Process Automation (RPA), Internet of Things (IoT), Artificial Intelligence (AI), Machine Learning (ML), Hyper-automation model is expected to drive growth for the industry. As organizations implement these changes, operating models are likely to shift from pure services to platform-based solutions.

The BPM industry is poised for an era of accelerated growth in an increasingly virtual world. According to the Everest Group report, the Global Business Process Management (BPM) market stood at USD 243 Billion in 2020 and is projected to grow in the range of 4-6% between 2020-2021 and 6-8% by 2025, reaching USD 336 Billion. The growth is expected to be driven by wallet-share expansion within existing segments and rising adoption in newer segments.

The BPM industry has been continuously evolving its value proposition and associated levers to meet the rapidly changing requirements of enterprises. Today, enterprises evaluate and reorganize their service provider landscape to drive cost efficiencies, enhance risk management across global operations, and digitalize their process chains. This opens up significant growth opportunities for the industry. These changes will also drive share-of-wallet expansion for BPM service providers. Currently, volumes outsourced to the BPM industry account for less than 30% of the total volumes, with the remainder managed by the enterprises themselves. These volumes are significantly lower compared to the more mature IT services industry. As the enterprises embark on their digital transformation journey, BPM service providers are likely to acquire a higher share – a key growth driver.

Firstsource is well-positioned to capitalize on these industry trends and emerging opportunities. The Company's suite of offerings and solutions across Banking and Financial Services, Healthcare, Communications, Media & Technology, and Diversified industries are designed to power well-rounded growth in the future.

Business Overview

At the beginning of the year, the pandemic created considerable business uncertainty. It disrupted business momentum and presented significant challenges to migrating work from offices to a distributed model on an unprecedented scale. The Company, led by our employees, rapidly adapted to this change and minimized the disruptions to client businesses. Our ability to remain resilient even under unprecedented circumstances, provide consistent support to our clients, secure new wins across segments, and capitalize on the macro-tailwinds in some of our businesses have fashioned FY2021 into one of the best years for the Company.

During the year, the Company generated Revenues of ₹ 50,780 Million, representing 23.9% growth in rupee term and 17.9% in constant currency term over FY2020. Profit After Tax came in at ₹ 3,617 Million, representing a YoY growth of 6.5% in rupee term. During the year, we recognized an exceptional charge of ₹ 1,151 Million, towards the fair value of an equity option granted to a large customer group in our Mortgage business. Adjusting for this charge, PAT came in at ₹ 4,499 Million, translating to a growth of 32.4% over FY2020.

Our growth framework is built around three pillars – a sharp focus on core-industry processes, modernized offerings underpinned by our Digital First Digital Now approach, and a scalable and agile organization.

1. We have been targeting specific industries - Banking and Financial Services, Healthcare, and Communications Media and Technology. These industries are grappling with structural changes driven by technology advancements, evolving consumer preferences and regulatory policy, and more recently, macro-economic factors catalyzed by the pandemic. We intend to scale our industry-specific offerings by enhancing our domain depth and foraying into adjacent areas of growth, expanding our purpose-built platform-based solutions, and contextualizing and cross-selling the full suite of our offerings to an expanding client base.

2. As digital becomes more pervasive and deeply embedded across the value chain for most industries, we are modernizing our solutions and offerings to serve the contemporary needs of the enterprises better. Smart automation, analytics, digital operations management tool kit, and talent- skilled in new-age technologies are the building blocks of our Digital First, Digital Now strategy across our service offerings.

   - Digitally Empowered Contact Center (DECC) is our revamped contact centre offering that uses a mix of in-house tools and partnerships to meet the omnichannel, on-demand needs of clients, significantly improving customer experience and satisfaction. DECC accounted for 48.3% of revenues in FY2021.

   - Our Intelligent Back Office offering transforms processes, making them lean and agile by deploying a broad range of automation technologies. This, in turn, frees up human bandwidth and ingenuity to handle complex workloads and boost creativity. The Intelligent Back Office contributed to 45.1% of revenues in FY2021.

   - Platforms, Automation & Analytics, which accounted for 6.6% of revenues in FY2021, focuses on building and deploying platform-based solutions designed for industry-specific interventions and opportunities.

3. To build a scalable and agile organization with the right skill sets to support our vertical and service line growth ambitions. We have been routinely investing in sales, solutions, new markets, digital capabilities, and evolving our operating model.

Firstsource is well poised to capture significant market opportunities and drive ongoing digital transformation across the verticals it operates in. In the sections below, we capture some of the key highlights of the industries we operate in, including key growth drivers.

Banking and Financial Services

2020 was a tough year for the banking and financial services sector as demand for banking services declined owing to the global health crisis. Profits for the sector were under significant pressure due to weak economic activity and extensive loan loss provisioning measures initiated by banks. Interventions by central banks and governments around the world through policy actions and fiscal stimulus helped mitigate losses for banks in the near term. Going forward, a persistent low-rate environment is expected to weigh on interest income, one of the major drivers of revenue for the industry.

The changes triggered by the pandemic have forced banks and financial institutions globally to reassess their traditional architecture and business models, revisit their strategies and plans, and focus on a more virtualized, SaaS-based, agile, digital setup. While some of the trends and investments were already in motion, the pandemic has prompted a notable acceleration. Virtualized solutions and secure work-from-home (WFH) models became a priority for business continuity. Despite the challenges, most banks effectively deployed digital solutions and exhibited exceptional agility and resilience. In the times ahead, these technologies will provide the foundation, enabling a modern customer experience, improving operational efficiency, and decreasing the cost to serve – while enhancing risk monitoring and management capabilities for the banks.

Fintech companies are now playing a larger role in the financial system and are continuously redefining the financial services paradigm. With products like Buy Now Pay Later (BNPL) that allow a consumer to split up large payments without using credit cards, Fintech companies have been able to establish themselves in the payments sector, and are now aggressively pursuing other banking products like remittances, deposits, and lending (mortgage, student, SME, and consumer). Banks and Financial Institutions are also trying to stack their technology landscape to adapt to this new trend. For incumbent banks, investment themes will be focused around digital sales and service, involving re-configuration of the branch network and alternative delivery models such as doorstep banking and contactless payments. This will lead to a rise in bank-Fintech companies collaborations, building robust omnichannel solutions that reduce friction in banking interactions and customer journeys.

Firstsource focuses across several segments, including Retail banking (customer experience, transaction processing), Mortgages (loan processing, servicing, title and valuations), Complaints and Remediation (complaints handling, fraud management), Credit cards and Fintech companies (collections) and Commercial finance (invoice factoring, risk management).

UK Retail and Commercial Banking

In 2020, the UK banking sector faced a double whammy – challenges posed by Brexit as well as the pandemic. Banks and financial institutions in the country will now need to redesign their operating and transaction structures to implement stringent regulatory approvals and compliance protocols. This would also result in restricted access to the larger EU market, significantly increasing cross-border transaction fees for these institutions.

Retail and commercial banking continues to evolve as incumbent banks and their business models face headwinds from Fintech companies. The industry is likely to witness increased consolidation with banks seeking to build, acquire or partner with Fintech companies platforms, to promote their digital strategies and remain competitive in the era of challenger banks. The focus will shift towards enhanced client experience, a key driver for acquiring and retaining customers.

Firstsource offers end-to-end solutions to these institutions across the customer lifecycle, including acquisition, account servicing, collections and retention, complaints handing and remediation, mortgage processing and invoice financing, and asset-based lending.

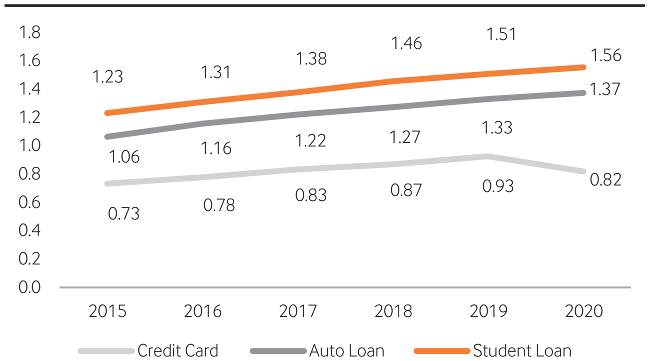
Collections and Recoveries

Firstsource provides debt collection and recovery services for Banks and Financial Institutions. The company offers digital collections, first and third-party collections focused around credit cards , auto loans , student loans. We made meaningful strides in the buy-now-pay-later (BNPL) segment of the industry last year.

According to the IBIS World Report, the market size of the debt collection industry in the US is projected to hit USD 13.4 Billion in 2021. As per the data released by the Federal Reserve of New York in February 2021, the supply of new credit card debt declined in 2020 as consumer spending dropped considerably due to the pandemic. Consumers paid off their pre-existing debts through stimulus checks received from the Government. Total student loans stood at USD 1.56 Trillion, while auto loans stood at USD 1.37 Trillion in 2020.

As the economy opens up and consumer spending bounces back to pre-COVID levels, delinquencies will see a notable spike. We believe the debt collection industry can expect an increase in the supply of new debt in 2021, driving industry growth.

Total Debt Balance ($Trillions)



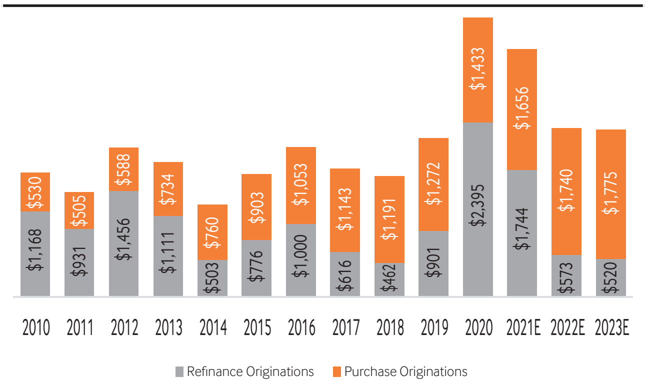
Source: Federal Reserve Bank of New York'

Digital collections is expected to drive a large part of the expected growth. It will help enhance compliance and reduce human intervention and customer handling time, accelerating the process and delivering better outcomes . Advanced technologies like analytics and AI models are also widely used to improve borrower profiling, predictions, and customizing payment plans. This, in turn will drive the adoption of self-serve digital tools and allow borrowers to repay their debt at their convenience, and avoid awkward conversations with debt-collectors.

Firstsource Digital Debt Collections platform, underpinned by our Digital First, Digital Now approach, caters to various industries, including Credit Cards, BNPL, Auto Financing, Education. It leverages diverse technologies, including automation, AI/ML and cloud-based services, through an integrated people-technology transformation framework for decoding customer interactions, lowering the cost of collections, and enhancing recovery rates.

Mortgage Market

In 2020, the mortgage industry witnessed unprecedented demand propelled by a low-interest-rate environment. Interest rates touched record-lows during the year, leading to significant growth of the originations segment. Refinance loan volumes hit a historical high with 140% YoY growth in 2020 over 2019. Mortgage debt grew by USD 486 Billion to USD 10.04 Trillion by December 2020 over 2019. Newly originated mortgage debt reached a record high of USD 1.2 Trillion, surpassing in nominal terms the volumes seen during the historic refinance boom in September 2003. However, as interest rates inch up from record lows, market momentum will decelerate in 2021. While volumes may drop compared to 2020, they will continue to remain high in 2021 with strong refinancing and purchases. According to the Mortgage Bankers Association (MBA), loan volumes are expected to be 67% higher for refinancing and 10% higher for home purchases as compared to 2019.



According to the New Normal report from the Intermediary Mortgage Lenders Association (IMLA), UK, gross mortgage lending is projected to reach £283 Billion in 2021, a 17.3% increase from last year's level, with lending for house purchase being the main driver. Spending more time at home during lockdowns has led most people to reconsider their living arrangements, boosting demand for homes across the UK. The rise in demand is further aided by the stamp duty holiday and the recent introduction of the UK government's Mortgage Guarantee Scheme as part of its budget that increases the availability of 95% loan-to-value mortgage products, enabling a larger number of people to access mortgages without the requirement for higher deposits.

Much like others, the pandemic necessitated adapting to a digital environment for the mortgage industry. Lending technology accelerated significantly during the year. If interest rates continue to remain low, as widely expected, mortgage volumes will continue to stay strong in 2021 but will see a decline from 2020 levels. Growth is also likely to come from servicing as more portfolios change hands and the mortgage industry prepares for higher defaults. Success in the new normal will require adaptability, flexibility, and scalability.

Firstsource is positioned as a 'Leader' in Nelson Hall's NEAT Evaluation for 'Overall Mortgage & Loan Services' and 'Support for New Digital Business Models'. The positioning reflects Firstsource's focus on driving digital transformation for its clientele across the mortgage value chain. Clients value our ability to service across the mortgage value chain – Origination, Underwriting, Title, Post-closing, Servicing, and Collections – underpinned by deep domain expertise and productized solutions. Firstsource works with five of the top 15 mortgage servicers in the US, three of the top six retail banks in the UK, and four of the top 15 lenders in the US.

Healthcare

The covid-19 pandemic has posed unusual challenges to the healthcare industry. It creates a significant burden on an industry already grappling with multiple challenges such as a shift in patient expectations, changes in financial responsibility, growing ecosystem complexity, and increasing demands for robust health infrastructure. Hospitals, Physicians, Health Plans, and Health Services are preparing for a series of financial challenges to secure liquidity and drive profitability under high uncertainty and volatility. The entire industry is reinventing operations and reimagining business models to become more productive and flexible. The healthcare industry, in the past, has been slow to adopt digital solutions; however, the future is likely to be shaped by technology and innovation.

While the official 2020 healthcare spending data from U.S. Centers for Medicare & Medicaid Services (CMS) is still awaited, initial analysis conducted by Altarum, a Healthcare research and consulting company, indicates a decline in healthcare spending in 2020. This will be the first time the industry will witness a decline over the previous year since CMS started tracking spending data in 1960. As people deferred non-emergency procedures, spending declined for the healthcare provider ecosystem. On the other hand, direct-to-consumer healthcare surged in popularity as a primary means of accessing safe, convenient medical care. Spending on home health care and Telehealth witnessed significant growth as patients sought to avoid exposure to COVID-19. In 2021, it is expected that hospitals and health insurance firms will increasingly invest in digitalization and predictive analytics to better prepare for unanticipated challenges.

Global healthcare BPO is segmented by Payer services, represented by the Health Insurance companies and Health Plans; Provider services represented by hospitals, physician groups andother allied segments that are part of the healthcare delivery value-chain; and the Pharmaceutical and Equipment manufacturers that focus on drug and medical equipment manufacture, research and development, marketing and other non-clinical services. In the US, Firstsource works with leading brands in the Health Plans and Provider landscape, including six of the top 10 Health Plans and over 1000+ hospitals.

During the year, we rebranded our Healthcare Payer business to Health Plans and Healthcare Services (HPHS) to reflect the scope of the broader healthcare segment we serve. We also consolidated our healthcare Provider brands, MedAssist and PatientMatters under the Firstsource Provider business to reflect their close alignment with our core brand. The Company continues to invest in building its platforms and driving their adoption in the market.

Health Plans and Healthcare Services

For a large part of the last financial year, many patients deferred non-critical procedures due to COVID-19. This resulted in a lower number of claims for Health Plans and Payers, which ultimately impacted volumes for BPO service providers. As unemployment spiked during the year, enrollment in employer-sponsored and commercial plans declined, while there was an uptick in government membership. Data from 28 states showed a 15.2% increase in Medicaid enrollment from March 2020 to December 2020. The pandemic further complicated existing processes around claims coding, billing, adjudication, and increased employee workload.

Health Plans are looking to reduce the cost of care, streamline network management, improve member experience, and adopt transparent claims administration process, leading to increased outsourcing to third-party service providers. Digital solutions will be instrumental for success in the post-COVID era. Payers who have a tech-first mindset will have a strategic advantage. As regulations around sharing healthcare data ease and advancements in data analytics take place, Health Plans will increasingly leverage advanced analytics solutions to improve clinical outcomes and access to care. With the market becoming more consumer-driven, people are demanding full control over their healthcare journey. This will drive Health Plans to increase investments in technology and services to provide members a seamless experience. Moreover, many Health Plans, grappling with legacy systems, are partnering with service providers and technology vendors to overcome design and architectural challenges in integrating new solutions. Automation will also be essential as Health Plans look to achieve operational efficiency and reduce cost.

Hospitals are seeing a shift in Payer mix due to the increase in self-intake customers and Medicaid patients combined with the fall in commercial reimbursement due to high job losses. To tackle this, hospitals are switching to remote customer engagement such as Telehealth, financial counseling, and online portals for price estimations and payment plans. On the other hand, the decline in medical procedures during the year has reduced claims and resulted in more cash for Health Plans. As a result, the Company sees an increased appetite for disruptive and long-range impact solutions in this sector.

Our focus in this segment is to scale rapidly by leveraging fit-for-purpose platform-based solutions that help streamline processes and deliver underlying efficiencies. Our interventions in Digital Intake, Digitally Empowered Contact centers, Telehealth, and Remote Patient Monitoring are helping Health Plans drive enahnced efficiencies and offer more member-friendly processes.

Provider Services

2020 was one of the toughest years for Providers as the entire ecosystem was put to the test by multiple waves of COVID. The pandemic led people to defer elective procedures, impacting revenues and margins. The rise in unemployment led to a large section of the population losing their insurance, leading to higher uncompensated care cases with the hospitals. This comes on top of the challenges the industry has already been dealing with, such as razor-thin margins because of elevated claim denials, rising bad debt due to tough to collect patient balances, and increased operational costs owing partially to the lack of coordination between multiple clinical and revenue cycle platforms.

Telehealth took center stage during the pandemic as Providers sought to develop clear strategies to enable virtual care. Many Providers looking to build adequate infrastructure for seamless patient/doctor interactions turned to third-party providers for support. According to the IBISWorld report, the Telehealth Services market in the US stood at USD 3.5 Billion in 2021, registering a growth of 14.6% per year on average between 2016 and 2021. It is expected to grow at a CAGR of 31.2% between 2020 and 2025. Federal funding for Medicare and Medicaid is estimated to rise in 2021 and beyond, creating potential growth opportunities for the industry.

Consumerism in the healthcare industry is on the rise. Patients demand reliable and quality services at competitive prices. CMS's Hospital Price Transparency Rule, which went into force on January 1, 2021, will further push the envelope of healthcare consumerism. Hospitals will need to provide easy-to-read price estimates for 300 services, allowing patients to access the best rates. Industry experts believe that this rule will benefit patients as well as Providers as patients with a clear estimate of their financial obligations are more likely to pay their dues on time. However, many Providers face challenges in complying with the CMS guidelines because of limited staff, lack of proper tools, and the burden of managing the ongoing COVID-19 outbreak. As a result, they are increasingly seeking help from outsourcing service providers to create consumer-friendly platforms in compliance with CMS guidelines.

Healthcare Providers are also struggling with managing the self-pay component of their revenue. As per Statista, on average US out-of-pocket health care payments in 2019 were about $1,184 per capita. Total US Out-of-Pocket Health Spending is expected to grow at 5% CAGR between 2018-2025 to reach about US$540 BN". Historically, Providers have focused on insurance claims processing and are not equipped to directly collect from consumers. As a result, they are partnering with third-party IT-BPM providers to implement solutions to help with collections. These IT-BPM providers are increasingly deploying scalable solutions and leveraging analytics models to predict consumers' propensity to pay and identify the right mode and time of communication to engage the consumer.

As the Provider ecosystem navigates multi-pronged complexities – including complying with Price Transparency Rule, offering quality care at competitive prices, tackling rising patient out-of-pocket expenses, and moving towards a value-based care system – Partnering with third parties will be key to success. Firstsource's full-service revenue cycle solutions spanning eligibility, enrollment, business office management and recovery, blend technology with the human touch to simplify the financial experience for patients. They help prevent denials, improve collection velocity, increase net collections, reduce accounts receivable days, and improve customer experience, helping Providers build a strong Revenue Cycle Management (RCM) practice.

During the year, Firstsource acquired PatientMatters, a Healthcare Revenue Cycle Management (RCM) solutions provider. PatientMatters unifies disparate registration, bill estimation, and financial services with intelligent workflows and eligibility services, improving revenue realization for hospitals. The acquisition complements Firstsource's Provider Business through market expansion and provides SaaS capabilities to address front-end patient responsibility in the Healthcare RCM industry. This, along with Firstsource's proprietary patient engagement solutions such as MFocus^{sm} and MGagement^{sm}, will equip Providers with a comprehensive platform-based solution that simplifies the end-to-end patient financial experience.

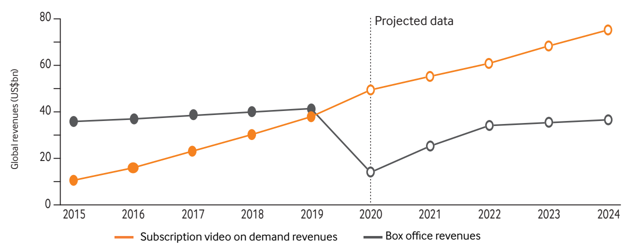
Communications, Media and Technology

As people were confined to their houses due to lockdowns and physical distancing norms, their social lives shifted online, and entertainment consumption increased rapidly, especially within the home-based segments such as online gaming and over-the-top (OTT) services. This led to increased adoption of entertainment subscriptions. A Kantar report highlighted that more than 6 Million new video streaming subscriptions were purchased in the UK during February-April 2020. According to

Deloitte, in the US, each subscriber averages four video streaming, two music streaming, and three gaming services paid subscriptions. Traditionally, spend on TV and video was considered discretionary. However, as consumer behaviour evolves, more and more users are viewing TV and video as non-discretionary spend. Consequently, they are taking more control of their media consumption and driving new trends, which in turn is leading to the emergence of new business models. Customer churn is also a big challenge for CMT companies. As per the same Deloitte report, streaming video services faced 37% customer churn between October 2020 to February 2021.

Surging demand for on-demand

Subscription video on demand revenues double box office revenues by 2024.



Note: 2019 is the latest available data. 2020-2024 values are forecasts.
Source: PwC Global Entertainment & Media Outlook 2020-2024 (www.pwc.comioutlook).Omdia

Internet consumption grew during 2020. Top cable and wireline phone providers in the US added around 4.9 Million broadband internet subscribers during the year. In Europe and the UK, the demand for faster internet services grew rapidly during the pandemic. It is expected that, by 2026, the penetration of high-speed fibre will more than double to reach 202 Million houses. Data usage on mobile also continued to grow during the pandemic. As the penetration of 5G increases, mobile video consumption is expected to increase further. Simultaneously, new apps and platforms that offer mobile AR, VR, and mixed reality experiences are expected to emerge. 5G could also have a significant impact on content creation. COVID-19 has already prompted several production houses to shoot movies and shows virtually. With the roll-out of 5G and subsequent improvement in infrastructure and technology, virtual products might increase, especially for immersive content such as AR and VR. This is further expected to add to the number of apps/services available for users to choose from and subscribe to.

People will take some time to adapt to external consumption in the post-pandemic world due to the psychological overhang of the pandemic. As the customer churn and acquisition cycle become more complicated, the industry will need to focus on understanding customer needs and behavior and create services to retain and attract customers. Customized content and recommendations and flexible pricing models will be crucial to captivating customers. Building a long-term customer relationship will depend on the ability to provide a seamless customer experience across delivery channels and devices. As content proliferation and fragmentation increases rapidly, the only way to succeed in the market is to increase the subscription base.

Firstsource has been a strategic partner to top CMT players in the industry. We help clients develop and implement omnichannel customer management solutions and leverage our Digitally Empowered Contact Center (DECC) to provide end-to-end customer experience management services aimed at increasing new subscriptions and renewals – all while keeping acquisition costs low.

Utilities

The utility industry is experiencing rapid digital transformation across the world in part due to the disruption caused by the pandemic. Some of the other factors impacting the industry are progressive regulatory reforms, intensifying competition, tech-savvy consumers, demand for sustainable and green initiatives, stringent compliance requirements, and the increased adoption of newer technologies such as smart grid, smart metering and automation.

In today's demand-driven environment, utilities' are deploying new business models focused on two main principles, co-opetition and co-creation. They are now looking to partner with technology vendors to provide digital solutions to thrive in the long run. As part of this approach, they are targeting the adoption of digital technologies such as Robotics Process Automation (RPA), Augmented and Virtual Reality (AR/VR), Internet of Things (IoT), Big Data Analytics, Artificial Intelligence, Chatbots, Digital Twin, drone technology and cloud-based solutions to facilitate digital transformation, safeguard business continuity, boost operational efficiency, and enhance customer experience. With work-from-home becoming the new normal, utility companies face dramatic shifts in demand and workforce management challenges. The need of the hour is to combine next-gen technologies and their implementation across the value chain to balance demand and supply challenges.

The UK utility sector is confronting a unique set of challenges. Decarbonizing operations and remaining resilient during a pandemic are major concerns. The UK government is going ahead with its Green Industrial Revolution plan. In 2021, it is expected to come out with more regulatory announcements to achieve its aims to make the country NetZero by the set deadline. With a muted second COVID wave and new lockdowns, the ongoing smart meter rollouts could face some installation challenges. Despite being resilient amidst the pandemic, UK utilities' supply activities might suffer as consumers face increased financial difficulties and struggle to pay their bills.

The emerging challenges discussed above necessitate solutions based on scalable operating models, agile, automation, and revamped customer experience strategies. Firstsource's Digitally Empowered Contact Centre (DECC) reduces cost and improves the customer experience at every stage by combining a distributed workforce with an omnichannel customer-engagement model powered by Intelligent Automation (IA) and cloud-based platforms.

Competition

The BPM services market is growing rapidly and continues to be highly competitive. The Company faces a different set of competitors in each of its business units and expects the competition to intensify. Several of the Company's international competitors are setting up operations in India. Further, many of the Company's international competitors with existing operations in India are expanding their operations to fortify their delivery strategy.

In the Healthcare business, the Company primarily competes with:

- Large global IT companies such as NTT Data, HP, CSC, IBM, Accenture;
- BPM divisions of IT companies located in India, including Wipro and Cognizant;
- Healthcare-focused Revenue Cycle Management (RCM) companies located in the US such as Parallon, Navigant Cymetrix, R1 RCM, Change, Cardon (MedData-MedNAX), and Conifer group;
- Healthcare-focused offshore BPM providers, particularly in India, such as Sutherland Global, Conduent, HGS, Exela Technologies;
- Large global consulting groups such as PWC (RCM service and consulting).

In the BFS business segment the Company primarily competes with:

- Large UK-based BPM companies such as Capita and Serco;
- Large global IT companies located in the US and Europe such as IBM, Accenture, Dell, Xerox, HP, and Capgemini;
- Large global diversified Receivable Management and Collections companies such as Convergys;
- Credit Card Collection / recovery-focused companies such as iQOR, GC Services, Alltran, Client Services, NCI, Alliance One, Radius, and Teleperformance;
- Mortgage-focused companies, largely in the UK and the US, such as Sutherland, TCS, Infosys, Wipro, and Accenture;
- BFS focused offshore BPM providers, particularly in India, such as Genpact, WNS, EXL;
- BPM divisions of IT companies located in India, including TCS, Infosys, Wipro, HCL;
- Captive operations of our clients.

