RP - Sanjiv Goenka Group
Growing Legacies

firstsource
Stay Ahead

4th July 2019

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 2018-19

Pursuant to Regulation 34(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting a copy of the Company's Annual Report for the financial year 2018-19, which contains, inter-alia, the Notice convening the Eighteenth Annual General Meeting (AGM).

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

Request you to kindly take the same on record.

For Firstsource Solutions Limited

Firstsource Solutions Limited Mumbai

Pooja Nambiar

Company Secretary & Compliance Officer

Encl. A/a

RP - Sanjiv Goenka Group

Growing Legacies

firstsource

Stay Ahead

ANNUAL REPORT 2018-19

Stay Ahead to Stay Relevant

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CONSOLIDATED

STANDALONE

Stay Ahead to Stay Relevant

We are living in a world of disruptions where new age technologies, agnostic of region, industry or size, are constantly challenging traditional business models. The key to staying relevant and thriving in this dynamic environment lies in an organisation's ability to deploy strategies that are scalable, portable and universally adoptable.

At Firstsource, we help our customers stay agile on this transformative journey. Our end-to-end and bespoke offerings enable them to become leaner, smarter and more robust in their efforts to 'Stay Ahead to Stay Relevant'. Our time-tested, strong relationships with our customers bear testimony to their trust and confidence in our capabilities.

'Stay Ahead' signifies a renewed promise of sustainable holistic value creation to all our stakeholders including customers, employees, shareholders and communities.

Our futuristic thinking and emphasis on customer centricity go a long way in delivering unique and superior experiences for our clients' customers. We continue to invest in augmenting our capabilities to design, innovate and implement solutions that are capable of withstanding the challenges of changing times and embracing the opportunities that lie ahead.

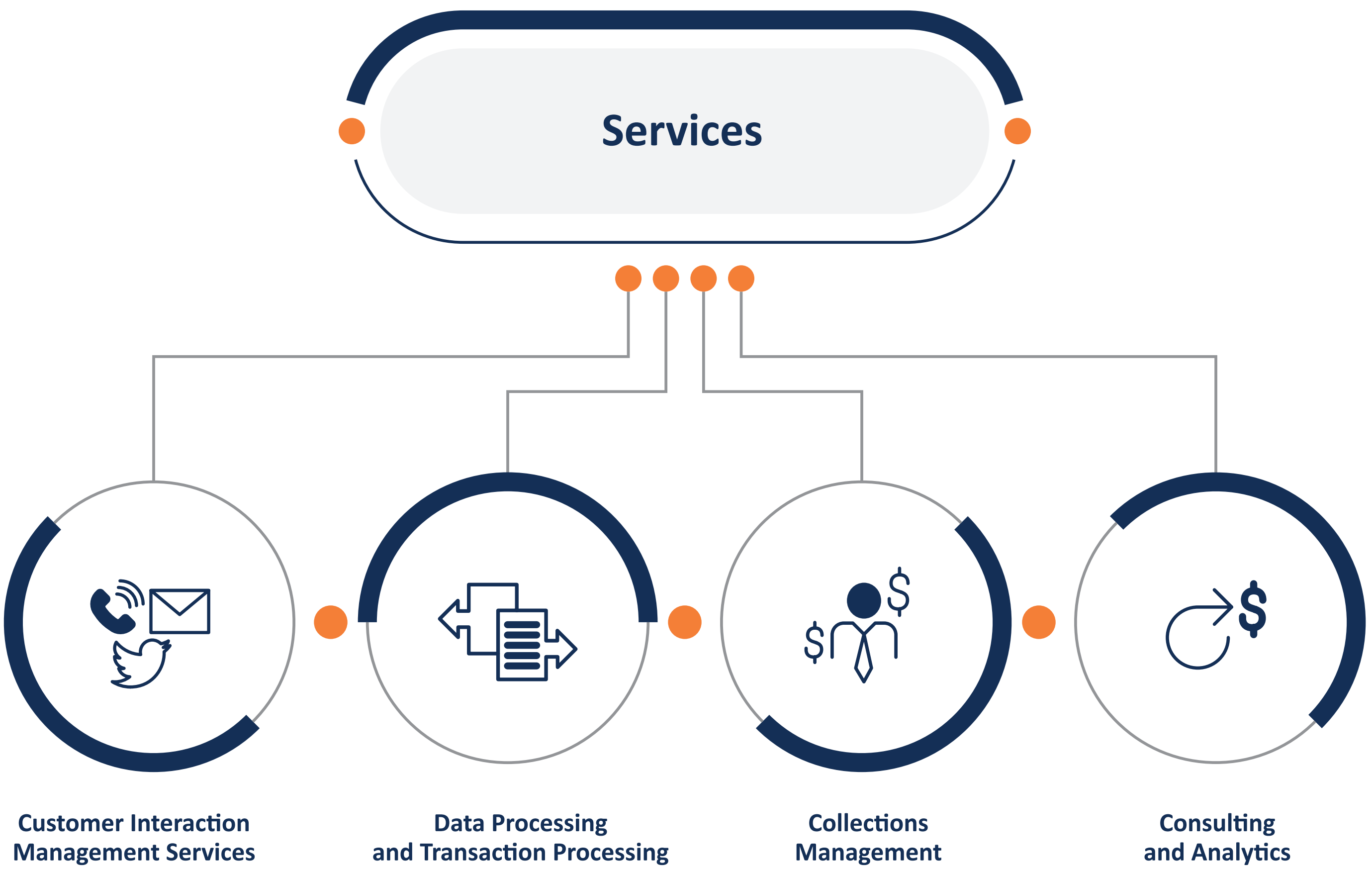
We are well poised to achieve greater heights by empowering our customers to 'Stay Ahead to Stay Relevant'.

Firstsource at a Glance

Part of the RP-Sanjiv Goenka Group, Firstsource Solutions Limited is a leading provider of customised Business Process Management (BPM) services. We specialise in helping our clients stay ahead of the curve through transformational solutions to re-imagine business processes and deliver increased efficiency, deeper insights and superior outcomes.

We are trusted brand custodians and long-term partners to 100+ leading brands with presence in the US, the UK, India and the Philippines.

Our 'right-shore' delivery model offers solutions encompassing complete customer lifecycle across Healthcare, Telecom and Media, Utilities and Banking, Financial Services and Insurance verticals. Our clients include Fortune 500 and FTSE 100 companies.



ASPIRE

OUR VALUES

AGILITY
Stay nimble. Adapt fast. Be future ready.

SPIRIT OF COLLABORATION
Work together. Solve problems. Celebrate success.

PEOPLE CENTRICITY
Our people are our greatest assets.

INTEGRITY
Uphold moral and ethical standards, at all times.

RISK-TAKING & INNOVATION
Push the boundaries and establish a new normal. Every day.

EXCELLENCE
Strive for perfection with a passion, every single time.

On an annual basis, we

- Reduce **~$6.9 billion** uncompensated care cost
- Generate **~$1.2 billion** additional cash for hospitals
- Adjudicate claims worth **~$2.3 billion**
- Manage invoice financing assets of **~£4.6 billion**
- Manage collections book size of **~$3.8 billion**
- Fund **~$60 billion** mortgage loans

THROUGH

- **200 million** Customer interactions
- **3.1 million** Web chats
- **3.7 million** Email responses
- **2 billion** Back-office transactions

The Trends Shaping Our Markets

According to NASSCOM, the global Business Process Management (BPM) market grew by 4.5% in 2018 to $198 billion, led by enhanced SaaS adoption, Artificial Intelligence (AI) and Robotic Process Automation (RPA). With growing emphasis on value-added, strategic work, companies are increasingly embracing automation for their work processes, making Cognitive RPA a prominent driver of the BPM industry. While Asia Pacific (APAC) is the fastest growing BPM market, the Americas and Europe, the Middle East and Africa (EMEA) together form over 80% of the IT-BPM market.

Banking, Financial Services and Insurance (BFSI) and Retail continue to lead, followed by Healthcare and Telecom. The Indian IT-BPM industry (excluding e-commerce) grew by 8.4% in FY19 to $181 billion and exports accounted for ~75% of the pie.

OPPORTUNITIES IN THE KEY VERTICALS WE OPERATE IN:

Healthcare

- Implementation of Patient Protection and Affordable Care Act (PPACA) to drive growth of Healthcare Payer market (health insurance companies) in the US
- Higher emphasis on digital and omnichannel approach in patient experience management
- Rapid increase in Clinical Process Outsourcing (CPO), focus on reducing healthcare costs, rising need for structured processes and documentations, growing population to be covered under insurance policy
- Immense potential in Revenue Cycle Management (RCM) outsourcing
- Growing usage of digital health technology in Provider segment (hospitals and physician groups) offers multiple opportunities
- Transformation solutions around digital app-based user experience and applications regarding analytics gaining increased acceptance

Banking, Financial Services and Insurance

- Aggressive focus on digitalisation and adoption of new and emerging technologies to improve operational efficiencies, enhance speed-to-market and deliver superior customer experiences
- Rapid adoption of Application Programming Interfaces (APIs), Artificial Intelligence (AI), RPA, Blockchain and Analytics by banks
- Strong prospects of receivables management outsourcing
- Digitalisation of collections presents a significant opportunity
- Healthy outlook for outsourcing by mortgage lenders owing to stricter regulations and high competition
- Huge potential for BPM companies and debt collection services given that ~30 million Americans have at least one debt in collections

Telecommunications and Media

- Healthy demand for data analytics, NPS predictions and analysis of customer consumption pattern
- Shift to provide Quad Play services is driving outsourcing demand for cable companies

Utilities

- Increasing outsourcing demand for customer service, financial and asset management, procurement and energy efficiency programme management processes
- Introduction of advanced connectivity, e-commerce and machine-to-machine (M2M) communications are transforming global utilities
- AI and RPA technologies can help utilities deliver superior customer experience at reduced costs
- Rising adoption of remote monitoring, analysis and control of usage, and enabling new integrated energy services to open up multiple opportunities

How We Create Value

We are fully geared to maximise these opportunities, efficiently. At Firstsource, our futuristic thinking has helped us be present in the high-potential segments across all our verticals at the right time. We offer distinct value proposition to our clients via our wide gamut of innovative solutions. Our proven track record of transforming businesses and time-tested relationships with our clients are among our primary strengths and lend us significant competitive advantage.

OUR CAPABILITIES ACROSS KEY BUSINESS VERTICALS WE OPERATE IN:

Healthcare

Few companies in our industry are capable of catering to both the Payer and Provider segments in the Healthcare vertical by providing a full suite of innovative and bespoke offerings.

Our emphasis is on the high-potential RCM segment spanning a wide variety of services, including front-end eligibility services, receivable management and back-end early-stage collections denial management. Our offerings also include smart and innovative analytics solutions for denial management and automated workflow solutions for Eligibility Services.

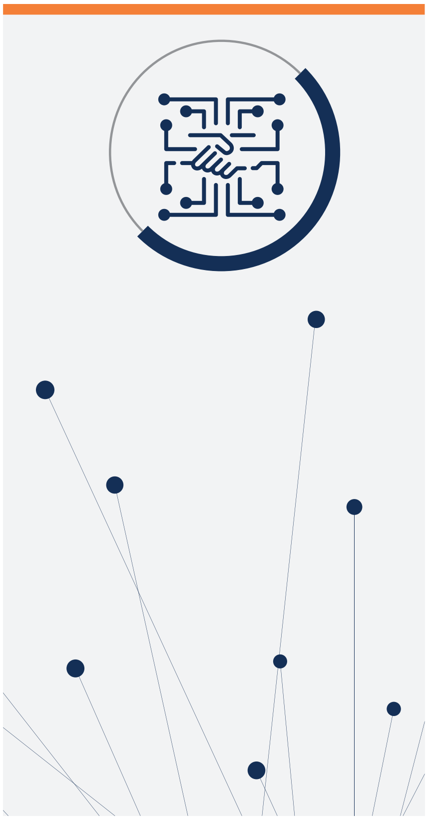
Overall, we drive process improvements at our clients' end and enable them to evolve in-sync with the needs of their growing base of patients, and thereby provide them with superior patient experience.

CLIENT PROFILE

650+
hospitals in the US

5
of the top 10 health insurance/ managed care companies in the US

Banking, Financial Services and Insurance



Our clientele in the Banking, Financial Services and Insurance (BFSI) vertical covers the entire spectrum of banks, insurance companies, mortgage lenders and credit card issuers, among others. We have successfully partnered and spearheaded the transformation of many retail banks, enabling them to stay ahead of the curve and delight their customers on a consistent basis. Our flexible and cost-effective solutions can be customised as per the needs of our clients. These offerings span the entire value chain across main support functions as well as in acquiring, servicing, processing collections and customer retention.

CLIENT PROFILE

Leading
auto lender in the US

1
of the top 3 motors and household insurers in the UK

2
of the top auto brands in the US

3
of the top 6 retail banks in the UK

3
of the top 5 credit card issuers in the US

4
of the top 10 lenders in the US

5
of the top 10 mortgage servicers in the US

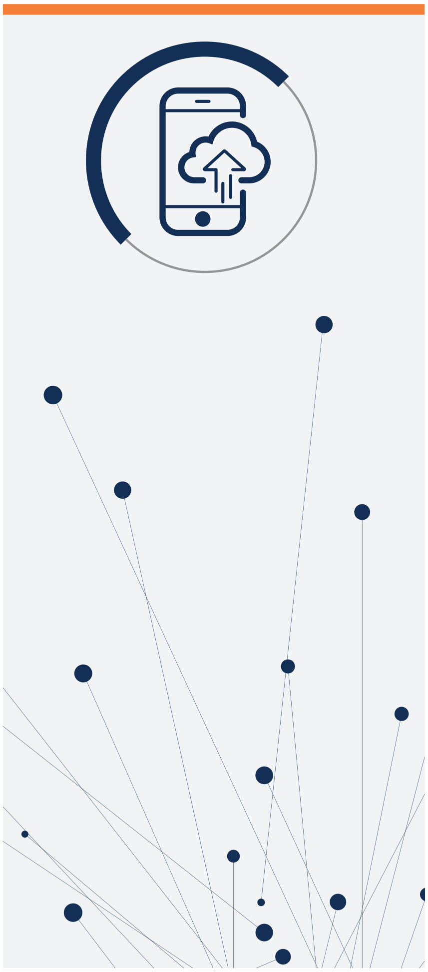
Technology continues to be at the forefront of shaping the mortgage industry. Mortgage lenders are adopting disruptive technologies such as Artificial Intelligence (AI) and Robotic Process Automation (RPA) to gain a competitive advantage. Firstsource is rightly positioned to provide mortgage BPM services to originators, servicers and mortgage insurance companies allowing them to focus on improving customer experience, simplifying business processes, increasing productivity and creating a positive revenue impact. We will continue to take a holistic view across the mortgage lifecycle and partner with clients to uncover opportunities to expand their products and services to support their clients' digital initiatives.

We also have a prominent presence in the debt collection industry in the US, predominantly focused on the Credit Card vertical. This industry encompasses debt collection, debt buying, collection law firms and repossession services and holds high potential for growth. Our collections business continues to witness healthy traction in the charged off debt collections, the first party and digital segments leading from the front. We have had some major wins in this business from a diversified set of clients spanning across major card issuers, auto lenders and the education department.

Oversight by FCA/FSA has ensured significant regulatory compliance on UK banks. We have a strong footprint in PPI in the UK and work with major banks in handling their PPI-related requirements.

We have a robust operation in Invoice Financing and Working Capital Factoring. We help more than 500-600 SMEs in the UK with such requirements in Lending Solutions.

Telecommunications and Media



At Firstsource, we are the digital allies for our clients and help them keep pace with the transforming external environment. Broadcasting, pay TV industry and land/fixed line providers are witnessing a rapid wave of digitalisation, which is challenging traditional business models and creating newer ones.

We are well poised to optimise our data analytics capabilities and offer our clients a host of value-added services and solutions. These include NPS predictions, analysis of consumption patterns of customers, improvement of operational efficiency, delivery of superior customer experience and maximisation of cross-selling opportunities.

Our strength lies in our ability to provide omnichannel interaction by creating a blend of digital and analytics solutions. We have built and nurtured expertise around global broadband operational delivery and have helped clients consolidate their processes in an efficient manner.

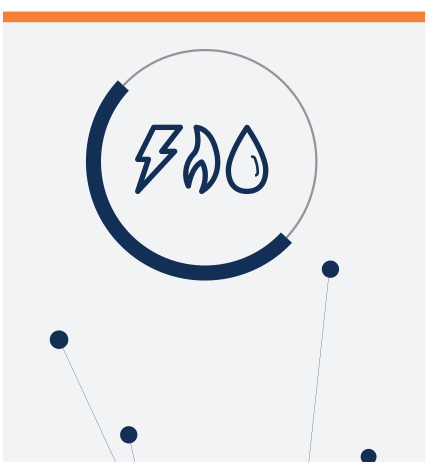
CLIENT PROFILE

1
of the top 2 broadcasting and media companies in the UK

2
of the top 6 telecom and broadcasting companies in the US

Leading
Mobile Virtual Network Operator (MVNO) in the UK

Utilities



The utilities sector holds immense potential. The sector is likely to undergo a rapid transformation as it embraces the best of technology and digitalisation offerings across the entire value chain of its operations.

At Firstsource, we have proven capabilities across RPA, omnichannel and other futuristic technology solutions. We are aware of the rising cost pressures and higher emphasis on customer centricity across utility companies around the world. During the year, we welcomed our very first customer in this sector and are providing them solutions that will make them future ready, help them stay ahead in the market and enrich the journey of their customers by providing superior and distinct customer experiences.

CLIENT PROFILE

1
of the top 3 utility companies in the UK

Our Strategic Priorities

Continue to differentiate through innovation, new technological trends and non-linear disruptive service offerings

Build transformative productised solutions through a combination of RPA, workflow technologies, digital and analytics-based predictive models

Strengthen domain expertise and develop deep industry knowledge by building strong Centres of Excellence (CoEs), aided by technology partnerships

Leverage our expertise further, both in Payer and Provider segments, to offer unique value propositions for Healthcare industry

Retain and consolidate relationships with clients and add new clients to our portfolio

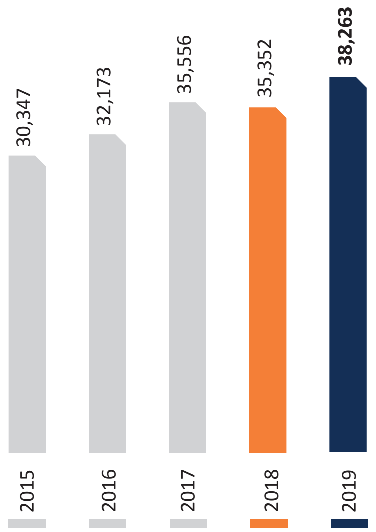
Continue to focus on Customer Management, Financial Services, Mortgage and Healthcare segments

Make requisite investments in talent management and leadership development to create high-performance culture

Our Performance

Revenue

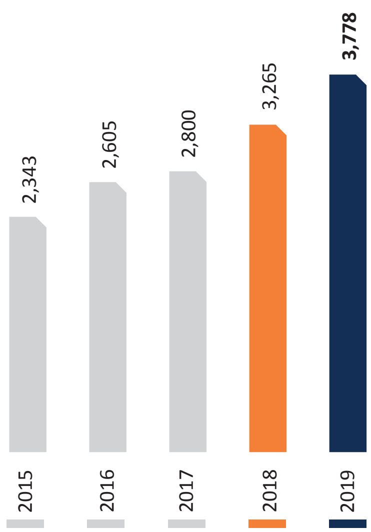
₹ in million



8.2% (Y-O-Y)

Profit after tax

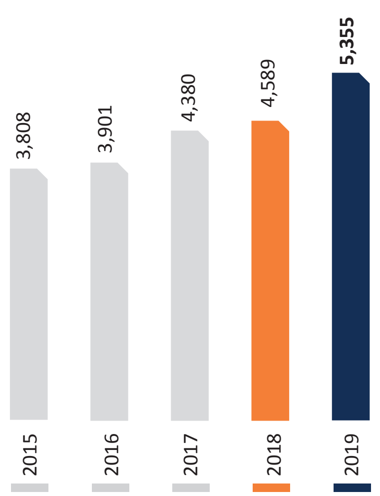
₹ in million



15.7% (Y-O-Y)

Operating EBITDA

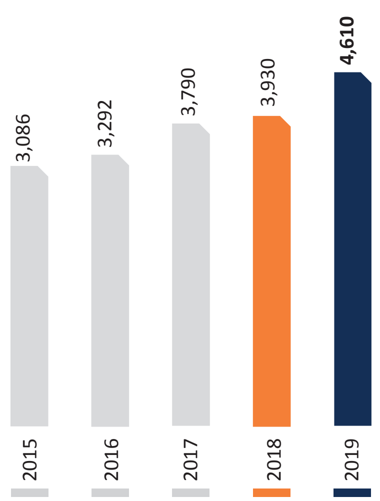
(₹ in million)



16.7% (Y-O-Y)

Operating EBIT

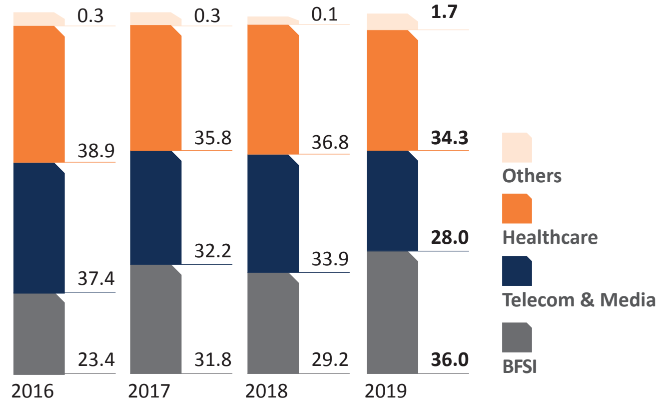
(₹ in million)



17.3% (Y-O-Y)

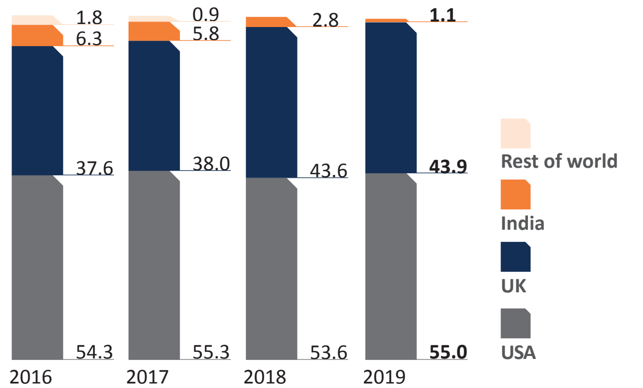
Revenue contribution by industry

(%)



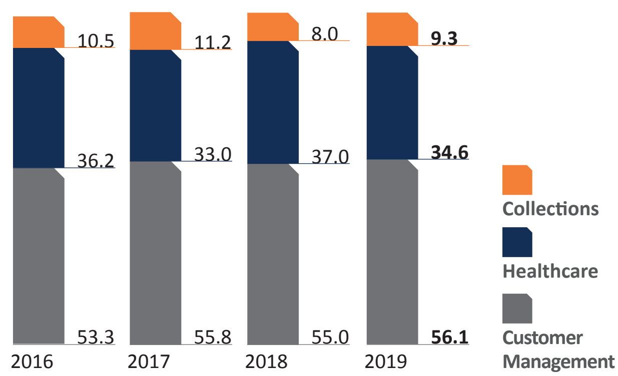
Revenue contribution by geography

(%)



Revenue contribution by segment

(%)



Revenue/ Employee

(₹ in million)

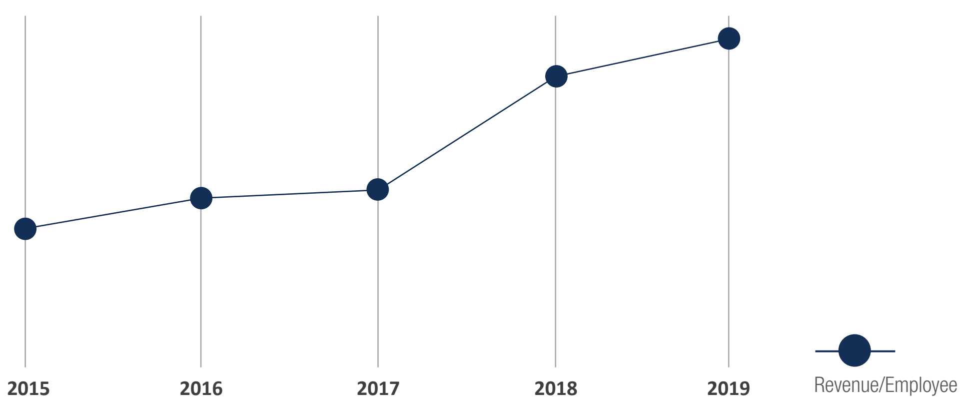
2019 | **2.04**

2018 | 1.89

2017 | 1.37

2016 | 1.35

2015 | 1.20



Message from the Chairman

WE, AT FIRSTSOURCE, HAVE ALWAYS BELIEVED IN BREAKING THE ECHO CHAMBER TO KEEP PACE WITH THE RAPIDLY CHANGING TECHNOLOGY LANDSCAPE AND EVOLVING BUSINESS NEEDS AND CUSTOMER EXPECTATIONS.

DEAR SHAREHOLDERS,

I am delighted to share with you our Company's performance for FY19. We clocked-in good growth in both revenues as well as profitability.

- Total Revenues rose by 8.2%, to ₹ 3,826.3 crore
- Earnings Before Interest and Tax (EBIT) grew by 17.3% to ₹ 461.0 crore
- Profit After Tax (PAT) grew by 15.7% to ₹ 377.8 crore

Our solid financial scorecard was an outcome of a robust operational performance. We continued to cement our positioning in the existing verticals of BSFI, Healthcare, Telecommunications and Media. Simultaneously, we made breakthrough in the Utilities segment by welcoming one of the top three utility companies in the UK as our client. Our business segments maintained a steady momentum during the year and we captured the rising demand for digitalisation effectively.

In the on-going fiscal, BFSI segment in the UK and the US, Healthcare Provider are expected to be at the forefront of growth. At the same time, we believe that the Utilities segment has immense untapped potential and could be one of our growth drivers. Revenues from our Digital business is growing rapidly and from a 9% of our overall revenues in FY19, is expected to approximately be 13-15% of our revenues in FY20.

We are also ramping up our offerings in intelligent automation and AI-driven analytics to grow our wallet share with our existing clients, acquire new clients and further enhance our margins.

Our total headcount stood at 18,712 for the year under review. It is our commitment to provide the best working environment to our people and to be an enabler in training and upskilling them.

A PROMISING FUTURE FOR THE SECTOR

The IT and BPM industry was partially impacted by Brexit during the year, especially while sourcing skilled people, owing to a reduction in the talent pool and unemployment levels reaching new lows.

The global IT and BPM market grew 4.5% in 2018 to $1.4 trillion driven by the accelerated shift towards digital technologies, DevOps and SaaS models, Artificial Intelligence (AI) and Robotics Process Automation (RPA), which in turn is driving higher efficiencies across people and processes.

STAYING AHEAD WITH FIRSTSOURCE

The global BPM industry is experiencing a seismic shift from legacy services to technology-driven business models, underpinned by disruptive innovations. The growing prominence of automation and artificial intelligence across businesses and at every level of customer lifecycle management is challenging the status quo, every day.

We, at Firstsource, have always believed in breaking the echo chamber to keep pace with the rapidly changing technology landscape and evolving business needs and customer expectations. Our digital revenues are scaling up well, helping drive higher levels of customer engagement and margin expansion.

We will continue to invest in technology and digital solutions that will empower our clients to stay ahead of the curve. We will continue to look at niche acquisitions in the digital, analytics and robotics space to bolster our offerings.

To conclude, we would like to thank our employees for their relentless dedication towards the organisation and its goals.

We extend our gratitude to all our stakeholders and seek their continued support in our journey.

Regards,

SANJIV GOENKA
Chairman, RP-Sanjiv Goenka Group and Firstsource Solutions Ltd.

Message from the Managing Director & CEO

WE ARE FOCUSING ON PRUDENT CAPITAL ALLOCATION FOR ORGANIC AND INORGANIC GROWTH OPPORTUNITIES, AND WILL CONTINUE TO DIFFERENTIATE THROUGH INNOVATION, NEW TECHNOLOGICAL TRENDS AND NON-LINEAR DISRUPTIVE SERVICE OFFERINGS.

DEAR SHAREHOLDERS,

While the financial year 2019 began on a strong note, the world economy decelerated in the later part of the year as the momentum in manufacturing and trade dissipated. Sentiments were further dampened by the hardening of US interest rates, volatile crude oil, weak commodity prices, coupled with the uncertainty around Brexit and the heightened rhetoric around protectionism.

This challenging macroeconomic environment tested and testified to the resiliency of our business model, and I'm happy to share that your Company exited the year with an 8.2% increase in revenues to ₹ 3,826 crore and a 100bps expansion in operating EBITDA margin to 14%. Your Company also became long-term debt free, which freed up growth capital.

You may recollect that two years back, our digital business accounted for less than 5% of our revenues. Your Company closed this year with 9% in digital led revenues and is on track to achieve 20% in the next couple of years. We are also stepping up our game around intelligent automation AI-driven analytics, which will get reflected in our increased margin profile and wallet share with our existing clients, as well as acquisition of new clients.

On the business front, the US Healthcare Provider segment remains a major growth catalyst for the Healthcare vertical. The new found impetus in our Healthcare Provider segment has been possible on the back of transformation solutions your Company has developed. We are extremely proud of our patient engagement tool called MFocus, which enables a superior patient experience whilst driving quick revenue conversion for a hospital. A win-win for both the constituents.

The US Healthcare Payer business, however, is experiencing some de-growth due to structural changes. Your Company is restructuring the business to drive profitability and is investing in developing intelligent automation tools to drive deeper engagement with clients. We will continue to leverage our expertise both in the Payer and Provider segments to offer unique value propositions for the healthcare industry.

The mortgage business has been robust in the US and in the UK. The ISGN (renamed as Sourcepoint) acquisition three years back has been significantly value accretive. Sourcepoint has since doubled in size, added and deepened relationships with existing clients, overhauled the management and leadership team, and developed an entire suite of new products and services. In the UK, mortgage lending business grew for the eighth straight year.

We had forayed into a new vertical—energy and power—by onboarding UK's leading power and gas company. I'm pleased to report that the engagement is progressing well. We are helping our client drive efficiency through transformation initiatives and tools, along with other value-added propositions. Customer service has been an area of contention for energy suppliers in the UK; we see significant potential in the UK utilities sector.

We are working to revisit our digital strategy and explore entry into new verticals that offer significant growth potential and allow us to leverage our core competencies. Our sales force is also being augmented. We are focusing on prudent capital allocation for organic and inorganic growth opportunities, and will continue to differentiate through innovation, new technological trends and non-linear disruptive service offerings.

That said, Brexit continues to cast a shadow on our business operations in the UK as the continued imbroglio over its final form and shape has put our clients in a tight spot while creating uncertainty around the availability of labour for our operations. Unemployment in the UK has been at historical lows, and we are experiencing tight skilled labour supply in the cities we have our operations.

Such external risks are beyond our control and their likelihood is difficult to gauge. We are responding by focusing on upgrading technology and making associates more efficient. The US is also experiencing low unemployment, but the breadth of labour supply largely mitigates any constraints.

People are the foundation on which your Company has been built. We will continue to focus on attracting, developing and retaining talent. We have invested heavily in training and reskilling to bring efficiency at the workplace, and create and nurture a culture of high performance.

I would like to thank the Board, our regulators, our clients, my colleagues and, more importantly, our shareholders for their continued faith and support.

Regards,

RAJESH SUBRAMANIAM
Managing Director & CEO

Board of Directors

SANJIV GOENKA - Chairman

RAJESH SUBRAMANIAM - MD & CEO

PRADIP KUMAR KHAITAN

SHASHWAT GOENKA

SUBRATA TALUKDAR

GRACE KOSHIE

PRADIP ROY

V. K. SHARMA

PRATIP CHAUDHURI

SUNIL MITRA

CHARLES RICHARD VERNON STAGG

Leadership Team

RAJESH SUBRAMANIAM
Managing Director & CEO

DINESH JAIN
Chief Financial Officer

VENKAT RAMAN
CEO, Healthcare

SEAN CANNING
COO, Customer Management

SIDDHARTH PARASHAR
Chief Revenue Officer, Customer Management

ERIK ANDERSON
CEO, Mortgages

ARJUN MITRA
CEO, Collections & CM, US

SOMA PANDEY
President & Chief Human Resources Officer

ARUN TYAGI
Finance Controller & Head, Operational Excellence CoE

RAJI RAGHAVAN
Head of Marketing

Nurturing Our People

At Firstsource, we have re-imagined our people practices over the past couple of years, investing in holistic employee experiences and adopting a PeopleFirst strategy. Aligning all our initiatives and efforts to this central theme provides our people with a cohesive engagement with the organisation. All these initiatives have received an encouraging response so far.

Our people-centric culture is a source of pride for us. It is supported by the following three pillars of our employee value proposition:

Aspire: Encourage talented, ambitious people to join us

Achieve: Support them in achieving their aspirations

Advance: Provide them with opportunities to advance in their professional and personal lives

Over the past two years, we revisited our Performance Enhancement Process (PEP) to remove the evils of once-a-year reviews, forced ranking and unilateral view of talent. Instead, we now focus on a rigorous process that aligns the individual performance with the organisational strategy, anchors a distinct blend of subjective inputs and objective assessments for measuring, enhancing and rewarding performance.

To achieve this, we crafted a distinct scorecard - Achieve. Collaborate. Enhance (ACE). This scorecard helps individuals perform at their best every day. It also allows flexibility to the organisation to look at various aspects of each Firstsourcer's contribution, competencies, potential and aspirations while making key talent decisions like rewards, top talent identification, retention, succession planning and career progression.

Apart from the ACE scorecard, the process has several other innovative features. Ongoing development dialogues are now at the core of performance enhancement, with provisions to seek and share feedback with stakeholders and link individual development and career planning. We now have a holistic view of an employee's contributions and growth potential. This changed process has received positive user feedback (93% satisfaction scores from internal voice of customer survey in FY19) and has improved process effectiveness.

FIRSTSOURCE ACADEMY: MAKING LEARNING RELEVANT, REAL TIME AND REACHABLE

We, at Firstsource, are committed to ensuring that each of us internalise and display a growth-oriented mindset by constantly innovating and improvising our learning and development agenda.

From investing in technology, to tie-ups with leading content providers and tailoring our syllabus to specific needs that align with the organisation's strategy, the Firstsource Academy has steadily been making learning relevant, reachable and real time.

Similarly, iExcel, our leadership development programme provides customised learning opportunities to our leaders to prepare them for future roles.

The Academy, through its Future Ready Learning initiative, upskills our people on new and emerging technologies across the globe. It also provided on-the-ground learning initiatives for the US region for the first time, covering 680 participants through 300 hours of learning. It achieved 80% completion rate on individual development plans and has witnessed a 33% jump in employees using e-learning courses.

Another important step that we have implemented is to weave-in innovation across all our people activities and not limit it just to re-skilling them.

The Academy achieved its highest-ever global coverage of 92% in FY19.

IMBIBING INNOVATION IN OUR DNA

In the year gone by, we launched FirstInnovate, a centralised platform to distil existing ideas, generate new ones and implement the chosen ones. Based on Kaizen, FirstInnovate provides a comprehensive and holistic approach toward defining, developing and executing innovation as a company-wide imperative.

firstInnovate
Innovate to stay ahead

OBJECTIVES OF FIRSTINNOVATE

- Drive a culture of innovation
- Build a sense of urgency to develop an innovative mindset
- Provide an understanding on innovative idea generation and evaluation
- Create and strengthen a system of supporting ideas
- Encourage cross-functional collaboration on projects
- Enable high-touch, meaningful people engagement

Over 1,000 ideas submitted on the tool to date

Over 1,700 unique logins on the tool

Participation is across levels, businesses and geographies

We aim to complete first-level review and respond to the idea generator within 48 hours. All employees involved in the process of generating, reviewing and implementing new ideas are rewarded and recognised. Going forward, our goal is to achieve 'one idea per employee per year' (on an average).

Rewards and recognitions are one way of motivating our talent pool. Encouraging them to live holistic, healthier lives is another. At Firstsource, we are committed to provide our employees with a nurturing environment and enable them to unlock their potential and scale newer heights. This can only be achieved if our people are provided with a stress-free environment.

PROMOTING EMPLOYEE WELLBEING

We launched the FitSource programme aimed at holistic wellness of Firstsourcers across the globe. During the year, we focused on Mental Wellness and several initiatives were undertaken to enhance awareness and facilitate discussions around mental and emotional health of our people. This campaign aims at sensitising all Firstsourcers on the topic of mental wellness and how one can reach out for help.

Bangalore office organised sessions on Cognitive Behaviour Therapy.

Mumbai office participated in a Marathon to raise awareness on Breast Cancer and also held an Ergonomics session focused on improving postures.

Leadership team in Healthcare Payer, Chennai office took to the sports field to formally launch FitSource.

Middlesbrough office organised a one-day workshop for line managers on practical exercises and provided insights on how to support people battling mental health issues.

fitSource

UK offices have designated Mental Health First-Aiders, who completed mandatory training and are ready to guide and counsel Firstsourcers.

Cebu office conducted an awareness session on Hyperandrogenism and also participated in the 'REACHOUT Run' to increase awareness on Autism.

MedAssist US organised a 'Go Red Day' to spread awareness on heart diseases in women across its offices.