In Media & Utility business, the Company primarily competes with:

- Large global BPM companies such as Convergys, Sitel, TeleTech, Sykes, Conduit, Transcom, and Accenture;
- Media and Utilities focused onshore BPM providers, particularly in the UK such as Serco, Capita, Web-Help;
- BPM divisions of IT companies located in India, including HCL, Tech Mahindra, Infosys, Wipro, and Concentrix.

HUMAN RESOURCES

Building and sustaining a purpose driven organization is at the core of what the Human Resources team does at Firstsource. To achieve this vision, we have a business-aligned HR team supported by globally aligned centers of excellence that act as a strategic business partner. Together, the team has designed new processes, implemented new technologies, and launched new initiatives to engage a growing organization and bring our values to life.

Early in FY 21, we refreshed our values – from ASPIRE to REACCH (Risk-taking, Execution Excellence, Agility, Customer First, Credibility and Humaneness). The Values underscore the core behaviors needed by all our colleagues across our footprints to make alive our growth aspirations fueled by Digital first, Digital now. Our leadership team led the values refresh from the front. REACCH, our values are being integrated across our talent processes and are being reinforced through leadership actions and our ways of working. Our response to COVID 19, was a true reflection of our value Humanness and how colleagues came together to support each other and the communities.

OUR COVID-19 RESPONSE

In March 2020, with the outbreak of the COVID-19 crisis across the globe, we needed to respond with agility, supporting our employees and their safety ahead of everything and reaching out to our communities.

Throughout the pandemic, our leaders' teams engaged with colleagues across the globe to understand what's needed to enable them. Business continuity was essential not only from a customer interest but also for employees to feel continuity and safety. We deployed thousands of employees to a remote working environment within days. Cutting-edge hybrid infrastructure and deployment of remote management platforms were put in place to run our delivery centers and provide seamless customer experience.

As organization transitioned to a Work from home environment, we continued to emphasize on our connectedness through the launch of "It's My Week" campaign. Every week the organization shared employee stories of courage, compassion, resilience, teamwork and more. Through the 500+ stories shared, employees felt connected, supported, and shared a sense of unity as we all weathered the pandemic together.

Once the organization settled into the "new normal" COVID-19 environment, the HR team worked to ensure the safety, effectiveness, and engagement of employees. As a part of staff continued to work in the office to provide essential services to clients, we implemented health screenings and practices safety norms to a safe working environment and built trust with our employees. For employees that transitioned to work from home, policies were established across our footprints to create standards for working remotely. In addition, we invested in building effective virtual and remote experiences for our people across the employee lifecycle. These included upskilling our managers to remote manage teams, developing mobile-friendly e-learnings, and implementing gamified and video interfaces for onboarding and ongoing communication. These initiatives and more facilitated a productive, virtual-friendly and consistent experience for our employees and customers.

TALENT ATTRACTION

Despite challenging economic times, Firstsource outperformed its competitors and grew 23.9% from its last fiscal year. HR contributed to

Firstsource's growth story by bringing a net additional 6,647 talented Firstsourcers into the organization in FY21.

Attracting great talent, delivering a superior candidate experience, and bringing the right people on-board continues to be a key focus year-on-year. We seek out people who challenge themselves to be exceptional—and champion that spirit in others. Our Employee Value Proposition – Aspire. Achieve. Advance. – fosters a sense of purpose, bringing out the best in people, supporting their goals, and allowing them to find deep meaning in their work.

Following the launch of Taleo – our online Applicant Tracking System – in FY 20 in the US and the UK, we launched Taleo for India and Philippines in FY 21, completing our goal towards a comprehensive, global recruitment management system. The launch of Taleo was combined with introducing additional global modules like Onboarding, iRefer (our Referral Program); Wings Within (our Internal Mobility Program), and a customized reporting module. These enhancements have improved the overall experience for both our internal team and our prospective employees.

The year also saw the launch of Aspiring Minds - an AI-powered talent assessment platform. The platform, integrated with Taleo, provides a comprehensive suite of assessments to evaluate cognitive, behavioral, functional and language capabilities; and helps us assess talent without biases. This has helped to optimize our current screening processes, deliver an engaging candidate experience powered by technology and bring the right talent to our organization.

In Q3 of FY 21 we also launched Recruitment Contact Center (RCC) initiative to provide an all-inclusive solution for managing day-to-day recruitment activities in a more structured and automated manner. The integrated solution will enable our talent acquisition team to make, record, store and report all candidate interactions across multiple channels such as outbound calls, inbound calls, SMS, email, and chat.

TALENT INTEGRATION

This year we revamped our onboarding process to meet the needs of a virtual working environment.

We launched a hi- touch virtually run onboarding program called "Step Aboard" which ensures people are poised to succeed in their roles.

The program helps new joinees familiarize themselves with the tools and technologies needed to operate in a virtual working environment and also understand the values and culture of the organization. The program spans across 6 months, starting with a Day 1 induction and followed by regular connects to engage with the employee.

TALENT ENGAGEMENT & RETENTION

Firstsource has a multi-generational and multi-cultural global workforce. With talent engagement and retention being a business imperative for leaders at all levels, we have created an inclusive setting with custom built programs that drive flexibility, creativity and purpose for our empowered workforce.

FitSource: Our holistic wellness program, Fitsource, focuses on physical health, mental health, social wellbeing and financial wellbeing. We believe different factors play into wellness and offer employees the resources they need to succeeding every aspect through a range of programs. We encourage Firstsourcers across the globe to connect and share best practices and support each other through virtual collaboration. In response to the pandemic we stepped up the wellness initiatives, dedicating Wednesday to wellness and hosted a number of events including training, seminars and online activities that focused on mental, physical and financial wellbeing for Firstsourcers. As a part of the Wellness Wednesday initiative, 30+ wellbeing sessions were conducted by health experts and are now accessible anytime on our learning management system. On average, 150+ employees joined the live sessions and 16,000+ employees have accessed the recorded sessions.

This past year we also expanded the mental health first aid training to the US and Philippines. Originally started in the UK, the Mental Health First Aider program trains employees on how to help a person through a mental health crisis. Like traditional first aid, mental health first aid does not teach people to treat or diagnose mental health or substance use conditions. Instead, the training teaches people how to offer initial support until appropriate professional help is received or until the crisis resolves. To date we have approximately 130 Mental Health First Aiders across the globe.

FirstWorld: Our global digital internal communication platform, FirstWorld captures all updates about Firstsource and Firstsourcers. Transparent, effective and regular communication is the key focus. This is delivered through "Let's talk" sessions and Open Houses anchored by our CEO and the Leadership team.

Lifecycle and Annual Global Employee Surveys: Employee surveys are our formal employee feedback mechanism and have been serving as key inputs into our people practices over the years. Lifecyle surveys occur during integration at the recruitment, onboarding, 30-day, 90 day and 180 day milestones of a new hire. The annual Global Employee Survey is conducted once a year for employees who have been with Firstsource for at least 6 months. In addition, FirstConnect, a global platform for grievance resolution aims to better resolve and track employee concerns, feedback, or grievances in a timely and effective manner.

FirstReward: At Firstsource, we foster a culture of coming to work with a spring in the step, passion for what you do, and the desire to keep growing and ensure that successful efforts are always recognized and rewarded. To help build a culture that keeps everyone happy and engaged, we launched FirstReward, our reward and recognition tool in partnership with Vantage Circle. This tool enables Firstsourcers across the globe to reward positive behaviors and achievements at the workplace.

This tool provided immediate recognition in the form of monetary and non-monetary awards by peers, subordinates, supervisors and leaders. Post the successful launch of FirstReward in 2019, several initiatives and enhancements have been made to improve the overall employee experience and the uptake of the rewarding culture within the organization. The 24,000 appreciations and 20,000+ monetary rewards being given through the tool is a testimony to the fact that we are on the right course.

Global Leadership Awards: The Global Leadership Awards is a platform to recognize and celebrate the achievements of Firstsourcers across all geographies, business units and functions, and to drive behaviors that are aligned to the mission of the organization. The five Individual awards include: Customer Champion; Engagement Champion; Innovation Champion; Learning Champion; Salesperson of the Year and Value Role Model. The two Team awards include: Excellence in Business Delivery and Excellence in Supporting Business Delivery. With every passing year, the endeavor has been to ensure that the felicitation ceremony for these prestigious awards, is par excellence. This years' event was particularly special and first-of-its-kind for two reasons; first, it was fully virtual and second, it was conducted globally. The overwhelmingly positive feedback received from the winners and leaders is a testimony to the success of the event. We will be planning the FY 2022 awards ceremony in a similar virtual fashion, making full use of technology, and upping the game in terms of engaging the audiences, the nominees, and the winners.

TOTAL REWARDS

Performance Enhancement Process

Achieve. Collaborate. Enhance –ACE, that aims at focusing on employees as a whole, and not just on productivity or goals. Continuing our journey to transform our process from performance management to performance enhancement, in FY2020, positive impact areas have been:

- More structured goal cascade resulting in more aligned goals;
- A 30% increase in ongoing performance dialogues for regular feedback;
- Better performance enhancement training for people managers.

Talent Management

Through our Talent Management program, we ensure we set no limits to where an individual's career can go, and they can discover opportunities and customize their career journey accordingly. Structured talent reviews were conducted for close to 2,000 employees in the Executive & above cadre. A thorough discussion with key stakeholders was conducted covering individual performance and potential, flight risk and retention actions if any, succession plans and promotion recommendations. Business criticality and readiness for higher roles were validated to prioritize growth and retention of top talent.

Compensation and Benefits

When people thrive, we thrive. Our Total Rewards strategy goes above and beyond in offering benefits programs aligned to the Firstsource Employee Value Proposition. Our focus on offering industry aligned wellbeing benefits continued during the pandemic year. Specifically, in India we reviewed our employee wellness policies like Term Life insurance and Group Hospitalization policy and made changes to provide additional support to our employees.

In FY 2021 we focused on changing the Long Term Incentive strategy by offering stake to the leadership team in the company's success in order to drive high ambition and commitment to superlative achievement. This was achieved by implementing the revised ESOP scheme. The scheme aims to provide options to the leadership team at a discounted price allowing wealth creation opportunities which meaningfully contributes to the Total compensation package in-line with the market practices.

As a proactive investment to contain attrition, a company-wide annual compensation revision was administered in January 2021 with harmonized design principles across the company.

LEADERSHIP AND TALENT DEVELOPMENT (FIRSTSOURCE ACADEMY)

We understand that staying abreast of rapidly changing skill sets and domain knowledge is tough in a digital world that continues to morph by the minute. The Firstsource Academy leverages digital platforms and partnerships with globally recognized learning partners to offer on-demand, outcome-based learning – at your fingertips. The academy offers more than 160 different programs through to role-based learning curriculum to enhance domain, compliance and leadership skills with a 'Digital First' approach at its core.

In FY2021, the Academy served employees in the following manner:

1) 4,000+ Managers offered learning opportunity with a participation completion rate of 93%

a. Jetset is our flagship program for Team Leader development. It has been aligned more sharply to evolving operational needs, and rooted in on our new operational competency framework that builds readiness for not just current but larger roles and responsibilities. The program scaled aggressively in 2021 across all businesses;

b. The Academy introduced a new catalogue of Microlearning and Power Capsules as part of the overall Firstsource Academy Catalogue. A total of 11 Power Capsules were introduced as a part of our Virtual Classroom Training offering. These 3-hour Virtual Classroom courses are available for executives and above in the organization. 2,000 employees participated;

c. The Academy also saw a greater move into the space of self-paced learning through e-learning and targeted online offerings from our e-learning partners Skillsoft, Udemy, Blinkist and HBR (Harvard Business Review): These partners offered micro learning through articles published in the space of leadership, digital and more. A total of 2,800+ employees availed this learning opportunity;

d. Our flagship Future Ready Learning (FRL) program has a multi-pronged approach to build digital readiness. This year we continued education and upskilling of target groups of Firstsourcers on Artificial Intelligence, Big Data, Machine Learning and emerging technologies and digital knowhow.

Over 400+ managers and leaders globally engaged through this learning offering.

2) 25,000+ unique employees have participated across a learning opportunity offered by Talent Development

a. Learn@Home: In the wake of the COVID-19 Pandemic, the global lockdown led to a certain population unable to carry out their roles. To ensure continuous learning and development during this period the Academy led the learn@home initiative for CM Offshore India and HC – Onshore. The focus was to help employee develop skills in the space of Future Readiness, Personal and Professional over a period of 30 Days. A total of 1,678 Associates, 199 Supervisors and 25 Managers were in scope. The overall project had a 98% completion rate;

b. Virtual Training Skills: In order to enable the organization to transition into Virtual Training, the Academy rolled out "Virtual Training Master Train the Trainer" and "Virtual Train the Trainer" Programs globally. Over 42 Master Trainers were created globally who in turn trained over 400 trainers across geographies. The purpose of these rollouts was to enable the trainer to deliver new hire training through world class virtual training facilitation skills;

c. Virtual Training Skills for New Hire Orientation: Over 101 New Hire Leads globally were upskilled on facilitation skills in the space of Virtual Orientation;

d. Know Your Business (KYB): A series of business-based webinars facilitated by leaders across the organization were introduced with the goal of helping employees better understand Firstsource's various businesses and the organization's Digital First, Digital Now (DFDN) Philosophy. A Total of 6 KYB sessions with 900 participants were conducted. This initiative will continue in FY 2021 with the goal to expand to Corporate business units;

e. Automation League: To expand the 'DFDN' mentality across the organization, the academy team partnered with our Digital team to develop the Automation League program in which employees learn to become Citizen Developers and can create BOTS to create efficiencies in their day-to-day roles. The first Cohort of 100 saw 72 Graduates with 100+ BOTS developed. This is being extended over 2021;

f. RPA : Robotic Process Automation e-learning module was rolled out last year in partnership with the process excellence team with the aim of giving employees an understanding on Automation and its importance in the market, and the principles of identifying automation opportunities. The module was contextualized to business at Firstsource and covered Associates to DGM's with a total of 10000+ unique participants;

g. Talent Development in partnership with Community Reach launched the "Job Readiness" initiative for over 27+ underprivileged students. The objective was to equip these final year engineering students on various functional skills such as interviewing , problem solving and creative thinking skills, along with a focus on mental health and psychological well-being. There were 4 virtual sessions that were facilitated by Talent Development with an average participant rating of 4.5.

IMPACT SOURCING

As part of Firstsource's purpose-driven mission, we are committed to making an impact in the communities in which we work. One of the ways the organization does this, is by providing career opportunities to the disadvantaged and disenfranchised. Our goal is to hire 10,000 Impact Workers over the next four years. We will accomplish this with our location and sourcing strategy:

- **Location –** Firstsource's location strategy includes Tier 3 locations that will provide mutually beneficial advantages to both the community and Firstsource. By establishing operations in these locations, Firstsource is able to provide employment opportunities to economically depressed areas with high unemployment rates. In turn, Firstsource is able to onboard resources at lower cost than our metropolitan locations and provide training and career development opportunities that retains a dedicated workforce. Currently, 12% of our population strength is from Tier 3 locations.

- **Sourcing –** Firstsource currently partners with impact-focused recruitment agencies, government and social organizations and pure-play impact sourcing organizations to attract and hire Impact Workers across our locations. In FY 2021, Firstsource hired 575 through these organizations such as RuralShores in India, Business in the Community in the UK, and New Dawn Outreach in the US. As our organization grows, we will also seek out partnerships with NGOs to further expand our Impact Sourcing footprint.

INCLUSION AND DIVERSITY

In March 2021, Firstsource officially launched its Inclusion and Diversity (I&D) program. While inclusive behavior has always been a cornerstone of our culture, the launch of our I&D program focuses on building truly inclusive teams where people of diverse backgrounds, ideas, and mindsets are welcomed to belong and grow together igniting innovation and inspiring more effective solutions. Our I&D strategy will be driven through four strategic pillars:

- **Talent –** Attracting, engaging and integrating diverse talent in the organization;

- **Workplace –** Enabling inclusion through thoughtfully crafted inclusive policies, practices and benefits;

- **Capability –** Strengthening awareness, cultural intelligence and managerial capability towards building an inclusive mindset;

- **Community & Culture –** Fostering a sense of belonging through employee affinity groups, external networks, and partnerships.

To ensure our I&D vision is fully realized, a formal governance structure has been developed. The governance team will set goals, track progress and measure success throughout the year. The governance team is comprised of:

- **I&D Studio –** Enterprise leaders from across the organization who are responsible for the alignment of the I&D strategy with overall business objectives and accountability for results;
- **I&D Advocate team -** Subject matter experts who are responsible for providing frameworks, action plans, driving execution, adoption, and change. This team will partner closely with the I&D Studio, Affinity Groups, cluster and center heads, and employee cohorts to accelerate realization of our I&D vision;
- **Affinity Groups -** Employee-led, employer-recognized safe spaces that bring together employees with a shared interest or goal to promote inclusion and diversity at the workplace. Affinity groups follow appropriate internal procedures for driving their programs and communication and assist in championing the organizational I&D strategy. Affinity group members come together as a collective voice to co-create solutions for common barriers faced by the group, have access to group-specific resources and development opportunities and provide group-specific expertise and insights to the I&D Advocate team.

HR GEOGRAPHY HIGHLIGHTS

US: FY 2021 was a year of tremendous growth in the US. As of March 31, 2021 we added a net increase of 1,562 employees which includes 150 employees in our Provider business acquired from PatientMatters, LLC. The majority of our new hires, however, came from our Mortgage business. To help integrate employees more seamlessly and increase our hire to start conversion rate, we implemented a Welcome Team in Mortgage dedicated to shepherding employees from offer acceptance to new hire orientation. As a result, we reduced our dropout rate from 16% to under 5%.

While recruiting and on boarding employees at a scale not previously experienced in the geography, the teams learned to navigate new processes in both our office and remote work environments due to COVID-19. We also worked internally to align our talent acquisition and HR teams in the US to provide consistent, seamless and efficient support to our growing business. While the different business and business needs will remain unique, our unified HR model will enable us to strengthen our overall employee value proposition in the US by aligning our practices, benefits, policies to support and scale our organization.

ASIA: Asia had a laser focus on recruitment and engagement in FY21. Over the fiscal year, we added net of 4,839 employees in India. Recruitment was done remotely using multiple channels of sourcing. Online assessments and video interviews were launched, and a remote training environment was set up as well. Once onboard, lifestyle conducive shift rosters, on demand flexibility, real time management of digital workforce and BOTS enabled our employees to fulfill our commitments to customers. In addition, engagement of our employees kept the spirit of our mission alive. Engagement with employees was multifold using different themes. The key theme during the pandemic was wellness with special focus on mental wellbeing. Additionally, online learning management solutions, rewards and recognition, performance enhancement process, and CSR were amplified to cater to the hybrid working model.

UK: When the pandemic hit in March 2020 we entered into unchartered grounds, our main priority was the safety and protection of employment for all Firstsourcers. We worked with clients on business continuity and enabled home working over a short period of time. Where we experienced call volume reduction, we swiftly implemented the Furlough scheme supported by the government to protect long term employment. We claimed just over GBP 5 Million via the scheme. In addition, we had capacity to reduce the seating to 40/50% in the connect centers ensuring that all the relevant social distancing and hygiene measures were in place. Communication was imperative during the phase as we had a combination of inhouse, at home, hybrid and Furloughed Firstsourcers, we introduced weekly updates from each general manager that went to all employees and put in place care-call scheme for those that had taken ill or were classified as vulnerable due to underlying health conditions.

DISCUSSION ON FINANCIAL POSITION RELATING TO OPERATIONAL PERFORMANCE

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, 2021 stands at ₹ 6,960.99 Million compared to ₹ 6,938.27 Million as of March 31, 2020.

The increase in equity share capital of ₹ 22.72 Million is on account of allotment of 2,272,436 shares to employees as stock options.

The Other equity of the Company increased from ₹ 20,715.55 Million to ₹ 21,031.88 Million. The details of increase in Reserves and surplus by ₹ 316.33 Million are as below:

Increase on account of:	
Profit for the year less appropriation	3,771.48
Premium received on shares issued during the year	97.20
Employee stock option reserve	163.67
Decrease on account of:	
Dividend (Net)	(2,037.69)
Treasury shares	(652.81)
Effective portion of cash flow hedges	(215.81)
Exchange Difference on consolidation of non-integral subsidiaries/entities	(650.93)
Special Economic Zone re-investment reserve	(158.78)
Net Increase/(Decrease) in Reserves and surplus	316.33

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, 2021 is ₹ 5.39 Million as compared to ₹ 5.88 Million as of March 31, 2020.

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, 2021 were ₹ 845.52 Million as compared to ₹ 27.76 Million as of March 31, 2020. The net increase was majorly on account of unsecured loan taken from Bank.

DEFERRED TAX LIABILITIES

Deferred tax liabilities as of March 31, 2021 were ₹ 469.98 Million as compared to ₹ 734.95 Million as of March 31, 2020. This is due to deferred tax additions through business combination.

LEASE LIABILITIES

Lease liabilities for the company as of March 31, 2021 were ₹ 5,898.43 Million and for March 31, 2020 were ₹ 5,123.15 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, 2021 were ₹ 746.52 Million as compared to ₹ 487.28 Million in March 31, 2020. The increase in short term provisions from last year is due to increase in provision for compensated absences.

SHORT-TERM BORROWINGS

Short-term borrowings as of March 31, 2021 were ₹ 4,367.13 Million as compared to ₹ 8,341.42 Million as of March 31, 2020. The movement is on account of repayment of loan ₹ 3,974.29 Million.

TRADE PAYABLES

Trade payables as of March 31, 2021 were ₹ 2,788.03 Million as compared to ₹ 952.81 Million as of March 31, 2020.

OTHER FINANCIAL LIABILITIES

Other current financial liabilities as of March 31, 2021 were ₹ 2,865.54 Million as compared to ₹ 1,828.07 Million as of March 31, 2020. The increase in other financial liabilities is on account of increase in employee benefit payable and increase in current maturities of long term borrowings.

OTHER LIABILITIES

Other current liabilities as of March 31, 2021 were ₹ 2,136.54 Million as compared to ₹ 655.99 Million as of March 31, 2020. The increase in other current liabilities is on account of Value added tax and advance from customers.

GOODWILL

Goodwill as of March 31, 2021 was ₹ 21,947.63 Million as compared to ₹ 22,323.56 Million as of March 31, 2020.

The decrease in goodwill during the year was ₹ 375.93 Million. This decrease was due to restatement of non-integral foreign subsidiaries at year end exchange rate offset by increase in goodwill on account of acquisition of PatientMatters LLC and its subsidiaries of ₹ 359.57 Million.

FIXED ASSETS

The net block of tangible assets, intangible assets and capital work-in progress amounting to ₹ 2,895.01 Million as of March 31, 2021 as compared to ₹ 1,912.08 Million as of March 31, 2020, resulted in a net increase of the assets to the extent of ₹ 982.93 Million.

This is majorly due to net additions of ₹ 1,860.26 Million and by upward exchange rate impact of ₹ 34.41 Million and depreciation charge for the year amounting to ₹ 911.74 Million.

RIGHT OF USE ASSETS

Right of use assets of the company was ₹ 5,132.94 Million on March 31, 2021 and ₹ 4,472.92 Million on March 31, 2020. The net increase is due to new premises taken on lease of ₹ 1,794.76 Million offset by depreciation charge for the year amounting to ₹ 1,151.78 Million.

INVESTMENTS

The investments of the company represent non-current investments of ₹ 117.38 Million and current investments of ₹ 825.70 Million as on March 31, 2021 as compared to ₹ 122.09 Million and ₹ Nil respectively as on March 31, 2020.

DEFERRED TAX ASSETS

Deferred Tax assets of the company as of March 31, 2021 were ₹ 2,691.89 Million as compared to ₹ 2,511.30 Million as of March 31, 2020. This increase majorly is on account of MAT credit created during the year ₹ 161.24 Million, decrease in deferred tax liability on cash flow hedges ₹ 29.35 Million, offset by decrease in property, plant and equipment ₹ 31.03 Million.

INCOME TAX ASSETS

Income Tax assets of the company as of March 31, 2021 were ₹ 822.49 Million as compared to ₹ 783.64 Million as of March 31, 2020.

OTHER NON-CURRENT ASSETS

The other non-current assets of the company as of March 31, 2021 were ₹ 1,792.18 Million as compared to ₹ 1,976.90 Million as of March 31, 2020. 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

Trade receivables amount to ₹ 5,767.38 Million (net of provision for doubtful debts amounting to ₹ 186.46 Million) as of March 31, 2021 as compared to ₹ 5,567.18 Million (net of provision for doubtful debts amounting to ₹ 216.23 Million) as of March 31, 2020. These debtors 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 debtors 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, 2021 (calculated based on per-day sales in the year) were 42 days, as compared to 50 days as of March 31, 2020. The Company constantly focuses on reducing its receivables period by improving its collection efforts.

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, 2021 was ₹ 1,373.34 Million as compared to ₹ 1,907.49 Million as of March 31, 2020. 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 FINANCIAL ASSETS

Other Financial Assets as of March 31, 2021 were ₹ 2,814.85 Million as compared to ₹ 2,158.28 Million as of March 31, 2020. The increase in these assets was on account of increase in unbilled revenue offset by decrease in MTM on foreign currency forward contracts.

OTHER CURRENT ASSETS

The other current assets of the Company as of March 31, 2021 were ₹ 1,531.60 Million as compared to ₹ 1,410.29 Million as of March 31, 2020. This increase is due to increase in prepaid expenses.

RESULTS OF OPERATIONS

The table below sets forth, for the periods indicated, certain income and expense items for the Company's consolidated operations:

Particulars	FY2021		FY2020	
	₹ Million	% of income	₹ Million	% of income
Income from services	**50,326.87**	**-**	40,501.92	-
Other operating income	**452.93**	**-**	484.22	-
Revenue from operations	**50,779.80**	**100%**	40,986.14	100%
EXPENDITURE				
Personnel cost	**34,672.28**	**68.3%**	27,735.33	67.7%
Other expenses	**8,065.47**	**15.9%**	6,961.93	17.0%
Operating EBITDA (Earnings before Interest, Tax and Depreciation)	**8,042.05**	**15.8%**	6,288.88	15.3%
Depreciation and amortisation	**2,063.52**	**4.0%**	1,852.00	4.5%
Operating EBIT (Earnings before Interest and Tax)	**5,978.53**	**11.8%**	4,436.88	10.8%
Finance charges	**522.30**	**1.0%**	583.21	1.4%
Share in net (profit) / loss of associate	**-**		(0.01)	
Other income	**12.66**	**0.0%**	88.43	0.2%
Profit before exceptional item and tax	**5,468.89**	**10.8%**	3,942.11	9.6%
Exceptional item	**1,150.55**	**2.3%**	-	-
Profit before tax	**4,318.34**	**8.5%**	3,942.11	9.6%
Provision for taxation				
- Current tax expense (including MAT)	**619.59**	**1.2%**	282.35	0.7%
- Deferred tax charge	**81.98**	**0.2%**	262.91	0.6%
Profit after tax before minority interest	**3,616.77**	**7.1%**	3,396.85	8.3%
Minority interest	**(0.09)**	**0.0%**	(0.01)	0.0%
Profit after tax	**3,616.86**	**7.1%**	3,396.86	8.3%

INCOME

Income from Services

Income from services increased by 24.26% to ₹ 50,326.87 Million in FY2021 from ₹ 40,501.92 Million in FY2020. 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 FY2021 was ₹ 74.11 per USD and ₹ 96.87 per GBP as compared to ₹ 70.86 per USD and ₹ 90.10 per GBP in FY2020.