Moments We Cherish

CORPORATE AWARDS

2019 BEST IN KLAS: SOFTWARE & SERVICES REPORT

Based on client ratings and experiences of more than 4,500 hospitals and 2,500 clinics, MedAssist—our Healthcare Provider business—ranked #1 in the 'Eligibility Enrollment Services' and was named 2019 Category Leader in the US

UK COMPLAINTS HANDLING (UKCH) AWARDS 2019

Won the 'Customer Insight Strategy' Award and was adjudged the 'Overall Winner' at the UK Complaints Handling (UKCH) Awards 2019, with NOWTV

NORTH EAST CONTACT CENTRE AWARDS (NECCA)

Awarded the 'Best Outsourcing Partnership 2018' with TSB, reinstating our strong partnership ethos

WALES HR AWARD

Recognised for the 'Best HR Team' with outstanding individuals and teams, learning, and people management practices across Wales in the last 12 months

WELSH CONTACT CENTRE AWARDS 2019

Won two awards: Gold for 'People Engagement' and Silver for the 'Best Support Manager of the Year'

FUTURE OF HR SUMMIT IN INDIA

Recognised in the category 'Best Employee Engagement Practices' for our PeopleFirst strategy with initiatives under talent integration; engagement and development; inclusion and diversity and employee wellness

EUROPEAN CONTACT CENTRE AND CUSTOMER SERVICE AWARDS (ECCCSA) 2018

Awarded Bronze for 'Best Outsourcing Partnership' for collaboration with Lloyds Banking Group

CONTACT CENTRE NETWORK NORTHERN IRELAND (CCNNI) AWARDS 2018

Won accolades in three categories: 'Trainer of the Year', 'Support Team of the Year' for the NOWTV team and 'People Development Award'

NASSCOM BPM SUMMIT 2018

Awarded the coveted 'Customer Service Excellence Award' in the Process Efficiency category

UK CUSTOMER EXPERIENCE AWARDS 2018

Won Gold for 'Best Employee Engagement' and Bronze for 'Transforming the Customer Experience' in partnership with Lloyds Banking Group

HR AWARD

Recognised as one of Asia's Best Employer 2018 in the category, 'Best HR strategy in line with business'. This award recognises the interventions and new initiatives introduced as part of the Company's PeopleFirst strategy

INDUSTRY RECOGNITIONS

GLOBAL OUTSOURCING 100 LIST FOR 2018

Recognised as 'Leader' and named as 'Superstar of the Global Outsourcing 100', for exceptional performance and high scores achieved during the International Association of Outsourcing Professionals (IAOP) evaluation in the US

BUSINESS IN THE COMMUNITY'S RESPONSIBLE BUSINESS AWARDS IN NORTHERN IRELAND

Awarded the prestigious Silver Level CORE accreditation and is one of the only three organisations to achieve the silver level status this year

GLOBAL SOURCING ASSOCIATION'S ANNUAL TOP PERFORMERS INDEX IN THE UK

Named as a 'Service Provider Challenger' for having made exceptional contributions to the positive reputation of sourcing, and helping shape the current and future state of the global sourcing industry

ANALYST RECOGNITIONS

RECOGNISED AS A MAJOR CONTENDER BY EVEREST GROUP

Everest Group's Contact Center Outsourcing – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018. The positioning recognises the Company's market success, making further progress since the 2017 ranking in market impact and its vision and capability as a service provider to Everest Group's Banking BPO – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018. The positioning recognises the Company's focus on excellence and delivery, and highlights its commitment to provide a smart and collaborative partnership for clients

Driving Social Transformation

At Firstsource, giving back to the communities is a part of our corporate ethos. As a corporate citizen, we are committed to operating in an economically, socially and environmentally responsible manner while balancing the interests of our diverse stakeholders. We actively participate in social initiatives, across geographies to enable comprehensive growth for communities.

- Employee volunteering
- Payroll giving
- Response to disasters
- Partnering with NGOs
- Participating in fundraising events

Directors' Report

Dear Members,

Directors of your Company take great pleasure in presenting the 18th Annual Report on the business and operations of your Company and the Audited Financial Statements for the financial year ended March 31, 2019.

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 FY2018-19 is summarised below:

(₹ in Million)

Particulars	Consolidated		Standalone	
	FY2018-19	FY2017-18	FY2018-19	FY2017-18
Total Income	**38,301.64**	35,406.78	**8,300.29**	8,739.79
Profit Before Interest and Depreciation	**5,393.54**	4,643.37	**2,487.37**	2,470.18
Interest and Finance Charges (net)	**290.00**	404.03	**15.45**	62.32
Depreciation/ amortization	**744.35**	659.24	**243.19**	215.30
Profit Before Tax	**4,359.19**	3,580.10	**2,228.73**	2,192.56
Share in net (loss) of associate	**(0.01)**	(0.01)	**-**	-
Profit from ordinary activities before tax and after share in net loss	**4,359.18**	3,580.09	**2,228.73**	2,192.56
Provision for Taxation (including Deferred Tax Charge/ Credit)	**581.41**	314.31	**238.52**	273.40
Net Profit After Tax	**3,777.77**	3,265.78	**1,990.21**	1,919.16
Profit attributable to:				
Owners of the Company	**3,777.86**	3,265.19	**1,990.21**	1,919.16
Non-controlling Interest	**(0.09)**	0.59	**-**	-
Total	**3,777.77**	3,265.78	**1,990.21**	1,919.16
Balance in Profit & Loss Account	**10,493.72**	7,199.79	**13,447.81**	11,499.91
Closing Balance in Profit & Loss Account	**13,004.03**	10,493.72	**14,170.47**	13,447.81
Earning Per Share (₹) – Basic	**5.48**	4.78	**2.89**	2.81
Earning Per Share (₹) – Diluted	**5.45**	4.73	**2.87**	2.78

RESULT OF OPERATIONS:

The consolidated total income increased from ₹ 35,406.78 Million to ₹ 38,301.64 Million, a increase of 8.18% over the previous financial year. The consolidated Net Profit after Tax increased from ₹ 3,265.78 Million to ₹ 3,777.77 Million, a growth of 15.68% over the previous financial year. The detailed analysis of the consolidated results form as part of the Management Discussion & Analysis Report provided separately as part of the Annual Report.

The standalone total income increased from ₹ 8,739.79 Million to ₹ 8,300.29 Million, a decrease of 5.03% over the previous financial year. The standalone Profit after Tax increased from ₹ 1,919.16 Million to ₹ 1,990.21 Million, an increase of 3.70% over the previous financial year.

INCREASE IN SHARE CAPITAL:

During the year, your Company issued/ allotted 4,542,211 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 686,522,819 shares to 691,065,030 shares of ₹ 10/- each aggregating to ₹ 6,910.65 Million as on March 31, 2019.

CHANGE IN PROMOTERS:

During the year under review, CESC Limited held 373,976,673 (54.12%) equity shares of the Company through Spen Liq Private Limited. Pursuant to Composite Scheme of Arrangement and Amalgamation ("Scheme"), Spen Liq Private Limited amalgamated with RP-SG Business Process Services Limited and accordingly CESC Limited transferred 373,976,673 equity shares of ₹ 10/- each of the Company held through Spen Liq Private Limited to RP-SG Business Process Services Limited, the name of which subsequently changed to CESC Ventures Limited.

GLOBAL OPERATION CENTERS:

The Company, on a consolidated basis have 38 global operation centers as on March 31, 2019. The centers are located across the US, the UK, India and the Philippines. 10 of the Company's operation centers are located in 7 cities in India, 18 in the US, 8 in the UK and 2 in the Philippines.

During the year, the Company incurred capital expenditure of ₹ 845 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:

- Won Best HR Team at the Wales HR Awards 2019: The first quarter of the New Year has been extremely rewarding for our colleagues in the UK. After winning the best outsourcing partnership with TSB for 2018 at the North East Contact Centre Awards (NECCA), the Company has been recognised once again with the Wales HR Award for best HR team.
- Won at the UK Complaints Handling Awards 2019: The Company won the Customer Insight Strategy Award and was adjudged the Overall Winner at the UK Complaints Handling (UKCH) Awards 2019. While the former recognises our partnership with NOWTV that has gone from strength to strength, the latter is indicative of the goodwill that the Company has earned over the years.
- Won 2 Awards at the Welsh Contact Centre Awards 2019: The Company won two awards at the Welsh Contact Centre Awards 2019, a Gold for People Engagement and Leyton Williams won a Silver for the best Support Manager of the Year. The Awards acknowledge the contribution of the BPM players to the UK economy and their role in generating job opportunities.
- Won at the European Contact Centre and Customer Service Awards: A Bronze award for Best Outsourcing Partnership for our partnership with Lloyds Banking Group.
- Won best HR Team 2018 at Morpheus – Future of HR Awards: The award recognises innovative approach to people management vis- a - vis the industry challenges and the business model. Multiple organisations across India participated in the category with Firstsource emerging as winners for our PeopleFirst strategy that focusses on work done for Talent attraction, integration, engagement and development.
- Won 3 awards at the Contact Centre Network Northern Ireland Awards 2018 in the categories: Trainer of the Year, Support Team of the Year and People Development Award.
- Won gold at the UK Customer Experience Awards, for Best Employee Engagement – Programme, and bronze for Transforming the Customer Experience (in partnership with Lloyds Banking Group). The wins celebrate and highlight the consistently exceptional customer service delivered by Firstsource, in partnership with Lloyds Banking Group, as well as the ongoing success of Firstsource's employee engagement programme. This is the fourth year in a row that the Company has been recognised at the awards.
- Recognized as one of Asia's Best Employer 2018 in the category of "Best HR strategy in line with business". The award recognises our PeopleFirst strategy that aspires to create a unified global Company's culture to drive business outcomes in a rapidly changing world, through robust and consistent people practices across the employee lifecycle and position Firstsource as a best-in-class Talent Magnet Organisation.
- The Company won Gold at The Welsh Contact Centre Awards, organised by the Welsh Contact Centre Forum to celebrate excellence and innovation across the Welsh contact centre industry. Each year, our growth and presence in Cardiff was recognised through our participation in the Welsh Contact Centre (WCC) Awards and this year was no exception. The Company won gold in the 'Outsourced Contact Centre of the Year' award. This award recognises the Firstsource Cardiff teams' commitment to understanding and responding to customer needs, while delivering great exceptional experiences.
- Giffgaff and the Company won Gold at The UK Complaint Handling Awards. Giffgaff and the Company beat off national competition to win the award in recognition of their partnership, which has delivered record breaking results for the telecoms company in a highly competitive marketplace.
- Won the very popular North East Contact Centre Awards (NECCA), The Company won the Best Outsourcing Partnership 2018 with TSB. The partnership was focused on collaboration, transparency and trust to support TSB customers through a system migration in 2018.
- Recognised as a "Leader" in the IAOP 2018's Global Outsourcing 100 List: Firstsource has also been named a "Superstar of the Global Outsourcing 100", due to recent exceptional performance and high scores achieved during the IAOP evaluation. "The Global Outsourcing 100 and World's Best Advisors lists showcase the best of the best in the outsourcing industry," said IAOP CEO, Debi Hamill.

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:

Your Company takes immense pleasure to inform that the Board of Directors at its meeting held on May 6, 2019 recommended final dividend at the rate of 20% i.e. ₹ 2/- per share of ₹ 10/- each fully paid up equity shares of the Company for the FY2018-19.

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 and Loss.

HUMAN RESOURCES:

On a consolidated basis, the Company has 18,712 employees as of March 31, 2019.

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 Section197(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, 2019.

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. 5 & 29 to the standalone financial statements).

CARE RATINGS:

During the year under review, CARE has upgraded rating of the Company as mentioned herein below:

Long/ Short term Bank Facilities – Fund/ Non Fund Based Facilities	CARE A+: Stable/CARE A1+ (Revised from CARE A: Stable/ CARE A1)
Short Term Bank Facilities – Non Fund Based Facilities	CARE A1+ (Revised from CARE A1)

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:

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. 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. Rajesh Subramaniam, Mr. Subrata Talukdar and Mr. Pradip Roy (Independent Director) as its members. The CSR Committee meets once in a year. The details of CSR Committee and its meetings are given in Report on Corporate Governance forming part of the Annual Report. The CSR Committee has framed and formulated a CSR Policy indicating the activities to be undertaken by the Company, in accordance with Schedule VII of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 issued under the Act. The same has also been approved by the Board. The CSR policy is available on the website of the Company at the link https://www.firstsource.com/wp-content/uploads/2016/06/fsl-corporate-social-responsibility-policy.pdf.

The Annual Report on CSR Activities, as stipulated under the Act and the Listing Agreement 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" ("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 ₹ 37.71 Million, being 2% of the average net profits of the Company for the last 3 years on CSR activities as mentioned in the CSR Policy. Out of the said amount, majority of the amount has been contributed by the Company towards the corpus of the CSR Trust, which would be spent by the CSR Trust on the focus areas as mentioned in the CSR Policy of the Company.

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:

- As part of the 'Give India' Payroll Giving Program, Firstsourcers contributed ₹21 Lacs towards various charities on a monthly basis.
- Firstsourcers contributed ₹ 2.14 lacs through a payroll drive towards Kerala flood relief. Additionally, Bangalore and Mumbai teams in association with Goonj donated essential items to flood affected regions in Kerala and Orissa.
- Firstsourcers in Mumbai visited Prem Sadan orphanage and donated ₹ 65,000 which helped in sponsoring education of 4 girls.
- Trichy office participated in clean-up drive, cleaned the waterfront, 1000-year old Uyyakondan canal, of plastic waste and weeds. They also visited 'Kirush Kakkum Karangal' – an orphanage cum old-age home.
- Bangalore enjoyed a grand Christmas celebration with under-privileged children from the Smile Foundation. The occasion had lively dance and melodious carol singing performances by those children.

- Bangalore office in collaboration with Bhumi, one of India's largest independent youth volunteer non-profit organisation, conducted cleanliness drive in a Government school, highlighting the importance of hygiene and sanitation.
- Firstsourcers from Bangalore office visited Cheshire Homes. The team spent time with them and donated day-to-day personal care items, toiletries, groceries, pillows contributed by their colleagues. In addition, a portion of the funds collected was allocated to sponsor education for 12 children.
- Trichy office visited Manitham Trust, donated day-to-day provisions that were collected for the drive.
- Bangalore office in partnership with Anugraha Mission, an NGO, launched a three-week 'Book Drive' and donated over 3000 books among school supplies.
- Mumbai office drove 'Change to Cheer' initiative to support 'Prem Sadan' – an orphanage for girls. Funds were raised through engagement activities and donations from employees like school supplies, books, clothes etc. were given to the NGO.
- Mumbai office celebrated National Girl Child Day. Girl children from the SMILE foundation visited the office and participated in a poster making competition along with Firstsourcers.

Philippines:

- Firstsource represented BPO council, the Industrial Tripartite Council held a CSR activity in partnership with the Department of Labour and Employment in Manila. All the council members pooled in their resources to provide school supplies and other provisions for the children at the orphanage.
- Visually impaired massage therapists were invited to offer their services to top performing employees.
- Cebu office conducted it's annual 'Dream in a Bag' event wherein Firstsourcers donated a portion of their salaries to purchase school supplies for 241 students of Budlaan Integrated School, Cebu.

UK:

- 'Brave the Shave' campaign helped raise £200 for MacMillan Cancer Charity.
- Derry office participated in the Waterside half marathon and raised £2,379.34 which was donated to Foyle Search and Rescue charity to reduce the number of drownings in the River Foyle.
- Firstsourcers raised £1,025 by completing a sponsored walk which involved summiting Roseberry Topping for a charity to support underprivileged children.
- An employee from Sunderland took part in UK's longest half marathon, contributing to Make-A-Wish Foundation UK, which enriched the lives of children and young people fighting life-threatening conditions.
- FirstSustain is Firstsource's internal sustainability engagement program under which a series of engagement events and activities delivered across offices during the year, focused on a range of environmental conservation topics that included biodiversity, carbon reduction, recycling and resource efficiency.
- Northern Ireland offices run energy on a Green Tariff, with a total carbon saving of 437.25 tonnes.
- Recycling facilities are provided across our offices. ISO standards 14001 (Environmental Management Standard) and 50001 (Energy Management) were achieved.

USA:

- Healthcare teams participated in 'No shave November', to raise funds for St.Jude children's cancer research hospital. They raised over USD 5,289 and the Company matched it up to USD 5,000.
- Belleville office raised USD 800 by conducting activities like Chill Dog Lunch and a raffle. The fund was donated to 'Call for Help', a local charity. Team collected a great deal of new socks and donated them to the homeless people.
- Louisville office raised USD 230.66 for the Toys for Tots charity.
- US office raised USD 1,545 for Making Strides against Breast Cancer/Roswell Park Cancer Institute with a 50/50, bake sale and Penny Warsk; USD 500 for the American Foundation for Suicide Prevention and USD 440 for the Movember Foundation.
- 'Giving Box' initiative provided a give and take opportunity for all associates on site. Firstsourcers based out of Palm Bay and Eugene offices who were in need were encouraged to submit a request to the wishing box located on top of the giving box. Managers and team leads frequently checked these requests and provided those items to the employees in need.
- 'Giving Tree' initiative was created for Firstsourcers in Palm Bay and Eugene offices to get a little extra help during holiday season. 44 children were sponsored in this event.
- Louisville office donated over 300 pounds of food to 'Dare to Care.'
- Firstsourcers collected school supplies to fill 500 backpacks to distribute to children in their community. The Salvation Army Summer Camp, Kids Club programs and children living in the Emergency family shelter were benefitted.
- Firstsource donated 1,223 lbs of food to the Food Bank of Western New York through 'Canned Food Drive' initiative.
- Angel Tree drive for Salvation Army, employees provided gifts to 2,600 children during Christmas.
- In blood drive for American Red Cross, 26 donors participated, 16 units were collected, and 50 potential lives were saved.
- Firstsourcers in Eugene office partnered with Eugene Mission and conducted Warm-Up drive in November and December 2018. Our associates donated 4 barrels of warm clothing items to help the homeless population in Eugene.

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 and 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 Chairman of the Audit Committee in exceptional cases. The WB Policy has been posted on the website of the Company and the details of the same are provided in the 'Report on Corporate Governance' forming part of this Annual Report.

The WB Policy is available on the website of the Company at https://www.firstsource.com/wp-content/uploads/2016/06/Whistle-Blower-Policy.pdf.

During the year under review, pursuant to the SEBI (Prohibition of Insider Trading) Amendment Regulations, 2018 (the "Insider Trading Amendment") dated December 31, 2018 (together, the "Insider Trading Regulations"), the said policy got modified to the effect of insertion of leakage of Unpublished Price Sensitive Information (UPSI).

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.

BOARD OF DIRECTORS:

- Mr. Shashwat Goenka (DIN 03486121) retires by rotation and being eligible, has offered himself for re-appointment at the ensuing Annual General Meeting ("AGM");.
- The Board appointed Mr. Pratip Chaudhuri (DIN 00915201) and Mr. Sunil Mitra (DIN 00113473) as Additional Directors (Non-Executive, Independent) on the Board of the Company w.e.f. April 1, 2019 and Mr. Charles Richard Vernon Stagg (DIN 07176980) as the Additional Director (Non-Executive, Independent) on the Board of the Company w.e.f. May 6, 2019. They hold office up to the date of forthcoming Annual General Meeting (AGM). The Board recommends appointment of Mr. Pratip Chaudhuri and Mr. Sunil Mitra as Independent Directors for a term of five (5) consecutive years each, effective from April 1, 2019, and Mr. Charles Richard Vernon Stagg as Independent Director for a term of three (3) consecutive years effective from May 6, 2019 for approval of members of the Company at the ensuing AGM. The Company has received the declarations from Mr. Pratip Chaudhuri, Mr. Sunil Mitra and Mr. Charles Richard Vernon Stagg confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act.
- Effective April 1, 2019, Mr. Y. H. Malegam, Mr. Charles Miller Smith and Mr. Donald Layden Jr. ceased to be Independent Directors on account of completion of their term on March 31, 2019. The Board places on record its appreciation towards valuable contribution made by them during their 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 FY2018-19, the following four (4) Board Meetings and Audit Committee Meetings were held on:

- May 7, 2018
- August 6, 2018
- November 1, 2018
- February 4, 2019

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: http://firstsource.com/blog/wp-content/uploads/2016/06/fsl-details-of-independent-directors familiarisation-programme.pdf.

BOARD EVALUATION:

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

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

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

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

(ii) Performance Evaluation of Executive Director:

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

The Independent Directors in the meeting:

- Review the performance of non-independent Directors including Managing Director & CEO and the Board as a whole;
- Review the performance of the Chairperson of the Company, taking into account the views of executive Directors and non-executive Directors; and
- Assess the quality, quantity and timeliness of the flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

REMUNERATION POLICY:

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

COMMITTEES OF THE BOARD:

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

Audit Committee:
As on March 31, 2019, the Audit Committee comprised of three (3) Independent Directors viz. Mr. Y. H. Malegam (Chairman), Mr. Charles Miller Smith and Ms. Grace Koshie and one (1) Non – Independent Director, Mr. Subrata Talukdar.

As on April 1, 2019, 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 and Remuneration Committee:
As on March 31, 2019, the Nomination and Remuneration Committee comprised of three (3) Independent Directors viz. Mr. Y. H. Malegam (Chairman), Mr. Charles Miller Smith and Mr. Pradip Roy and one (1) Non-Independent Director, Mr. Subrata Talukdar.

As on April 1, 2019, the Nomination and Remuneration Committee comprised of three (3) Independent Directors viz. Mr. Pradip Roy (Chairman), Mr. Pratip Chaudhuri and one (1) Non-Independent Director, Mr. Subrata Talukdar.

Corporate Social Responsibility (CSR Committee):
As on March 31, 2019, CSR Committee comprised of four (4) members viz Mr. Shashwat Goenka (Chairman), Mr. Rajesh Subramaniam, Mr. Subrata Talukdar and one (1) Independent Director, Mr. Pradip Roy.

Stakeholders Relationship Committee:
As on March 31, 2019, Stakeholders Relationship Committee comprised of two (2) members viz. Mr. Subrata Talukdar (Chairman) and Mr. Rajesh Subramaniam.

As on April 1, 2019, Stakeholders Relationship Committee comprised of three (3) members viz. Mr. Subrata Talukdar (Chairman), Mr. Rajesh Subramaniam and one (1) Independent Director, Mr. Pradip Roy.

Investment Committee:
As on March 31, 2019, Investment Committee comprised of three (3) members viz. Mr. Y. H. Malegam (Chairman), Mr. Rajesh Subramaniam and one (1) Non-Independent Director, Mr. Subrata Talukdar.

As on April 1, 2019, Investment Committee comprised of three (3) members viz. Mr. Shashwat Goenka (Chairman), Mr. Rajesh Subramaniam and one (1) Non-Independent Director, Mr. Subrata Talukdar.

Strategy Committee:
As on March 31, 2019, Strategy Committee comprised of four (4)members viz. Mr. Shashwat Goenka (Chairman), Mr. Rajesh Subramaniam, Mr. Subrata Talukdar and one (1) Independent Director, Mr. Donald W. Layden Jr.

As on April 1, 2019, Strategy Committee comprised of three (3) members viz. Mr. Shashwat Goenka (Chairman), Mr. Rajesh Subramaniam and one (1) Non-Independent Director, Mr. Subrata Talukdar.

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. During the year, the Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material, requiring approval of the Board/shareholders, in accordance with the policy of the Company on materiality of related party transactions. 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 below link: https://www.firstsource.com/wp-content/uploads/2019/02/FSL-Related-Party-Transactions-Policy.pdf.

Details of Related Party Transactions are given at Note No. 25 to the Standalone Financial Statements. None of the Directors of the Company has any pecuniary relationships or transactions vis-à-vis the Company.

EMPLOYEES STOCK OPTION SCHEME:

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 the eligible employees that include Employees and Directors of the Company and its Subsidiary Companies. The Scheme is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI ESOP Regulations"), as amended. There has not been any material change in the Scheme during the financial year. The disclosure pursuant to SEBI ESOP Regulations read with Circular No CIB/CFD/Policy/CELL/2, 2015 dated June 16, 2015, are given on the website of the Company https://www.firstsource.com/investor-relations/.

SUBSIDIARY COMPANIES:

As on March 31, 2019, your Company has 15 subsidiaries and 1 Associate Company:

Domestic Subsidiary: (1)

1. Firstsource Process Management Services Limited (Formerly known as Anunta Tech Infrastructure Services Limited) [Wholly Owned Subsidiary ("WOS") of the Company]

International Subsidiaries: (14)

2. Firstsource Solutions UK Limited, UK (WOS of the Company)
3. Firstsource Solutions S.A., Argentina (Subsidiary of Firstsource Solutions UK Limited)
4. Firstsource Group USA, Inc., USA (WOS of the Company)
5. MedAssist Holding, LLC, USA (WOS of Firstsource Group USA, Inc)
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. Firstsource Solutions USA, LLC, USA (WOS of MedAssist Holding, LLC)

10. Firstsource Transaction Services, LLC, USA (WOS of Firstsource Solutions USA, LLC)
11. Sourcepoint, Inc. (Formerly Known as ISGN Solutions Inc.) (WOS of Firstsource Group USA, Inc)
12. Sourcepoint Fulfillment Services, Inc. (Formerly Known as ISGN Fulfillment Services, Inc.) (WOS of Sourcepoint, Inc.)
13. ISGN Fulfillment Agency, LLC (WOS of Sourcepoint Fulfillment Services, Inc.)
14. Firstsource BPO Ireland Limited* (WOS of Firstsource Solutions UK Limited)
15. Firstsource Dialog Solutions (Private) Limited (Subsidiary of the Company)

* During the year under review, the Company transferred its entire investment/ ownership in Firstsource BPO Ireland Limited, wholly owned subsidiary of the Company, to Firstsource Solutions UK Limited, wholly owned subsidiary of the Company and accordingly, consequent to transfer of investment/ ownership, Firstsource BPO Ireland Limited became the wholly owned step-down subsidiary of the Company.

Associate Company: (1)

1. Nanobi Data and Analytics Private Limited

The Company has no other joint venture Company. No company has ceased to be a joint venture or associate during the FY2018-19.

Report on the Performance and Financial Position of Subsidiaries:
A report on the performance and financial position of each of the subsidiaries as per the Act, in the prescribed format AOC – 1 is annexed to the consolidated financial statement and hence not repeated here for the sake of brevity. The Company has a policy on material subsidiaries pursuant to Regulation 16(1)(c)of the Listing Regulations. The same is available on the website of the Company viz:https://www.firstsource.com/wp-content/uploads/2019/02/FSL-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.

EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return in Form MGT- 9 is annexed herewith as Annexure IV and the same is available on the Company's website at http://www.firstsource.com/us/investors-corporate-governance.

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) Absorption of Technology:

The Company has been innovating consistently to absorb newer technology offerings which can benefit business to improve operational efficiency with a cost effective manner. During the year, the Company has invested on newer technology with Software defined network with Cisco on Cisco's M5 next generation blade infrastructure. The Company is also migrating it's vast range of physical servers across multiple data centers in India, US & UK on to virtual servers as a result of which there will be savings of Power costs on account of reduction in power consumption and cooling costs. This is the first step towards hosting our Applications to cloud and ease of management of our Data center Infrastructure and Applications.

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, 78.11% 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	FY2019	FY2018
Foreign Exchange Earnings	**6,483.44**	5,788.20
Foreign Exchange Outgo (including capital goods and imports)	**186.49**	293.15

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 Rathi & Associates, Company Secretaries in Practice for the FY2018-19. 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. The Company has engaged the services of V. Joglekar & Associates (CP No. 5172), Practicing Company Secretary 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 FY2018-19:

- 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 Scheme as referred to in this Report;
- The Managing Director & CEO does not receive any remuneration or commission from any of its subsidiaries; and
- 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.

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 FY2018-19, 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, 2019 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 Ministry of Telecommunications, Collector of Customs and Excise, Director of Special Economic Zone, Ministry of Labour 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.

For and on behalf of the Board of Directors

Sanjiv Goenka
Chairman

Kolkata
May 6, 2019

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 FY2018-19 and

(ii) The percentage increase in remuneration of each Director, Managing Director & CEO, Chief Financial Officer and Company Secretary of the Company in the FY2018-19.

Name & Designation	Remuneration/ Sitting Fees of each Director & KMP for FY2018-19 (₹)	% increase/ decrease in remuneration in the FY2018-19	Ratio of remuneration of each Director to median remuneration of employees
A. Directors			
Mr. Rajesh Subramaniam, MD & CEO*	85,702,563	16.69%	340.77
Mr. Sanjiv Goenka, Chairman, NI-NED	300,000	(25%)	1.19
Mr. Y. H. Malegam, I-NED#	850,000	(5.56%)	3.38
Mr. Charles Miller Smith, I-NED#	850,000	(30.77%)	3.38
Mr. Donald W. Layden Jr., I-NED#	250,000	(50%)	0.99
Mr. Pradip Roy, I-NED	700,000	-	2.78
Mr. V. K. Sharma, I-NED	250,000	(44.44%)	0.99
Ms. Grace Koshie, I-NED	650,000	-	2.58
Mr. Shashwat Goenka, NI-NED	450,000	10%	1.79
Mr. Subrata Talukdar, NI-NED	900,000	(5.26%)	3.58
Mr. Pradip Kumar Khaitan, NI-NED	200,000	(33.33%)	0.79
Mr. Pratip Chaudhuri @	NA	NA	NA
Mr. Sunil Mitra @	NA	NA	NA
Mr. Charles Richard Vernon Stagg ^	NA	NA	NA
B. Key Managerial Personnel			
Mr. Dinesh Jain, President & CFO*	32,768,203	14.00%	NA
Ms. Pooja Nambiar, CS & Compliance Officer	2,688,503	14.49%	NA

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

Notes:

- *The remuneration is exclusive of taxable value of perquisite on stock options exercised during the year.
- Non-Executive Directors have received only sitting fees and no other remuneration have been paid to them.
- Median remuneration of all the employees of the Company for the FY2018-19 is ₹ 251,496.

Term of Mr. Y. H. Malegam, Mr. Charles Miller Smith and Mr. Donald W. Layden Jr. expired w.e.f. April 1, 2019 by efflux of time.

@ Mr. Pratip Chaudhuri and Mr. Sunil Mitra were appointed as an Additional (Non-Executive, Independent) Directors w.e.f. April 1, 2019.

^ Mr. Charles Richard Vernon Stagg was appointed as an Additional (Non-Executive, Independent) Directors w.e.f. May 6, 2019.

(iii) The percentage increase in the median remuneration of employees in the FY2018-19

Median remuneration of employees during the FY2018-19 was ₹ 251,496 compared to ₹ 207,564 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, 2019, there were 8,982 permanent employees on the rolls of Company on standalone basis.

(v) The explanation on the relationship between average increase in remuneration and Company performance

Profit Before Tax increased by 21.76% and Profit After Tax increased by 15.68% on a consolidated basis in the FY2018-19, compared to previous FY2017-18. The market projections indicated a hike ranging 8%. The average increase of 6.5% in the median remuneration of the comparable employees during the FY2018-19 was largely in line with the market projections and performance of the Company. Employees received hikes considering the criticality of the roles they play, their individual performance in the FY2018-19 and skills set they possess.

(vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company

The total remuneration of Key Managerial Personnel (KMPs) increased from ₹ 104.42 million in the FY2017-18 to ₹ 121.16 million in the FY2018-19, an increase of 16.03%, whereas Profit Before Tax increased by 21.76% and Profit After Tax increased by 15.68% on a consolidated basis in the FY2018-19. The remuneration does not include the taxable value of Stock Options exercised by the KMPs during the year.

The increase in the total remuneration of KMPs was based on the overall performance of the Company and the individual performance of the concerned employee during the previous financial year and based on the Remuneration Policy of the Company.

(vii) Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer

- The market capitalisation as on March 31, 2019 was ₹ 32,510 million (₹ 36,390 million as on March 31, 2018).

- Price Earnings ratio of the equity shares of the Company was 8.67 as at March 31, 2019 on a consolidated basis and 11.62 as at March 31, 2018.
- Percentage increase or decrease in the market quotations of the shares of the Company as compared to the rate at which the Company came out with the last public offer: The Company had come out with initial public offer (IPO) in 2007 at a price of ₹ 64 per share. The closing price of the Company's Equity share on the National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE) as on March 31, 2019 was ₹ 46.95 and ₹ 47.52 respectively. The % decrease in share price as on March 31, 2019 at NSE with respect to issue price was 25.8%.

(viii) 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 FY2018-19 other than the Managing Director & CEO was 6% and the increase in the salary of the Managing Director & CEO was 16.69%.

(ix) The comparison of the each remuneration of Key Managerial Personnel against the performance of the Company during the FY2018-19 is as under:

Name	Remuneration of each KMP for FY2018-19 (₹)	% increase/ decrease in remuneration in the FY2018-19	Comparison of remuneration of the KMPs against the performance of the Company
Mr. Rajesh Subramaniam, Managing Director & CEO	85,702,563	16.69%	Profit Before Tax increased by 21.76% and Profit After Tax increased by 15.68% on a consolidated basis in FY2018-19
Mr. Dinesh Jain, President & CFO	32,768,203	14.00%	
Ms. Pooja Nambiar, CS & Compliance Officer	2,688,503	14.49%	

Notes:

- The above remuneration is exclusive of the taxable value of perquisites on stock options exercised during the year.
- The increase in the total remuneration of KMPs is based on the overall performance of the Company and the individual performance of the concerned employee during the previous FY2017-18.

(x) The key parameters for any variable component of remuneration availed by the Directors

Amongst Directors the variable component of remuneration is availed by the Managing Director & CEO only, since all other Directors are Non-Executive Directors who are paid only sitting fees for attending the meetings of Board/ Committees. The key parameters for variable component of the remuneration availed by the Managing Director & CEO is decided by the Nomination and Remuneration Committee based on the performance of the Company and the individual performance of the Managing Director & CEO during the previous financial year. This is in line with the Remuneration Policy as approved by the Board.

(xi) The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year

None of the employees of the Company received remuneration in excess of the highest paid Director of the Company.

(xii) 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

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A BRIEF OUTLINE OF THE COMPANY'S CSR POLICY, INCLUDING OVERVIEW OF PROJECTS OR PROGRAMMES PROPOSED TO BE UNDERTAKEN AND A REFERENCE TO THE WEB-LINK TO THE CSR POLICY AND PROJECTS OR PROGRAMMES

The Board of Directors of your Company (hereinafter referred to as the "Board") approved the Corporate Social Responsibility ("CSR") Policy of your Company in the FY2014-15 as recommended by the CSR Committee pursuant to Section 135 Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

It is a constant endeavor of the Company to work towards building sustainable livelihoods and for the upliftment of the undeserved in the society. The Company wishes to transcend the boundaries of conventional business and industry modalities and integrate good business practices with community development. The Company seeks to promote and strengthen the trust of its shareholders, other stakeholders and the public, operating in accordance with good corporate governance and CSR practices which is inherent in the Group's Philosophy. The Group has upheld its tradition of community service across the country and reached out to the undeserved in order to empower their lives and provide holistic development. CSR activities and efforts are constantly being made by Group Companies in the core focus areas of providing quality educational support to students from the disadvantaged sections of society, improved access to healthcare services and awareness building regarding efficient use of energy resources. Thus, we strive to reach out to the community at large and provide services that create holistic development and operate in alignment with the Group's philosophy. With this in view, your Company has framed its CSR Policy called as Firstsource Solutions CSR Policy (the "CSR Policy").

The objective of the CSR Policy is to formalize and institutionalize Company's efforts in the domain of CSR. The CSR Policy serves as a guiding document to help identify, execute and monitor CSR projects in keeping with the spirit of the CSR Policy. Our vision is to be recognized for our strong commitment towards the community and to uphold the values of community service. The Company seeks to be a good corporate citizen in all aspects of its operations and activities. 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 CSR at the Company is a platform for giving back to the communities in which we live and work. Our CSR Policy focuses on leveraging the full range of the Company's resources viz. people, skills, expertise and funding to broaden access to basic facilities for the undeserved in India. As part of its initiatives under CSR, the Company through its employee engagement activities has contributed in a variety of areas. Our Social initiative areas across the geographies include Employee Volunteering, Response to disasters and Participating in popular fundraising events, etc. The full details of initiatives taken by the Company in India and in other geographies in which the Company operates through its subsidiaries are given in the Directors' Report under the CSR initiatives section.

The CSR Committee of the Company has identified the following thrust areas around which your Company shall be focusing its CSR initiatives and channeling the resources on a sustained basis:

I. Healthcare

a. Setting up hospitals, health centers and rural dispensaries;

b. Providing better sanitation services to the community;

c. Collaborating with organizations that deliver localised community healthcare programs and awareness campaigns in nearby villages/municipalities; and

d. Family Welfare.

II. Education

a. Support technical training institutes, skill development centers, non-formal vocational programmes for the purpose of creating livelihood opportunities, soft skill training, etc. to the rural youth;

b. Enhancing the access to employment opportunity by providing vocational or special training/ skills training related to the field of IT enabled services, BPO services, etc.;

c. Support to or collaboration with technical/vocational training institutions for overall self development and capacity building of the youth; and

d. Undertake adult literacy programmes for the disadvantaged sections of society.

III. Environment

a. Undertaking tree plantation drives within the community (including taking care of the saplings) and work towards 'Green Belt Development';

b. Undertaking projects such as provision of sanitary landfills and / or other environmentally sensitive waste management techniques; and

c. Disaster Relief: We will support disaster relief efforts through NGOs working in this area where possible.

IV. Art & Culture

a. Preservation of ancient Indian manuscripts;

b. Preserve cultural heritage by protecting the monuments, preserving the archival materials and safeguarding the classical, folk and tribal traditions;

c. Maintenance and conservation of the monuments and sites of archaeological and heritage value;

d. Promotion of literary, visual and performing arts and preservation of ancient traditions such as ancient Indian musical instruments;

e. Collaborate with organisations promoting and propagating Indian art and culture;

f. Maintenance, preservation and conservation of archival records and archival libraries; and

g. Promotion and strengthening of regional and local museums.

V. Gender equality and women empowerment

a. Building and strengthening partnerships with civil society organisations, particularly women's organisations for spreading awareness in rural areas, regarding the equal rights for women in all spheres – political, economic, social, cultural and civil; and

b. Empower women by supporting them in the formation of self-help groups and facilitate establishing linkages with financial institutions for availing loans to start small enterprises.

VI. Contribution to PM's National Relief Fund/ any other fund set up by the Central Government

Weblink to CSR Policy: The Company's CSR policy is posted at the link http://firstsource.com/blog/wp-content/uploads/2016/06/fsl-corporate-social-responsibility-policy.pdf.