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 52% (FY2020: 41%), clients from Healthcare accounted for 27% (FY2020: 33%), clients from Communication, Media and Technology accounted for 19% (FY2020: 23%), clients from Diverse Industries accounted for 2% (FY2020: 3%) of the income from services in FY2021.

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

Amount (₹ Million)

	FY2021	FY2020
Business Segment		
Banking and Financial Services	**26,109.21**	16,418.06
Healthcare	**13,354.35**	13,310.56
Communication, Media and Technology	**9,704.75**	9,493.90
Diverse Industries	**1,158.56**	1,279.40
Total	**50,326.87**	40,501.92

CONSOLIDATED REVENUES BY GEOGRAPHY

The Company serves clients in North America, UK and India. Clients from North America accounted for 68% (FY2020: 62%), clients from UK accounted for 31% (FY2020: 37%), clients from India accounted for 1% (FY2020: 1%). The following table gives a segment wise breakdown of the income from services for the corresponding periods:

Amount (₹ Million)

	FY2021	FY2020
Geography		
UK	**15,530.43**	15,025.12
US	**34,175.46**	24,907.59
ASIA	**620.98**	569.21
Total	**50,326.87**	40,501.92

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:

Amount (₹ Million)

Particulars	FY2021		FY2020	
	Amount	%	Amount	%
Client concentration to revenues				
Top Client	**8,251.04**	**16%**	8,534.38	21%
Top 5 customers	**20,681.48**	**41%**	16,660.22	41%
All clients	**50,326.87**	**100%**	40,501.92	100%

In FY2021, the Company had top client accounting for 16% of the income from services compared to top client accounting for 21% of its income from services in FY2020.

The Company derives a significant portion of its income from a limited number of large clients. In FY2021, the Company had 20 clients contributing individually over ₹ 500 Million each in annual revenues as compared to 13 in FY2020. In FY2021 and 2020, income from the Company's five largest clients amounted to ₹ 20,681.48 Million and ₹ 16,660.22 Million respectively, accounting for 41% 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 ₹ 452.93 Million in FY2021 (FY2020: ₹ 484.22 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 23.90% to ₹ 50,779.80 Million in FY2021 from ₹ 40,986.14 Million in FY2020 in rupee terms and grew by 17.9% in constant currency terms.

EXPENDITURE

Personnel costs

Personnel costs increased by 25.01% to ₹ 34,672.28 Million in FY2021 from ₹ 27,735.33 Million in FY2020, with the number of employees increasing to 28,004 as of March 31, 2021 from 21,203 as of March 31, 2020. As on March 31, 2021, 11,715 employees were employed outside India and 16,289 employed in India as compared to 9,753 employees outside India and 11,450 employees in India as at end of FY2020. The increase in cost is attributed to increase in number of employees across the globe and annual increments.

Operating Costs

Operating costs for FY2021 amounted to 15.9% of the income for that period, as compared to 17.0% of income in FY2020. Operating costs increased to ₹ 8,065.47 Million in FY2021 from ₹ 6,961.93 Million in FY2020. 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 ₹ 1,753.17 Million to ₹ 8,042.05 Million in FY2021 from ₹ 6,288.88 Million in FY2020. Operating EBITDA in FY2021 is 15.8% of income as compared to 15.3% in FY2020.

DEPRECIATION

Depreciation costs for FY2021 amounted to 4.0% of the income for that period, as compared to 4.5% in FY2020. Depreciation increased year-on-year by ₹ 2,063.52 Million in FY2021 from ₹ 1,852.00 Million in FY2020.

OPERATING EBIT (EARNINGS BEFORE INTEREST AND TAX)

Operating Earnings before Interest and Tax (EBIT) increased by ₹ 1,541.65 Million to ₹ 5,978.53 Million in FY2021 from ₹ 4,436.88 Million in FY2020. Operating EBIT in FY2021 is 11.8% compared to 10.8% in FY2020.

FINANCE COST

Finance cost for FY2021 amounted to 1.0% of income for that period, as compared to 1.4% of income in FY2020. Finance charges decreased to ₹ 522.30 Million in FY2021 from ₹ 583.21 Million in FY2020.

OTHER INCOME

Other income decreased to ₹ 12.66 Million in FY2021 from ₹ 88.43 Million in FY2020. The components of other income in FY2021 were profit from the sale/redemption of current investments of ₹ 18.99 Million, loss on sale of fixed assets of ₹ 3.82 Million, interest income of ₹ 6.98 Million, other miscellaneous income, net of ₹ (22.35) Million and foreign exchange gain of ₹ 12.86 Million.

EXCEPTIONAL ITEM

The Company, 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.

As at 31 March 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 Million has been charged to the Statement of Profit and Loss for the year ended 31 March 2021. This has been classified as an exceptional item.

PROFIT BEFORE TAX

Profit before tax increased to ₹ 4,318.34 Million in FY2021 from a profit before tax of ₹ 3,942.11 Million in FY2020. Profit before tax in FY2021 was 8.5% of the income, as compared to 9.6% of the income in FY2020.

PROVISION FOR TAXATION

Provision for taxation increased to ₹ 701.57 Million in FY2021, from ₹ 545.26 Million in FY2020 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 ₹ 619.59 Million in FY2021 as compared to ₹ 282.35 Million in FY2020, and deferred tax charge of ₹ 81.98 Million in FY2021 compared to a deferred tax charge of ₹ 262.91 Million in FY2020.

PROFIT AFTER TAX BEFORE MINORITY INTEREST

As a result of the foregoing, profit after tax before minority interest increased to ₹ 3,616.77 Million for FY2021 from profit after tax before minority interest of ₹ 3,396.85 Million in FY2020.

MINORITY INTEREST

Minority interest is ₹ (0.09) Million in FY2021 as compared to ₹ (0.01) Million in FY2020.

PROFIT AFTER TAX

As a result of the foregoing, profit after tax to ₹ 3,616.86 Million in FY2021 from profit after tax of ₹ 3,396.86 Million in FY2020. Profit after tax in FY2021 was 7.1% of the income, as compared to 8.3% of the income in FY2020.

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, 2021, the Company had cash and cash equivalents of ₹ 1,373.34 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:

Amount (₹ Million)

	FY2021	FY2020
Net Cash flow from Operating activities	**9,755.67**	4,104.04
Net Cash flow (used in) / generated from Investing Activities	**(3,496.18)**	143.22
Net Cash flow used in Financing Activities	**(6,886.90)**	(2,768.02)
Cash and cash equivalents at the beginning of the year	**1,907.49**	473.84
Foreign exchange gain/ (loss) on translating Cash and cash equivalents	**36.08**	(60.85)
Earmarked Balances with Banks	**57.18**	15.26
Cash and cash equivalents at the end of the year	**1,373.34**	1,907.49

* Earmarked balances with banks represent unclaimed dividend and unspent amount of Corporate Social Responsibility ('CSR').

OPERATING ACTIVITIES

Net cash generated from the Company's operating activities in FY2021 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 ₹ 144.50 Million, increase in loans and advances by ₹ 625.91 Million and increase in liabilities and provisions by ₹ 3,665.86 Million.

Net cash generated from the Company's operating activities in FY2020 amounted to ₹ 4,104.04 Million. This consisted of net profit before tax of ₹ 3,942.11 Million and a net upward adjustment of ₹ 2,051.01 Million relating to various non-cash items and non-operating items including depreciation of ₹ 1,852.00 Million; net decrease in working capital of ₹ 1,353.89 Million; and income taxes paid of ₹ 535.19 Million. The working capital change was due to increase in trade receivables of ₹ 1,574.29 Million, increase in loans and advances by ₹ 410.63 Million and increase in liabilities and provisions by ₹ 631.03 Million.

INVESTING ACTIVITIES

In FY2021, the Company used ₹ 3,496.18 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 PatientMatters LLC and its subsidiaries and net purchase of money and debt market mutual funds amounting to ₹ 806.71 Million.

In FY2020, the Company generated ₹ 143.22 Million of cash from its investing activities. These investing activities included capital expenditure of ₹ 947.63 Million, including fixed assets purchased and replaced in connection with the Company's operation centres in the UK, the US and India, net sale of money and debt market mutual funds amounting to ₹ 1,277.14 Million.

FINANCING ACTIVITIES

In FY2021, 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 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.

In FY2020, net cash used in financing activities amounted to ₹ 2,768.02 Million. This comprised of repayment of long term borrowings of ₹ 111.81 Million, proceeds from short term borrowings of ₹ 2,605.66 Million and proceeds from issuance of equity shares of ₹ 76.68 Million, The Company paid interest of ₹ 584.49 Million, purchase of treasury shares of ₹ 89.35. During the year, the company also paid dividend of ₹ 3,762.03 Million to its shareholders and repaid lease liability of ₹ 936.11 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, 2021, the Company had cash and bank balances of ₹ 1,373.34 Million as compared to ₹ 1,907.49 Million as of March 31, 2020.

KEY FINANCIAL RATIOS

Ratios	FY2021	FY2020
Debtors Turnover	**8.73**	7.3
Current Ratio	**0.9**	0.8
Debt Equity Ratio	**0.2**	0.3
Interest Coverage	**9.3**	7.8
Operating EBITDA	**15.8%**	15.3%
Operating EBIT	**11.8%**	10.8%
Net Profit Margin	**7.1%**	8.3%

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. This is on account of reduction of debt leading to lower interest expense, coupled with improved operational efficiency.

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 non-financial 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**]
- 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**]
- Treated water usage in gardening, flushing & HVAC cooling tower [IN**] [PH*]
- Rainwater harvesting [IN**]

NATURE PRESERVATION

- Eco friendly chemicals being used in HK operations [IN*] [PH**] [UK**]
- Ambient air quality monitoring, Ambient noise testing and Water testing [IN*] water testing [PH**] [UK*]
- 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**]
- 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**]

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*]

SAFETY/ HEALTH

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

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*]
- Discarding Plastic Plates & Plastic spoons in cafeteria [No usage of plastic] [PH**] [UK**]
- 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

RISKS & 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.

ROLES & RESPONSIBILITIES

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

Level	Roles and Responsibilities
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	■ Provides oversight on the internal control environment and review of the independent assurance activities performed by the internal auditors ■ Reviews proper resourcing of the internal Audit team
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
Risk Steering Committee & MISF	■ To ensure the implementation of and compliance with the objectives set out in the ERM policy ■ To provide oversight on company's Information Security program and practice and ensure implementation of and compliance with the objectives set out in various Information security / data privacy / cyber security policies
Business Heads/ Function Heads	■ Own and manage risks at business unit level - that may arise from time to time - in consultation with the Risk Committee and abide by the Company's risk policies
Risk Management Team	■ Identifies, assesses, mitigates and monitors risks through risk registers, risk model mapping and continuous engagement with business heads developing mitigation strategies and publishing risk dashboards
Compliance	■ Drives comprehensive regulatory and contractual compliance management processes, reports exceptions and creates awareness about such obligations ■ Additionally, compliance drives standards of corporate governance through global ethics, anti-fraud, anti-money laundering and anti-bribery frameworks
Legal	■ Safeguards organizational interests covering contract documentation, litigation management and advisory
Internal Audit	■ Provides independent and objective assurance on the controls to the Board and Audit Committee and enables sharing of best practices across geographies, businesses and functions

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 a 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 the 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 & 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 a relatively low margin business and is more prone to economic variations. Hence, any technology disruption could see shrinkage in volumes and can have an adverse impact on growth. Further, from the Pandemic perspective, any significant slowdown at any of the top clients may adversely impact company's overall growth objectives. The Company's continued focus in creating 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 that 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/ Localization 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 trade war conflicts emerging between major economies like the US and China 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 a majority of its revenues from onshore services.

Revenue Share %	FY 18	FY 19	FY 20	FY 21
Offshore	21.2 %	19.8%	24.1%	28%
Onshore* (*includes India domestic business)	78.8 %	80.2%	75.9%	72%

Today, the Company has 20 operation centers with 5,708 employees in the US and 7 operations centers with 5,519 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 operate 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 the 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 FY 2022 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 FY 2022 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 continued low interest rate regime next year also. Further, the effects of various government stimulus provided during pandemic situation will continue and may lead to an 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 16.4% of its income from services and top five clients accounted for 41.0% of its income from services in FY 2021. 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 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 FY21, as income from services, the Company derived 19% from Communications, Telecom and Media vertical, 27% from Healthcare vertical and 51% income from the BFSI vertical. Geography wise, USA contributed 49% of income, followed by 28% from India and 23% from the UK 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 technological 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 the collection of the Company's dues. While, this was not impacted in current year despite pandemic, the pressure will continue in FY 2022 due to adverse impact on the 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 the 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 the 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 the 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 Risks	
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 is 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. The entire regime continues 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 FY 2022 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 wiht 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 the 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 Resources 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 poses a great challenge to retain a 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 the 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 ability to recruit employees at a 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 the 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 a large employee base across culture and geographies. It also has client drive incentive programs in many businesses, which may lead to acts of potential misconduct 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 a robust Whistle blowing mechanism which enables employees to report any misconduct case, which is independently investigated and remediated. The Company also runs a variety of training / refresher programs throughout the year. Additionally, the company also has a 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 misconduct.

F. Compliance	
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 a relatively high proportion of regulated businesses in the 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	
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 Robotic 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.

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 Board of Directors fully support and endorse the Corporate Governance practices in accordance with the provisions of Chapter IV & Part C of the Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') with the Stock Exchanges 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, 2021, 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, Director of the Company was nominated on the Board of Firstsource Group USA, Inc., USA and MedAssist Holding LLC, USA;
- Mr. Charles Richard Vernon Stagg, Director of the Company was nominated on the Board of Firstsource Solutions UK Limited, UK.

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, 2021 the Company had four (4) Board Meetings. These were held on:

1. May 26, 2020
2. August 12, 2020
3. October 28, 2020
4. February 9, 2021

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, 2021	Attendance at previous AGM Held on July 21, 2020 (Y-Yes, N-No)	Director-ships in other Public Companies as on March 31, 2021*	Committee Chairmanships/ Memberships/ in other Public Companies as on March 31, 2021**		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. 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. Vipul Khanna Managing Director & CEO	ED	4	103,000	Y	1	0	1	-
Ms. Grace Koshie	I-NED	4	-	Y	2	1	2	1. RPSG Ventures Limited (formerly known as CESC Ventures Limited (Non-Executive, Independent Director) 2. Federal Bank Limited (Non-Executive, Non Independent Director, Chairperson)
Mr. Pradip Roy	I-NED	4	-	Y	5	0	6	1. Precision Wires India Limited (Non-Executive, Independent Director) 2. Phillips Carbon Black Limited (Non-Executive, Independent Director)
Mr. Pradip Kumar Khaitan	NI-NED	4	-	Y	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. Shashwat Goenka+	NI-NED	4	-	Y	6	0	3	1. 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. Subrata Talukdar	NI-NED	4	-	Y	6	1	3	-
Mr. Pratip Chaudhuri	I-NED	4	NA	Y	8	2	9	1. Cosmo Films Limited (Non-Executive, Non Independent Director) 2. CESC Ltd. (Non-Executive, Independent Director) 3. Visa Steel Limited (Non- Executive, Independent Director) 4. Spencer's Retail Limited (Non-Executive, Independent Director) 5. Muthoot Finance 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, 2021	Attendance at previous AGM Held on July 21, 2020 (Y-Yes, N-No)	Director-ships in other Public Companies as on March 31, 2021*	Committee Chairmanships/ Memberships/ in other Public Companies as on March 31, 2021**		Directorship in other listed entity (Category of Directorship)
						Chairmanships	Memberships	
Mr. Sunil Mitra	I-NED	4	NA	Y	8	2	7	1. Texmaco Rail & Engineering Limited (Non-Executive, Independent Director) 2. Century Plyboards (India) Limited (Non-Executive, Independent Director) 3. CESC Limited (Non-Executive, Independent Director)
Mr. Charles Richard Vernon Stagg	I-NED	2	NA	Y	1	-	-	1. Max Financial Services Limited (Non-Executive, Independent Director)
Mr. Anjani K. Agrawal #	I-NED	NA	NA	NA	3	3	3	1. Uttam Value Steels Limited (Non-Executive, Independent Director) 2. Hindustan Zinc Limited (Non-Executive, Independent Director)

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 is son of Dr. Sanjiv Goenka, Chairman. No other Director is related to any other Director of the Company.

Mr. Anjani K. Agrawal was appointed as an Additional (Non-Executive- Independent) Director w.e.f. May 11, 2021.

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 Business	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, 2021 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 FY2020-21, following four (4) meetings of the Audit Committee were held on:

1. May 26, 2020
2. August 12, 2020
3. October 28, 2020
4. February 9, 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. Pradip Roy	I-NED	4
Mr. Sunil Mitra	I-NED	4

I-NED: Independent- Non- Executive Director, NI-NED: Non- Independent, Non- Executive Director

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. modified opinion(s) 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 utilisation 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 Managing Director & 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 victimisation 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 Managing Director & CEO, the CFO, the Statutory Auditors and all the Directors of the Company are invited to the meetings of the Audit Committee.

Nomination & Remuneration Committee:

The Nomination & 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 FY2020-21, following four (4) meetings of the Committee were held on:

1. May 26, 2020
2. August 12, 2020
3. October 28, 2020
4. February 9, 2021

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. Pradip Roy, Chairman	I-NED	4
Mr. Pratip Chaudhuri	I-NED	4
Mr. Subrata Talukdar	NI-NED	4

I-NED: Independent- Non- Executive Director, NI-NED: Non- Independent, Non- Executive Director

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 & 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 & Remuneration Committee has framed a policy relating to appointment of the Directors (Executive/ Non-Executive) on the Board and the Managing Director & 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 & Remuneration Committee shall satisfy itself with regards to the experience, expertise and independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its functions and duties effectively;

c) The Nomination & 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 & 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 FY2020-21:

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 FY2020-21 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. Charles Richard Vernon Stagg	200,000	-	200,000
Ms. Grace Koshie	400,000	350,000	750,000
Mr. Pradip Kumar Khaitan	400,000	-	400,000
Mr. Pradip Roy	400,000	550,000	950,000
Mr. Pratip Chaudhuri	400,000	250,000	650,000
Mr. Shashwat Goenka	400,000	150,000	550,000
Mr. Subrata Talukdar	400,000	500,000	900,000
Mr. Sunil Mitra	400,000	250,000	650,000
TOTAL	**3,400,000**	**2,050,000**	**5,450,000**

including sitting fee for attending meetings of all the committees including meeting of Independent Directors.

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 Managing Director & CEO:

The Nomination & Remuneration Committee of the Board is authorised to decide the remuneration of the Managing Director & CEO, subject to the approval of the members and the Central Government, if required.

The details of remuneration of the Managing Director & CEO for the year ended March 31, 2021 are as under:

(Amount in ₹)

Name	Salary & Allowances	Performance Bonus	Retirals*	Perquisites	Total
Mr. Vipul Khanna	16,623,978	2,418,128	-	-	19,042,106

* Retirals include contribution to Provident Fund but does not include provision for gratuity and this salary excludes the remuneration received by the Managing Director & 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 Managing Director & CEO and was decided by the Nomination & Remuneration Committee based on the performance of the Company and the individual performance of the Managing Director & CEO during the previous financial year. This was in line with the Remuneration Policy as approved by the Board.

During FY2020-21, no stock options were granted to Mr. Vipul Khanna, Managing Director & CEO under the Company's Employees Stock Option Scheme.

The notice period of termination either by the Company or by the Managing Director & CEO is 3 months or payment of base salary of 3 months by the Company or Managing Director & CEO as the case may be in lieu of notice.

STAKEHOLDERS RELATIONSHIP COMMITTEE:

One (1) meeting of the Committee was held during FY 2020-21 on August 12, 2020. 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

I-NED: Independent- Non- Executive Director, NI-NED: Non- Independent, Non- Executive Director

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 eighty-nine (89) all of which were satisfactorily replied and there was no pending complaint as on March 31, 2021. 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 9, 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. Shashwat Goenka, Chairman	NI-NED	1
Mr. Vipul Khanna	NI-ED	1
Mr. Pradip Roy	I-NED	1
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

RISK MANAGEMENT COMMITTEE:

The Board had constituted Risk Management Committee on February 4, 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 August 12, 2020 and February 9, 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. 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
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 2, 2019 3.30 p.m.
17th Annual General Meeting Ravindra Natya Mandir, Sayani Road, Prabhadevi, Mumbai - 400 025	Monday, August 6, 2018 3.30 p.m.

Details of Special Resolutions passed:

a) 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):

b) 18th AGM held on August 2, 2019

(iv) Appointment/continuation of Mr. Pradip Kumar Khaitan (DIN 00004821) as a Director of the Company;

(v) Approval of Firstsource Employees Stock Option Scheme 2019 (ESOP 2019).

c) 17th AGM held on August 6, 2018

(i) Re-appointment of Mr. Pradip Roy as an Independent Director of the Company;

(ii) Appointment/ Continuation of Mr. Pradip Kumar Khaitan as a Director of the Company;

(iii) Appointment/ Continuation of Mr. Charles Miller Smith as a Director of the Company.

During the said period no EGM was held.

POSTAL BALLOT:

During last financial year ended March 31, 2021, no resolution under section 110 of the Companies Act 2013 was passed through Postal Ballot.

No special resolution is proposed to be conducted 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://mk0firstsourcecw8t7d.kinstacdn.com/wp-content/uploads/2021/03/Policy-on-familiarisation-of-Independent-Directors-1.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 & 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:

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, bearing Registration Number: 117366W/W-100018, were appointed as the Statutory Auditors of the Company by the members at their 16th Annual General Meeting (AGM) for a term of five (5) consecutive years i.e. till the conclusion of 21st AGM. The particulars of Statutory Auditors'fees, on consolidated basis, is given below:

Particulars	Amount (₹ In Million)
Auditors remuneration and expenses	
- Audit fees	16.00
- Other services	8.45
- Reimbursement of expenses	0.60
Total	**25.05**

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. 25 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://mk0firstsourcecw8t7d.kinstacdn.com/wp-content/uploads/2021/03/Related-Party-Transactions-Policy-1.pdf**.

ii. Disclosures from Senior Management:

In Compliance with Regulation 26(5) of the Listing Regulations, disclosures from Senior Management are obtained on a 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://mk0firstsourcecw8t7d.kinstacdn.com/wp-content/uploads/2021/04/CSR-Policy.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 Managing Director & 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 Managing Director & 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://mk0firstsourcecw8t7d.kinstacdn.com/wp-content/uploads/2021/03/Code-of-conduct-for-Executive-Directors-Senior-management-1.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 Managing Director & 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, 2021, the Company had one (1) domestic subsidiary and sixteen (16) foreign subsidiaries. One (1) domestic subsidiary and fourteen (14) out of sixteen (16) 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://mk0firstsourcecw8t7d.kinstacdn.com/wp-content/uploads/2021/03/Material-Subsidiary-Policy-2.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/investor-relations/**.

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 1, 2019, the Board constituted a Risk Management Committee on February 4, 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, 2021, there were overall 12 cases of sexual harassment reported for India in FY2020-21, out of which 9 are closed and 3 pending. Out of 3 pending cases, 2 cases are closed and 1 is work in progress as on date.

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 dematerialised 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, 2021.

c) Separate posts of Chairman and CEO:

There are separate posts of the Chairman and the Managing Director & CEO and there is a clear demarcation of the roles and responsibilities of the Chairman and the Managing Director & 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	Thursday, July 29, 2021 at 12.00 noon
Venue	Meeting is being conducted through VC/OAVM pursuant to the MCA Circular dated May 5, 2020 read with circulars dated April 8, 2020, April 13, 2020 and January 13, 2021.

II. Financial Year:

April 1, 2020 to March 31, 2021

Financial Calendar (Tentative) ***: FY2021-22

Q1 ending June 30, 2021	Last week of July 2021 or First/ Second week of August 2021
Q2 ending September 30, 2021	Last week of October 2021 or First/ Second week of November 2021
Q3 ending December 31, 2021	Last week of January 2022 or First/ Second week of February 2022
Q4 and financial year ending March 31, 2022	First/ Second week of May 2022
Annual General Meeting (Financial Year 2021-22)	In the month of July 2022 or August 2022

*** 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 Friday, July 23, 2021 to Thursday, July 29, 2021 (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 9, 2021 declared an interim dividend at the rate of 30% i.e. ₹ 3.00 per share of ₹ 10/- each.

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) and the BSE Limited (BSE). Annual Listing fee for FY 2020-21 were paid by the Company to NSE and BSE on time.

VI. Custodian Fee to Depositories:

The Company has paid fee for FY 2020-21 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) on time.