2. THE COMPOSITION OF THE CSR COMMITTEE:

i) Mr. Shashwat Goenka, Chaiman (Non-Independent, Non–Executive Director)

ii) Mr. Rajesh Subramaniam (Managing Director & CEO)

iii) Mr. Subrata Talukdar (Non-Independent, Non–Executive Director)

iv) Mr. Pradip Roy (Independent, Non–Executive Director)

3. AVERAGE NET PROFIT OF THE COMPANY FOR LAST THREE FINANCIAL YEARS: ₹ 1,885.52 MILLION

4. PRESCRIBED CSR EXPENDITURE (TWO PERCENT OF THE AMOUNT AS IN ITEM 3 ABOVE): ₹ 37.71 MILLION

5. DETAILS OF CSR SPEND FOR THE FINANCIAL YEAR:

a. Total amount spent for the financial year: ₹ 37.71 Million

b. Amount unspent, if any: Nil

c. Manner in which the amount spent during the financial year is detailed below:

Sr. No	CSR Projects/ Activities identified	Sector in which project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount Outlay (Budget) Project or programs wise	Amount Spent on the project or programs		Cumulative Expenditure up to reporting period (₹ In Million)	Amount spent: Direct or through implementing agency
					1. Direct Expenditure (₹ In Million)	2. Overheads (₹ In Million)		
1	Admin Expenses for Give India	-	-	-	0.21	Negligible	0.21	-
2	Light of Life Trust-sponsorship of fundraising event Kalpataru- a musical"	Education and women empowerment	Maharashtra and Madhya Pradesh	-	0.25	Negligible	0.25	Direct
3	Foundation for Excellence - Scholarship for Underprivileged	Education	Bangalore (Karnataka)	-	0.2	Negligible	0.2	Direct
4	Contribution to RP-Sanjiv Goenka Group CSR Trust	Projects will be undertaken by the Group CSR Trust in accordance with applicable Rules/ Regulations	Kolkata (West Bengal)	-	37.05	-	37.05	Through the corpus of "RP – Sanjiv Goenka Group CSR Trust"*
	TOTAL				**37.71**	**-**	**37.71**	

Note:

*RP – Sanjiv Goenka Group CSR Trust" ("Group CSR Trust") was formed on February 17, 2015 to pursue CSR activities as may be permitted under the Companies (Corporate Social Responsibility) Rules, 2014 as amended.

RESPONSIBILITY STATEMENT

The Responsibility Statement of the CSR Committee of the Board of Directors of the Company is reproduced below:

'The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.'

Rajesh Subramaniam
Managing Director & CEO

May 6, 2019

Shashwat Goenka
Chairman, Corporate Social Responsibility Committee

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 and 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 and Remuneration Committee every year.
- Variable Pay Pool & Payout is approved by Nomination and Remuneration Committee.

6. LONG TERM INCENTIVE PLANS/ ESOP

a. Eligibility

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

b. Vesting Schedule

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

c. Exercise Period

- 10 years from the date of grant.

7. INCREMENTS

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

Annexure IV to the Directors' Report

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2019

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L64202MH2001PLC134147
2.	Registration Date	December 6, 2001
3.	Name of the Company	Firstsource Solutions Limited
4.	Category/ Sub-category of the Company	Public Company/ Limited by shares
5.	Address of the Registered office & contact details	5th Floor, Paradigm 'B' Wing, Mindspace, Link Road, Malad – West, Mumbai – 400 064, India Contact no: (022) 66660888
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	3i Infotech Limited, Tower #5, 3rd to 6th Floor, International Infotech Park, Vashi, Navi Mumbai – 400 703 Contact no: (022) 6792 8000

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY: (ALL THE BUSINESS ACTIVITIES CONTRIBUTING 10 % OR MORE OF THE TOTAL TURNOVER OF THE COMPANY SHALL BE STATED)

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/service	% to total turnover of the company
1	IT- Enabled Services – BPO	63999	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of Shares held	Applicable Section
1	CESC Ventures Limited	CESC House, Chowringhee Square, Kolkata- 700 001, West Bengal	L74999WB2017PLC219318	Holding	54.12%	2(46)
2	Firstsource Process Management Services Limited (Formerly known as Anunta Tech Infrastructure Services Limited)	3rd Floor, Block 5A & 5B, Pritech Park- SEZ, Marathalli, Sarjapur Outer Ring Road, Bellandur, Bangalore- 560103 Karnataka	U72200KA2010PLC055713	Subsidiary	100%	2(87)(ii)
3	Firstsource Solutions UK Limited	Space One, 1 Beadon Road, London W6 0EA, UK	NA	Subsidiary	100%	2(87)(ii)
4	Firstsource Solutions S.A.	San Martin 344, 4th Floor, Buenos Aires, Argentina	NA	Subsidiary	99.98%	2(87)(ii)
5	Firstsource Group USA, Inc.	National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, Delaware 19904, USA	NA	Subsidiary	100%	2(87)(ii)
6	Firstsource Business Process Services, LLC	National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, Delaware 19904, USA	NA	Subsidiary	100%*	2(87)(ii)
7	Sourcepoint, Inc. #	National Registered Agents, Inc., 160 Greentree Drive Suite 101, Dover, DE, 19904 USA	NA	Subsidiary	100%*	2(87)(ii)

Sr. No.	Name the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of Shares held	Applicable Section
8	Sourcepoint Fulfillment Services, Inc. ##	National Registered Agents, Inc., 600 North 2nd Street, Suite 401, Harrisburg, PA 17101-1071 USA	NA	Subsidiary	100%*	2(87)(ii)
9	ISGN Fulfillment Agency, LLC	National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, DE 19904 USA	NA	Subsidiary	100%*	2(87)(ii)
10	Firstsource Advantage LLC	C T Corporation System 28 Liberty St New York, NY 10005	NA	Subsidiary	100%*	2(87)(ii)
11	One Advantage LLC	The Corporation Trust Company Corporation Trust Center 1209 Orange St Wilmington, DE 19801	NA	Subsidiary	100%*	2(87)(ii)
12	MedAssist Holdings LLC	National Registered Agents, Inc., 160 Greentree Drive Suite 101, Dover, Delaware 19904, USA	NA	Subsidiary	100%*	2(87)(ii)
13	Firstsource Solutions USA, LLC	National Registered Agents, Inc., 160 Greentree Drive Suite 101, Dover, Delaware 19904, USA	NA	Subsidiary	100%*	2(87)(ii)
14	Firstsource Transaction Services LLC	National Registered Agents, Inc., 160 Greentree Drive Suite 101, Dover, Delaware 19904, USA	NA	Subsidiary	100%*	2(87)(ii)
15	Firstsource BPO Ireland Limited@	Stokes Place, Saint Stephen's Green, Dublin 2, Ireland	NA	Subsidiary	100%*	2(87)(ii)
16	Firstsource Dialog Solutions Pvt. Ltd.	Level 11, Access South Tower, No 278/4, Union Place, Colombo-2, Sri Lanka	NA	Subsidiary	74%	2(87)(ii)
17	Nanobi Data and Analytics Private Limited	2nd Floor, 259, 2nd Main, 6th Cross, Indira Nagar, Stage1, Bangalore KA-560038, India	U72200KA2012PTC062235	Subsidiary	21.79%	2(6)

* Representing aggregate % of shares held by the Company and/or its subsidiaries

During the year under review, CESC Limited held 373,976,673 (54.12%) equity shares of the Company through Spen Liq Private Limited. Pursuant to Composite Scheme of Arrangement and Amalgamation ("Scheme"), Spen Liq Private Limited had been amalgamated with RP-SG Business Process Services Limited and accordingly CESC Limited transferred 373,976,673 equity shares of ₹ 10/- each of the Company held through Spen Liq Private Limited to RP-SG Business Process Services Limited, the name of which subsequently changed to, CESC Ventures Limited.

The name of ISGN Solutions Inc. was changed to Sourcepoint, Inc.

The name of ISGN Fulfillment Services, Inc. was changed to Sourcepoint Fulfillment Services, Inc.

@ During the year under review, the Company transferred its entire investment/ ownership in Firstsource BPO Ireland Limited, wholly owned subsidiary of the Company, to Firstsource Solutions UK Limited, wholly owned subsidiary of the Company and accordingly, consequent to transfer of investment/ ownership, Firstsource BPO Ireland Limited became the wholly owned step-down subsidiary of the Company.

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY):

1. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year [As on April 1, 2018]				No. of Shares held at the end of the year [As on March 31, 2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	373,976,673	-	373,976,673	54.47	373,976,673	-	373,976,673	54.12	(0.35)
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	373,976,673	-	373,976,673	54.47	373,976,673	-	373,976,673	54.12	(0.35)
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other….	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**373,976,673**	**-**	**37,39,76,673**	**54.47**	**373,976,673**	**-**	**37,39,76,673**	**54.12**	**(0.35)**
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	15,103,000	-	15,103,000	2.2	30,272,314	-	30,272,314	4.38	2.18
b) Banks / FI	33,130,054	-	33,130,054	4.83	32,904,639	-	32,904,639	4.76	(0.07)
c) Central Govt									-
d) State Govt(s)									-
e) Venture Capital Funds									-
f) Insurance Companies									-
g) FIIs	52,443,605	-	52,443,605	7.64	66,274,204	-	66,274,204	9.59	1.95
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	**100,676,659**	**-**	**100,676,659**	**14.67**	**129,451,157**	**-**	**129,451,157**	**18.73**	**4.06**
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	37,250,953	-	37,250,953	5.43	25,301,902	-	25,301,902	3.66	(1.77)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individual shareholders									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	78,742,750	6,484	78,749,234	11.47	76,702,016	1,384	76,703,400	11.10	(0.37)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	94,907,400	-	94,907,400	13.82	83,729,224	-	83,729,224	12.12	(1.70)
c) Others (specify)									
Foreign Companies	791,567	-	791,567	0.12	1,727,048	-	1,727,048	0.25	0.15
NBFCs registered with RBI	176,817	-	176,817	0.03	175,626	-	175,626	0.03	0
Sub-total (B)(2):-	**211,875,971**	**6,484**	**211,882,455**	**30.84**	**187,635,816**	**1,384**	**187,637,200**	**27.15**	**(3.69)**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**312,552,630**	**6,484**	**312,559,114**	**45.52**	**317,086,973**	**1,384**	**317,088,357**	**45.88**	**(0.36)**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**686,516,335**	**6,484**	**686,522,819**	**100**	**691,063,646**	**1,384**	**691,065,030**	**100**	**-**

2. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2018)			Shareholding at the end of the year (As on March 31, 2019)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	CESC Ventures Limited**	373,976,673	54.47*	-	373,976,673	54.12*	-	(0.35)
	Total	373,976,673	54.47	-	373,976,673	54.12	-	(0.35)

Note:** During the year under review, CESC Limited held 373,976,673 (54.12%) equity shares of the Company through Spen Liq Private Limited. Pursuant to Composite Scheme of Arrangement and Amalgamation ("Scheme"), Spen Liq Private Limited had been amalgamated with RP-SG Business Process Services Limited and accordingly CESC Limited transferred 373,976,673 equity shares of ₹ 10/- each of the Company held through Spen Liq Private Limited to RP-SG Business Process Services Limited, the name of which subsequently changed to, CESC Ventures Limited.

*There is no change in the total shareholding of promoters between April 1, 2018 and March 31, 2019. The decrease in percentage (%) of total shares of the Company from 54.47% to 54.12% is due to ESOS allotment of 4,542,211 shares.

3. Change in Promoters' Shareholding (please specify, if there is no change):

Sr. No.	Particulars	Shareholding at the beginning of the year (As on April 1, 2018)		Cumulative Shareholding duri ng the year (1st April, 2016 to March 31, 2019)	
		Number of shares	% of total shares of the company	Number of shares	% of total shares of the company
1	At the beginning of the year	373,976,673	54.47	-	-
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.)*	-	-	-	-
3	At the end of the year	373,976,673	54.47*	**373,976,673**	**54.12**

Note: *There is no change in the total shareholding of promoters between April 1, 2018 and March 31, 2019. The decrease in percentage (%) of total shares of the Company from 54.47% to 54.12% is due to ESOS allotment of 4,542,211 shares.

4. Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (April 1, 2018)/end of the year (March 31, 2019)		Cumulative Shareholding during the Year (April 1, 2018 to March 31, 2019)	
		Number of shares	% of total shares of the company	Number of shares	% of total shares of the company
1	**ICICI Bank Ltd**				
	At the beginning of the year	32,815,558	4.74		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	1,653,096	0.24		
	Transfer (Market Sale)	(2,062,585)	(0.29)		
	At the end of the year	32,406,069	4.69	32,406,069	4.69
2	**HDFC Small Cap Fund***				
	At the beginning of the year	7,094,000	1.03		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	22,692,500	3.28		
	At the end of the year	29,786,500	4.31	29,786,500	4.31
3	**Jhunjhunwala Rakesh Radheshyam^**				
	At the beginning of the year	22,000,000	3.19		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	3,000,000	0.43		
	Transfer (Market Sale)	(2,500,000)	(0.36)		
	At the end of the year	22,500,000	3.26	22,500,000	3.26

4	**Steinberg India Emerging Opportunities Fund Limited**				
	At the beginning of the year	17,714,176	2.57		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	3,000,000	0.43		
	Transfer (Market Sale)	(10,714,176)	(1.55)		
	At the end of the year	10,000,000	1.45	10,000,000	1.45
5	**Bernstein Fund, Inc. - International Small Cap Portfolio**				
	At the beginning of the year	Nil	Nil		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	7,003,432	1.01		
	Transfer (Market Sale)	-	-		
	At the end of the year	7,003,432	1.01	7,003,432	1.01
6	**State Street Emerging Markets Small Cap Active Non-Lending QIB Common Trust Fund**				
	At the beginning of the year	Nil	Nil		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	9,082,408	1.30		
	Transfer (Market Sale)	(5,943,749)	(0.85)		
	At the end of the year	3,138,659	0.45	3,138,659	0.45
7	**Emerging Markets Core Equity Portfolio (THE PORTFOLIO) Of DFA Investment Dimension Group INC (DFAIDG)**				
	At the beginning of the year	3,087,534	0.45		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Sale)	(170,114)	(0.03)		
	At the end of the year	2,917,420	0.42	2,917,420	0.42
8	**Dimensional Emerging Markets Value Funds**				
	At the beginning of the year	2,945,911	0.43		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	-	-		
	Transfer (Market Sale)	(126,627)	(0.02)		
	At the end of the year	2,819,284	0.41	2,819,284	0.41
9	**Acadian Emerging Markets Small Cap Equity Fund LLC**				
	At the beginning of the year	1,105,520	0.16		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	1,907,328	0.27		
	Transfer (Market Sale)	(231,725)	(0.03)		
	At the end of the year	2,781,123	0.40	2,781,123	0.40
10	**Mercer QIF Fund PLC - Mercer Investment Fund 1 - Firth Investment Management Pte Ltd.**				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	2,448,960	0.35		
	Transfer (Market Sale)	-	-		
	At the end of the year	2,448,960	0.35	2,448,960	0.35
11	**Virginia Tech Foundation, INC. Steinberg India Asset Management, Ltd.#**				
	At the beginning of the year	3,453,591	0.50		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	-	-		
	Transfer (Market Sale)	(2,153,591)	(0.31)		
	At the end of the year	1,300,000	0.19	1,300,000	0.19
12	**Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Small and Midcap Fund#**				
	At the beginning of the year	6,599,000	0.96		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	1,200,000	0.17		
	Transfer (Market Sale)	(7,799,000)	(1.13)		
	Shareholding as on February 1, 2019	Nil	Nil	Nil	Nil

13	**IL and FS Securities Services Limited#**				
	At the beginning of the year	2,404,327	0.35		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	1,124,102	0.16		
	Transfer (Market Sale)	(2,657,031)	(0.38)		
	At the end of the year	871,398	0.13	871,398	0.13
14	**Madhusudan Murlidhar Kela#**				
	At the beginning of the year	2,011,111	0.29		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)				
	Transfer (Market Sale)	(2,011,111)	(0.29)		
	Shareholding as on June 15, 2018	Nil	Nil	Nil	Nil

Notes:

1. The full details of datewise increase/ decrease in shareholdering of the Top 10 shareholders are available at the website of the Company at the link: http://www.firstsource.com/us/investors-corporate-governance.
2. ^ Out of total 22,500,000 shares, Jhunjhunwala Rakesh Radheshyam transferred 4,000,000 shares to his other demat account.
3. # Ceased to be in the list of Top 10 shareholders as on March 31, 2019. The same is reflected above since the shareholder was one of the Top 10 shareholders as on April 1, 2018.
4. * Not in the list of Top 10 shareholders as on April 1, 2018. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on March 31, 2019.

5. Shareholding of Directors and Key Managerial Personnel (KMPs):

Sr.No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (April 1, 2018)/end of the year (March 31, 2019)		Cumulative Shareholding during the year (April 1, 2018 to March 31, 2019)	
		Number of shares	% of total shares of the company	Number of shares	% of total shares of the company
1.	**Mr. Rajesh Subramaniam, Managing Director & CEO**				
	At the beginning of the year	2,752,784	0.40		
	Increase/ decrease in shareholding during the year				
	ESOS Allotment	14,50,000	0.21		
	Transfer (Market Sale)	(3,249,431)	(0.47)		
	At the end of the year	953,353	0.14	953,353	0.14
2.	**Mr. Y. H. Malegam, Director**				
	At the beginning of the year	262,500	0.04		
	Increase/ decrease in shareholding during the year				
	ESOS Allotment	-	-		
	Transfer (Market Sale)	-	-		
	At the end of the year	262,500	0.04	262,500	0.04
3.	**Mr. Charles Miller Smith, Director**				
	At the beginning of the year	60,000	0.01		
	Increase/ decrease in shareholding during the year				
	ESOS Allotment	-	-		
	Transfer (Market Sale)	(60,000)	(0.01)		
	At the end of the year	Nil	Nil	-	-
B)	**KMPs**				
3.	**Mr. Dinesh Jain, President & CFO**				
	At the beginning of the year	220,000	0.03		
	Increase/ decrease in shareholding during the year				
	ESOS Allotment	283,750	0.04		
	Transfer (Market Sale)	(503,750)	(0.07)		
	At the end of the year	Nil	Nil	Nil	Nil

Note:

1. The full details of date-wise Increase/ decrease in shareholding of the Directors and Key Managerial Personnel's are available at the website of the Company at the link: http://www.firstsource.com/us/investors-corporate-governance.
2. The Directors of the Company who have not held any shares at any time during the year are not shown in the above list.

V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amount in ₹ millions)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (April 1, 2018)				
i) Principal Amount	-	162.48	-	162.48
ii) Interest due but not paid	-		-	
iii) Interest accrued but not due	-	0.71	-	0.71
Total (i+ii+iii)	**-**	**163.19**	**-**	**163.19**
Change in Indebtedness during the financial year				
Addition	-		-	
Reduction	-	(52.69)	-	(52.69)
Net Change	-		-	
Indebtedness at the end of the financial year (March 31, 2019)				
i) Principal Amount		110.10		110.10
ii) Interest due but not paid				
iii) Interest accrued but not due		0.40		0.40
Total (i+ii+iii)		**110.50**		**110.50**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹ millions)

Sr. No.	Particulars of Remuneration	Mr. Rajesh Subramaniam MD & CEO
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	83.95
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.04
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2	Stock Option*	62.65
3	Sweat Equity	-
4	Commission	-
	- as % of profit	-
	- others, specify	-
5	Others	
	- Club Membership Fees	-
	- Residence Maintenance. Charges	0.28
	- Residential Broadband	0.03
	- Electricity	0.05
	- Medical	-
	- Contribution to Provident Fund	1.35
	Total (A)	**148.35**
	Ceiling as per the Act	₹ 114.26 Million (being 5% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013, the said calculation excludes the perquisite value of Stock Option)

*Taxable value of perquisite on stock options exercised during the year.