VII. Stock Code / Symbol:

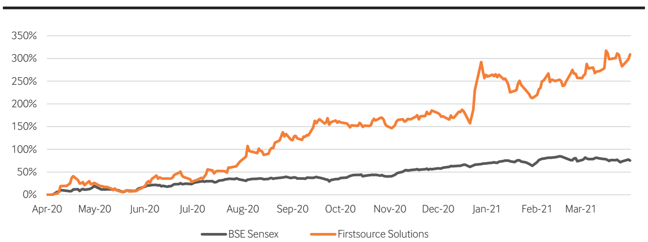
NSE	FSL
BSE	532809
ISIN in (NSDL and CDSL)	INE684F01012
Corporate Identity Number (CIN)	L64202MH2001PLC134147

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:

Month	NSE			BSE		
	Share Price (₹)		No. of shares traded	Share Price (₹)		No. of shares traded
	High	Low	Share Price (₹)	High	Low	Share Price (₹)
Apr – 2020	39.90	26.95	24,047,124	41.00	26.90	1,497,831
May – 2020	34.40	29.00	28,676,070	35.00	28.80	1,420,076
Jun – 2020	42.75	31.50	64,823,435	42.75	31.55	4,660,681
Jul – 2020	49.20	35.40	129,012,539	49.20	35.00	8,855,370
Aug – 2020	67.85	48.50	119,002,998	67.80	48.15	9,867,841
Sep – 2020	78.40	58.10	93,799,873	78.35	55.60	6,554,259
Oct – 2020	76.80	68.55	52,640,261	76.75	66.75	4,265,341
Nov – 2020	80.00	68.50	49,331,886	80.00	61.00	3,593,138
Dec – 2020	115.40	66.50	134,601,388	115.45	66.50	12,715,076
Jan – 2021	105.70	85.60	53,032,905	105.55	85.70	4,952,332
Feb – 2021	106.80	84.20	98,823,637	107.00	84.25	87,06,975
Mar – 2021	122.95	99.10	148,753,661	124.95	99.10	12,192,935

IX. The performance of share price of the Company in comparison to BSE Sensex is given below:

Share Price Data



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

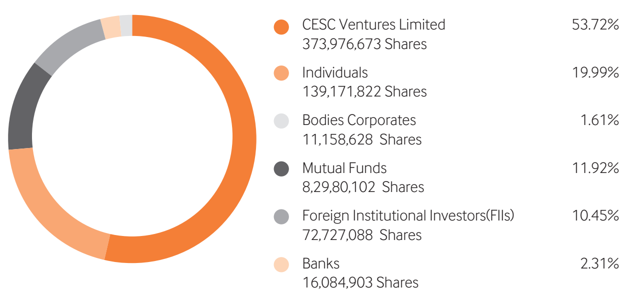
XI. Share Transfer System:

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 half-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, 2021:

Share Holding (Nominal Value)	Shareholders		Nominal Capital	
₹	No.	%	₹	%
Upto 5,000	170,006	85.15	215,791,100	3.10
5,001-10,000	14,590	7.31	122,140,700	1.75
10,001-20,000	7,117	3.56	110,544,120	1.59
20,001-30,000	2,564	1.28	66,339,040	0.95
30,001-40,000	1,134	0.57	41,209,000	0.59
40,001-50,000	1,145	0.57	54,548,400.00	0.78
50,001-1,00,000	1,553	0.78	116,848,600	1.68
100,001 and above	1,549	0.78	6,233,571,200	89.56
Total	**199,658**	**100.00**	**6,960,992,160**	**100.00**

The Shareholding pattern as on March 31, 2021 is given as under:



Top 10 Shareholders as on March 31, 2021:

Sr. No.	Name of the Shareholders	Category of Shareholder	No of Shares	%
1.	RPSG Ventures Limited (formerly known as CESC Ventures Limited)	Promoters	373,976,673	53.72
2.	HDFC Small Cap Fund	Mutual Funds	51,761,038	7.44
3.	Firstsource Employee Benefit Trust	Resident Indian	17,010,000	2.44
4.	ICICI Bank Ltd	Bank	16,039,903	2.30
5.	Steinberg India Emerging Opportunities Fund Limited	Foreign Institutional Investor	13,000,000	1.87
6.	L and T Mutual Fund Trustee Ltd-L and T India Value Fund	Mutual Funds	7,552,700	1.09
7.	Old Well Emerging Markets Master Fund, L.P.	Foreign Institutional Investor	4,315,765	0.62
8.	Government Pension Fund Global	Foreign Institutional Investor	3,948,652	0.57
9.	Vanguard Total International Stock Index Fund	Foreign Institutional Investor	3,719,549	0.53
10.	L & T Mutual Fund Trustee Limited-L&T Emerging Businesses Fund	Foreign Institutional Investor	3,602,900	0.52
Total			**494,927,179**	**71.10**

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, 2021:

	Shareholders		Share Capital	
	No. of Shareholders	% to Total Shareholders	No. of Shareholders	% to Total Shareholders
Dematerialised Form				
NSDL	97,329	48.75	646,035,367	92.81
CDSL	102,321	51.25	50,062,665	7.19
Total in dematerialised from	**199,650**	**100.00**	**696,098,032**	**100.00**
Physical Form	8.00	Negligible	1,184	Negligible
Total	**199,658**	**100.00**	**696,099,216**	**100.00**

As on March 31, 2021, 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, 2021 are as under:

Particulars	No. of shareholders	No. of shares
Outstanding shares in the Escrow Account with ICICI Bank Ltd. as on April 1, 2020	49	5,521
Investors who have approached the Company for transfer of shares from Escrow Account during the FY 2020-21	0	0
Investors to whom shares were transferred from Escrow Account during the FY 2020-21	0	0
Outstanding shares in the Escrow Account as on March 31, 2021	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, 2021.

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 17 subsidiaries has 39 global delivery centers of which 13 are located in India, 18 in the USA, 6 in the UK and 2 in the Philippines as per the details given below:

India (13): Chennai (2), Mumbai (3), Bangalore (4) and 1 each in Pondicherry, Hyderabad, Indore, and Trichy

USA (18): Louisville in Kentucky, Kingston & Amherst in New York, Rockford and Belleville in Illinois, Salt Lake City in Utah, Colorado Springs in Colorado, Eugene in Oregon, Palm Bay & Jacksonville in Florida, Rocky Hill in Connecticut and 7 operational hubs of MedAssist.

United Kingdom (6): Belfast, Cardiff, Londonderry, Middlesbrough, Warrington and Derby.

Philippines (2): Manila, Cebu

XVI. Address for Correspondence:

Ms. Pooja Nambiar
Company Secretary & Compliance Officer
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 11, 2021

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, 2021, as stipulated in Regulations 17 to 27 and clauses (b) to (i) 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) 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: L2020MH006700

Place: Mumbai
Date: May 11, 2021

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
Managing Director & CEO

Dinesh Jain
President & CFO

Mumbai
May 11, 2021

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
Managing Director & CEO

Mumbai
May 11, 2021

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 31 March 2021, 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 31 March 2021, 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 ('SAs'). 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 7(ii) 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.	**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 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.

Sr. No.	Key Audit Matter	Auditor's Response
	Identifying whether the Group's performance have 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.	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. 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 have reviewed 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.	**Impairment of the carrying value of goodwill on consolidation** (Refer Note 5(i) of the Consolidated Financial Statements) 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 ₹21,947.63 million as at 31 March 2021 which is allocated to Healthcare, Collection, Customer Management and Mortgage as CGUs. The recoverable amount of each reporting unit exceeds its carrying value as of the measurement date and, therefore, no impairment was recognized.	**Principal audit procedures performed** 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) We evaluated the impact of changes in management's forecasts from those provided for the year ended 31 March 2020 to those provided for the year ended 31 March 2021 (annual measurement date). e) With the assistance of our fair value specialists, who has specialised skill and knowledge, 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.

Sr. No.	Key Audit Matter	Auditor's Response
	We identified this as a key audit matter basis 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.	f) 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. g) Our procedures included evaluation of the impact of current economic conditions on account of COVID -19 pandemic on the assumptions used in the Group's last annual impairment assessment of fair value for the CGUs; and how those anticipated changes impacted the amount of value in use.
3.	**Assessment of recoverability of Minimum Alternate Tax ('MAT') Credit for Special Economic Zone ('SEZ') units** (Refer Note 16 of the Consolidated 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	**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 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 deliverie s from SEZs and Non-SEZ centres) to arrive at forecast tax liabilities. b) We have reviewed the assumptions on use of SEZ delivery centres with government's policies on awarding licenses for SEZs and for withdrawing deductions / exemptions under the Income Tax Act. c) We performed sensitivity analysis on the key assumptions to assess their impact on the Company's determination that the MAT was realisable the extent of change in those assumptions that would impact any impairment to the MAT Credit.

Sr. No.	Key Audit Matter	Auditor's Response
	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 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 ₹2,304.94 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 basis, 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.	d) Our procedures included evaluation of the impact of current economic conditions on account of COVID -19 pandemic on the assumptions used in forecast of future tax liabilities and operating margin.

Information Other than the Financial Statements and Auditor's Report Thereon ('Other Information')

- Company'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, 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 Board of Directors of the companies included in the Group and of its associates 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 Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board 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 31 March 2021, 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

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 Company as on 31 March, 2021 taken on record by the Board of Directors of the Company and its reports of the statutory auditors of its subsidiary company and associate company incorporated in India, none of the directors of the company, its subsidiary company and its associate company incorporated in India is disqualified as on 31 March, 2021 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, its subsidiary company and its associate 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 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 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, its subsidiary company and its associate company incorporated in India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

SANJIV V. PILGAONKAR
Partner
(Membership No. 39826)
(UDIN: 21039826AAAADT4432)

Mumbai, 11 May 2021

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 31 March 2021.

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 31 March 2021, 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: 21039826AAAADT4432)

Mumba i, 11 May 2021

Consolidated Balance Sheet

as at 31 March 2021

(Currency: In ₹ millions)

Particulars	Note	March 31, 2021	March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	**2,354.10**	1,411.73
Right-of-use assets	4	**5,132.94**	4,472.92
Goodwill on consolidation	5(i)	**21,947.63**	22,323.56
Other intangible assets	5(ii)	**540.91**	500.35
Investment in associate accounted for using the equity method		**0.07**	0.07
Financial assets			
Investments	6(i)	**117.38**	122.09
Other financial assets	7(i)	**584.46**	724.71
Deferred tax assets	16	**2,691.89**	2,511.30
Income tax assets (net)	16	**822.49**	783.64
Others non-current assets	8(i)	**1,792.18**	1,976.90
Total non-current assets		**35,984.05**	34,827.27
Current assets			
Financial assets			
Investments	6(ii)	**825.70**	-
Trade receivables	9	**5,767.38**	5,567.18
Cash and cash equivalents	10	**1,373.34**	1,907.49
Other financial assets	7(ii)	**2,814.85**	2,158.28
Other current assets	8(ii)	**1,531.60**	1,410.29
Total current assets		**12,312.87**	11,043.24
Total assets		**48,296.92**	45,870.51
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	**6,960.99**	6,938.27
Other equity	11A	**21,031.88**	20,715.55
Total equity attributable to equity holders of the Company		**27,992.87**	27,653.82
Non - controlling interest		**5.39**	5.88
Total equity		**27,998.26**	27,659.70
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Long term borrowings	12(i)	**845.52**	27.76
Lease liabilities		**4,863.76**	4,053.38
Provisions for employee benefits	14(i)	**103.90**	85.88
Deferred tax liabilities	16	**469.98**	734.95
Total non-current liabilities		**6,283.16**	4,901.97
Current liabilities			
Financial liabilities			
Short-term and other borrowings	12(ii)	**4,367.13**	8,341.42
Trade payables		**2,788.03**	952.81
Lease liabilities		**1,034.67**	1,069.77
Other financial liabilities	13	**2,865.54**	1,828.07
Other current liabilities	15	**2,136.54**	655.99
Provisions for employee benefits	14(ii)	**642.62**	401.40
Provision for tax (net)	16	**180.97**	59.38
Total current liabilities		**14,015.50**	13,308.84
Total equity and liabilities		**48,296.92**	45,870.51
Significant accounting policies			

The accompanying notes from 1 to 33 are an integral part of these consolidated financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors of Firstsource Solutions Limited

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Sanjiv V. Pilgaonkar
Partner
Membership No: 39826

Mumbai
11 May 2021

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
Director

Charles Richard Vernon Stagg
Director

Grace Koshie
Director

Pradip Roy
Director

Sunil Mitra
Director

Pratip Chaudhuri
Director

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

Mumbai
11 May 2021

Consolidated Statement of Profit and Loss

for the year ended 31 March 2021

(Currency: In ₹ millions)

	Note	March 31, 2021	March 31, 2010
INCOME			
Revenue from operations	17	**50,779.80**	40,986.14
Other income, net	18	**12.66**	88.43
Total income		**50,792.46**	41,074.57
EXPENSES			
Employee benefit expenses	19	**34,672.28**	27,735.33
Finance costs	20	**522.30**	583.21
Depreciation and amortization expense	3,4&5(ii)	**2,063.52**	1,852.00
Other expenses	21	**8,065.47**	6,961.93
Total expenses		**45,323.57**	37,132.47
Profit before tax, exceptional item and share in net profit / (loss) of associate		**5,468.89**	3,942.10
Exceptional items (Expense, refer note 32)		**1,150.55**	-
Profit before tax and share in net profit / (loss) of associate		**4,318.34**	3,942.10
Share in net profit / (loss) of associate		**-**	0.01
Profit before tax		**4,318.34**	3,942.11
Tax expenses			
Current tax	16	**619.59**	282.35
Deferred tax	16	**81.98**	262.91
Profit for the year		**3,616.77**	3,396.85
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		**(11.60)**	(15.64)
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		**(245.16)**	(61.00)
Deferred tax on items that will be reclassified to statement of profit and loss		**29.35**	22.02
Exchange difference on translation of foreign operations		**(651.33)**	1,245.09
Total other comprehensive income, net of taxes		**(878.74)**	1,190.47
Total comprehensive income for the year		**2,738.03**	4,587.32
Profit attributable to:			
Owners of the Company		**3,616.86**	3,396.86
Non - controlling interest		**(0.09)**	(0.01)
		3,616.77	3,396.85
Total comprehensive income attributable to:			
Owners of the Company		**2,738.52**	4,587.33
Non - controlling interest		**(0.49)**	(0.01)
		2,738.03	4,587.32
Earning per equity share			
Weighted average number of equity shares outstanding during the year			
- Basic	28	**681,753,647**	692,858,333
- Diluted	28	**705,034,928**	694,943,616
Earning per equity share			
- Basic	28	**5.31**	4.90
- Diluted	28	**5.13**	4.89
Significant accounting policies			

The accompanying notes from 1 to 33 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
11 May 2021

For and on behalf of the Board of Directors of Firstsource Solutions Limited

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
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Director

Sunil Mitra
Director

Pratip Chaudhuri
Director

Mumbai
11 May 2021

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

Consolidated statement of changes in equity

for the year ended 31 March 2021

(Currency: In ₹ millions)

	Attributable to owners of the Company												
			Reserves and Surplus						Items of other comprehensive income				
	Equity share capital	Share application money pending allotment	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	Total	Attributable to Non-controlling interest	Total equity
Balance as at 1 April 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 (net)	-	-	-	-	-	-	(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 31 March 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**

Consolidated statement of changes in equity

for the year ended 31 March 2021

(Currency: In ₹ millions)

	Attributable to owners of the Company												
			Reserves and Surplus						Items of other comprehensive income				
	Equity share capital	Share application money pending allotment	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	Total	Attributable to Non-controlling interest	Total equity
Balance as at 1 April 2019	6,910.65	0.30	-	-	2,034.66	30.41	13,004.03	122.39	437.38	4,667.44	27,207.26	5.89	27,213.15
Other comprehensive income for the year (Net of tax)	-	-	-	-	-	-	(15.64)	-	(38.98)	1,245.09	1,190.47	-	1,190.47
Transition impact on adoption of Ind AS 116	-	-		-	-	-	(395.10)	-	-	-	(395.10)	-	(395.10)
Profit for the year	-	-	-	-	-	-	3,396.86	-	-	-	3,396.86	(0.01)	3,396.85
Dividend (including tax on dividend)	-	-	-	-	-	-	(3,762.03)	-	-	-	(3,762.03)	-	(3,762.03)
Share based payment	-	-	-	-	-	-	-	29.03	-	-	29.03	-	29.03
Issue of equity share on exercise of option	27.62	(0.30)		-	73.70	-	-	(24.34)	-	-	76.68	-	76.68
Treasury shares	-	-	(89.35)	-	-	-	-	-	-	-	(89.35)	-	(89.35)
Transfer to Special Economic Zone re-investment reserve	-	-	-	158.78	-	-	(158.78)	-	-	-	-	-	-
Transfer to retained earning for options forfeited	-	-	-	-	-	-	7.12	(7.12)	-	-	-	-	-
Balance at the end of 31 March 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**

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
11 May 2021

For and on behalf of the Board of Directors of Firstsource Solutions Limited

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
Director

Charles Richard Vernon Stagg
Director

Grace Koshie
Director

Pradip Roy
Director

Sunil Mitra
Director

Pratip Chaudhuri
Director

Mumbai
11 May 2021

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

Consolidated statement of cash flows

for the year ended 31 March 2021

(Currency: In ₹ millions)

	31 March 2021	31 March 2020
Cash flow from operating activities		
Net profit before taxation and non controlling interest	**4,318.34**	3,942.11
Adjustments for		
Depreciation and amortization	**2,063.52**	1,852.00
Allowance for expected credit loss/ bad debts written-off, net	**32.75**	58.98
Loss on sale of property,plant and equipment,net	**3.82**	3.04
Foreign exchange loss/(gain), net unrealized	**434.67**	(404.25)
Finance costs	**522.30**	583.21
Interest income	**(6.98)**	(11.36)
Profit on sale/redemption of investments	**(18.99)**	(59.64)
Employee stock compensation expense	**208.88**	29.03
Operating cash flow before changes in working capital	**7,558.31**	5,993.12
Changes in working capital		
Increase in trade receivables	**(144.50)**	(1,574.29)
Increase in loans and advances and other assets	**(625.91)**	(410.63)
Increase in liabilities and provisions	**3,665.86**	631.03
Net changes in working capital	**2,895.45**	(1,353.89)
Income taxes paid	**(698.09)**	(535.19)
Net cash generated from operating activities (A)	**9,755.67**	4,104.04
Cash flow from investing activities		
Purchase of current investments	**(12,615.58)**	(19,405.10)
Proceeds from sale of investment in mutual funds	**11,808.87**	20,682.24
Acquisiton of PatientMatters LLC and its subsidiaries	**(950.00)**	-
Interest income received	**7.22**	11.42
Purchase of property, plant and equipment	**(1,730.97)**	(947.63)
Proceeds from sale of property, plant and equipment	**35.46**	1.93
Capital advances given for land and others	**-**	(186.38)
Earmarked balances with banks	**(57.18)**	(15.26)
Proceeds from redemption of debentures	**6.00**	2.00
Net cash used in investing activities (B)	**(3,496.18)**	143.22
Cash flow from financing activities		
(Repayment) / Proceeds from short term borrowings	**(4,199.97)**	2,605.66
Proceeds from long term borrowings	**1,621.91**	33.43
Repayment of long term borrowings	**(94.28)**	(111.81)
Proceeds from issuance of equity shares and share application money	**82.15**	76.68
Interest paid on lease liabilities and others	**(514.28)**	(584.49)
Purchase of treasury shares	**(652.81)**	(89.35)
Payment of lease liabilities	**(1,091.93)**	(936.11)
Dividend paid (net)	**(2,037.69)**	(3,762.03)
Net cash used in financing activities (C)	**(6,886.90)**	(2,768.02)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(627.41)**	1,479.24
Cash and cash equivalents at the beginning of the year	**1,907.49**	473.84
Earmarked balances with banks	**57.18**	15.26
Foreign exchange gain / (loss) on translating Cash and cash equivalents	**36.08**	(60.85)
Cash and cash equivalents at the end of the year	**1,373.34**	1,907.49

Consolidated statement of cash flows

for the year ended 31 March 2021

(Currency: In ₹ millions)

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:

	31 March 2021	31 March 2020
Cash on hand	-	
Balances with banks		
- in current accounts	**1,413.36**	1,739.08
- in deposit accounts	-	282.50
Earmarked balances with banks	**57.18**	15.26
	1,470.54	2,036.84
Less: Current account balances held in trust for customers	**97.20**	129.35
Cash and cash equivalents	**1,373.34**	1,907.49

Reconciliation of liabilities from financing activities for the year ended 31 March 2021

Particulars	As at 31 March 2020	Proceeds	Repayment	Effects of change in Foreign exchange	As at 31 March 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**

Reconciliation of liabilities from financing activities for the year ended 31 March 2020

Particulars	As at 31 March 2019	Proceeds	Repayment	Effects of change in Foreign exchange	As at 31 March 2020
Long Term Borrowings	168.67	33.43	(111.81)	1.66	91.95
Short Term Borrowings	5,389.86	2,605.66	-	345.90	8,341.42
Total Liabilities from financing activities	5,558.53	2,639.09	(111.81)	347.56	8,433.37

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
11 May 2021

For and on behalf of the Board of Directors of Firstsource Solutions Limited

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
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Director

Pratip Chaudhuri
Director

Mumbai
11 May 2021

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

Notes to the consolidated financial statements

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

1 Company overview

Firstsource Solutions Limited ('the Company') was incorporated on 6 December 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 11 May 2021.

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. 01 October 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 24 June 2019)	100%	2016-2017

Notes to the consolidated financial statements

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

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 22 December 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 22 December 2020)	100%	2020-2021
Kramer Technologies LLC (KT)	A subsidiary of PatientMatters, LLC, incorporated in the state of Delaware, USA. (acquired on 22 December 2020)	100%	2020-2021
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

Notes to the consolidated financial statements

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

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 2.12.

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.

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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:

(Currency: In ₹ millions)

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	
Goodwill on acquired assets	5 years or estimated useful life, whichever is shorter
Process know-how	4
Domain name	3
Software*	2 – 4
Customer contracts	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.

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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

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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.

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

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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

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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.

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.

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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

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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.

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 Estimation of uncertainties relating to the global health pandemic from COVID-19:

The Group has considered the possible effects that may result from the pandemic relating to COVID-19, including but not limited to its assessment of liquidity and going concern assumption, carrying amounts of receivables, unbilled revenues, goodwill and intangible assets, impact on leases and effectiveness of its hedging relationships. Based on current indicators of future global economic conditions and internal sources of available information, the Group expects the carrying amount of the assets will be recovered, net of provisions established. The impact of the pandemic related to COVID-19 may be different from that presently estimated and would be recognised in the financial statements when material changes to economic conditions arise or are anticipated.

2.23 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 Group 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.

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3 Property, plant and equipment

	Tangible assets						
	Leasehold improvements	Computers	Service equipment	Office equipment	Furniture and fixture	Vehicles	Total
Gross block							
As at 1 April 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
Assets acquired on acquisition	-	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 31 March 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 1 April 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
Assets acquired on acquisition	-	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 31 March 2021	**1,423.77**	**2,304.97**	**1,134.80**	**1,045.94**	**703.16**	**4.03**	**6,616.67**
Net block							
As at 31 March 2021	**985.60**	**836.09**	**210.07**	**238.37**	**83.83**	**0.14**	**2,354.10**
As at 31 March 2020	514.92	416.50	199.30	196.98	83.84	0.19	1,411.73

	Tangible assets						
	Leasehold improvements	Computers	Service equipment	Office equipment	Furniture and fixture	Vehicles	Total
Gross block							
As at 1 April 2019	1,627.20	2,145.99	1,374.88	1,127.44	700.27	3.81	6,979.59
Additions / adjustments during the year	308.63	279.03	45.58	79.90	48.23	-	761.37
Reclassified on account of adoption of Ind AS 116	(49.75)	(10.56)	(7.76)	-	-	-	(68.07)
Deletions during the year	(146.45)	(12.56)	(162.65)	(26.81)	(18.74)	-	(367.21)
Foreign exchange on translation	92.26	133.38	66.66	51.83	43.10	0.59	387.82
As at 31 March 2020	1,831.89	2,535.28	1,316.71	1,232.36	772.86	4.40	7,693.50
Accumulated depreciation / amortization							
As at 1 April 2019	1,261.48	1,827.93	1,167.80	942.97	632.71	3.54	5,836.43
Charge for the year	146.26	184.41	50.48	75.28	35.34	0.10	491.87
Reclassified on account of adoption of Ind AS 116	(43.94)	(0.92)	(0.47)	-	-	-	(45.33)
On deletions / adjustments during the year	(117.62)	(12.42)	(162.01)	(26.57)	(18.74)	-	(337.36)
Foreign exchange on translation	70.79	119.78	61.61	43.70	39.71	0.57	336.16
As at 31 March 2020	1,316.97	2,118.78	1,117.41	1,035.38	689.02	4.21	6,281.77
Net block							
as at 31 March 2020	514.92	416.50	199.30	196.98	83.84	0.19	1,411.73
As at 31 March 2019	365.72	318.06	207.08	184.47	67.56	0.27	1,143.16

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as at 31 March 2021

(Currency: In ₹ millions)

4 Leases

The details of Right-of-use assets held by the Group are as follows:

	As at 1 April 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 31 March 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**

	As at 1 April 2019	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 31 March 2020
Leasehold properties	3,840.95	-	1,418.15	(43.85)	(992.52)	183.24	4,405.97
Service equipment	102.91	-	16.74	(30.13)	(46.04)	9.54	53.02
Vehicles	-	-	13.50	-	(3.00)	-	10.50
Software	5.40	-	-	-	(2.08)	0.11	3.43
	3,949.26	-	1,448.39	(73.98)	(1,043.64)	192.89	4,472.92

Rent includes expense towards short term lease payments amounting to ₹ 19.07 (31 March 2020: ₹ 87.18), expense towards low value leases assets amounting to ₹ 155.67 (31 March 2020: ₹ 65.65) and common area maintenance charges for leased properties amounting to ₹ 290.79 (31 March 2020: ₹ 270.60) during the year ended 31 March 2021.

5 (i) Goodwill on consolidation

Particulars	**Healthcare**	**Collection**	**Customer management**	**Mortgage**	**Total**
Gross carrying value as on 1 April 2019	16,270.22	2,072.45	1,471.67	637.38	20,451.72
Addition during the year	-	-	-	-	-
Effect of translation adjustment	1,530.25	195.09	90.28	56.22	1,871.84
Gross carrying value as on 31 March 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 on 31 March 2021	**17,558.59**	**2,190.97**	**1,526.52**	**671.55**	**21,947.63**

*Addition due to goodwill on acquisition of PatientMatters LLC

***Acquisition of PatientMatters LLC**

The Company through its wholly owned subsidiary Firstsource Solutions USA, LLC ('FS US') has acquired 100% equity interest and control of the businesses of PatientMatters, LLC, a Delaware limited liability Company, including its two wholly owned subsidiaries Kramer Technologies, LLC and Medical Advocacy Services for Healthcare, Inc. ('PatientMatters') for a purchase consideration of US$ 13 mn (Rs 950.00) on 22 December 2020. PatientMatters is a leading Revenue Cycle Management solutions provider with focus on US Healthcare Providers (Hospitals) and provides Patient Advocacy services and Front-end RCM SaaS platform to address the Patient Responsibility and Self-Pay segment. PatientMatters has strong presence in Texas, Arkansas, Montana and New

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York. Of the purchase consideration paid, ₹ 468.84 has been allocated to the fair value of identified net assets, ₹ 121.59 has been allocated to intangible assets and ₹ 359.57 has been allocated to Goodwill.

The purchase price has been allocated based upon determination of fair values at the date of acquisition as follows:

Components	Acquiree's carrying value	Fair value adjustments *	Purchase price allocated
Net assets	127.39	341.45	468.84
Intangible assets (net of deferred tax)	-	121.59	121.59
Total	127.39	463.04	590.43
Goodwill			359.57
Total purchase price paid			**950.00**

The transaction cost of ₹ 24.80 related to the acquisition was recognised under legal and professional fees in the consolidated statement of profit and loss for the year ended 31 March, 2021.

The chief operating decision maker reviews the goodwill for any impairment for each cash generating unit on annual basis.