B. Remuneration to other Directors:

Sr. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Mr. Y. H. Malegam #	Mr. Charles Miller Smith #	Mr. Donald Layden #	Mr. Pradip Roy	Mr. V. K. Sharma	Ms. Grace Koshie		
1	**Independent Directors**								
	Fee for attending Board and Committee meetings	850,000	850,000	250,000	700,000	250,000	650,000		3,550,000
	Commission	-	-	-	-	-	-		-
	Others, please specify	-	-	-	-	-	-		-
	Total (1)	850,000	850,000	250,000	700,000	250,000	650,000		3,550,000
		Mr. Sanjiv Goenka	**Mr. Subrata Talukdar**	**Mr. Shashwat Goenka**	**Mr. Pradip Kumar Khaitan**	**Mr. Pratip Chaudhuri @**	**Mr. Sunil Mitra @**	**Mr. Charles Richard Vernon Stagg ^**	
2	**Other Non-Executive Directors**								
	Fee for attending Board and committee meetings	300,000	900,000	450,000	200,000	-	-	-	1,850,000
	Commission	-	-	-	-				
	Others, please specify	-	-	-	-				
	Total (2)	300,000	900,000	450,000	200,000	-	-	-	1,850,000
	Total (B)=(1+2)								**5,400,000** Refer Note 1
	Total Managerial Remuneration (A+B)								**153,752,938** Refer Note 2
	Overall Ceiling as per the Act	₹ 251.36 Million (being 11% of the net profits of the Company calculated as per section 198 of the Companies Act, 2013)							

Notes:

1. In terms of the provisions of the Companies Act, 2013, the remuneration payable to the Managing Director shall not exceed 5% of net profit of the Company. The same is within the said limit.
2. The remuneration payable to Directors other than Executive Directors shall not exceed 1% of the net profit of the Company. The remuneration paid to the Non-Executive Directors is well within the said limit.
3. The total managerial remuneration payable to directors, including Managing Director and whole-time Director shall not exceed 11% of the net profits of the Company. The same is within this limit.

\# Term of Mr. Y. H. Malegam, Mr. Charles Miller Smith and Mr. Donald W. Layden Jr. expired w.e.f. April 1, 2019 by efflux of time.

@ Mr. Pratip Chaudhuri and Mr. Sunil Mitra were appointed as an Additional (Non-Executive- Independent) Directors w.e.f. April 1, 2019.

^ Mr. Charles Richard Vernon Stagg was appointed as an Additional (Non-Executive- Independent) Directors w.e.f. May 6, 2019

B. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN Managing Director/Manager/Whole Time Director:

(Amount in ₹ millions)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Dinesh Jain President & CFO	Ms. Pooja Nambiar Company Secretary & Compliance Officer	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act 1961	31.78	2.59	34.37
	(b) Value of perquisites u/s 17(2) Income-Tax Act 1961	0.04	-	0.04
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option*	15.70	-	15.70
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5	Others			
	- Medical	-	-	-
	- LTA	-	-	-
	- Contribution to Provident Fund	0.58	0.09	0.67
	- NPS	0.36	-	0.36
	Total	**48.46**	**2.68**	**51.14**

*Taxable value of perquisite on stock options exercised during the year.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment			None		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			None		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			None		
Compounding					

Annexure V to the Directors' Report

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members
Firstsource Solutions Limited
Mumbai

Dear Sirs,

We have conducted the Secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by Firstsource Solutions Limited (herein after 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, Minutes Books, Forms and Returns filed and other records maintained by the Company and also the information and explanation 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 March 31, 2019 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 Firstsource Solutions Limited ("the Company") as given in Annexure I, for the Financial year ended on March 31, 2019, according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

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

(iii) The Depositories Act, 1996 and the Regulations (as amended from time to time) and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;

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

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

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

   iii. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and;

   iv. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations, 2015");

Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during the financial year under report:-

i. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

ii. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

iii. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;

iv. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and;

v. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

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

(a) Information Technology (IT) Act, 2005;

(b) Special Economic Zones Act (SEZ), 2005; and

(c) Software Technology Parks of India (STPI) rules and regulations.

During the financial year under report, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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 composition of the Board of Directors during the financial year under report was 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.

None of the directors have communicated dissenting views, in the matters/ agenda proposed from time to time for consideration of the Board and its Committees thereof, during the year under the report, hence dissenting views were not required to be captured and recorded as part of the minutes.

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 during the year under report, the following event(s)/ action(s) had a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above:

(a) SPEN LIQ Private Limited, the Holding Company was amalgamated with CESC Ventures Limited (Formerly known "RP-SG Business Process Services Limited") and accordingly now the Company is subsidiary of CESC Ventures Limited.

(b) The Company's entire investment/ ownership in its wholly owned subsidiary Company namely Firstsource BPO Ireland Limited was transferred to Firstsource Solutions UK Limited, another wholly owned subsidiary of the Company and accordingly, consequent to said transfer of investment/ ownership, Firstsource BPO Ireland Limited became the wholly owned step- down subsidiary of the Company.

For Rathi and Associates
(Company Secretaries)

Jayesh M. Shah
Partner
FCS No. 5637
C.P. No. 2535

Mumbai
May 6, 2019

Note: This report should be read with our letter which is annexed as Annexure-II and forms an integral part of this report.

ANNEXURE - I

List of documents verified:

1. Memorandum of Association & Articles of Association of the Company;
2. Annual Report for the financial year ended March 31, 2018;
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Annual General Meeting held during the financial year under report along with Attendance Register;
4. Statutory Registers viz.
   - Register of Directors & Key Managerial Personnel and their Shareholding;
   - Register of Contracts with Related Party and Contracts and Bodies etc. in which Directors' are interested (Form MBP-4);
   - Register of loans, guarantees and security and acquisition made by the Company (Form MBP-2); and
   - Register of Charges (Form CHG-7); and
   - Register of Investments (Form MBP-3).
5. Agenda papers circulated to all the Directors/ members for the Board Meetings and the Committee Meetings;
6. Declarations and/ or Disclosures received from the Directors and Key Managerial Personnel of the Company pursuant to the provisions of Section 184, 164 and 149(7) of the Companies Act, 2013;
7. Intimations received from Directors and Designated Employees under the Internal Code for Prevention of Insider Trading;
8. e-forms filed by the Company from time to time under applicable provisions of the Companies Act, 2013 and attachments there of during the financial year under report;
9. Intimations, documents, reports and returns filed with the Stock Exchanges pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year under report;
10. Details of sitting fees paid to all Non-Executive & Independent Directors for attending the Meetings of the Board and Committees;
11. Intimations given to employees of the Company for closure of the trading window from time to time;
12. Form C received from the designated employees pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015;
13. Various Policies made under the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
14. Documents related to issue of shares under ESOP Scheme viz. ESOP Scheme, Exercise forms, Listing applications, Corporate Action Form, etc. filed with Stock Exchanges and Listing approvals received thereon.

ANNEXURE – II

To,
The Members
Firstsource Solutions Limited
Mumbai

Dear Sirs,

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 check basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices that 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. Wherever 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 Rathi and Associates
(Company Secretaries)

Jayesh M. Shah
Partner
FCS No. 5637
C.P. No. 2535

Mumbai
May 6, 2019

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 (NSE) and BSE Limited (BSE) 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 organisation'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	www.firstsource.com
5.	Email ID	complianceofficer@firstsource.com
6.	Financial year reported	April 1, 2018 to March 31, 2019
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)	Customer Management Services, Revenue Cycle Management Services and Mortgage Processing Services
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 15 subsidiaries has 38 global delivery centers of which 10 are located in India, 18 in USA, 8 in UK and 2 in Philippines as per the details given below: **India (10):** Chennai (2), Mumbai (2), Bangalore (2), and 1 each in Pondicherry, Vijayawada, Indore, and Trichy. **USA (18):** Louisville (2) in Kentucky, Kingston & Amherst in New York, Rockford and Belleville in Illinois, Salt Lake City in Utah, Colorado Springs, Eugene in Oregon, Palm Bay in Florida, Rocky Hill in Connecticut and 7 operational hubs of MedAssist. **United Kingdom (8):** Belfast (2), Cardiff (2), 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 the US, the UK, India and Philippines.

Section B: Financial Details of the Company

1.	Paid up Capital of the Company	₹ 6,91,06,50,300
2.	Total turnover	₹ 7,681,060,007
3.	Total profit after tax	₹ 1,990,177,526
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):	₹ 37,710,499 (2% of Average Profit of 3 preceding years)
5.	List of activities in which expenditure stated in point four (above) was incurred:	Please see below:

Details Of The Spend (FY2018-19)	Amount In ₹
Average Profit	1,885,524,939
CSR Spend (2% of Average Profit)	37,710,499
Admin charges- Give India (FY2018-19)	214,913
Amount donated to 'Light of Life Trust' – sponsorship of fundraising event 'Kalpataru – A Musical' for education of children	250,000
'Foundation for Excellence'- Scholarship for 5 underprivileged Engineering students	200,000
Transferred to the corpus of "RP – Sanjiv Goenka Group CSR Trust"	**37,045,586**

Section C: Other Details

1.	Does the Company have any Subsidiary Company/ Companies?	As on March 31, 2019, the Company had 1 domestic subsidiary, 14 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 as per 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	02617781
		Name	Mr. Rajesh Subramaniam
		Designation	Managing Director & CEO
		DIN	00026457
		Name	Mr. Pradip Roy
		Designation	Non-Executive Independent Director
		DIN	01794978
		Name	Mr. Subrata Talukdar
		Designation	Non-Executive Non-Independent Director
	b)	Details of the Business Responsibility Head:	
		Name	Ms. Soma Pandey
		Designation	President – Human Resources
		Telephone No.	+91(80) 66336000
		E-mail ID	soma.pandey@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 (9) 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 marginalised
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 http://www.firstsource.com/investors/.
5. Any grievance relating to any of the policies 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 http://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?	No, 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 126 queries/ complaints received from the shareholders of the Company, which were all 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	Not applicable.
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?	Not applicable.
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	Not applicable.

Principle 3: Employee Wellbeing

Businesses should promote the wellbeing of all employees:

1.	Total number of employees.	As on March 31 , 2019, the strength of permanent employees on roll stands at 8968.
2.	Total number of employees hired on temporary/ contractual/ casual basis.	As on March 31, 2019, the strength of employees hired on temporary/ contractual/casual basis stands at 69 :

Employment Type	Headcount
Part Time Employees	1
Casual Based	0
Contract Employees	68
Total	**69**

3.	Total number of permanent women employees.	As on March 31, 2019, the strength of permanent women employees stands at 2557.
4.	Total number of permanent employees with disabilities.	As on March 31, 2019, the number of permanent employees with disabilities associated with the Company stands 27.
5.	Do you have an employee association that is recognised 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	There were overall 35 cases of sexual harassment reported for India in FY2018-19. Out of which 29 are closed and 6 pending (all within timelines).
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 skills. Accordingly, 100% of the employees have gone through the skills 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 marginalised:

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 marginalised 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 -our Payroll Giving partners. Employees are encouraged to sign up for the payroll giving programme and contribute to NGOs of their choice. The beneficiaries of these NGOs belong to the marginalised, economically weak and disadvantaged sections of the society, especially girl child, underprivileged women and youth and persons with disabilities. Besides this, in partnership with a NGO, Company has also supported 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 FY2018-19.

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 stated 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. http://www.firstsource.com/investors/
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. http://www.firstsource.com/investors/
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).
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 co-ordination with external agencies like NGOs and Government Institutions.
3.	Has the Company done any impact assessment for its initiative?	The CSR Committee does review impact assessment for its initiatives. Further the corpus of "RP – Sanjiv Goenka Group CSR Trust" ("Group CSR Trust"), to which the Company has contributed major amount, is also pursuing the CSR activities permitted under the Companies (Corporate Social Responsibility) Rules, 2014 as amended.
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 ₹ 37,710,499 in various CSR activities during FY2018-19, out of which ₹ 664,913 were already spent by the Company and the balance amount of ₹ 37,045,586 has been transferred to the corpus "RP – Sanjiv Goenka Group CSR Trust" ("Group CSR Trust"). The details of the amount incurred and areas covered are given in Annexure II in the 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 total spend was contributed to the corpus of "RP – Sanjiv Goenka Group CSR Trust" ("Group CSR Trust") which was formed to pursue CSR activities as may be permitted under the Companies (Corporate Social Responsibility) Rules, 2014 as amended.

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

Kolkata
May 6, 2019

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 for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present the Company's state of affairs and profits for the year. Investors are cautioned that this discussion contains forward-looking statements that involve risks and uncertainties. When used in this discussion, words like 'will', 'shall', 'anticipate', 'believe', 'estimate', 'intend' and 'expect' and other similar expressions as they relate to the Company or its business are intended to identify such forward looking statements. The Company undertakes no obligations to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. 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) as well as 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 year 2018 started with expectations of global economic growth, but the momentum faded, and growth traction was lost as the year progressed. Key factors affecting this deceleration in growth included trade tensions, negotiations on Brexit, currency volatility and an abrupt tightening of global monetary policies. It is expected that some of these headwinds will continue to hold sway in 2019 as well.

The International Monetary Fund's World Economic Outlook (WEO) report of April 2019 forecasts a slowdown in growth in 2019 for 70% of the global economy. Global growth softened to 3.6% in 2018 and is estimated to decline to 3.3% in 2019, the downward revision in growth of 0.3 percentage points for 2019 from the January projection. After the weak start, growth is expected to move up during the second half of 2019. The move is supported by significant monetary policy accommodation by major economies, made possible by the absence of inflationary pressures. China has ramped up its fiscal and monetary stimulus to counter the negative effect of trade tariffs. Additionally, the outlook for US–China trade tensions has improved as the prospects of a trade agreement take shape.

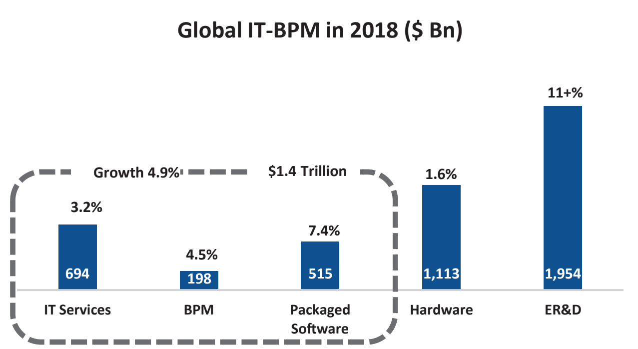
With improved prospects for the second half of 2019, global growth is estimated to return to 3.6% in 2020. This recovery is expected on a rebound in emerging market and developing economies which grew at 4.5% in 2018 and is forecasted to grow 4.4% in 2019 and 4.8% in 2020. Indian economy is estimated to rise to 7.3% in 2019 and 7.5% in 2020 from a modest 7.1% in 2018.

The United States witnessed a growth of 2.9% in 2018 and is expected to decline to 2.3% in 2019 and soften further to 1.9% in 2020 with the unwinding of fiscal stimulus. The downward revision to 2019 growth reflects the impact of the government shutdown and somewhat lower fiscal spending than previously anticipated, while the modest upward revision for 2020 reflects a more accommodative stance of monetary policy. Growth in the Euro area is set to moderate from 1.8% in 2018 to 1.3% in 2019 and 1.5% in 2020. The forecast of 1.2% and 1.4% growth in the United Kingdom in 2019 and 2020 respectively from 1.4% in 2018 is surrounded by the uncertainty of Brexit. The IMF has warned in the report that risks for estimates are skewed to the downside, with an array of threats impacting the global economy, including the possible collapse of negotiations between the U.S. and China to end their trade war and Britain's departure from the European Union without an agreement.

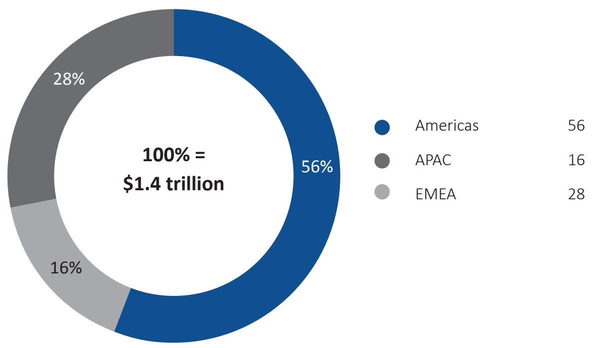
Experts are of the opinion that countries should prioritize to resolve collectively and swiftly their trade disagreements and the resulting policy uncertainties instead of raising further barriers and destabilizing slowing global economy. Across all economies, measures to improve potential output growth, increase inclusiveness, and strengthen fiscal and financial systems are imperatives.

INDUSTRY STRUCTURE AND DEVELOPMENT

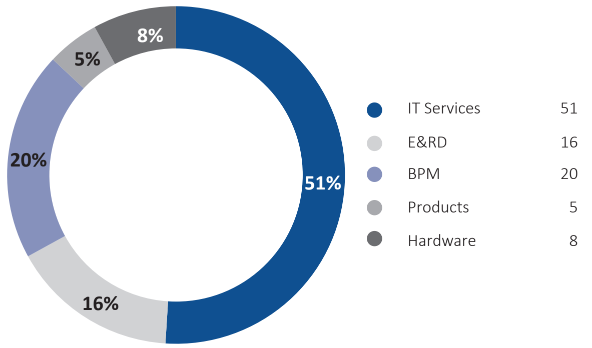
The IT industry has been recovering from what has been a challenging year due to general protectionist visa policies of developed market and slowdown in technology spends by Banks, Financial Institutions, Retail, Consumer goods and other industries. This has led to a slowdown in the traditional legacy business in the IT industry but has been offset by the increased momentum in the digital space. Digital transformation is underway with most of the organizations exploiting the opportunities presented by emerging technologies such as Artificial Intelligence (AI), Robotics Process Management (RPA), Machine Learning (ML), Big Data, Analytics, Blockchain, Internet of Things (IoT) and Cloud Computing to build their brand, connect with customers and enhance sales models.



Geography-wise (% share)



Diverse Industry Segments: Non-IT services almost half of industry revenues



[1]:inclues Hardware, exports include global revenues of Indian Companies

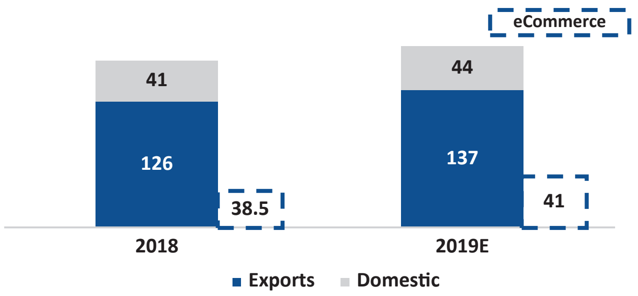
Source: NASSCOM

As per NASSCOM's Strategic Review 2019 report, the global IT-BPM market stood at USD 1.4 trillion (excluding hardware) in 2018 reflecting a growth of 4.9% over 2017. The IT services was at USD 694 billion, a growth of 3.2% driven by digital solutions and increasing demand for application development and management services. Global sourcing in IT services was in the range of USD 113 – 115 billion in 2018 as against USD 109-111 billion in 2017 witnessing a growth of 3.7% factored by a shift from legacy services to digital technologies, DevOps and Software as-a-service models. The BPM grew at 4.5% to USD 198 billion from USD 190 billion in 2017 led by increased SaaS adoption, Artificial Intelligence (AI) and Robotics Process Automation (RPA). RPA is playing vital role in the BPM industry as clients are increasingly looking to automate their work process and shift their focus to more strategic work. Global digital revenue is estimated to grow at 20% CAGR during 2017 to 2019.

From a geography perspective, APAC grew fastest with Americas and EMEA together accounting for 83% for the market. In terms of verticals, BFSI and retail continue to drive the growth followed by Healthcare and telecom.

NASSCOM in its Strategic Review 2019 report has projected Indian IT- BPM industry to grow at 8.4% in FY2019 to USD 181 billion from USD 167 billion in FY2018 (excluding e-Commerce), an addition of USD 14 billion. Indian IT-BPM exports are estimated to grow at 9.2% to USD 137 billion in FY2019 from USD 126 billion in FY2018 while domestic revenues (including hardware) is projected to grow at 7.9% to USD 44 billion in FY2019 from USD 41 billion in FY2018.

Revenue: Industry expected to grow marginally above NASSCOM guidance of 7 - 9% in constant currency



NASSCOM also shared key highlights of the CEO Survey which tracks CEO's confidence on growth during the year and the key risks to watch for. According to the survey, global economic uncertainties are leading to a cautionary outlook among CEOs, but they expect digitization initiatives to continue, with the same momentum. The key spending areas that emerged in IT-BPM for 2019 are digitization of businesses and enhanced customer experience followed by advanced analytics, Artificial Intelligence and cybersecurity.

Today, organisations are leveraging digital technologies largely for delivering customer value and experience which in turn leads to business models shifting to platforms based offerings measured by outcomes delivered. . Implementation of newer digital technologies, business dexterity, cost efficiency, rising need for automation to reduce the product or service cost and increased consumer spend are some of the factors propelling the market growth. There has been a considerable increase in BPM solutions adoption across small to large businesses. BPM solutions are expected to dominate the industry in near future, with segments such as automation, platform/ BPaaS/operation mechanisms and analytics contributing towards the sustained growth in the BPM sector.

In FY2019, Company's Revenues grew by 8.2% in rupee terms and grew by 2% in constant currency terms. Normalizing for the Domestic business divestment, Company's Revenues grew by 9.9% in rupee terms and 5% in constant currency.

SEGMENT OUTLOOK

Healthcare

Firstsource predominantly addresses two segments within the Healthcare vertical, the Payer market represented by the Health Insurance companies and the Provider market represented by hospitals, physician groups in the US.

The US healthcare industry is moving rapidly from a volume-based to a value-based model wherein the key focus is on improving patient health and ensuring that they are given good care. With this shift towards care management, the key industry trends to watch out in 2019 would be digital health tech and omnichannel approach in patient experience management. The US healthcare industry is getting impacted by the increased adoption of advanced technologies, rising popularity of personalized medicine and demand for expanded care delivery sites.

Recent healthcare market research survey shows that healthcare spending in US is estimated to grow over 5% annually from 2017-2022. Healthcare organizations are now stressing rigorous financial management, efficient operational performance, outcomes-based care and development of innovative solutions. This would result in improved care provision, reduced costs, declining margins, and aligned cost structure and care models for the organizations.

As per Data Bridge Market Research report, the global healthcare BPM market is estimated to reach USD 420 billion by 2025 from USD 191 billion in 2017, growing at a CAGR of 10.3% from 2018 to 2025. North America (U.S. and Canada) commands the highest share of the global healthcare BPM market. Rapid increase in clinical process outsourcing (CPO), regulatory changes in the U.S with the implementation of Patient Protection and Affordable Care Act (PPACA), pressure to reduce healthcare costs, shift to ICD-10 coding standards and upcoming ICD-11, rising need for structured processes and documentations, growing population to be covered under the insurance policy as per HIPPA Act are factors compelling healthcare players to move towards outsourcing. However, hidden costs of outsourcing and dearth of skilled professionals and researchers can cause major constraints for the growth of global healthcare BPM market.

The Healthcare payer BPM value chain consists of product development, member engagement, network management, care management and claims management services. Claims management services is expected to account largest share in the global healthcare BPM market owing to implementation of PPACA and rising pressure to minimize the healthcare cost. U.S Healthcare Payer Services market is expected to increase due to implementation of PPACA. North America is expected to lead the Healthcare payer market followed by Europe and APAC region.

The healthcare provider services are segmented into medical billing, medical coding, medical transcription and revenue cycle management (RCM). Medical billing segment is expected to be the leading segment in the market driven by increasing medical insurance coverage across globe.

Today, revenue cycle management (RCM) has enabled the Provider's to simplify the financial experience for patients and their staff while maximizing revenue reimbursement for uncompensated as well as compensated care. RCM outsourcing helps to maximise accuracy of data upfront in the process thereby reducing errors and denials at the back end, thus improving revenue and profitability for providers. Governments globally have been introducing stringent regulations over the past few years regarding healthcare, due to which there has been a significant rise in the operating costs of healthcare facilities and medical billing companies. This has created opportunities for outsourcing companies to assist them in revenue cycle management which is acting as a key factor in driving the growth of the global healthcare RCM outsourcing market. Further, healthcare facilities have been facing numerous issues like rising financial challenges which has resulted in the need for augmented speed of billing. In turn, this has highly contributed towards propelling growth in the demand for RCM outsourcing agencies. Other factors which are supporting the growth of the market include rising industrialisation and urbanisation rates as well as a rapid rise in the prevalence of diseases across the globe.

The company is mainly focused on the revenue cycle management (RCM) services, including front-end eligibility services, receivable management, back-end early-stage collections, denial management besides providing analytics solutions for Denial Management and automated workflow solutions for Eligibility Services.

The provider as well the payer market, needs to develop a better understanding of the challenges, ways to maximise reimbursements, follow regulatory guidelines and focus on value based customer service. Hence, for added efficiency in the system, there has been an increase in outsourcing in the healthcare sector.

Firstsource is well poised to leverage this growth opportunity as it works for 3 of the top 5 Payers and over 650+ hospitals in the US and it offers an end-to-end suite of services to cater to the Payers and Providers. Its presence across both the segments of this market gives the Company a strong differentiating edge. Firstsource help clients in this market improve their processes and meet the needs of the increasing number of patients, while improving the patient experience. Rising usage of digital health technology in the provider segment is expected to scale rapidly in the short term. Transformation solutions around digital app-based user experience and applications around analytics is driving the growth in the healthcare provider segment of the company.

In FY2019, Healthcare segment contributed 34.3% to the company's total revenue as compared to 36.8% in FY2018.

BFSI

The BFSI sector includes insurance companies, commercial banks, mortgage banks and mortgage NBFCs, cooperatives and also non-banking financial companies, mutual funds and pension funds among others. BPM solutions enables banks and financial institutions to automate business processes like account opening, lending or payments to optimize.

The BFSI Industry is increasingly turning its focus towards innovation to brace itself for a future that has been propelled by technology. The industry is witnessing a continued and aggressive focus on digitization and the adoption of new and emerging technologies to bring in operational efficiencies, enhance speed-to-market and deliver superior customer experiences. Most of the banks are seeking to exploit the opportunities presented by digital, either by leveraging the technologies in-house or by partnering with FinTech firms.

Initially, Fintech's were seen as competitors taking advantage of the void that was created by the banking and financial services industry's inability to keep up with technological breakthroughs. However, today, bank-FinTech partnerships are increasingly the norm, with the latter providing marketing, administration, loan servicing or other services enabling banks to offer tech-enabled banking products. Through innovative use of technologies, FinTech firms are delivering low-cost personalized products and are having a significant impact on raising customer expectations while also increasing pressure on traditional firms with legacy business models.

Infrastructure-based technology through platformification and open Application Programming Interfaces (APIs) is reshaping the future of

BFSI sector. While new regulatory requirements and data protection laws are putting additional constraints, emerging technologies such as Artificial Intelligence (AI), Robotic Process Automation (RPA), blockchain, analytics and chatbots are helping banks to address these constrains efficiently enabling greater agility and accuracy.

According to Nelson Hall's the Advance of RPA and AI Services in Banking Market Assessment and Forecast report of February 2019, the size of the RPA and AI Services in Banking market is estimated to be USD 635 million in 2018, a growth of 14.9% per year in the period 2018 to 2023.

Firstsource has helped several retail banks transform their business operations, ensuring that they remain at the cutting edge of the industry, whilst delivering improved customer experiences. Firstsource operates as clients' 'bank within a bank', offering end-to-end solution for all their main support functions, while providing a range of services across the customer lifecycle, including acquisition, account servicing, collections and retentions. Company's flexible and cost-effective solutions can be rapidly scaled or downsized to adapt to the requirements of their customers.

As per Moody's Investors Service release of October 2018, it continues with its stable outlook on the UK banking sector on the back of strong capital, improving profitability and robust liquidity which will offset deteriorating operating conditions and asset quality over the coming 12 to 18 months. However, operating conditions for banks are expected to deteriorate as heightened Brexit uncertainty will slow economic activity. UK Banks are also facing headwinds from low interest rates and increased competition. For large UK banks, a decline in costs due to lower conduct and litigation expenses are expected to offset revenue pressures from low interest rates, supporting their profitability. They will also benefit from a modest decline in operating and restructuring costs, which will outweigh a likely small increase in credit costs.

According to industry experts, the U.S banking industry is in better shape since the 2008 financial crisis driven by stronger capital buffers and other reforms brought by the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act. As per Moody's Investors Service release of June 2018, the outlook for the US banking systems remains stable as strong economy and employment conditions continue to support strong risk metrics across most asset classes over the next 12-18 months. Lower corporate tax rates and improving net interest income will be key growth drivers for the US banks profitability in 2019. Moody's says the operating environment is stable and US bank's credit performance should benefit from the favorable economy and low unemployment in 2019. Corporate debt to GDP has reached pre-crisis levels pointing to a rise in commercial loan asset risk, but overall bank loan growth is back in line with GDP growth. Despite supportive US labour and housing markets, there are signs of asset quality deterioration in both the auto and credit card sectors, driven not by general consumer credit trends but rather weak underwriting. The capital levels of rated US banks are sound, largely because of more stringent regulation, but the metric is expected to decline gradually as banks increase shareholder payouts. US banks have sufficient capital to absorb credit costs in an adverse economic scenario and will maintain a cushion above minimum capital ratios.

Another focus area for Firstsource in the US market is in the accounts receivables management business. Receivables management is an important function for Banks and Financial Institutions. It is an amalgamation of several market segments – debt collection, debt buying, collection law firms, and repossession services – that is estimated to reach USD 17 billion by 2020 and has been growing at a CAGR of more than 4% since 2015 (Source: InsideARM Release 2016).

US CREDIT CARD COLLECTIONS

The credit card market is one of the United States' largest consumer financial markets and it continues to rise at a higher rate than the overall economy. Credit card debt is now at pre-recession levels but purchasing volume with credit cards has mounted past previous highs with no signs of slowing down. Credit card debt has increased almost one-hundred fold since the Federal Reserve began tracking the trend. In January 2019, the total credit card debt stood at USD 1.06 trillion, exceeding pre-recession record of USD 1.02 trillion in 2008 and the fifth largest in over 30 years. This implies the average credit card debt per U.S. household was USD 8,292 (USD 1.06 trillion divided by 128 million U.S. households) according to the Federal Reserve's G-19 report of January 2019.

The nations' overall delinquency rate is at about 4% which is lowest in its history, so lenders are not worried and are happy to increase the credit lines of cardholders. According to the Federal Reserve, the US national debt ended at USD 22 trillion, an increase of more than USD 2 trillion in 2017 and is estimated to reach USD 28.7 trillion by 2029. In short, low unemployment and healthy economy is increasing demand environment and spending in the US market which in turn is a growing opportunity for the credit collection business. Over the years, the debt collection industry continues to grow across multiple verticals including auto finance, healthcare, mortgage lending, credit card and many others. About 30 million Americans have at least one debt in collections indicating the need for debt collection services, thus an opportunity for Firstsource.

The collections business witnessed robust 17% growth year over year fuelled by the digitization of the collections process and higher volumes. For fiscal 2019, the dollar value of accounts in inventory grew by 5% and the liquidation rates were up marginally by 2%.

The collections business has diversified both from an industry sector as well as service type. The Third party contingency business which was 70% of Revenue in FY 18 and 61% in FY 19 is expected to be 41% in FY 2020. Our First Party and Digital business is expected to make up the majority in FY 20

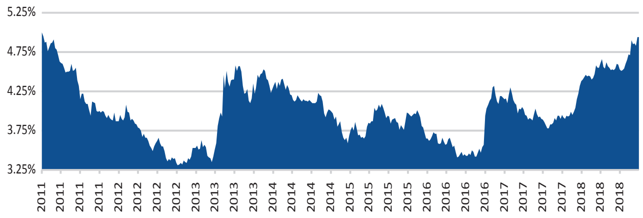
Year over year our industry profile has changed with growth in Auto loan and Student loan segments, reducing the concentration risk of the Card industry.

From a sales perspective, our digital transformation solution is garnering a lot of interest and the pipeline for these services is extremely strong. The collections business has also seen some recent wins from major card issuers, auto lenders and the Education Department this year which will propel its growth in FY 20.

MORTGAGE MARKET

The U.S housing market stalled in 2018 after a long period during which price increases outpaced income growth. That had been offset by historically low mortgage rates, until rates began rising steadily a year ago. Mortgage rates, which climbed through much of last year, will continue to rise in 2019, driving up homebuyers' borrowing costs. The average interest rate for 30-year fixed-rate mortgages with conforming loan balances (USD 453,100 or less) and a 20% down-payment rose to 5.1% in late October 2018 according to the Mortgage Bankers Association (MBA) The projected result is expected to be a cooling housing market and falling home sales nationally.

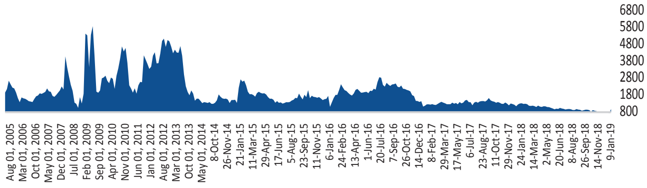
Average 30 Yr Fixed Mortgage Rates



The rising interest rates therefore make it challenging for potential homebuyers to be able to afford the inflated home prices prevailing in many US housing markets. These higher rates have already begun impacting the housing market but the effect will come with a lag. However, there is another impact of rising mortgage rates: Refinancing activity — whether as cash-out refinancing to fund some sorely needed consumption, or as an effort to lower monthly payments via a lower rate.

The MBA reported that its Refinance Index, which covers applications to refinance existing mortgages, fell to the lowest level since December 2000. At 884, the index has plunged about 65% from the prevailing range in early to mid-2016.

Mortgage Refinance Index



For mortgage lenders, refinancing existing mortgages is a big and profitable part of their business. In the reporting week, the share of refinance activity versus all mortgage originations fell to a very low level, but that share was still 37.8% of all mortgage originations, down from 75% at its peak in 2012.

The pressure thus has been felt on many of the mortgage lenders who have had to cut their resources drastically and the most affected have been associates who man the call centres for the customer refinancing business.

On the mortgage servicing side, one of the notable trends is the continuous growth of many non-bank servicers as they persist in their efforts to expand their servicing businesses through portfolio purchases of distressed accounts while also continuing to expand their portfolio of prime loans serviced. Additionally servicers are more active in exploring RPA and artificial intelligence (AI) within their operations to reduce manual processes, and concurrently, reduce costs as the cost to service a loan has risen substantially over the last several years. These trends will continue in 2019 as far as the US is concerned.

On the other side, growth in mortgage lending in the UK is forecast to rise in 2018 for an eighth year in a row to reach its highest level since 2007 and to continue doing so into 2019 despite Brexit uncertainties according to a report from Property Wire.

The fifth annual market review from the Intermediary Mortgage Lenders Association (IMLA) has pointed out that despite the best performance for a decade, the mortgage market in UK continues to be challenged by a combination of a shortage of properties, very low levels of turnover and obstacles to both first time buyers and second steppers. Indications are that the gross mortgage lending will reach £265 billion with net mortgage lending of £47 billion and remortgage activity will continue to be more buoyant than lending for house purchase, with total remortgaging reaching £94 billion, up 4.4% to reach 35.5% of total lending. It also forecasts that gross buy to let lending will recover in 2018 and 2019 despite the adverse tax changes for landlords. This not only reflects continued strong remortgage activity but an improvement in house purchase lending brought about by a higher level of churn in the market. Lending via intermediaries will continue to increase its share of lending, rising to £158 billion this year and £164 billion in 2019, a share of 72.2% compared to 71.3% in 2017, it adds.

These trends have been influenced by the changing face of the UK home owner in recent years, whose average age has increased from 52 in 1996 to 57 in 2016. The report explains that this increase is far more rapid than the rate of ageing across the UK population as a whole. In 2016 some 76% of all owner occupiers were aged 45 or above, compared to 62% in 1996.

Furthermore, an increasing concentration of home ownership among older people, many of whom have paid off their mortgages, has translated into a historic low level of housing turnover. The average UK household now moves once every 19.2 years, compared to once every 7.4 years when housing transactions peaked in 1988 according to the report.

The strictly regulated and competitive mortgage industry is rapidly changing to meet the digital demands of their customers, reduce operational costs, increase efficiency and to be compliant. In today's time, it has become expensive to become an originator as the cost of company's processing, underwriting, closing cost and cost of sales have grown up. Owing to the above mentioned challenges, companies decide to outsource.

Digital transformation is evolving the mortgage Industry in a bigger manner. Technology continue to be at the forefront in shaping the mortgage industry. Mortgage lenders are adopting disruptive technologies such as Artificial Intelligence, Robotic Process Automation (RPA), Chatbots to gain a competitive advantage. This is visible from the fact that digital mortgage lenders grew their market share from 2% in 2010 to 8% in 2018, according to the Federal Bank of New York report. The average per-loan cost to originate a mortgage in the US is around USD 8,475 and takes around 46 days.

Given the above fact and nature of processes in the mortgage industry, which are complicated, highly rule-based and structured, with various systems involved, RPA has emerged as the technology most impacting the industry. In addition, analytics and detailed data analysis are obtaining significant momentum in the Mortgage BPM industry as it facilitates better understanding of the process and the elements of loan origination process. Firstsource is rightly positioned to provide mortgage BPM services for originators, servicers and mortgage insurance companies allowing to focus on improving customer experience, simplifying business processes, increasing productivity and creating a positive revenue impact.

With the rising adoption for digitalization in the BFSI sector, Firstsource is a perfect partner for Banks and Financial businesses. The company helps the clients to transform business operations, deliver end-to-end solutions, innovate their internal business processes and implement data management solutions. Firstsource is continuously innovating and investing in next-generation tools, technologies and frameworks to enable clients to become future-ready. The company has set up the 'Firstsource Automation Centre of Excellence' (FACE) that comprises a dedicated team of experienced global automation experts, responsible for roles ranging from automation consultants to scripters. The exact technology, approach and scoping is determined by this team and a detailed due diligence phase with clients is usually conducted initially to identify automation opportunities.

In FY2019, BFSI segment contributed 36.0% to its total revenue working across multiple product lines across the US and the UK. The Company has been able to deploy the latest disruptive interventions in this segment providing a fillip to its goal of delivering transformational value to its customers.

MEDIA

US and UK Cable Industry

Despite strong competition over viewership and subscribership between cable network providers and streaming services, the residential revenues of the US cable network service are estimated to rise from USD 108.4 billion in 2016 to USD 117.7 billion in 2026, a USD 9.3 billion increase over a 10-year period. Broadband subscriptions are projected to grow by more than 8 million over the next 10 years reaching 71 million and coming in at more than 1.6x the number of video subscriptions. Basic video subscriptions are estimated to drop by an annual CAGR rate of 1.5% to 45.4 million by 2026. The adoption of over-the-top (OTT) video platforms is increasing. US revenues from premium OTT services are estimated to increase from USD 16.38 billion in 2017 to USD 21.22 billion by 2020, growing at a CAGR of 8.9%.