(ii) Other intangible assets

	Domain name	Software	Process know-how	Customer contracts	Total
Gross block					
As at 1 April 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 31 March 2021	**6.72**	**1,952.24**	**54.47**	**213.39**	**2,226.82**
Accumulated depreciation / amortization					
As at 1 April 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 31 March 2021	**6.72**	**1,495.30**	**54.47**	**129.42**	**1,685.91**
Net block					
As at 31 March 2021	**-**	**456.94**	**-**	**83.97**	**540.91**
As at 31 March 2020	-	500.35	-	-	500.35

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as at 31 March 2021

(Currency: In ₹ millions)

	Domain name	Software	Process know-how	Customer contracts	Total
Gross block					
As at 1 April 2019	6.72	1,517.03	48.94	115.24	1,687.93
Additions / adjustments during the year	-	161.76	-	-	161.76
Reclassified on account of adoption of Ind AS 116	-	(5.92)	-	-	(5.92)
Deletions during the year	-	(12.14)	-	-	(12.14)
Foreign exchange on translation	-	71.18	1.61	10.85	83.64
As at 31 March 2020	6.72	1,731.91	50.55	126.09	1,915.27
Accumulated depreciation / amortization					
As at 1 April 2019	6.72	884.96	48.94	115.24	1,055.86
Charge for the year	-	316.49	-	-	316.49
Reclassified on account of adoption of Ind AS 116	-	(0.52)	-	-	(0.52)
On deletions / adjustments during the year	-	(12.13)	-	-	(12.13)
Foreign exchange on translation	-	42.76	1.61	10.85	55.22
As at 31 March 2020	6.72	1,231.56	50.55	126.09	1,414.92
Net block					
As at 31 March 2020	-	500.35	-	-	500.35
As at 31 March 2019	-	632.07	-	-	632.07

6 Investments

		31 March 2021	31 March 2020
(i)	**Non-current**		
	Unquoted		
	-at cost		
	838,705 (31 March 2020 : 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		
	20,000 (31 March 2020 : 80,000) fully paid Optionally Convertible Debentures of ₹ 100 each of Nanobi Data and Analytics Private Limited	**2.00**	8.00
	At amortised cost		
	Philippines treasury bills*	**27.46**	26.17
		117.38	122.09
	* These securities have been earmarked in favor of SEC, Philippines in compliance with Corporation Code of Philippines.		
(ii)	**Investments - Current**		
	Investments carried at fair value through statement of profit and loss		
	Mutual and other funds (unquoted)	**825.70**	-
		825.70	-

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as at 31 March 2021

(Currency: In ₹ millions)

7 Other financial assets

	31 March 2021	31 March 2020
(Unsecured, considered good)		
(i) Other non-current financial assets		
Deposits	**419.37**	356.46
Foreign currency forward contracts (net)	**142.13**	341.21
Lease rentals receivable	**22.96**	27.04
	584.46	724.71
(ii) Other current financial assets		
Unbilled revenues	**2,663.51**	1,972.81
Accrued interest	**-**	0.24
Foreign currency forward contracts (net)	**94.37**	107.30
Loans and advances to employees	**14.29**	13.47
Recoverable on sale of subsidiary	**26.23**	49.05
Lease rentals receivable	**16.45**	15.41
	2,814.85	2,158.28

8 Other assets

	31 March 2021	31 March 2020
(Unsecured, considered good)		
(i) Other non-current assets		
Capital advances	**276.13**	236.13
Deferred contract cost	**1,059.85**	1,219.04
Unexpired rebate from customer	**286.21**	369.46
Prepaid expenses	**169.99**	152.27
	1,792.18	1,976.90
(ii) Other current assets		
Prepaid expenses	**764.77**	623.77
Unexpired rebate from customer	**111.86**	138.95
Deferred contract cost	**239.94**	232.36
Indirect tax recoverable	**360.79**	374.83
Other advances	**54.24**	40.38
	1,531.60	1,410.29

9 Trade receivables

	31 March 2021	31 March 2020
(Unsecured)		
Considered doubtful	**186.46**	216.23
Less: Allowance for expected credit loss	**186.46**	216.23
	-	-
Considered good	**5,767.38**	5,567.18
	5,767.38	5,567.18
	5,767.38	5,567.18

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(Currency: In ₹ millions)

a) Trade receivables are non-interest bearing.
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 23.

10 Cash and cash equivalents

	31 March 2021	31 March 2020
Balances with banks		
-in current accounts	**1,413.36**	1,739.08
-in deposit accounts	**-**	282.50
Earmarked balances with banks*	**57.18**	15.26
	1,470.54	2,036.84
Less: Current account balance held in trust for customers	**97.20**	129.35
	1,373.34	1,907.49

*Earmarked balances with banks represents unclaimed dividend and unspent amount of Corporate Social Responsibility ('CSR').

11 Share capital

	31 March 2021	31 March 2020
Authorised		
872,000,000 (31 March 2020: 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		
696,099,216 (31 March 2020: 693,826,780) equity shares of ₹ 10 each, fully paid-up	**6,960.99**	6,938.27
	6,960.99	6,938.27

a Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	31 March 2021		31 March 2020	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	**693,826,780**	**6,938.27**	691,065,030	6,910.65
Shares allotted during the year - employee stock option scheme	**2,272,436**	**22.72**	2,761,750	27.62
At the end of the year	**696,099,216**	**6,960.99**	693,826,780	6,938.27

b Particulars of shareholders holding more than 5% equity shares

	31 March 2021		31 March 2020	
	Number of shares	% of total shares	Number of shares	% of total shares
RPSG Ventures Limited (formerly known as CESC Ventures Limited)	**373,976,673**	**53.72%**	373,976,673	53.90%

c Shares held by holding company

	31 March 2021		31 March 2020	
	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 consolidated financial statements

as at 31 March 2021

(Currency: In ₹ millions)

d Employee stock options

During the year ended 31 March 2021, the Company granted 16,569,000 (31 March 2020: 10,784,204) options at an exercise price of ₹ 10 (31 March 2020: ₹ 10.00).

e Shares reserved for issue under options

29,076,143 (31 March 2020: 17,700,014) number of shares are reserved for employees for issue under the employee stock options plan (ESOP) amounting to ₹ 290.76 (31 March 2020: ₹ 177.00).

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 ₹ 82.15 (31 March 2020: ₹ 76.68) as share application money under ESOP scheme during the year ended 31 March 2021 in respect of which 2,272,436 (31 March 2020: 2,761,750) shares were allotted during the year.

h Dividend

During the year ended March 31, 2021, the Company has declared interim dividend of ₹ 3 per share, the Company has incurred a net cash outflow of ₹ 2,037.69 (excluding dividend paid on treasury shares).

i Treasury Shares - pursuant to ESOP 2019 PLAN

	31 March 2021		31 March 2020	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	3,156,000	89.35	-	-
Purchased during the year	13,854,000	652.81	3,156,000	89.35
Exercised during the year	-	-	-	-
At the end of the year	**17,010,000**	**742.16**	3,156,000	89.35

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.

11A Other equity

	31 March 2021	31 March 2020
Securities premium		
At the commencement of the year	**2,108.36**	2,034.66
Add : Issue of equity shares on exercise of options	**96.79**	73.70
At the end of the year	**2,205.15**	2,108.36
Share application money pending allotment		
At the commencement of the year	**-**	0.30
Add : Movement during the year	**0.41**	(0.30)
At the end of the year	**0.41**	-

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	31 March 2021	31 March 2020
Treasury shares		
At the commencement of the year	**(89.35)**	-
Add : Movement during the year	**(652.81)**	(89.35)
At the end of the year	**(742.16)**	(89.35)
Special Economic Zone re-investment reserve		
At the commencement of the year	**158.78**	-
Add : Transfer to Special Economic Zone re-investment reserve	**29.34**	158.78
Less : Utilised from Special Economic Zone re-investment reserve	**(188.12)**	-
At the end of the year	**-**	158.78
Other Reserve		
At the commencement of the year	**30.41**	30.41
Add : Movement during the year	**-**	-
At the end of the year	**30.41**	30.41
Employee stock option reserve		
At the commencement of the year	**119.96**	122.39
Add : Share based payments	**208.88**	29.03
Less : Issue of equity shares on exercise of options	**(37.77)**	(24.34)
Less : Transfer to retained earning for options forfeited	**(7.44)**	(7.12)
At the end of the year	**283.63**	119.96
Effective portion of cash flow hedges (Other comprehensive income)		
At the commencement of the year	**398.40**	437.38
Add : Movement during the year	**(215.81)**	(38.98)
At the end of the year	**182.59**	398.40
Exchange differences on translating the financial statements of a foreign operation / subsidiaries (Other comprehensive income)		
At the commencement of the year	**5,912.53**	4,667.44
Add : Movement during the year	**(650.93)**	1,245.09
At the end of the year	**5,261.60**	5,912.53
Retained earnings		
At the commencement of the year	**12,076.46**	13,004.03
Add: Transition impact on adoption of Ind AS 116	**-**	(395.10)
Add: Net profit for the year	**3,616.86**	3,396.86
Add: Transfer to retained earning for options forfeited	**7.44**	7.12
Add: Other comprehensive income for the year	**(11.60)**	(15.64)
Less: Transfer to Special Economic Zone re-investment reserve	**(29.34)**	(158.78)
Add: Utilised from Special Economic Zone re-investment reserve	**188.12**	-
Less: Dividend (net)	**(2,037.69)**	(3,762.03)
At the end of the year	**13,810.25**	12,076.46
Total other equity	**21,031.88**	20,715.55

12 Borrowings

		31 March 2021	31 March 2020
(i)	**Non-current borrowings**		
	Unsecured		
	Loan from banks (refer note 'a' and 'b')	**773.25**	21.58
	Loan from other parties (refer note 'b')	**72.27**	6.18
		845.52	27.76
(ii)	**Short-term and other borrowings**		
	Unsecured		
	Line of credit from banks - (refer note 'c')	**4,367.13**	8,341.42
		4,367.13	8,341.42

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(Currency: In ₹ millions)

Note:

a Term Loan carry interest in the range of 2%- 4% for a period of 2 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.

13 Other financial liabilities

	31 March 2021	31 March 2020
Other current financial liabilities		
Book credit in bank account	**184.30**	169.36
Interest accrued but not due on borrowings	**20.08**	12.06
Employee benefits payable	**1,746.05**	1,546.15
Creditors for capital goods	**55.16**	11.67
Unclaimed dividends	**18.48**	15.26
Other payables	**9.38**	9.38
Current maturities of long term borrowings:		
-Loan from Banks	**773.07**	15.59
-Loan from other parties	**59.02**	48.60
	2,865.54	1,828.07

14 Provisions for employee benefits

	31 March 2021	31 March 2020
(i) Non-current		
Gratuity	**103.90**	85.88
	103.90	85.88
(ii) Current		
Compensated absences	**642.62**	401.40
	642.62	401.40

15 Other liabilities

	31 March 2021	31 March 2020
Other current liabilities		
Value added tax	**1,036.52**	410.07
Tax deducted at source	**46.53**	36.17
Statutory Dues	**113.89**	73.30
Advance from customers	**939.60**	136.45
	2,136.54	655.99

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(Currency: In ₹ millions)

16 Taxation

As at 31 March 2021

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**
Accrued expenses / allowance for doubtful debts	**5.03**	**-**	**(5.21)**	**-**	**0.18**	**-**
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**

As at 31 March 2020

Taxation	Opening Balance	Transition impact on adoption of Ind As 116	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	257.54	-	(21.25)	-	0.34	236.63
Other employee benefits payable	31.09	-	5.05	-	-	36.14
Lease liabilities	-	92.67	12.70	-	0.80	106.17
Unused tax losses	9.09	-	(2.24)	-	-	6.85
Minimum alternate tax credit carried forward	2,061.29	-	82.41	-	-	2143.7
Employee stock options	30.35	-	3.95	-	0.01	34.31
Accrued expenses / allowance for doubtful debts	4.87	-	-	-	0.16	5.03
Foreign currency forward contracts	(79.55)	-	-	22.02	-	(57.53)
	2,314.68	92.67	80.62	22.02	1.31	2,511.30

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(Currency: In ₹ millions)

Taxation	Opening Balance	Transition impact on adoption of Ind As 116	Recognised in Profit and loss	Recognised in Other Comprehensive Income	Exchange	Closing Balance
Deferred tax liability on account of:						
Goodwill	1,935.97	-	49.62	-	185.61	2,171.20
Business losses carried forward	(1,393.81)	-	205.44	-	(117.27)	(1,305.64)
Property, plant and equipment and intangibles	(0.87)	-	33.50	-	2.18	34.81
Other employee benefits payable	(41.91)	-	(12.53)	-	(4.79)	(59.23)
Lease liabilities	-	(43.93)	(7.27)	-	(4.51)	(55.71)
Accrued expenses / allowance for doubtful debts	(38.68)	-	(7.64)	-	(4.16)	(50.48)
	460.70	(43.93)	261.12	-	57.06	734.95

	31 March 2021	31 March 2020
Income tax assets (net)	**822.49**	783.64
Provision for tax (net)	**(180.97)**	(59.38)
	641.52	724.26

Income tax expense

Income tax expense in the consolidated statement of profit and loss comprises:

	Year ended	
	31 March 2021	31 March 2020
Current taxes	**619.59**	282.35
Deferred taxes	**81.98**	262.91
Income tax expense	**701.57**	545.26

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:

	Year ended	
	31 March 2021	31 March 2020
Profit before income taxes	**4,318.34**	3,942.11
Enacted tax rates in India	**34.94%**	34.94%
Computed expected tax expense	**1,509.00**	1,377.53
Income Exempt from Tax and Tax Holidays	**(947.61)**	(432.56)
Expenses not deductible for tax purposes	**146.58**	34.97
Effect of change in tax rates	**(0.08)**	(0.11)
Effect of differential overseas tax rate	**(16.82)**	(207.26)
ESOP cost allowed for tax purpose	**1.94**	(13.43)
Previous years tax adjustments	**7.81**	(6.76)
Impact of Tax losses utilised in excess of carrying value of corresponding deferred tax assets	**-**	(205.43)
Others	**0.75**	(1.69)
Income tax expense	**701.57**	545.26

Notes to the consolidated financial statements

for the year ended 31 March 2021

(Currency: In ₹ millions)

17 Revenue from operations

	Year ended	
	31 March 2021	**31 March 2020**
Sale of services	**50,326.87**	40,501.92
Other operating income, net	**452.93**	484.22
	50,779.80	40,986.14

The table below presents disaggregated revenues from contracts with customers for the year ended 31 March 2021 by geography.

	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**

The table below presents disaggregated revenues from contracts with customers for the year ended 31 March 2020 by geography.

	BFS*	Healthcare	CMT**	Diverse Industries	Total
UK	4,872.46	-	8,873.34	1279.32	15025.12
USA	10,976.47	13,310.56	620.56	-	24,907.59
ASIA	569.13	-	-	0.08	569.21
Total	16,418.06	13,310.56	9,493.90	1,279.40	40,501.92

*BFS - Banking and Financial Services

**CMT - Communication, Media and Technology

Revenues is 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.

18 Other income, net

	Year ended	
	31 March 2021	**31 March 2020**
Profit on sale / redemption of current investments, net	**18.99**	59.64
Foreign exchange gain, net	**12.86**	17.78
Interest income	**6.98**	11.36
(Loss) on sale of fixed assets, net	**(3.82)**	(3.04)
Miscellaneous income, net	**(22.35)**	2.69
	12.66	88.43

Notes to the consolidated financial statements

for the year ended 31 March 2021

(Currency: In ₹ millions)

19 Employee benefits expense

	Year ended	
	31 March 2021	31 March 2020
Salaries and wages	**32,023.84**	25,536.86
Contribution to provident and other funds	**1,252.44**	1,077.86
Staff welfare expenses	**1,187.12**	1,091.58
Employee stock compensation expense	**208.88**	29.03
	34,672.28	27,735.33

20 Finance costs

	Year ended	
	31 March 2021	31 March 2020
Interest expense		
- on working capital demand loan and others	**219.69**	297.69
Interest expense on leased liabilities	**302.61**	285.52
	522.30	583.21

21 Other expenses

	Year ended	
	31 March 2021	31 March 2020
Connectivity, Information and communication expenses	**1,576.01**	1,405.85
Computer expenses	**992.15**	680.79
Legal and professional fees	**973.78**	756.50
Repairs, maintenance and upkeep	**607.70**	545.67
Travel and conveyance	**197.09**	638.88
Car and other hire charges	**310.19**	214.92
Marketing and support fees	**540.15**	379.57
Title and valuation expenses for the mortgage business	**455.31**	274.49
Electricity, water and power consumption	**220.94**	284.96
Recruitment and training expenses	**693.56**	405.82
Bank administration charges	**349.29**	247.34
Rates and taxes	**218.69**	207.71
Rent, net	**465.53**	423.43
Insurance	**179.25**	145.37
Printing and stationery	**43.02**	67.23
Contribution to Corporate Social Responsibility	**39.06**	40.94
Allowance for expected credit loss/ bad debts written-off, net	**32.75**	58.98
Services rendered by business associates and others	**21.25**	26.81
Auditors remuneration and expenses		
-for audit fees	**16.00**	16.00
-for other services	**8.45**	5.01
-for reimbursement of expenses	**0.60**	0.95
Membership fees and registration fees	**7.82**	7.98
Directors' sitting fees	**5.45**	5.50
Miscellaneous expenses	**111.43**	121.23
	8,065.47	6,961.93

Notes to the consolidated financial statements

as at 31 March 2021

(Currency: In ₹ millions)

22 FINANCIAL INSTRUMENTS:

I. Financial instruments by category:

The carrying value and fair value of financial instruments by categories as at 31 March 2021 were as follows:

	Amortized cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Investments	**29.46**	**825.70**	**-**	**855.16**	**855.16**
Trade receivables	**5,767.38**	**-**	**-**	**5,767.38**	**5,767.38**
Cash and cash equivalents	**1,373.34**	**-**	**-**	**1,373.34**	**1,373.34**
Other financial assets	**3,162.81**	**25.73**	**210.77**	**3,399.31**	**3,399.31**
Total	**10,332.99**	**851.43**	**210.77**	**11,395.19**	**11,395.19**
Financial liabilities					
Borrowings	**5,212.65**	**-**	**-**	**5,212.65**	**5,212.65**
Lease Liabilities	**5,898.43**	**-**	**-**	**5,898.43**	**5,898.43**
Other financial liabilities	**2,865.54**	**-**	**-**	**2,865.54**	**2,865.54**
Trade payables	**2,788.03**	**-**	**-**	**2,788.03**	**2,788.03**
Total	**16,764.65**	**-**	**-**	**16,764.65**	**16,764.65**

The carrying value and fair value of financial instruments by categories as at 31 March 2020 were as follows:

	Amortized cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Investments	34.17	-	-	34.17	34.17
Trade receivables	5,567.18	-	-	5,567.18	5,567.18
Cash and cash equivalents	1,907.49	-	-	1,907.49	1,907.49
Other financial assets	2,434.48	(15.75)	464.26	2,882.99	2,882.99
Total	9,943.32	(15.75)	464.26	10,391.83	10,391.83
Financial liabilities					
Borrowings	8,369.18	-	-	8,369.18	8,369.18
Lease Liabilities	5,123.15	-	-	5,123.15	5,123.15
Other financial liabilities	1,828.07	-	-	1,828.07	1,828.07
Trade payables	952.81	-	-	952.81	952.81
Total	16,273.21	-	-	16,273.21	16,273.21

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 31 March 2021:

Notes to the consolidated financial statements

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

	31 March 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 following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as 31 March 2020:

	31 March 2020	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Investments				
Investment in mutual and other funds	-	-	-	-
Total	-	-	-	-
Derivative financial instruments - foreign currency forward contract	448.51	-	448.51	-

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 31 March 2021:

	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.

Notes to the consolidated financial statements

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(Currency: In ₹ millions)

The following table analyzes foreign currency risk as of 31 March 2020:

	USD	GBP	PHP	Others*	Total
Total financial assets	58.82	125.31	67.94	0.18	252.25
Total financial liabilities	-	-	175.80	-	175.80

* 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 ₹ 193.17 for the year ended 31 March 2021 (31 March 2020: ₹ 233.85).

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:

	31 March 2021		31 March 2020	
	Foreign Currency in millions	In ₹ millions	Foreign Currency in millions	In ₹ millions
Forward contracts				
in USD	**120.95**	**9,069.15**	63.15	4,772.87
in GBP	**73.21**	**7,803.04**	81.93	8,122.60
Total		**16,872.19**		12,895.47

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:

	31 March 2021	31 March 2020
Forward contracts in USD		
Not later than one month	**2,416.10**	1,923.88
Later than one month and not later than three months	**1,109.16**	1,629.28
Later than three months	**5,543.89**	1,219.71
Total	**9,069.15**	4,772.87
Forward contracts in GBP		
Not later than one month	**914.23**	882.07
Later than one month and not later than three months	**633.12**	498.89
Later than three months	**6,255.69**	6,741.64
Total	**7,803.04**	8,122.60

Notes to the consolidated financial statements

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

The movement in Hedging Reserve, for derivatives designated as cash flow hedges is as follows:

Particulars	31 March 2021	31 March 2020
Balance at the beginning of the year	**398.40**	437.38
Changes in the fair value of effective portion of cash flow hedges	**(245.16)**	(36.34)
Deferred tax movement	**29.35**	22.02
(Gains)/Losses transferred to statement of profit and loss on occurrence of forecasted hedge transaction	**-**	(24.66)
Balance at the end of the year	**182.59**	398.40

The following table summarises approximate gains / (loss) on the Company's other comprehensive income on account of appreciation / depreciation of underlying foreign currencies:

	31 March 2021	31 March 2020
5% Appreciation of the underlying foreign currencies	**(568.71)**	(418.68)
5% Depreciation of the underlying foreign currencies	**548.78**	340.00

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 ₹ 5,767.38 and ₹ 5,567.18 as of 31 March 2021 and 31 March 2020 respectively and unbilled revenue amounting to ₹ 2,663.51 and ₹ 1,972.81 as of 31 March 2021 and 31 March 2020 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.

The following table gives details in respect of percentage of revenues generated from top five customers:

	Year ended	
	31 March 2021	31 March 2020
Revenue from top five customers	**41.09%**	41.14%

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 31 March 2021 and 31 March 2020:

Particulars	31 March 2021	31 March 2020
Less than one year	**1,318.64**	1,329.20
One to five years	**4,396.18**	3,098.16
More than five years	**1,274.61**	1,779.56
Total	**6,989.43**	6,206.92

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 31 March 2021. The Group shall revise the lease term when there is a change in the facts and circumstances.

Notes to the consolidated financial statements

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(Currency: In ₹ millions)

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2021 and 31 March 2020:

	31 March 2021		31 March 2020	
	Less than 1 Year	More than 1 year	Less than 1 Year	More than 1 Year
Trade payables	**2,788.03**	**-**	952.81	-
Export finance, Line of credit, and working capital demand loan	**4,367.13**	**-**	8,341.42	-
Term loan and other borrowings	**-**	**845.52**	-	27.76
Lease Liabilities	**1,034.67**	**4,863.76**	1,069.77	4,053.38
Other financial liabilities	**2,865.54**	**-**	1,964.52	-

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.

23 Related party transactions

Details of related parties including summary of transactions entered into during the year ended 31 March 2021 are summarized below:

Holding Company	RPSG Ventures Limited (formerly known as CESC Ventures Limited) (Change in name w.e.f. 19 January, 2021)
Fellow Subsidiary Company	Kolkata Games and Sports Private Limited
	Herbolab India Private Limited
	Quest Properties India Limited (QPIL)
	Metromark Green Commodities Private Limited
	Guiltfree Industries Limited
	Bowlopedia Restaurants India Limited
	RPSG Resources Private Limited (earlier known as Accurate Commodeal Private Limited)
	RP - SG Ventures Advisory LLP
	RP SG Unique Advisory LLP
	APA Services Private Limited
	Rubberwood Sports Private Limited
	ATK Mohun Bagan Private Limited
	Aakil Nirman LLP
	Apricot Foods Private Limited
Subsidiaries wherein control exists	The related parties where control exists are subsidiaries as referred to in Note 1 to the consolidated 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 (appointed w.e.f. 02 August 2019)
	Rajesh Subramaniam (resigned w.e.f. 31 July 2019)
	Dinesh Jain
Non - executive Directors	Dr Sanjiv Goenka
	Pradip Roy
	Subrata Talukdar
	Shashwat Goenka
	Pradip Kumar Khaitan
	Grace Koshie
	Pratip Chaudhuri
	Sunil Mitra
	Charles Richard Vernon Stagg

Notes to the consolidated financial statements

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

Particulars of related party transactions

Name of the related party	Description	Transaction value during the year ended		Receivable / (Payable) as at	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
Nanobi	Redemption of debentures	**6.00**	2.00	**2.00**	8.00
	Interest Income	**0.75**	1.02	**-**	-
	Receipt of services from Nanobi	**5.80**	2.80	**-**	-
RPSG Ventures Limited	Dividend paid	**1,121.93**	1,682.90	**-**	-
Kolkata Games and Sports Pvt Ltd	Recovery of expenses from Kolkata Games and Sports Pvt Ltd	**-**	1.32	**-**	-
Guiltfree Industries Limited	Receipt of services	**-**	0.27	**-**	-
RPSG Resources Private Limited (earlier known as Accurate Commodeal Private Limited)	Receipt of services	**200.00**	200.02	**-**	-
Non executive directors	Sitting fees	**5.45**	5.50	**-**	-
Key Management Personnel and relatives	Remuneration*	**202.24**	292.53	**-**	-
	Dividend paid	**0.37**	0.33	**-**	-

Description	Year ended	
	31 March 2021	31 March 2020
Rajesh Subramaniam	**-**	115.16
Dinesh Jain*	**32.80**	30.29
Vipul Khanna*	**169.44**	147.08

*Excludes ESOP, gratuity and compensated absences.

24 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 and revised the manner in which the Group views the business risks and returns and monitors its operations. Accordingly, the Group has identified the reorganised business segments as reportable segments, which comprise: Banking & Financial Services (BFS), Healthcare, Communication Media & Technology (CMT) and Diverse Industries. Following the change of the reportable segment, the Group has restated the segment information for the earlier periods reported as required by Ind AS 108 'Operating Segments'.

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.

Notes to the consolidated financial statements

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

	Year ended	
	31 March 2021	**31 March 2020**
Business segment		
Segment revenue		
BFS	**26,109.21**	16,418.06
Healthcare	**13,354.35**	13,310.56
CMT	**9,704.75**	9,493.90
Diverse Industries	**1,158.56**	1,279.40
Less: Inter Segment Revenue	**-**	-
Net segment revenue	**50,326.87**	40,501.92
Segment results before tax and finance costs		
BFS	**4,653.40**	2,419.42
Healthcare	**2,113.54**	2,693.98
CMT	**1,411.79**	915.42
Diverse Industries	**114.37**	44.07
Total	**8,293.10**	6,072.89
Finance costs	**(522.30)**	(583.21)
Other un-allocable expenditure, net of un-allocable income*	**(3,452.46)**	(1,547.58)
Share in net profit / (loss) of associate	**-**	0.01
Profit before taxation, minority interest and other comprehensive income	**4,318.34**	3,942.11
Taxation	**701.57**	545.26
Non - controlling interest	**(0.09)**	(0.01)
Profit attributable to owners of the company	**3,616.86**	3,396.86

*includes exceptional item (Refer Note 32)

Entity wide disclosure

Geographical information: Revenues based on domicile of the customer are as follows:

	Year ended	
	31 March 2021	**31 March 2020**
Geographical information		
Segment revenue		
UK	**15,530.43**	15,025.12
US	**34,175.46**	24,907.59
Asia	**620.98**	569.21
Others		
Less: Inter Segment Revenue	**-**	-
	50,326.87	40,501.92

Geographical information: Other non-current assets

	Year ended	
	31 March 2021	**31 March 2020**
Geographical information		
Other non-current assets		
UK	**1,302.91**	1,560.92
US	**131.43**	145.61
Asia	**357.84**	270.37
	1,792.18	1,976.90

Notes to the consolidated financial statements

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

25 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 11 October, 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 2, 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 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;

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.

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During the year ended March 31, 2021, the Trust has purchased 13,854,000 (31 March 2020: 3,156,000) equity shares through secondary acquisition. As on 31 March 2021, the trust holds 17,010,000 (31 March 2020: 3,156,000) 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 11 January 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 1, 2021	Continued employment
719,966	October 1, 2023	Continued employment

B. Grants under Performance Based Structure :

No. of Stock Options	Vesting Date	Vesting Conditions
8,159,614	October 1, 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, 2021

A) Under ESOS Scheme 2003 and ESOP 2019 Plan are as follows:

Description	Exercise Range	31 March 2021		31 March 2020	
		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	10,849,204	119.99	247,500	40.50
	10.01 - 60.00	5,243,310	68.56	9,586,631	72.89
	60.01 - 75.00	1,607,500	101.57	2,352,500	113.77
		17,700,014		12,186,631	
Granted during the year	10.00	16,569,000		10,784,204	
	10.01 - 60.00	-		-	
	60.01 - 75.00	-		-	
		16,569,000		10,784,204	
Forfeited during the year	10.00	2,207,000		12,500	
	10.01 - 60.00	368,435		1,532,571	
	60.01 - 75.00	150,000		745,000	
		2,725,435		2,290,071	
Exercised during the year*	10.00	65,000		170,000	
	10.01 - 60.00	2,037,463		2,591,750	
	60.01 - 75.00	169,973		-	
		2,272,436		2,761,750	
Expired during the year	10.00	-		-	
	10.01 - 60.00	120,000		219,000	
	60.01 - 75.00	75,000		-	
		195,000		219,000	

Notes to the consolidated financial statements

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

Description	Exercise Range	31 March 2021		31 March 2020	
		Shares arising out of options	Weighted Average period in months	Shares arising out of options	Weighted Average period in months
Outstanding at the end 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	
Exercisable at the end of the year	**10.00**	**119,500**	**108.63**	65,000	28.30
	10.01 - 60.00	**2,519,957**	**57.90**	4,236,026	64.84
	60.01 - 75.00	**699,742**	**89.40**	602,825	101.57
		3,339,199		4,903,851	

* The weighted average share price of these options was ₹ 35.97 and ₹ 27.87 for the year ended 31 March 2021 and 31 March 2020 respectively.

The key assumptions used to estimate the fair value of options are:

	31 March 2021	31 March 2020
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 ₹ 208.88 and ₹ 29.03 for the year ended 31 March 2021 and 31 March 2020 respectively.

26 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:

Notes to the consolidated financial statements

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation and fair value of planned assets:

Particulars	31 March 2021	31 March 2020
Change in present value of obligations		
Obligations at beginning of the year	**129.62**	118.38
Service cost	**41.79**	12.59
Interest cost	**8.04**	7.93
Actuarial (gain)/loss	**(11.87)**	15.10
Benefits paid	**(12.89)**	(24.38)
Obligations at the end of the year	**154.69**	129.62
Change in plan assets		
Fair value of plan assets at beginning of the year	**43.74**	50.83
Adjustments to Opening Fair Value of Plan Assets	**-**	(0.45)
Return on Plan Assets excluding interest income	**(0.27)**	(0.54)
Interest income	**2.26**	2.52
Contributions	**17.95**	15.76
Benefits paid	**(12.89)**	(24.38)
Fair value of plan assets at end of the year,	**50.79**	43.74
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	**154.69**	129.62
Fair value of plan assets at the end of year	**(50.79)**	(43.74)
Funded status being amount of liability recognised in the balance sheet	**103.90**	85.88
Gratuity cost for the year		
Service cost	**41.79**	12.59
Interest cost	**5.78**	5.41
Net gratuity cost	**47.57**	18.00
Remeasurements of the net defined benefit liability/ (asset)		
Actuarial (gains) / losses	**(11.87)**	15.10
(Return)/loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	**0.27**	0.54
Total actuarial (gain)/loss recognized in (OCI)	**(11.60)**	15.64
Category of Assets	**Total Amount**	Target Allocation %
Gratuity Fund (LIC of India and Birla Sunlife Insurance Co. Ltd)	**37.61**	100%
Total Itemized Assets	**37.61**	100%
Assumptions		
Mortality	**IALM (2006-08) Ult.**	IALM (2006-08) Ult.
Interest rate	**6.32%**	6.55%
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'.

a) Contribution to Provident fund

The provident fund charge during the year amounts to ₹ 197.57 (31 March 2020: ₹ 146.40).

Notes to the consolidated financial statements

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

b) Compensated absences

Actuarial assumptions	31 March 2021	31 March 2020
Interest rate	**6.32%**	6.55%
Rate of growth in salary levels	**6.00%**	6.00%

27 Statement pursuant to requirement of Schedule III to the Companies Act, 2013 relating Company's interest in subsidiary companies

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	77.58%	21,720.72	101.37%	3,666.53	22.59%	(198.45)	126.64%	3,468.08
	Subsidiaries - Indian								
1	Fisrtsource Process Management Services Limited	0.12%	34.43	0.02%	0.64	0.00%	-	0.02%	0.64
	Subsidiaries - Foreign								
1	Firstsource Solutions UK Limited	17.55%	4,912.44	-3.13%	(113.03)	-40.64%	356.95	8.91%	243.92
2	Firstsource BPO Ireland Limited	0.07%	18.51	-0.04%	(1.45)	-0.08%	0.70	-0.03%	(0.75)
3	Firstsource Dialog Solutions (Private) Limited	0.07%	20.72	-0.01%	(0.35)	0.18%	(1.56)	-0.07%	(1.91)
4	Firstsource Solutions S.A.	-	-	-	-	-	-	-	-
5	Firstsource Group USA, Inc.	73.07%	20,458.09	-8.90%	(321.94)	130.84%	(1,149.21)	-53.72%	(1,471.15)
6	Firstsource Advantage LLC	7.29%	2,042.25	10.12%	366.03	3.24%	(28.45)	12.33%	337.58
7	Firstsource Business Process Services, LLC	9.09%	2,545.31	0.00%	-	10.13%	(88.95)	-3.25%	(88.95)
8	MedAssist Holding LLC	83.65%	23,421.29	29.61%	1,070.77	-26.38%	231.70	47.56%	1,302.47
9	Firstsource Transaction Services LLC	0.97%	270.44	5.39%	195.07	0.61%	(5.35)	6.93%	189.72
10	One Advantage LLC	3.33%	932.33	10.29%	372.16	2.81%	(24.69)	12.69%	347.47
11	Sourcepoint Fulfillment Services, Inc	-1.12%	(313.21)	-7.45%	(269.48)	-0.52%	4.55	-9.67%	(264.93)
12	Sourcepoint, Inc.	8.42%	2,356.26	-37.08%	(1,341.10)	-2.72%	23.93	-48.10%	(1,317.17)
13	PatientMatters, LLC	1.36%	381.61	-2.21%	(79.82)	-0.12%	1.07	-2.88%	(78.75)
14	Medical Advocacy Services for Healthcare, Inc	0.46%	130.04	1.93%	69.78	0.11%	(0.94)	2.51%	68.84
15	Kramer Technologies LLC (KT)	4.37%	1,222.80	0.08%	2.72	0.00%	(0.04)	0.10%	2.68
	Minority Interests in all subsidiaries	-0.02%	(5.39)	0.00%	0.09	-0.05%	0.40	0.02%	0.49
	Adjustments	-186.26%	(52,150.38)	0.01%	0.24		-	0.01%	0.24
	Total	**100%**	**27,998.26**	**100%**	**3,616.86**	**100%**	**(878.34)**	**100%**	**2,738.52**

Notes to the consolidated financial statements

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

28 Computation for calculating diluted earning per share

	Year ended	
	31 March 2021	**31 March 2020**
Number of shares considered as basic weighted average shares outstanding	**681,753,647**	692,858,333
Add: Effect of potential issue of shares/ stock options *	**23,281,281**	2,085,283
Number of shares considered as weighted average shares and potential shares outstanding	**705,034,928**	694,943,616
Net profit after tax attributable to shareholders	**3,616.86**	3,396.86
Net profit after tax for diluted earnings per share	**3,616.86**	3,396.86
* not considered when anti-dilutive		
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.		

29 Capital and other commitments and contingent liabilities

		31 March 2021	31 March 2020
a)	The estimated amount of contracts remaining to be executed on capital account and not provided for (net), against which advances paid are ₹ 87.71 (31 March 2020: ₹ 47.71)	**961.96**	851.71
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 ₹ 983.54 (31 March 2020: ₹ 983.41) 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 otherwise and hence, the provision for taxation is considered adequate. The Company has paid ₹ 10.38 (31 March 2020: ₹ 10.38) tax under protest against the demand raised for the assessment year 2004-05, ₹ 12.50 (31 March 2020: ₹ 12.50) tax under protest against the demand raised for the assessment year 2009-10, ₹ 80.00 (31 March 2020: ₹ 80.00) tax under protest against the demand raised for the assessment year 2011-12, ₹ 5.00 (31 March 2020: ₹ 5.00) tax under protest against the demand raised for the assessment year 2014-15, ₹ 2.50 (31 March 2020: ₹ 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 (31 March 2020: ₹ 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 consolidated financial statements

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

30 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.

31 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 ₹ 39.06 (31 March 2020: ₹ 40.94)

b) Amount spent by Firstsource during the year on:

Particulars	Amount paid*
Construction/ acquisition of any asset	-
On purposes other than above	**0.32**

*Unspent amount of ₹ 38.74 has been transferred to a earmarked special bank account on 19 April 2021.

32 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.

As at 31 March 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 31 March 2021. This has been classified as an exceptional item.

33 Subsequent events

The Board of directors at its meeting held on 11 May 2021 has approved these consolidated financial statements as at and for the year ended 31 March 2021.

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
11 May 2021

For and on behalf of the Board of Directors of Firstsource Solutions Limited

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
Director

Charles Richard Vernon Stagg
Director

Grace Koshie
Director

Pradip Roy
Director

Sunil Mitra
Director

Pratip Chaudhuri
Director

Mumbai
11 May 2021

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

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

(Currency: In ₹ millions)

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	Patient Matters, LLC	Medical Advocacy Services for Healthcare, Inc	Kramer Technologies LLC
1	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	01-04-2020 to 31-03-2021	01-04-2020 to 31-03-2021	01-04-2020 to 31-03-2021	01-04-2020 to 31-03-2021	01-04-2020 to 31-03-2021	01-04-2020 to 31-03-2021	01-04-2020 to 31-03-2021"	01-04-2020 to 31-03-2021	01-04-2020 to 31-03-2021	01-04-2020 to 31-03-2021	"01-04-2020 to 31-03-2021"	01-04-2020 to 31-03-2021	01-04-2020 to 31-03-2021	01-04-2020 to 31-03-2021	22-12-2020 to 31-03-2021	22-12-2020 to 31-03-2021	22-12-2020 to 31-03-2021
2	Reporting currency	₹	Dollar	Dollar	Dollar	Dollar	Pound	Dollar	Dollar	Dollar	Euro	LKR	-	Dollar	Dollar	Dollar	Dollar	Dollar
3	Exchange rate	1	73.11	73.11	73.11	73.11	100.75	73.11	73.11	73.11	85.75	0.37	0.00	73.11	73.11	73.11	73.11	73.11
4	Paid-up Share Capital	10.50	18.79	-	0.73	-	285.60	-	-	-	-	1.70	-	5.36	29.30	950.43	1,252.01	978.33
5	Reserves & Surplus	23.93	20,438.43	2,545.31	2,041.57	932.34	4,317.39	-	24,371.72	270.44	18.51	19.02	-	2,209.66	(342.32)	(4,352.81)	1,511.12	244.48
6	Total Assets	34.88	29,982.61	2,908.13	3,046.85	1,240.87	12,395.41	-	26,410.46	2,384.61	19.90	21.22	-	7,515.48	263.39	690.97	2,788.11	1,231.58
7	Total Liabilities (excluding Capital and Reserves)	0.45	9,525.39	362.82	1,004.55	308.53	7,792.42	-	2,038.74	2,114.17	1.39	0.50	-	5,300.46	576.41	4,093.35	24.98	8.77
8	Investments (excluding Investments in Subsidiaries)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Total Income	0.95	1,008.15	-	4,779.10	1,085.06	15,148.91	-	6,065.59	5,662.94	(0.01)	0.28	-	13,806.44	1,007.24	136.31	218.62	5.99
10	Profit / (Loss) Before Tax	0.87	(135.98)	-	361.11	367.16	(97.16)	-	1,056.39	192.45	(1.60)	(0.31)	-	(1,323.07)	(265.86)	(78.75)	68.85	2.70
11	Provision for Tax	0.23	105.69	-	-	-	7.78	-	-	-	(0.16)	-	-	-	-	-	-	-
12	Profit / (Loss) After Tax	0.64	(241.67)	-	361.11	367.16	(104.94)	-	1,056.39	192.45	(1.44)	(0.31)	-	(1,323.07)	(265.86)	(78.75)	68.85	2.70
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%

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:

(Currency: In ₹ millions)

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	01-04-2020 to 31-03-2021
2	Reporting currency	₹
3	Exchange rate	1
4	Paid-up Share Capital	36.58
5	Reserves & Surplus	(48.09)
6	Total Assets	25.23
7	Total Liabilities (excluding Capital and Reserves)	36.74
8	Investments (excluding Investments in Subsidiaries)	-
9	Total Income	20.66
10	Profit / (Loss) Before Tax	4.13
11	Provision for Tax	(0.13)
12	Profit / (Loss) After Tax	4.26
13	Proposed Dividend (including Tax thereon)	-
14	% of Shareholding	21.79%

For and on behalf of the Board of Directors of Firstsource Solutions Limited

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
Director

Charles Richard Vernon Stagg
Director

Grace Koshie
Director

Pradip Roy
Director

Sunil Mitra
Director

Pratip Chaudhuri
Director

Mumbai
11 May 2021

Pooja Nambiar
Company Secretary

Dinesh Jain
President & 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 31 March 2021, 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 31 March 2021, and its profit and total comprehensive income, its 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 6(ii) and 17 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	**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 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.

Sr. No.	Key Audit Matter	Auditor's Response
	invoiced. Identifying whether the Company's performance have 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.	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. e) We also extended our testing upto the date of approval of 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 have reviewed 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 10 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 is liable to pay normal income tax on the total taxable income to the extent such tax is in excess of the MAT for that year. The Company has recognised deferred tax asset in respect of MAT credit to the extent of ₹ 2,304.94 million.	**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 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 centers (including the ratio of deliveries from SEZs and Non-SEZ centers) to arrive at forecast tax liabilities. b) We have reviewed the assumptions on use of SEZ delivery centres with government's policies on awarding licenses for SEZs and for withdrawing deductions / exemptions under the Income Tax Act. c) We performed sensitivity analysis on the key assumptions to assess their impact on the Company's determination that the MAT was realisable; the extent of change in those assumptions that would impact any impairment to the MAT Credit. d) Our procedures included evaluation of the impact of current economic conditions on account of COVID -19 pandemic on the assumptions used in forecast of future tax liabilities and operating margin.

Sr. No.	Key Audit Matter	Auditor's Response
	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 centres 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 basis the proportion of export profits and the tax benefits attached to export profits from SEZs and forecast of future taxable income involves significant subjective judgment.	

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 Director's report, 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 are 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 of the Standalone Financial Statements.

   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 on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 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.

2. As required by the Companies (Auditor's Report) Order, 2016 (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: 21039826AAAADU2308)

Mumbai, 11 May 2021

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' 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 31 March 2021 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 31 March 2021, 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: 21039826AAAADU2308)

Mumbai, 11 May 2021

ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government in terms of Section 143(11) of the Companies Act, 2013 (the 'Act') of Firstsource Solutions Limited (the 'Company')

i. In respect of the Company's property, plant and equipment:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The fixed assets (i.e. property, plant and equipment) 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 fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records of the Company examined by us, the Company does not hold any immovable properties and hence reporting under clause 3(i)(c) of the Order is not applicable.

ii. The Company is in the business of rendering services and consequently does not hold any physical inventories. Accordingly, the provision of the clause 3(ii) of the Order is not applicable.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at 31 March 2021 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

vi. Reporting under clause 3(vi) of the Order is not applicable as the Company's business activities are not covered by the Companies (Cost Records and Audit) Rules, 2014.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and other material statutory dues applicable to it with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of customs and duty of excise.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and other material statutory dues in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax and Service Tax which have not been deposited as at 31 March 2021 on account of dispute are given below:

Name of the statute	Forum where the dispute is pending	Financial Years to which the amount relates	Amount (₹ in million)
Income Tax	Assistant Commissioner of Income Tax	2009-10, 2010-11, 2011-12	452.27
	Commissioner of Income Tax (Appeals)	2008-09, 2012-13, 2015-16, 2016-17	283.19
	Income Tax Appellate Tribunal	2008-09, 2010-11, 2013-14, 2014-15	247.57
Service Tax	Demand Notice	2006 to 2017	151.76

There were no dues of Goods and Service Tax, duty of Customs, duty of Excise and Cess which have not been deposited as at 31 March 2021 on account of dispute.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and financial institutions. The Company does not have any loans or borrowings from the government and has not issued any debentures.

ix. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its Directors and hence provisions of section 192 of the Act are not applicable.

xvi. The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

SANJIV V. PILGAONKAR
Partner
(Membership No. 39826)
(UDIN: 21039826AAAADU2308)

Mumbai, 11 May 2021

Balance Sheet

as at 31 March 2021

(Currency: In ₹ millions)

	Note	March 31, 2021	March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	**785.96**	525.77
Right-of-use assets	4	**1,929.08**	1,775.61
Goodwill		**40.14**	40.14
Other intangible assets	5	**158.37**	145.37
Financial assets			
Investments	6(i)	**12,072.73**	11,986.91
Other financial assets	7(i)	**507.10**	655.72
Other non-current assets	8(i)	**357.85**	270.37
Deferred tax assets (net)	11	**2,674.11**	2,479.80
Income tax assets (net)	11	**727.66**	722.23
Total non-current assets		**19,253.00**	18,601.92
Current assets			
Financial assets			
Investments	6(ii)	**793.20**	-
Trade receivables	9	**5,199.86**	3,735.52
Cash and cash equivalents	10	**156.39**	460.93
Other financial assets	7(ii)	**300.97**	334.54
Other current assets	8(ii)	**581.81**	523.43
Total current assets		**7,032.23**	5,054.42
Total assets		**26,285.23**	23,656.34
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	**6,960.99**	6,938.27
Other equity	13	**14,759.73**	13,713.91
Total equity		**21,720.72**	20,652.18
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Long-term borrowings	14	**89.88**	27.76
Lease liabilities		**1,863.27**	1,685.86
Provisions for employee benefits	16(i)	**103.90**	85.88
Total non-current liabilities		**2,057.05**	1,799.50
Current liabilities			
Financial liabilities			
Trade payables		**393.46**	308.55
Lease liabilities		**454.31**	403.96
Other financial liabilities	15	**1,269.19**	288.65
Provisions for employee benefits	16(ii)	**106.09**	75.43
Other current liabilities	17	**103.44**	68.69
Provision for tax (net)	11	**180.97**	59.38
Total current liabilities		**2,507.46**	1,204.66
Total equity and liabilities		**26,285.23**	23,656.34
Significant accounting policies			

The accompanying notes from 1 to 33 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
11 May 2021

For and on behalf of the Board of Directors of Firstsource Solutions Limited

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
Director

Charles Richard Vernon Stagg
Director

Grace Koshie
Director

Pradip Roy
Director

Sunil Mitra
Director

Pratip Chaudhuri
Director

Mumbai
11 May 2021

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

Statement of Profit and Loss

for the year ended 31 March 2021

(Currency: In ₹ millions)

	Note	March 31, 2021	March 31, 2010
INCOME			
Revenue from operations	18	**13,247.40**	9,399.10
Other income, net	19	**282.15**	308.02
Total income		**13,529.55**	9,707.12
EXPENSES			
Employee benefit expenses	20	**6,306.24**	4,808.59
Finance costs	21	**153.00**	156.77
Depreciation and amortization expense	3,4, 5	**797.95**	705.84
Other expenses	22	**2,019.09**	1,916.00
Total expenses		**9,276.28**	7,587.20
Profit before tax		**4,253.27**	2,119.92
Tax expenses			
Current tax	11	**590.38**	302.22
Deferred tax	11	**(3.64)**	(2.45)
Profit for the year		**3,666.53**	1,820.15
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		**(11.60)**	(15.64)
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		**(245.16)**	(61.00)
Deferred tax on items that will be reclassified to statement of profit and loss		**29.35**	22.02
Exchange difference on translation of foreign operations		**28.89**	14.10
Total other comprehensive income, net of taxes		**(198.52)**	(40.52)
Total comprehensive income for the year		**3,468.01**	1,779.63
Weighted average number of equity shares outstanding during the year			
Basic	28	**681,753,647**	692,858,333
Diluted	28	**705,034,928**	694,943,616
Earning per equity share			
Basic	28	**5.38**	2.63
Diluted	28	**5.20**	2.62
Significant accounting policies			

The accompanying notes from 1 to 33 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
11 May 2021

For and on behalf of the Board of Directors of Firstsource Solutions Limited

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
Director

Charles Richard Vernon Stagg
Director

Grace Koshie
Director

Pradip Roy
Director

Sunil Mitra
Director

Pratip Chaudhuri
Director

Mumbai
11 May 2021

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

Statement of changes in equity

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

Equity share capital and other equity

	Attributable to owners of the Company											
			Reserves and Surplus							Items of other comprehensive income		
	Equity share capital	Share application money pending allotment	Treasury shares	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	Total
Balance as at 1 April 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 31 March 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**

Statement of changes in equity

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

Equity share capital and other equity

	Attributable to owners of the Company											
			Reserves and Surplus						Items of other comprehensive income			
	Equity share capital	Share application money pending allotment	Treasury shares	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	Total
Balance as at 1 April 2019	6,910.65	0.30	-	(1,136.72)	-	2,073.92	30.68	14,170.47	122.39	437.38	183.95	22,793.02
Other comprehensive income for the year (Net of tax)	-	-	-	-	-	-	-	(15.64)	-	(38.98)	14.10	(40.52)
Transition impact on adoption of Ind AS 116	-	-	-	-	-	-	-	(174.80)	-	-	-	(174.80)
Profit for the year	-	-	-	-	-	-	-	1,820.15	-	-	-	1,820.15
Dividend (including tax on dividend)	-	-	-	-	-	-	-	(3,762.03)	-	-	-	(3,762.03)
Share based payments	-	-	-	-	-	-	-	-	29.03	-	-	29.03
Issue of equity shares on exercise of options	27.62	(0.30)	-	-	-	73.70	-	-	(24.34)	-	-	76.68
Treasury shares	-	-	(89.35)	-	-	-	-	-	-	-	-	(89.35)
Transfer to Special Economic Zone re-investment reserve	-	-	-	-	158.78	-	-	(158.78)	-	-	-	-
Transfer to retained earning for options forfeited	-	-	-	-	-	-	-	7.12	(7.12)	-	-	-
Balance at the end of the 31 March 2020	**6,938.27**	**0.00**	**(89.35)**	**(1,136.72)**	**158.78**	**2,147.62**	**30.68**	**11,886.49**	**119.96**	**398.40**	**198.05**	**20,652.18**

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
11 May 2021

For and on behalf of the Board of Directors of Firstsource Solutions Limited

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
Director

Charles Richard Vernon Stagg
Director

Grace Koshie
Director

Pradip Roy
Director

Sunil Mitra
Director

Pratip Chaudhuri
Director

Mumbai
11 May 2021

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

Statement of cash flows

for the year ended 31 March 2021

(Currency: In ₹ millions)

	31 March 2021	31 March 2020
Cash flow from operating activities		
Net Profit before taxation	**4,253.27**	2,119.92
Adjustments for		
Depreciation and amortisation	**797.95**	705.84
Allowance for expected credit loss / bad debt written off, net	**-**	21.75
Loss /(Gain) on sale of fixed assets, net	**3.53**	(1.08)
Foreign exchange loss / (gain) , net unrealised	**124.18**	(172.88)
Finance costs	**153.00**	156.77
Interest income	**(6.20)**	(11.96)
Profit on sale / redemption of investments	**(18.55)**	(57.81)
Employee stock compensation expense	**45.10**	13.51
Operating cash flow before changes in working capital	**5,352.28**	2,774.06
Changes in working capital		
(Increase) / Decrease in trade receivables	**(1,565.16)**	773.31
(Increase) / Decrease in loans and advances and other assets	**(131.07)**	586.64
Increase in liabilities and provisions	**1,159.61**	70.48
Net changes in working capital	**(536.62)**	1,430.43
Income taxes paid	**(635.46)**	(328.02)
Net cash generated from operating activities (A)	**4,180.20**	3,876.47
Cash flow from investing activities		
Purchase of current investments	**(12,550.59)**	(19,186.60)
Proceeds from sale of current investments	**11,775.94**	20,431.91
Proceeds from redemption of debentures	**6.00**	2.00
Interest income received	**6.47**	11.99
Purchase of property plant and equipment	**(690.19)**	(328.86)
Proceeds from sale of property plant and equipment	**34.00**	1.88
Earmarked funds placed with banks	**(57.18)**	(15.26)
Capital advances given against land and others	**-**	(144.68)
Net cash (used in) / generated from investing activities (B)	**(1,475.55)**	772.38
Cash flow from financing activities		
Proceeds from long term borrowings	**168.93**	33.43
Proceeds from issuance of equity shares and share application money	**82.15**	76.68
Repayment of long term borrowings	**(69.50)**	(80.56)
Interest paid on leased liabilities and other borrowings	**(153.00)**	(157.17)
Purchase of treasury shares	**(652.81)**	(89.35)
Repayment of lease liabilities	**(405.82)**	(350.92)
Dividend paid (net)	**(2,037.69)**	(3,762.03)
Net cash used in financing activities (C)	**(3,067.74)**	(4,329.92)
Net (decrease) / increase in cash and cash equivalents at the end of the year (A+B+C)	**(363.09)**	318.93
Cash and cash equivalents at the beginning of the year	**460.93**	131.26
Foreign exchange gain / (loss) on translating Cash and cash equivalents	**1.37**	(4.52)
Earmarked Balances with Banks	**57.18**	15.26
Cash and cash equivalents at the end of the year	**156.39**	460.93

Statement of cash flows

for the year ended 31 March 2021

(Currency: In ₹ millions)

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:

	31 March 2021	31 March 2020
Cash on hand	**-**	-
Balances with banks		
- in current accounts	**99.21**	195.67
- in deposit accounts	**-**	250.00
Earmarked balances with banks	**57.18**	15.26
	156.39	460.93
Cash and cash equivalents	**156.39**	460.93

Reconciliation of liabilities from financing activities for the year ended 31 March 2021

Particulars	As at 31 March 2020	Proceeds	Repayment	Effects of change in Foreign exchange	As at 31 March 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**

Reconciliation of liabilities from financing activities for the year ended 31 March 2020

Particulars	As at 31 March 2019	Proceeds	Repayment	Effects of change in Foreign exchange	As at 31 March 2020
Long Term Borrowings	110.10	33.43	(80.56)	-	62.97
Total Liabilities from financing activities	110.10	33.43	(80.56)	-	62.97

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
11 May 2021

For and on behalf of the Board of Directors of Firstsource Solutions Limited

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Chairman

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Managing Director & CEO

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Director

Mumbai
11 May 2021

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

Notes to the financial statements

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

1 Company overview

Firstsource Solutions Limited ('the Company') was incorporated on 6 December 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 financial statements are approved for issue by the Board of Directors on 11 May 2021.

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. 01 October 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

Notes to the financial statements
as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

Subsidiaries / Entities	Country of incorporation and other particulars	Percentage of holding by voting rights	Year of consolidation
ISGN Fulfillment Agency, LLC (ISGN FA)	A subsidiary of Sourcepoint Fulfillment Services, Inc. (Ceased on 24 June 2019)	100%	2016-2017
PatientMatters, LLC (PM)	A subsidiary of Firstsource Solutions USA LLC, incorporated in the State of Delaware, USA (acquired on 22 December 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 22 December 2020)	100%	2020-2021
Kramer Technologies LLC (KT)	A subsidiary of PatientMatters, LLC, incorporated in the State of Delaware, USA (acquired on 22 December 2020)	100%	2020-2021
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 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 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.

d 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

Notes to the financial statements

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

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.

e 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.

Notes to the financial statements

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

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)
Goodwill on acquired assets	5 years or estimated useful life, whichever is shorter
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.

Notes to the financial statements

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

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.

Notes to the financial statements

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

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

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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 ('INR') 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 millions: one million equals to ten lakhs.

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

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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.

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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.

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 Estimation of uncertainties relating to the global health pandemic from COVID-19:

The Company has considered the possible effects that may result from the pandemic relating to COVID-19, including but not limited to its assessment of liquidity and going concern assumption, carrying amounts of receivables, unbilled revenues, goodwill and intangible assets, impact on leases and effectiveness of its hedging relationships. Based on current indicators of future global economic conditions and internal sources of available information, the Company expects the carrying amount of the assets will be recovered, net of provisions established. The impact of the pandemic related to COVID-19 may be different from that presently estimated and would be recognised in the financial statements when material changes to economic conditions arise or are anticipated.

2.19 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 28 September 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.

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3 Property, plant and equipment

	Leasehold improvements	Computers	Service equipment	Office equipment	Furniture and fixture	Total
Gross block						
As at 1 April 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 31 March 2021	**656.43**	**1,104.69**	**452.09**	**581.96**	**241.16**	**3,036.33**
Accumulated depreciation / amortization						
As at 1 April 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 31 March 2021	**452.78**	**723.78**	**370.80**	**522.02**	**180.99**	**2,250.37**
Net block						
As at 31 March 2021	**203.65**	**380.91**	**81.29**	**59.94**	**60.17**	**785.96**
As at 31 March 2020	114.23	231.10	72.58	51.95	55.91	525.77

	Leasehold improvements	Computers	Service equipment	Office equipment	Furniture and fixture	Total
Gross block						
As at 1 April 2019	583.90	704.68	405.52	535.57	211.29	2,440.96
Additions / adjustments during the year	36.02	141.72	30.15	27.80	17.22	252.91
Deletions during the year	(19.91)	(11.66)	(17.93)	(17.77)	(1.13)	(68.40)
Foreign exchange on translation	23.37	6.44	7.79	5.23	1.51	44.34
As at 31 March 2020	623.38	841.18	425.53	550.83	228.89	2,669.81
Accumulated depreciation / amortization						
As at 1 April 2019	459.65	531.29	345.88	488.58	160.96	1,986.36
Charge for the year	30.78	85.14	17.80	23.36	11.80	168.88
On deletions / adjustments during the year	(2.09)	(11.56)	(17.48)	(17.52)	(1.13)	(49.78)
Foreign exchange on translation	20.81	5.21	6.75	4.46	1.35	38.58
As at 31 March 2020	509.15	610.08	352.95	498.88	172.98	2,144.04
Net block						
As at 31 March 2020	114.23	231.10	72.58	51.95	55.91	525.77
As at 31 March 2019	124.25	173.39	59.64	46.99	50.33	454.60

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4 Leases

The details of Right-of-use assets held by the Company are as follows:

	As on 1 April 2020	Addition during the year	Deletions/ adjustment during the year	Depreciation for the year	Foreign exchange on translation	Net Carrying value as at 31 March 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**

	As on 1 April 2019	Addition during the year	Deletions during the year	Depreciation for the year	Foreign exchange on translation	Net Carrying value as at 31 March 2020
Leasehold properties	1,621.08	542.97	(43.85)	(388.63)	11.65	1,743.22
Service equipment	34.58	8.63	-	(21.32)	-	21.89
Vehicles	-	13.50	-	(3.00)	-	10.50
	1,655.66	565.10	(43.85)	(412.95)	11.65	1,775.61

Rent includes expense towards short term lease payments amounting to ₹ 6.68 (31March 2020: ₹ 50.79), expense towards low value leases assets amounting to ₹ 76.53 (31March 2020: ₹ 24.77) and common area maintainence for leased properties amounting to ₹ 84.02 (31March 2020: ₹ 66.91) during the year ended 31 March 2021.

5 Other intangible assets

	Domain name	Software	Total
Gross block			
As at 1 April 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 31 March 2021	**6.72**	**762.79**	**769.51**
Accumulated depreciation / amortization			
As at 1 April 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 31 March 2021	**6.72**	**604.42**	**611.14**
Net block			
As at 31 March 2021	**-**	**158.37**	**158.37**
As at 31 March 2020	-	145.37	145.37

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	Domain name	Software	Total
Gross block			
As at 1 April 2019	6.72	593.37	600.09
Additions	-	47.79	47.79
Deletions during the year	-	-	-
Foreign exchange on translation	-	1.34	1.34
As at 31 March 2020	6.72	642.50	649.22
Accumulated depreciation / amortization			
As at 1 April 2019	6.72	372.32	379.04
Charge for the year	-	124.01	124.01
On deletions	-	-	-
Foreign exchange on translation	-	0.80	0.80
As at 31 March 2020	6.72	497.13	503.85
Net block			
As at 31 March 2020	-	145.37	145.37
As at 31 March 2019	-	221.05	221.05

6 Investments

	31 March 2021	31 March 2020
(i) Non-current		
Unquoted		
Investments carried at cost (Investment in equity instruments of subsidiaries)		
218,483 (31 March 2020: 218,483) fully paid-up common stock of USD 1 each of Firstsource Group USA Inc. #	**11,833.94**	11,756.95
2,834,672 (31 March 2020: 2,834,672) fully paid up equity shares of GBP 1 each of Firstsource Solutions UK Limited #	**70.18**	56.64
1,050,000 (31 March 2020: 1,050,000) fully paid-up common stock of ₹ 10 each of Firstsource Process Management Services Limited	**100.50**	100.50
3,411,785 (31 March 2020: 3,411,785) fully paid-up common stock of LKR 10 each of Firstsource Dialog Solutions (Private) Limited	**23.09**	23.09
	12,027.71	11,937.18
Provision for impairment of investment in Firstsource Dialog Solutions (Private) Limited and Firstsource Process Management Services Limited	**(72.44)**	(72.44)
	11,955.27	11,864.74
Investment in associate		
-at cost		
1,000 (31 March 2020 : 1,000) fully paid equity shares of ₹ 10 each of Nanobi Data and Analytics Private Limited	**0.08**	0.08
838,705 (31 March 2020 : 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		
20,000 (31 March 2020 : 80,000) fully paid Optionally Convertible Debentures of Rs 100 each of Nanobi Data and Analytics Private Limited	**2.00**	8.00
At amortised cost		
Philippines treasury bills*	**27.46**	26.17
	117.46	122.17
	12,072.73	11,986.91

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		31 March 2021	31 March 2020
	* 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 and other funds (unquoted)	**793.20**	-
		793.20	-

7 Other financial assets

		31 March 2021	31 March 2020
	(Unsecured, considered good)		
(i)	**Other non-current financial assets**		
	Deposits	**342.01**	287.47
	Foreign currency forward contracts (net)	**142.13**	341.21
	Lease rentals receivable	**22.96**	27.04
		507.10	655.72
(ii)	**Other current financial assets**		
	Unbilled revenues	**151.71**	109.65
	Accrued interest	**-**	0.27
	Foreign currency forward contracts (net)	**93.87**	147.71
	Lease rentals receivable	**16.45**	15.41
	Loans and advances to employees	**12.71**	12.45
	Recoverable on sale of subsidiary	**26.23**	49.05
		300.97	334.54

8 Other assets

		31 March 2021	31 March 2020
	(Unsecured, considered good)		
(i)	**Other non-current assets**		
	Capital advances	**272.47**	194.43
	Prepaid expenses	**31.44**	9.86
	Deferred contract cost	**53.94**	66.08
		357.85	270.37
(ii)	**Other current assets**		
	Prepaid expenses	**158.34**	99.19
	Indirect tax recoverable	**360.79**	374.83
	Other advances	**50.48**	37.22
	Deferred contract cost	**12.20**	12.19
		581.81	523.43

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9 Trade receivables

	31 March 2021	31 March 2020
(Unsecured)		
Considered doubtful	**0.05**	0.05
Less: Allowance for expected credit loss	**0.05**	0.05
	-	-
Considered good	**5,199.86**	3,735.52
	5,199.86	3,735.52
	5,199.86	3,735.52

Trade receivables are non-interest bearing. 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 25.

10 Cash and cash equivalents

	31 March 2021	31 March 2020
Cash on hand	**-**	-
Balances with banks		
-in current accounts	**99.21**	195.67
-in deposit accounts (with original maturity of three months or less)	**-**	250.00
	99.21	445.67
Earmarked balances with banks*	**57.18**	15.26
	156.39	460.93

*Earmarked balances with banks represents unclaimed dividend and unspent amount of Corporate Social Responsibility ('CSR').

11 Taxation

As at 31 March 2021

Taxation	Opening balance	Transition impact on adoption of Ind AS 116	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	**223.49**	**-**	**(19.69)**	**-**	**203.80**
Employee stock options	**34.31**	**-**	**9.13**	**-**	**43.44**
Other employee benefits payable	**36.14**	**-**	**5.96**	**-**	**42.10**
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**

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As at 31 March 2020

Taxation	Opening balance	Transition impact on adoption of Ind AS 116	Recognised in Profit and loss	Recognised in Other Comprehensive Income	Closing Balance
Deferred tax assets on account of:					
Property, plant and equipment and intangibles	240.54	-	(17.05)	-	223.49
Employee stock options	30.35	-	3.96	-	34.31
Other employee benefits payable	31.09	-	5.05	-	36.14
Unused tax losses	9.09	-	(2.24)	-	6.85
Minimum alternate tax credit carried forward	2,061.29	-	82.41	-	2,143.70
Lease Liabilities	-	79.85	12.73	0.26	92.84
Foreign currency forward contracts	(79.55)	-	-	22.02	(57.53)
	2,292.81	79.85	84.86	22.28	2,479.80

	31 March 2021	31 March 2020
Income tax assets (net)	**727.66**	722.23
Provision for tax (net)	**(180.97)**	(59.38)
	546.69	662.85

Income tax expense

Income tax expense in the consolidated statement of profit and loss comprises:

	Year ended	
	31 March 2021	31 March 2020
Current taxes	**590.38**	302.22
Deferred taxes	**(3.64)**	(2.45)
Income tax expense	**586.74**	299.77

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:

	Year ended	
	31 March 2021	31 March 2020
Profit before income taxes	**4,253.27**	2,119.92
Enacted tax rates in India	**34.94%**	34.94%
Computed expected tax expense	**1,486.26**	740.78
Income Exempt from Tax and Tax Holidays	**(947.61)**	(432.56)
Expenses not deductible for tax purposes	**54.20**	6.87
ESOP cost allowed for tax purpose	**1.94**	(13.43)
Others	**(8.05)**	(1.80)
Previous years tax adjustments	**-**	(0.09)
Income tax expense	**586.74**	299.77

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12 Share capital

	31 March 2021	31 March 2020
Authorised		
872,000,000 (31 March 2020: 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		
696,099,216 (31 March 2020: 693,826,780) equity shares of ₹ 10 each, fully paid-up	**6,960.99**	6,938.27
	6,960.99	6,938.27

a) Reconciliation of shares outstanding at the beginning and at the end of the year

	31 March 2021		31 March 2020	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	**693,826,780**	**6,938.27**	691,065,030	6,910.65
Shares allotted during the year - employee stock option scheme	**2,272,436**	**22.72**	2,761,750	27.62
At the end of the year	**696,099,216**	**6,960.99**	693,826,780	6,938.27

b) Particulars of shareholders holding more than 5% equity shares

	31 March 2021		31 March 2020	
	Number of shares	% of total shares	Number of shares	% of total shares
RPSG Ventures Limited (formerly known as CESC Ventures Limited)	**373,976,673**	**53.72%**	373,976,673	53.90%

c) Shares held by holding company

	31 March 2021		31 March 2020	
	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 31 March 2021, the Company granted 16,569,000 (31 March 2020: 10,784,204) options at an exercise price of ₹ 10 (31 March 2020: ₹ 10.00).

e) Shares reserved for issue under options

29,076,143 (31 March 2020: 17,700,014) number of shares are reserved for employees for issue under the employee stock options plan (ESOP) amounting to ₹ 290.76 (31 March 2020: ₹ 177.00).

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.

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as at 31 March 2021

(Currency: In ₹ millions)

g) Share application money received under ESOP scheme

The Company received ₹ 82.15 (31 March 2020: ₹ 76.68) as share application money under ESOP scheme during the year ended 31 March 2021 in respect of which 2,272,436 (31 March 2020: 2,761,750) shares were allotted during the year.

h) Dividend

During the year ended March 31, 2021, the Company has declared interim dividend of ₹ 3 per share, the Company has incurred a net cash outflow of ₹ 2,037.69 (excluding dividend paid on treasury shares).

i) Treasury Shares - pursuant to ESOP 2019 PLAN

	31 March 2021		31 March 2020	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	**3,156,000**	**89.35**	-	-
Purchased during the year	**13,854,000**	**652.81**	3,156,000	89.35
Exercised during the year	**-**	**-**	-	-
At the end of the year	**17,010,000**	**742.16**	3,156,000	89.35

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.

13 Other equity

	31 March 2021	31 March 2020
Securities premium		
At the commencement of the year	**2,147.62**	2,073.92
Add : Issue of equity shares on exercise of options	**96.79**	73.70
At the end of the year	**2,244.41**	2,147.62
Amalgamation deficit adjustment reserve	**(1,136.72)**	(1,136.72)
Share application money pending allotment		
At the commencement of the year	**-**	0.30
Add : Movement during the year	**0.41**	(0.30)
At the end of the year	**0.41**	-
Treasury shares		
At the commencement of the year	**(89.35)**	-
Add : Movement during the year	**(652.81)**	(89.35)
At the end of the year	**(742.16)**	(89.35)
Other reserve		
At the commencement of the year	**30.68**	30.68
Add : Movement during the year	**-**	-
At the end of the year	**30.68**	30.68
Special Economic Zone re-investment reserve		
At the commencement of the year	**158.78**	-
Add : Transfer to Special Economic Zone re-investment reserve	**29.34**	158.78
Less : Utilised from Special Economic Zone re-investment reserve	**(188.12)**	-
At the end of the year	**-**	158.78

Notes to the financial statements
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(Currency: In ₹ millions)

	31 March 2021	31 March 2020
Employee stock option reserve		
At the commencement of the year	**119.96**	122.39
Add : Share based payments	**208.88**	29.03
Less : Issue of equity shares on exercise of options	**(37.77)**	(24.34)
Less : Transfer to retained earning for options forfeited	**(7.44)**	(7.12)
At the end of the year	**283.63**	119.96
Effective portion of cash flow hedges (Other comprehensive income)		
At the commencement of the year	**398.40**	437.38
Add : Movement during the year	**(215.81)**	(38.98)
At the end of the year	**182.59**	398.40
Exchange differences on translating the financial statements of a foreign operation (Other comprehensive income)		
At the commencement of the year	**198.05**	183.95
Add : Movement during the year	**28.89**	14.10
At the end of the year	**226.94**	198.05
Retained earnings		
At the commencement of the year	**11,886.49**	14,170.47
Add: Transition impact on adoption of Ind AS 116	**-**	(174.80)
Add: Net profit for the year	**3,666.53**	1,820.15
Add: Other comprehensive income for the year	**(11.60)**	(15.64)
Less: Dividend (net)	**(2,037.69)**	(3,762.03)
Less: Transfer to Special Economic Zone re-investment reserve	**(29.34)**	(158.78)
Add: Utilised from Special Economic Zone re-investment reserve	**188.12**	-
Less: Transfer to retained earning for options forfeited	**7.44**	7.12
At the end of the year	**13,669.95**	11,886.49
Total other equity	**14,759.73**	13,713.91

14 Borrowings

	31 March 2021	31 March 2020
Long-term borrowings		
Unsecured		
Loan from Banks (refer note 'a')	**17.61**	21.58
Loan from other parties (refer note 'a')	**72.27**	6.18
	89.88	27.76

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 31 March 2021

(Currency: In ₹ millions)

15 Other financial liabilities

	31 March 2021	31 March 2020
Other current financial liabilities		
Book credit in bank account	**80.88**	41.39
Creditors for capital goods	**45.03**	4.01
Employee benefits payable	**260.55**	153.95
Payable to subsidiaries	**782.35**	29.45
Unclaimed dividends	**18.48**	15.26
Current Maturities of long-term borrowings :		
-Loan from Banks	**17.43**	15.59
-Loan from other parties	**55.09**	19.62
Other payables	**9.38**	9.38
	1,269.19	288.65

16 Provisions for employee benefits

	31 March 2021	31 March 2020
(i) Non-current		
Gratuity	**103.90**	85.88
	103.90	85.88
(ii) Current		
Compensated absences	**106.09**	75.43
	106.09	75.43

17 Other liabilities

	31 March 2021	31 March 2020
Other current liabilities		
Tax deducted at source	**46.51**	36.17
Statutory Dues	**56.93**	32.52
	103.44	68.69

Notes to the financial statements

for the year ended 31 March 2021

(Currency: In ₹ millions)

18 Revenue from operations

	Year ended	
	31 March 2021	**31 March 2020**
Sale of services	**12,851.52**	8,962.37
Other operating income, net	**395.88**	436.73
	13,247.40	9,399.10

The table below presents disaggregated revenues from contracts with customers for the year ended 31 March 2021 by geography.

	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	**617.64**	**-**	**3.29**	**0.05**	**620.98**
Total	**8,893.47**	**1,033.23**	**2,617.11**	**307.71**	**12,851.52**

The table below presents disaggregated revenues from contracts with customers for the year ended 31 March 2020 by geography.

	BFS*	Healthcare	CMT**	Diverse Industries	Total
UK	964.49	-	2,487.69	298.01	3,750.19
USA	3,275.55	977.33	390.09	-	4,642.97
ASIA	569.13	-	-	0.08	569.21
Total	4,809.17	977.33	2,877.78	298.09	8,962.37

*BFS - Banking and Financial Services

** CMT - Communication, media and Technology

Revenues 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.

19 Other income, net

	Year ended	
	31 March 2021	**31 March 2020**
Profit on sale / redemption of current investments, net	**18.55**	57.81
Interest income	**6.20**	11.96
Foreign exchange gain, net	**12.76**	11.84
(Loss)/Gain on sale of fixed assets, net	**(3.53)**	1.08
Miscellaneous income, net	**(22.35)**	2.69
Guarantee Commission and other recoveries from subsidiaries	**270.52**	222.64
	282.15	308.02

Notes to the financial statements

for the year ended 31 March 2021

(Currency: In ₹ millions)

20 Employee benefits expenses

	Year ended	
	31 March 2021	**31 March 2020**
Salaries and wages	**5,924.26**	4,507.02
Contribution to provident and other funds	**298.34**	221.98
Staff welfare expenses	**38.54**	66.08
Employee stock compensation expense	**45.10**	13.51
	6,306.24	4,808.59

21 Finance costs

	Year ended	
	31 March 2021	**31 March 2020**
Interest expense		
- on borrowings	**2.00**	15.63
Interest expense on leased liabilities	**151.00**	141.14
	153.00	156.77

22 Other expenses

	Year ended	
	31 March 2021	**31 March 2020**
Computer expenses	**346.91**	261.76
Repairs, maintenance and upkeep	**217.32**	255.83
Car and other hire charges	**259.38**	167.94
Electricity, water and power consumption	**111.20**	162.22
Connectivity, information and communication expenses	**246.76**	169.47
Legal and professional fees	**185.69**	155.79
Recruitment and training expenses	**106.91**	148.56
Travel and conveyance	**112.10**	161.75
Contribution to Corporate Social Responsibility	**39.06**	40.94
Rent (Refer Note No 4)	**167.24**	142.47
Insurance	**62.36**	37.81
Printing and stationery	**2.96**	14.01
Meeting and seminar expenses	**2.42**	9.94
Directors' sitting fees	**5.45**	5.50
Auditors remuneration and expenses		
- for audit fees	**16.00**	16.00
- for other services	**7.30**	5.01
- for reimbursement of expenses	**0.60**	0.95
Rates and taxes	**11.77**	19.58
Bank administration charges	**1.96**	1.68
Allowance for expected credit loss / bad debts written off, net	**(21.75)**	21.75
Miscellaneous expenses	**137.45**	117.04
	2,019.09	1,916.00

Notes to the financial statements

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

23 FINANCIAL INSTRUMENTS:

I. Financial instruments by category:

The carrying value and fair value of financial instruments by categories as at 31 March 2021 were as follows:

	Amortised cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Investments	**29.46**	**793.20**	**-**	**822.66**	**822.66**
Trade receivables	**5,199.86**	**-**	**-**	**5,199.86**	**5,199.86**
Cash and cash equivalents	**156.39**	**-**	**-**	**156.39**	**156.39**
Other financial assets	**572.07**	**25.23**	**210.77**	**808.07**	**808.07**
Total	**5,957.78**	**818.43**	**210.77**	**6,986.98**	**6,986.98**
Financial liabilities					
Borrowings	**89.88**	**-**	**-**	**89.88**	**89.88**
Lease liabilities	**2,317.58**	**-**	**-**	**2,317.58**	**2,317.58**
Other financial liability	**1,269.19**	**-**	**-**	**1,269.19**	**1,269.19**
Trade and other payables	**393.46**	**-**	**-**	**393.46**	**393.46**
Total	**4,070.11**	**-**	**-**	**4,070.11**	**4,070.11**

The carrying value and fair value of financial instruments by categories as at 31 March 2020 were as follows:

	Amortised cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Investments	34.17	-	-	34.17	34.17
Trade receivables	3,735.52	-	-	3,735.52	3,735.52
Cash and cash equivalents	460.93	-	-	460.93	460.93
Other financial assets	501.34	24.66	464.26	990.26	990.26
Total	4,731.96	24.66	464.26	5,220.88	5,220.88
Financial liabilities					
Borrowings	27.76	-	-	27.76	27.76
Lease liabilities	2,089.82	-	-	2,089.82	2,089.82
Other financial liability	288.65	-	-	288.65	288.65
Trade and other payables	308.55	-	-	308.55	308.55
Total	2,714.78	-	-	2,714.78	2,714.78

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).

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(Currency: In ₹ millions)

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at 31 March 2021:

	31 March 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 following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at 31 March 2020:

	31 March 2020	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Investments				
Investment in liquid mutual fund units	-	-	-	-
Total	-	-	-	-
Derivative financial instruments - foreign currency forward contract	488.92	-	488.92	-

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.

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(Currency: In ₹ millions)

The following table analyzes foreign currency risk as of 31 March 2021:

	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

The following table analyses foreign currency risk as of 31 March 2020:

	USD	GBP	PHP	Others*	Total
Total financial assets	2,217.26	1,526.37	67.94	0.13	3,811.70
Total financial liabilities	-	-	175.80	-	175.80

*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 ₹ 258.55 for the year ended 31 March 2021 (31 March 2020: ₹ 180.11).

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	31 March 2021		31 March 2020	
	In millions	In ₹ millions	In millions	In ₹ millions
Forward contracts				
in USD	**115.95**	**8,703.10**	48.15	3,678.31
in GBP	**73.21**	**7,803.04**	81.93	8,122.60
Total		**16,506.14**		11,800.91

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:

Particulars	31 March 2021	31 March 2020
Forward contracts in USD		
Not later than one month	**2,416.10**	1,559.02
Later than one month and not later than three months	**1,109.16**	899.57
Later than three months	**5,177.84**	1,219.72
	8,703.10	3,678.31
Forward contracts in GBP		
Not later than one month	**914.23**	882.07
Later than one month and not later than three months	**633.12**	498.89
Later than three months	**6,255.69**	6,741.64
	7,803.04	8,122.60

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(Currency: In ₹ millions)

The movement in Hedging Reserve, for derivatives designated as cash flow hedges is as follows:

Particulars	31 March 2021	31 March 2020
Balance at the beginning of the year	**398.40**	437.38
Changes in the fair value of effective portion of cash flow hedges	**(245.16)**	(36.34)
Deferred tax movement	**29.35**	22.02
(Gains)/Losses transferred to statement of profit and loss on occurrence of forecasted hedge transaction	**-**	(24.66)
Balance at the end of the year	**182.59**	398.40

The following table summarises approximate gains / (loss) on the Company's other comprehensive income on account of appreciation / depreciation of underlying foreign currencies:

	31 March 2021	31 March 2020
5% appreciation of the underlying foreign currencies	**(564.53)**	(418.68)
5% depreciation of the underlying foreign currencies	**544.37**	340.00

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 ₹ 5,199.86 as at 31 March 2021 (31 March 2020 : ₹ 3,735.52) and unbilled revenue amounting to ₹ 151.71 as at 31 March 2021 (31 March 2020 : ₹ 109.65). 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.

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 31 March 2021:

Particulars	31 March 2021	31 March 2020
Less than one year	**597.87**	531.33
One to five years	**1,830.99**	1350.27
More than five years	**408.02**	740.09
Total	**2,836.88**	2,621.69

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 31 March 2021. The Company shall revise the lease term when there is a change in the facts and circumstances.

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(Currency: In ₹ millions)

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2021 and 31 March 2020:

	31 March 2021		31 March 2020	
	Less than 1 Year	More than 1 year	Less than 1 Year	More than 1 year
Trade payables	**393.46**	**-**	308.55	-
Other borrowings	**-**	**89.88**	-	27.76
Lease liabilities	**454.31**	**1,863.27**	403.96	1,685.86
Other financial liabilities	**1,269.19**	**-**	288.65	-

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.

24 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 11 October, 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 2, 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:

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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;

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, 2021, the Trust has purchased 13,854,000 (31 march 2020: 3,156,000) equity shares through secondary acquisition. As on 31st March 21 trust holds 17,010,000 (31 march 2020: 3,156,000) 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 11 January 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 1, 2021	Continued employment
719,966	October 1, 2023	Continued employment

B. Grants under Performance Based Structure :

No. of Stock Options	Vesting Date	Vesting Conditions
8,159,614	October 1, 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, 2021

A) Under ESOS Scheme 2003 and 2019 are as follows:

Description	Exercise Range	31 March 2021		31 March 2020	
		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**	**10,849,204**	**119.99**	247,500	40.50
	10.01 - 60.00	**5,243,310**	**68.56**	9,586,631	72.89
	60.01 - 75.00	**1,607,500**	**101.57**	2,352,500	113.77
		17,700,014		12,186,631	

Notes to the financial statements

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

Description	Exercise Range	31 March 2021 Shares arising out of options	31 March 2021 Weighted Average period in months	31 March 2020 Shares arising out of options	31 March 2020 Weighted Average period in months
Granted during the year	**10.00**	**16,569,000**		10,784,204	
	10.01 - 60.00	**-**		-	
	60.01 - 75.00	**-**		-	
		16,569,000		10,784,204	
Forfeited during the year	**10.00**	**2,207,000**		12,500	
	10.01 - 60.00	**368,435**		1,532,571	
	60.01 - 75.00	**150,000**		745,000	
		2,725,435		2,290,071	
Exercised during the year*	**10.00**	**65,000**		170,000	
	10.01 - 60.00	**2,037,463**		2,591,750	
	60.01 - 75.00	**169,973**		-	
		2,272,436		2,761,750	
Expired during the year	**10.00**	**-**		-	
	10.01 - 60.00	**120,000**		219,000	
	60.01 - 75.00	**75,000**		-	
		195,000		219,000	
Outstanding at the end 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	
Exercisable at the end of the year	**10.00**	**119,500**	**46.38**	65,000	28.30
	10.01 - 60.00	**2,519,957**	**64.75**	4,236,026	64.84
	60.01 - 75.00	**699,742**	**89.40**	602,825	101.57
		3,339,199		4,903,851	

* The weighted average share price of these options was ₹ 35.97 and ₹ 27.87 for the year ended 31 March 2021 and 31 March 2020 respectively.

The key assumptions used to estimate the fair value of options are:

	31 March 2021	31 March 2020
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 ₹ 208.88 and ₹ 29.03 for the year ended 31 March 2021 and 31 March 2020 respectively. The cost related to employee stock options of its subsidiary companies is recognised as addition to investment. Accordingly, the amount of ₹ 13.54 and ₹ 5.49 is recognised as investments in Firstsource Solutions UK Limited for the year 31 March 2021 and 31 March 2020 respectively ₹ 76.98 and ₹ 10.03 is recognised as investment in Firstsource Group USA Inc. for the year 31 March 2021 and 31 March 2020 respectively.

Notes to the financial statements

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

25 Related party transactions

Details of related parties including summary of transactions entered into during the year ended 31 March 2021 are summarized below:

Holding Company	RPSG Ventures Limited (formerly known as CESC Ventures Limited) (Change in name w.e.f. 19 January 2021)
Fellow Subsidiary Companies	Kolkata Games and Sports Private Limited
	Herbolab India Private Limited
	Quest Properties India Limited (QPIL)
	Metromark Green Commodities Private Limited
	Guiltfree Industries Limited
	Bowlopedia Restaurants India Limited
	RPSG Resources Private Limited (earlier known as Accurate Commodeal Private Limited)
	RP - SG Ventures Advisory LLP
	RP SG Unique Advisory LLP
	APA Services Private Limited
	Rubberwood Sports Private Limited
	ATK Mohun Bagan Private Limited
	Aakil Nirman LLP
	Apricot Foods Private Limited
Subsidiaries wherein control exists	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 appointed (w.e.f 2nd August 2019)
	Rajesh Subramaniam (resigned w.e.f. 31 July 2019)
	Dinesh Jain
Non - executive Directors	Dr Sanjiv Goenka
	Pradip Roy
	Subrata Talukdar
	Shashwat Goenka
	Pradip Kumar Khaitan
	Grace Koshie
	Pratip Chaudhuri
	Sunil Mitra
	Charles Richard Vernon Stagg

Particulars of related party transactions

Name of the related party	Description	Transaction value during the year ended		Receivable / (Payable) as at	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
FSL UK	Income from services	**2,838.29**	2,941.54	**1,206.64**	1,302.91
	Reimbursement of expenses to FSL UK	**15.78**	33.71	**-**	-
	Recovery of expense from FSL UK	**77.92**	50.01	**43.56**	37.37
	Parental guarantee commission and others from FSL UK	**111.21**	50.25	**24.19**	28.59
FAL	Income from services	**978.61**	741.54	**219.43**	289.26
	Reimbursement of expenses to FAL	**0.23**	-	**-**	-
	Recovery of expense from FAL	**19.84**	12.13	**(30.96)**	9.66

Notes to the financial statements

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

Name of the related party	Description	Transaction value during the year ended		Receivable / (Payable) as at	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
	Parental guarantee commission and others from FAL	**19.46**	7.26	**1.45**	7.26
MedAssist	Income from services	**71.64**	143.79	**52.54**	94.46
	Reimbursement of expenses to MedAssist	**0.05**	0.01	**-**	-
	Recovery of expense from MedAssist	**43.15**	28.69	**(50.64)**	21.73
	Parental guarantee commission and others from MedAssist	**30.21**		**30.21**	
FG US	Income from services	**199.43**	413.28	**(372.14)**	43.09
	Reimbursement of expenses to FG US	**-**	8.35	**-**	-
	Recovery of expense from FG US	**76.28**	0.52	**153.88**	35.87
	Parental guarantee commission from FG US	**51.42**	40.80	**12.35**	15.41
FTS	Income from services	**952.93**	904.78	**196.45**	323.67
	Recovery of expense from FTS	**21.82**	7.57	**38.92**	25.72
	Reimbursement of expenses to FTS	**0.59**	0.03	**-**	-
	Parental guarantee commission from FTS	**23.95**	7.44	**2.97**	7.44
OAL	Income from services	**8.68**	11.36	**8.45**	11.95
	Recovery of expense from OAL	**4.24**	1.69	**(10.89)**	1.62
	Parental guarantee commission from OAL	**3.80**		**3.80**	
Sourcepoint - FFS	Income from Services	**443.95**	105.16	**180.94**	46.88
	Recovery of expense from Sourcepoint-FFS	**0.24**	1.33	**-**	0.20
	Reimbursement of expenses to Sourcepoint-FFS	**-**	1.54	**-**	-
Sourcepoint, Inc	Income from services	**5,770.83**	2,469.07	**2,217.75**	1,126.54
	Recovery of expense from Sourcepoint, Inc	**35.44**	14.30	**230.30**	87.25
	Reimbursement of expenses to Sourcepoint, Inc	**5.00**	1.01	**-**	-
	Parental guarantee commission from Sourcepoint, Inc.	**30.46**	-	**30.46**	-
Nanobi	Redemption of debentures	**6.00**	2.00	**2.00**	8.00
Nanobi	Interest income	**0.75**	1.02	**-**	-
Nanobi	Receipt of services from Nanobi	**5.30**	2.80	**-**	-
RPSG Ventures Limited	Dividend paid	**1,121.93**	1,682.90	**-**	-
Guiltfree Industries Limited	Receipt of services	**-**	0.27	**-**	-

Notes to the financial statements

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

Name of the related party	Description	Transaction value during the year ended		Receivable / (Payable) as at	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
RPSG Resources Private Limited (earlier known as Accurate Commodeal Private Limited)	Receipt of services	**200.00**	200.02	**-**	-
Kolkata Games and Sports Pvt Ltd	Recovery of expense from Kolkata Games and Sports Pvt Ltd	**-**	1.32	**-**	-
Non-executive directors	Sitting fees	**5.45**	5.50	**-**	-
Key Managerial Personnel	Remuneration*	**53.03**	158.59	**-**	-
	Dividend paid	**0.37**	0.33	**-**	-

The sales to and purchases from related parties are made on terms equivalent to that prevails in arm's length transactions.

Description	Year ended	
	31 March 2021	31 March 2020
Rajesh Subramaniam	**-**	115.16
Dinesh Jain*	**32.80**	30.29
Vipul Khanna*	**20.23**	13.14

*Excludes ESOP, gratuity and compensated absences.

26 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:

Particulars	31 March 2021	31 March 2020
Change in present value of obligations		
Obligations at beginning of the year	**129.62**	118.38
Service cost	**41.79**	12.59
Interest cost	**8.04**	7.93
Actuarial (gain)/loss	**(11.87)**	15.10
Benefits paid	**(12.89)**	(24.38)
Obligations at the end of the year	**154.69**	129.62

Notes to the financial statements

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

Particulars	31 March 2021	31 March 2020
Change in plan assets		
Fair value of plan assets at beginning of the year	**43.74**	50.83
Adjustments to opening fair value of plan assets	**-**	(0.47)
Return on plan assets excluding interest income	**(0.27)**	(0.54)
Interest income	**2.26**	2.52
Contributions	**17.95**	15.78
Benefits paid	**(12.89)**	(24.38)
Fair value of plan assets at end of the year,	**50.79**	43.74
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	**154.69**	129.62
Fair value of plan assets at the end of year	**(50.79)**	(43.74)
Funded status being amount of liability recognised in the balance sheet	**103.90**	85.88
Gratuity cost for the year		
Service cost	**41.79**	12.59
Net Interest cost	**5.78**	5.41
Net gratuity cost	**47.57**	18.00
Remeasurements of the net defined benefit liability/ (asset)		
Actuarial (gains) / losses	**(11.87)**	15.10
(Return)/loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	**0.27**	0.54
Total actuarial (gain)/loss recognized in (OCI)	**(11.60)**	15.64
Category of Assets	**Total Amount**	Target Allocation %
Gratuity Fund (LIC of India and Birla Sunlife Insurance Co. Ltd)	**37.61**	100%
Total Itemized Assets	**37.61**	100%
Assumptions		
Mortality	**IALM (2006-08) Ult.**	IALM (2006-08) Ult.
Interest rate	**6.32%**	6.55%
Rate of growth in salary levels	**6.00%**	6.00%

b) Contribution to Provident fund

The provident fund charge during the year amounts to ₹ 197.57 (31 March 2020: ₹ 146.40).

c) Compensated absences

Actuarial assumptions	31 March 2021	31 March 2020
Interest rate	**6.32%**	6.55%
Rate of growth in salary levels	**6.00%**	6.00%

27 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 consolidated financial statements of the Company.

Notes to the financial statements

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

28 Computation for calculating diluted earnings per share

	Year ended	
	31 March 2021	**31 March 2020**
Number of shares considered as basic weighted average shares outstanding	**681,753,647**	692,858,333
Add: Effect of potential issue of shares/ stock options *	**23,281,281**	2,085,283
Number of shares considered as weighted average shares and potential shares outstanding	**705,034,928**	694,943,616
Net profit after tax attributable to shareholders	**3,666.53**	1,820.15
Net profit after tax for diluted earnings per share	**3,666.53**	1,820.15
* Not considered when anti-dilutive		
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.		

29 Capital and other commitments and contingent liabilities

		31 March 2021	**31 March 2020**
a)	The estimated amount of contracts remaining to be executed on capital account and not provided for (net), against which advances paid are ₹ 84.05 (31 March 2020 - ₹ 6.01)	**252.13**	397.80
b)	Claims not acknowledged as debts	**1.35**	1.35
c)	Guarantees given to the Government of India, Customs and Central excise department in relation to future duty obligation and letter of credit given (Refer table below)	**14,906.89**	12,979.94
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

	31 March 2021	**31 March 2020**
Guarantees given for working capital facilities and finance lease on behalf of Firstsource Solution UK Limited (FSL-UK)	**8,463.21**	6,311.42
Guarantees given for credit facilities and term loans on behalf of Firstsource Group USA, Inc. (FG US)	**6,433.68**	6,658.52
Guarantees given to the customer and others*	**10.00**	10.00
	14,906.89	12,979.94

Direct tax matters

Income tax demands amounting to ₹ 983.03 (31 March 2020: ₹ 982.90) 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 otherwise and hence, the provision for taxation is considered adequate. The Company has paid ₹ 10.38 (31 March 2020: ₹ 10.38) tax under protest against the demand raised for the assessment year 2004-05, ₹ 12.50 (31 March 2020: ₹ 12.50) tax under protest against the demand raised for the assessment year 2009-10, ₹ 80.00 (31 March 2020: ₹ 80.00) tax under protest against the demand raised for the assessment year 2011-12. ₹ 5.00 (31 March 2020: ₹ 5.00) tax under protest against the demand raised for the assessment year 2014-15, ₹ 2.50 (31 March 2020: ₹ 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 (31 March 2020: ₹ 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.

Notes to the financial statements

as at and for the year ended 31 March 2021

(Currency: In ₹ millions)

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.

30 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.

31 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 ₹ 39.06 (31 March 2020: ₹ 40.94)

b) Amount spent by Firstsource during the year on:

Particulars	Amount paid*
Construction/ acquisition of any asset	-
On purposes other than above	**0.32**

* Unspent amount of ₹ 38.74 has been transferred to a earmarked special bank account on 19 April 2021.

32 Micro, small and medium enterprises

There are no outstanding dues to Micro and Small enterprises as at 31 March 2021 and 31 March 2020 respectively. Micro and Small Enterprises have been identified based on information collected by the Company.

33 Subsequent events

The Board of directors at its meeting held on 11 May 2021 has approved these financial statements as at and for the year ended 31 March 2021.

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
11 May 2021

For and on behalf of the Board of Directors of Firstsource Solutions Limited

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
Director

Charles Richard Vernon Stagg
Director

Grace Koshie
Director

Pradip Roy
Director

Sunil Mitra
Director

Pratip Chaudhuri
Director

Mumbai
11 May 2021

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

NOTICE

NOTICE is hereby given that the 20th Annual General Meeting (AGM) of the Members of Firstsource Solutions Limited will be held on Thursday, July 29, 2021 at 12.00 noon Indian Standard Time ("IST"), through Video Conferencing/ Other Audio Visual Means ("VC/OAVM") Facility to transact following business:

ORDINARY BUSINESS:

1. To consider and adopt:

   a) the audited financial statements of the Company for the financial year ended March 31, 2021 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, 2021 along with the report of the Auditors thereon.

2. To confirm the payment of Interim Dividend @ 30% (i.e. ₹ 3.00 per share) on Equity Shares already paid for the financial year ending March 31, 2021.

3. To appoint a Director in place of **Mr. Subrata Talukdar (DIN 01794978)**, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. APPOINTMENT OF MR. ANJANI K. AGRAWAL (DIN 08579812), AS AN INDEPENDENT DIRECTOR OF THE COMPANY:

To consider and if thought fit, to pass the following resolution, with or without modification(s), as **Ordinary 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), Mr. Anjani K. Agrawal (DIN 08579812) who was appointed as an Additional Director of the Company by the Board of Directors w.e.f. May 11, 2021 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 10, 2024.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

5. 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."

By Order of the Board of Directors

Pooja Nambiar
Company Secretary & Compliance Officer
FCS No.: 10710

Firstsource Solutions Limited
CIN: L64202MH2001PLC134147
Registered Office:
5th Floor, Paradigm 'B' Wing,
Mindspace, Link Road,
Malad - (West), Mumbai - 400 064, India
Tel : +91-22-66660888
Fax: +91-22-66660887
https://www.firstsource.com/

Email: complianceofficer@firstsource.com

May 11, 2021

NOTES:

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 5, 2020. The forthcoming AGM will thus be held through through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing 20th AGM through VC/OAVM.

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 8, 2020, April 13, 2020 and May 5, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the 20th 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 20th AGM will be provided by CDSL.

3. The Members can join the 20th 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 20th 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 & Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the 20th AGM without restriction on account of first come first served basis.

4. The attendance of the Members attending the 20th 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 8, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this 20th 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 20th AGM through VC/OAVM and cast their votes through e-voting.

6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the 20th 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 20th 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 20th AGM has been convened through VC/OAVM in compliance with applicable provisions of the Act read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 5, 2020.

8. In continuation of this Ministry's General Circular No. 20/2020, dated May 5, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before December 31, 2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January 13, 2021.

NOTE FOR MUTUAL FUNDS/ THEIR ASSET MANAGEMENT COMPANIES:

Pursuant to SEBI circular SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 5, 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 1, 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 5, 2021 has asked Mutual Finds/ AMCs to compulsorily vote on above mentioned resolutions with effect from April 1, 2021 and on all other resolutions with effect from April 1, 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 REMOTE E-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:

(i) The voting period begins on Sunday, July 25, 2021 at 9.00 a.m. and ends on Wednesday, July 28, 2021 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 Thursday, July 22, 2021 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 9, 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 9, 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. 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.

Type of shareholders	Login Method
	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 abovementioned 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.

Login type	Helpdesk details
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 shareholders other than individual shareholders holding in Demat form & physical shareholders.

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:

	For Shareholders holding shares in Demat Form other than individual and Physical Form
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 as mentioned in instruction (v).

(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 210624002.

(x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. 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) Facility for Non – Individual Shareholders and Custodians –Remote Voting:

- 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 & 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 to 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 Thursday, July 22 2021.

b. Any person, who acquires shares of the Company and becomes Member of the Company after the Company sends the Notice of the 20th AGM by email and holds shares as on the cut-off date i.e. Thursday, July 22, 2021, 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 20th AGM of the Company, the Chairman shall, after responding to the questions raised by the Members in advance or as a speaker at the 20th 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 20th AGM of the Company.

f. The Scrutinizer shall after the conclusion of e-voting at the 20th 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 20th 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.

3. 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 20th AGM and the Annual Report for the financial year ended March 31, 2021 including therein the Audited Financial Statements for the financial year ended March 31, 2021 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 20th AGM and the Annual Report for the financial year ended March 31, 2021 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:

   a. 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**.

   b. For the Members holding shares in demat form, please update your email address through your respective Depository Participant/s.

4. The Notice of the 20th AGM and the Annual Report for the financial year ended March 31, 2021 including therein the Audited Financial Statements for the financial year ended March 31, 2021 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 20th AGM will also be available on the website of CDSL at **www.evotingindia.com**.

5. Corporate members intending to send their authorized representatives to attend the 20th 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.

h. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, July 23, 2021 to Thursday, July 29, 2021 (both days inclusive) for the purpose of the AGM.

i. 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 1, 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.

j. 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.

k. 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**.

l. 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).

m. 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 **complianceofficer@firstsource.com**. The Board of Directors of the Company at its meeting held on May 11, 2021 considered that the special business under Item Nos. 4 & 5, being considered unavoidable, be transacted at the 20th AGM of the Company.

n. 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.

o. 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.

p. 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.

q. 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.

r. 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 ACT

Item No. 4

Mr. Anjani K. Agrawal ('Mr. Agrawal') was appointed as an Additional Director (Non- Executive, Independent Director) by the Board of Directors of the Company ('the Board') on May 11, 2021 and he 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 Mr. Agrawal, the Board and its Nomination & Remuneration Committee have recommended his appointment as an Independent Director, not liable to retire by rotation, for a term of three (3) consecutive years up to May 10, 2024 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.

Mr. Agrawal's brief resume is given in the Annexure to this Notice.

Mr. Agrawal has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, he 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 Mr. Agrawal, 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 Mr. Agrawal as an Independent Director of the Company.

Mr. Agrawal may be deemed to be concerned or interested in the resolution under Item No. 4 of the accompanying Notice in respect of his 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. .

The Board recommends the Ordinary Resolution as set out at Item No. 4 of the Notice for approval of the Members.

Item No. 5

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 80 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 & 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. 5 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 considers the aforesaid item of business to be urgent in nature and recommends the Special Resolution as set out in Item No. 5 of the Notice for approval of the Members.

By Order of the Board of Directors

Pooja Nambiar
Company Secretary & Compliance Officer
FCS No.: 10710

Firstsource Solutions Limited
CIN: L64202MH2001PLC134147
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Mindspace, Link Road,
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Tel : +91-22-66660888
Fax: +91-22-66660887
https://www.firstsource.com/

Email: **complianceofficer@firstsource.com**

May 11, 2021

ANNEXURE TO THE NOTICE

BRIEF PROFILE OF PERSON PROPOSED TO BE APPOINTED/ REAPPOINTED AS DIRECTOR AT THE ENSUING ANNUAL GENERAL MEETING

Mr. Subrata Talukdar:

Mr. Subrata Talukdar (DIN 01794978), 62 years, is a commerce graduate and an alumnus of the Kellogg School of Management, USA and Chartered Accountant in India. Mr. Talukdar began his career at the Indian arm of Coopers Lybrand, before switching over to the manufacturing sector handling the finance portfolio.

Mr. Talukdar is the President & CFO of Power Group of CESC Limited. He has been associated with the group for over three decades. Going beyond his core function of conventional finance, Mr. Talukdar also heads the Renewable Energy, Coal Mining and Power Trading business. He is also a core member of the corporate strategy team.

Mr. Talukdar represents RPSG Ventures Limited, Promoter, on the Board of Directors of the Company. He is a Director on the Boards of various companies namely Dhariwal Infrastructure Limited, Crescent Power Limited, Surya Vidyut Limited, CESC Projects Limited, CESC Green Power Limited, Kolkata Games & Sports Private Limited, Rubberwood Sports Private Limited, Bantal Singapore Pte. Limited and Rama Prasad Goenka Football Academy.

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)
Crescent Power Limited	Audit Committee	Member
Dhariwal Infrastructure Limited	Corporate Social Responsibility Committee	Member
Firstsource Solutions Limited	1. Stakeholders Relationship Committee 2. Audit Committee 3. Nomination & Remuneration Committee 4. CSR Committee 5. Investment Committee 6. Strategy Committee	Chairman Member Member Member Member Member

He does not hold any shares or stock options of the Company. He is not related to any other Director of the Company. He attended 4 Board Meetings during the Financial Year 2020-21.

Mr. Anjani K. Agrawal:

Mr. Anjani K. Agrawal (DIN 08579812), 63 years, is a Chartered Accountant (1980 – National Rank holder), CIA (IIA USA) and INSEAD Alumni. He retired from EY in June 2019 as the firm's Global Metals sector leader and Global Client Service Partner for some of India's largest conglomerates (Tata, Aditya Birla). Starting as an Audit Partner, he handled transactions & valuations, before setting up the consulting practice for EY in India. Mr. Agrawal has almost 40 years of professional experience, of which 26 years as a partner at EY. Mr. Agrawal has been National committee member and speaker at National Industry Associations like CII, FICCI, FIMI, ICC, IIA, IMC etc. He was also a guest faculty at ISB, SDA Bocconi and other business schools and Institute of Directors. Mr. Agrawal has worked closely with Central Government, NiTI Aayog on Policy making & strategy and has published more than 25 Thought Leadership reports on various sectors including Metals, Mining, Power etc. Mr. Agrawal is also active in Impact Investment/ Social Entrepreneurship development space.

Mr. Agrawal has worked with global and Indian multinationals including Arcelor Mittal, Tata Steel, Tata Power, Tata Consumer, Reliance Industries, Hindalco, Ultratech, Grasim, Vedanta, Hindustan Zinc, ONGC, HPCL, JSW Steel, Torrent group, ITC, JSPL, Maruti Suzuki, Exide, Coal India, Rio Tinto, NMDC, SAIL, Future, Emami, Essar, SKF, Sandvik, Telstra, IDEA, Powergrid, Shree Cement, VST, Mother Dairy etc.

Mr. Agrawal is a Director on the Board of Directors of several public listed Companies in India namely Hindustan Zinc Limited, Uttam Value Steels Limited, Uttam Galva Metallics Limited and Aditya Birla Sun Life Trustee Private Limited.

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)
Hindustan Zinc Limited	1. Audit Committee 2. Stakeholders Relations Committee 3. Nomination & Remuneration Committee	Chairman Chairman Member
Uttam Value Steels Limited	1. Audit Committee 2. Nomination & Remuneration Committee	Chairman Member
Uttam Galva Metallics Limited	1. Audit Committee 2. Nomination & Remuneration Committee	Chairman Member

He does not hold any shares or stock options of the Company. He is not related to any other Director of the Company. Since he was appointed w.e.f. from May 11, 2021, there were no Board Meetings attended by him during the FY2020-21.

Mr. Pradip Kumar Khaitan

Mr. Pradip Kumar Khaitan (DIN 00004821), aged 80 years, is a B.Com, LL.B. and Attorney-at-law (Bell Chambers Gold Medalist). 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, Banks, Development Agencies and Governments on all aspects of commercial and corporate laws, taxation, joint ventures, IPOs, mergers & demergers, corporate governance, restructuring and insolvency issues. 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, India Glycols Limited and Woodlands Multispeciality Hospital Limited.

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)
Listed Companies		
CESC Limited	1. Nomination and Remuneration Committee	Member
	2. Finance and Forex Committee	Member
	3. Project Management Committee	Member
	4. Risk Management Committee	Chairman
	5. Strategic Committee	Chairman
	6. Restructuring Committee	Member
Dalmia Bharat Ltd (Erstwhile Odisha Cement Limited	1. Audit Committee	Member
	2. Nomination and Remuneration Committee	Member
	3. Group Governance Committee	Member
Electrosteel Castings Limited	1. Audit Committee	Member
	2. Nomination and Remuneration Committee	Member
	3. Corporate Social Responsibility Committee	Member
Graphite India Limited	1. Stakeholders Relationship Committee	Member
	2. Nomination and Remuneration Committee	Chairman
	3. Committee for Borrowings	Member
India Glycols Limited	1. Audit Committee	Chairman
	2. Stakeholders Relationship Committee	Chairman
	3. Nomination and Remuneration Committee	Chairman
	4. Corporate Social Responsibility Committee	Member
	5. Ethics Committee under Code of Conduct for Directors & Senior Management	Chairman
	6. Risk Management Committee	Member
	7. Committee of Directors	Member
Woodlands Multispeciality Hospital Limited	1. Share Allotment Committee	Chairman
	2. Audit Committee	Member
	3. 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 four (4) Board Meetings during the FY2020-21.

Corporate Information

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
Tower 3, 32nd Floor, India Bulls
Finance Centre, Elphinstone Mill
Compound, Senapati Bapat Road,
Elphinstone Road (West),
Mumbai – 400 013, India.

BOARD OF DIRECTORS

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
Managing Director & CEO

Pradip Kumar Khaitan
Non-Executive Director

Shashwat Goenka
Non-Executive Director

Subrata Talukdar
Non-Executive Director

Grace Koshie
Independent Director

Pradip Roy
Independent Director

Pratip Chaudhuri
Independent Director

Sunil Mitra
Independent Director

Charles Richard Vernon Stagg
Independent Director

Anjani K. Agrawal
Additional Director (Non-Executive, Independent w.e.f. May 11, 2021)

COMPANY SECRETARY & COMPLIANCE OFFICER

Pooja Nambiar

COMMITTEE DETAILS

Audit Committee

Grace Koshie
Chairperson

Pradip Roy

Sunil Mitra

Subrata Talukdar

Nomination and Remuneration Committee

Pradip Roy
Chairman

Pratip Chaudhuri

Subrata Talukdar

Stakeholders Relationship Committee

Subrata Talukdar
Chairman

Vipul Khanna

Pradip Roy

Corporate Social Responsibility Committee

Shashwat Goenka
Chairman

Vipul Khanna

Pradip Roy

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

MAJOR BANKERS

1. Bank of Philippines, Islands
2. Barclays Bank Plc
3. Citibank, N.A.
4. DBS Bank India Limited
5. HDFC Bank Limited
6. HSBC Bank Limited
7. ICICI Bank Limited
8. IDFC First Bank
9. Standard Chartered Bank
10. RBL Bank Limited
11. Kotak Mahindra Bank Limited

5 th Floor, Paradigm 'B' Wing,
Mindspace, Link Road, Malad
(West), Mumbai 400 064, India

CIN: L64202MH2001PLC134147

www.firstsource.com