The UK entertainment and media industry is expected to be at £76 billion by 2021, up from £68 billion in 2018 according to PwC's latest Global Entertainment & Media (E&M) Outlook report. Overall market is estimated to grow by £8 billion between 2018 to 2022 making the UK the second largest market in Europe, the Middle East and Africa (EMEA), after Germany.

Another trend that is taking shape in the Cable and media industry in general is the move to quadplay services. With the arrival of the so-called "cord cutters," many experts predicted the decline of the cable industry. But rather than back down, many cable companies have fought back not just through technological innovation, but also by expanding their businesses. Today, the cable companies experiencing the biggest growth are those that have some sort of bundling offerings, providing a slew of complementary services to customers.

Cable companies are in a race to establish themselves in the Quad Play business. The ability to provide TV, wireless, broadband and phone services has become a competitive advantage in a world where consumers are increasingly seeking out better deals and the convenience of doing business with just one company. Service providers are increasing their investments in order to offer quad-play services, with an expectation to reduce churns and increase revenue.

Furthermore, many service providers enable customers to access content from any device, anywhere without any charges. These are some of the major factors driving the growth and adoption of quad-play services in Europe. Conventional quad-play services focus on residential consumers, but now many service providers are offering bundled services, such as internet conferencing, for enterprises as well. This factor is expected to contribute to the growth of quad-play services market in the near future.

The media industry is experiencing a very high degree of dynamism in terms of changing technology, consumer expectations, product offerings and macroeconomic conditions. It is facing the challenge of how to describe, organize and monetize their media effectively as the amount of content being created continues to grow exponentially. Survival in such a fast-paced environment is possible only by understanding the language that data across operations, customer experience, marketing speaks.

Firstsource is well positioned to use its data analytics capabilities to create 360-degree view and provide NPS predictions, analyse customer consumption, increase operational efficiency, improve customer experience and maximise cross-selling opportunities for its customers. The distinctive advantage for Firstsource is its ability to provide an omni-channel interaction across different lines through interplay of digital and analytics. In FY2019, Telecommunication and Media segment contributed 28.0% towards the company's total revenue as compared to 33.9% in FY2018.

UTILITIES

Utilities as a sector has been conservative and reluctant to outsource to third-party service providers but trend seems to be changing. The general trend in price rises in services delivered by the utilities have been deemed to be big and as a result Governments have stepped in to curtail this. The ostensible reason is that the value to the customer is prioritized but on the other hand, the customer expectations are also increasing with the customer having a myriad of choices which implies that nobody's customers are secure. Technological advancements in the utility sector has come with a lag but the pace of change has been dramatic and the companies that have failed to adapt to the recent trends will fail . This apart, the regulatory constraints and industry evolution have also added to the tremendous pressure on the utilities sector. We are thus seeing utilities across the world increasingly using service providers, including BPM services for a wide variety of activities including customer service, financial & asset management, procurement and energy efficiency program management.

Among all the areas, customer service is one area that has become the new battleground for energy suppliers in the UK. Those that have focussed on this are succeeding in terms of retaining customers and building their base. Those who lose are losing big. A Ofgem report earlier this year revealed that the so-called big six energy firms' collective market share is at its lowest-ever level. This year has seen British Gas announce the loss of 340,000 customers (and a 20% drop in profits), while low-cost energy firm Iresa actually collapsed under the weight of 9,000 customer complaints per 100,000 customers.

A look at the most recent uSwitch Customer Satisfaction Report further confirms that Innovators, challengers, and independents are dominating the top 10 utilities, with good marks on areas like online experience and the likelihood of recommendation – essentially the places service is measured today. What unites some of these top brands in the survey is their digital-first nature, and how that translates to service and customer relationships.

The world is definitely seeing the beginning of the smart utility era. With digital meter installation gaining acceptance worldwide in the developed economies, smart technologies embedded in utility infrastructures are seen as the new normal rather than the exception. The smart meter is probably one of many new intelligent devices that impacts utilities. The introduction of advanced connectivity, e-commerce and machine-to-machine (m2M) communications will gradually encourage the utilities industry across geographies to embrace new business models.

Utilities will learn to get smarter, leveraging their data and bandwidth capabilities to support a range of connected devices that will provide increased system resiliency, reliability and security, cost savings, real-time monitoring and communication for theft detection and voltage regulation, as well as improved outage management and restoration.

The opportunities for the smart utility of the future are beginning to take shape. The proliferation in smart technologies will assist utilities to rethink the customer relationship and their overall business model. As utilities upgrade their capabilities to provide consumers with new and previously unavailable services that include dynamic pricing and real-time access to connected devices, they will also make it easier to remotely monitor, analyse and control usage, as well as enable new integrated energy services. These smart technologies when leveraged effectively can help utilities position themselves more broadly as a "service provider" rather than a utility provider, leading to supplementary revenue opportunities.

The key to success in utilities today is therefore focusing on a high level of customer satisfaction and carrying out transformation efforts to map it to service priorities. Artificial Intelligence can be used to deploy an exceptional customer service response to problems that arise while robotic process automation (RPA) can deliver a better offer to customers at the point of service, with key systems recognizing a customer and why they're getting in touch, then directing them to the right people right away.

The central piece of all this is effective and intelligent use of data. The collection, storage, and utilization of quality data has the power to drive automation technology; meaning providers can either nullify problems before they take root or streamline the service to resolution. This could result in a situation where the customer not only has no cause to complain, but is actually moved to compliment the provider and recommend its services to other people.

Outsourcing is emerging as a strategic enabler for utilities organizations as they strive to contain costs, bring in higher efficiency and enhance customer service. By outsourcing its back-office and customer care functions, a utilities organisations can avoid costly investments into technology and human resources. By leveraging the capabilities of a third-party outsourcing provider, utilities companies can deal with the current market situations on a stronger footing.

Firstsource understands that the core objective of utilities organisations is to reduce the cost to serve while maintaining customer centricity. Our approach is to work with clients to develop solutions that provide a seamless customer journey, optimising each experience a customer has with them to help improve loyalty.

BUSINESS STRATEGY AND COMPETITIVE STRENGTHS

Continue to differentiate through Innovation, new technological trends and non-linear disruptive service offerings. Develop value enhancing productised solution offerings.

The success of any strategic initiative is measured by the outcomes it generates. The Business Transformation Offerings (BTO) has enabled the Company to build and deploy tangible differentiators that give it the competitive edge to win high-impact deals. During FY2019, the Company significantly bolstered its Business Transformation Offerings (BTO). Under the BTO framework, the Company continues to:

Build Transformative Productised Solutions through a combination of Robotic Process Automation, Workflow technologies, Digital and Analytics based predictive models.

The Company continued to make significant strides last year in developing productised "arrowheads" that help clients address the market shifts in their respective industries. Robotics Process Automation (RPA) continues to dominate the marketplace with businesses using various elements of RPA to automate the routine, manual and rule-based activities. According to Research and Market report, the global RPA market is estimated to touch USD 3.11 billion by 2025, growing at a CAGR of 31.1% between 2018-2025. During the year, the Center of Excellence continued to implement RPA projects and deliver significant benefits to its client across the US and the UK geographies in BFSI and Healthcare industry segments. By combining its proprietary workflow tools and robotic automation methods the company was successful in streamlining client processes, eliminate redundant and repetitive tasks, delivering significant productivity benefits to clients as well as improved business outcomes. This is particularly relevant in back office processes across industries but more relevant in the banking and healthcare sector.

Analytics-based predictive models help to predict consumer interaction behaviour, their Net Promoter Scores (NPS), and churn predictive models which are a direct correlation metric to consumer loyalty to our clients' brand and product. Using consumer demographic data, customer interaction journeys across multiple channels (digital, voice, chat, email etc.), and transaction history, the Company has created analytical models to predict future interaction behaviour patterns of consumers. These models help to maximise revenue potential and reduce churn hence, delivering enhanced business outcomes to the clients. Going forward, the Firstsource Analytics Services will continue to be a significant investment area for the Company.

As online (web), messaging and mobile channels drive a distinctive, holistic consumer engagement platform, the Company has created a productised service (First Digital) which analyses, provides insight and improves consumer engagement by mapping customer journeys. These help the clients use these channels more effectively and reduce their total cost-to-serve without affecting the NPS.

Productisation of services is made possible through inventive technology partnerships, innovative product ideas along with a sound branding and go-to-market strategy. These help to generate significant value to the clients. The Company continues to invest in its product portfolio comprising of productised solutions in Customer Interaction Analytics (First Customer Intelligence), Web Chat (First Chat), Robotics Process Automation (First Smartomation), Workforce Management (First WF Suite), Complaints Management (First Resolve), the Company Analytics Services and FirstDigital and Workflow Solution (Sympraxis). In the healthcare provider segment, analytics led hospital enrolment, Uncompensated Care Integrated Management (UCIM) and denials-management productised services are helping generate non-linear outcome-based fees for the Company.

Strengthen domain expertise and develop deep industry knowledge by building strong Centres of Excellence (CoEs), aided by forging technology partnerships.

The Company has proven and differentiated horizontal capabilities in its current business portfolio. These capabilities include customer management, collections and transaction processing. There are dedicated CoEs for these three horizontals that continue to expand these capabilities across its target industry verticals. The Company continues to invest heavily in building industry and domain knowledge, and establishing knowledge management systems for effective dissemination. It has set up an incubation cell within the organisation, which looks to incubate transformative solutions through associations with start-up ecosystems, in-house ideas and established organisations. Besides, it will continue to strengthen the CoEs by forging strong technology partnerships with niche product and platform organisations, which will enable the Company to propose niche bundled offerings to its customers. Artificial Intelligence led disruptions, Machine-Learning based solutions are some of the areas that the Company is currently focussing on enhancing its portfolio of offerings.

Continue to focus on Customer Management, Financial Services, Mortgage and Healthcare segments

The Company has been focusing on expanding its footprint in the customer management and healthcare segments. The acquisition and integration of ISGN Mortgage in the US mortgage industry marked its entry in a new market segment, thereby enabling it to expand its mortgage services portfolio in the US markets. The Company made significant strides in its penetration of the US mortgage market by bringing together the vertical domain expertise and the horizontal customer management expertise, coupled with RPA and AI to provide industry-oriented transformative solutions to clients. Continued efforts to drive transformative interventions in Mortgage, healthcare and cards through a combination of automation and analytics will help the Company maintain its competitive edge in the market.

Unique value proposition for the healthcare industry

The company is one of the few players who straddle across both the Payer and Provider segments of the Healthcare Industry. With the Healthcare Industry moving from the 'fee-for-service' to 'value-based-reimbursement' model, understanding of the intricacies of information exchange between Payers and Providers, and being able to deploy transformation tools to improve the same is of significant value. Healthcare industry lags behind other industries in simplifying processes and improving customer (member and provider) satisfaction. The company, with its very strong Customer Management capabilities, is uniquely positioned to help Healthcare become 'retail-like' in consumer orientation. Companies partnerships and alliances with Healthcare organizations like EBIX Healthcare and Connance have helped the company become a full service provider in the Payer industry and complete end-to-end RCM services provider to the hospital segment.

Retain and consolidate relationships with clients

In FY2019, the Company attributes roughly, 93.4% of its revenue from existing customers. Delivering enhanced services through robust account plans is a key focus area while strengthening its relationships with clients. The Company works with several 'Fortune 500', 'FTSE 100' and Blue Chip companies in the US, the UK and India. Many of these relationships have strengthened over time as the Company gets on-going work from these clients and gains a greater share of their BPM outsourcing budget. The successful extension of the partnership with Sky UK is a testimony to the relationship that the company builds with its clients.

Talent management, leadership development and creating a high performance culture

The Company believes that along with its clients and shareholders, the most important stakeholders in its success are its people. The experience of clients and the quality of service provided to the customers of clients is directly dependent on the quality, engagement and morale of its employees. Hence the company continues to invest in and innovate around all people practices. From robust selection processes that allow the company to hire the best talent, to strong performance and talent management frameworks that ensure that all efforts in the organization are aligned to the vision and meritocracy is being celebrated, to investing in learning and succession planning for the future, the Company is committed to driving high performance and helping its employees to aspire, achieve and advance.

Competition

The BPM services market is growing rapidly and continues to be highly competitive. The Company expects the competition to intensify. The Company faces different set of competitors in each of its business units. A number of the Company's international competitors are setting up operations in India. Further, many of the Company's other international competitors with existing operations in India are expanding these operations, which have become an important element of 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 companies located in the US such as Parallon, Navigant Cymetrix, R1 RCM, Change, Cardon (MedData-MedNAX), Conifer group etc;
- 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 BFSI 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 US such as HML, Sutherland, TCS, Infosys, Wipro and Accenture;
- BFSI 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 & Utilities business the Company primarily competes with:

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

HUMAN RESOURCES

PERFORMANCE ENHANCEMENT PROCESS

Last year, the performance enhancement process was redesigned and implemented globally with focus on better measuring, enhancing and rewarding performance of executive and above level employees. The new process has received positive user feedback and has resulted in improved process effectiveness. Some areas of impact have been- better goal cascade and goal setting resulting in more aligned goals, a 30% increase in number of ongoing performance dialogues between managers and employees and increased skill building for people managers to enable them to help their teams deliver high performance.

TALENT MANAGEMENT

Through our Talent Management process, we continue to identify top talent and groom them for succession readiness. iExcel, our leadership development program aims at providing customized learning opportunities to our leaders to prepare them for future roles. Through introduction of psychometric assessments for identifying talent, we have further enhanced the robustness of our TM process.

LEADERSHIP AND MANAGEMENT DEVELOPMENT

Firstsource Academy continues to work towards making learning Relevant, Real time and Reachable for its diverse set of employees spread across different geographies. By making learning opportunities available through multi channel, blended learning approach, we achieved 80% completion rate on Individual Development Plans and a 33% jump in employees using e learning courses. Along with building capability for today, our focus continues to be on making our workforce future ready by investing in learning on emerging technologies. Trainings provided by the Academy have demonstrated impact upon revenue generation, cost savings, performance enhancement, and career progression.

TALENT INTEGRATION

Talent Integration is a focus area for us as it not only ensures a positive first experience, but also drives better performance and engagement. At Firstsource, integration does not end at Onboarding. It also plays a critical role at other stages of employee lifecycle namely returning to work post maternity leaves, expatriation to another location, changing roles etc.

This year, the focus was on building frameworks and designs of onboarding for different levels and categories of employee basis the need and demand from that employee group.

TALENT ENGAGEMENT & RETENTION

Firstsource has a multi-generational, multi-cultural global workforce and hence engagement and retention follows a bespoke model catering to all employee work groups. Divided into multiple facets of recognition, communication, wellbeing, inclusion etc, employee experience is at the heart of our initiatives.

Transparent, effective and regular communication is the key focus. This is delivered through Open houses, Top talent connect with CEO and function heads, skip meetings, Goal cascade sessions to name a few. Lifecycle surveys and poll options for employees to share their opinions are readily available. A grievance resolution system called firstConnect is also built in to ensure timely response to issues by grievance owners, governance of actions and decision making basis employee response at a global level.

A global reward and recognition framework that is built on pillars of performance, values and service is laid out. For different levels in the organization different metrics and behaviours are tracked to recognize good performance. The same is felicitated through spot awards, weekly and monthly recognition ceremonies, client recognition parties, and global leadership awards.

Wellbeing: Mental and physical wellbeing is driven at an enterprise level with multiple awareness programs, training sessions, fitness activities, sports tournaments, medical camps, regular check-ups and tie-ups with facilities regularly.

Inclusion and Diversity: Our vision is to sustain an actively inclusive environment that embraces, respects and leverages the diversity of our employees, customers, clients and communities we live in. We strive to build I&D into the DNA of our culture, leadership accountability and organizational capability, driving a safe environment for our employees to be themselves without judgements and inhibitions weaving it into all aspects of an employees' journey. A couple of focus areas under this umbrella are gender diversity, people with disability, parents at work, generational diversity, LGBTQ and diversity of thought.

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, 2019 stands at ₹ 6,910.65 million compared to ₹ 6,865.23 million as of March 31, 2018.

The increase in equity share capital of ₹ 45.72 million is on account of allotment of 4,542,211 shares to employees as stock options and receipt of ₹ 0.30 million towards share application money pending allotment.

The Other equity of the Company increased from ₹ 16,652.37 million to ₹ 20,296.31 million. The details of increase in Reserves and surplus by ₹ 3,643.94 million are as below:

(Amount in ₹ millions)

Increase on account of:	
Profit for the year less appropriation	3,758.04
Premium received on shares issued during the year	142.53
Exchange Difference on consolidation of non- integral subsidiaries/entities	490.95
Employee stock option reserve	1.99
Effective portion of cash flow hedges	498.16
Decrease on account of	
Dividend (including tax on dividend)	(1,247.73)
Net Increase/(Decrease) in Reserves and surplus	3,643.94

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, 2019 is ₹ 5.89 million as compared to ₹ 12.53 million as of March 31, 2018.

During the year ended Firstsource Dialog Solutions (Private) Limited, Sri Lanka has bought back 50% of its issued capital. The amount due towards minority shareholder has been paid back to the shareholder.

LONG-TERM BORROWINGS

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

Secured long-term borrowings outstanding as of March 31, 2019 were ₹ 9.16 million as compared to ₹ 28.84 million as of March 31, 2018. The net decrease was on account of movement of long term finance lease obligation from non-current to current liabilities. Unsecured long-term borrowings outstanding as of March 31, 2019 were ₹ 60.32 million as compared to ₹ 113.36 million as of March 31, 2018. The net decrease was on account of repayment of loan from NBFCs.

DEFERRED TAX LIABILITIES

Deferred tax liabilities as of March 31, 2019 were ₹ 460.70 million as compared to ₹ 264.29 million as of March 31, 2018. This is due to increase in deferred tax liability on goodwill amortisation offset by decrease in deferred tax assets on business losses carried forward.

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, 2019 were ₹ 451.62 million as compared to ₹ 325.91 million. 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, 2019 were ₹ 5,389.86 million as compared to ₹ 3,490.19 million as of March 31, 2018. The movement is on account of, increase in line of credit from bank of ₹ 1,899.67 million.

TRADE PAYABLES

Trade payables as of March 31, 2019 were ₹ 901.75 million as compared to ₹ 936.22 million as of March 31, 2018.

OTHER FINANCIAL LIABILITIES

Non-current other financial liabilities as of March 31, 2019 were Nil as compared to ₹ 161.46 million as of March 31, 2018. The decrease in non-current other financial liabilities is on account of MTM liability on foreign currency forward contracts.

Other current financial liabilities as of March 31, 2019 were ₹ 1,585.13 million as compared to ₹ 4,559.49 million as of March 31, 2018. The decrease in other financial liabilities is on account of repayment of long term borrowings and book credit offset by increase in employee benefit payable.

OTHER LIABILITIES

Other current liabilities include amount payable towards Value added tax and tax deducted at source, subsequently paid on due dates.

GOODWILL

Goodwill as of March 31, 2019 was ₹ 20,451.72 million as compared to ₹ 19,308.07 million as of March 31, 2018.

The increase in goodwill during the year was ₹ 1,143.65 million. This increase was due effect of restatement of non-integral foreign subsidiaries at year end exchange rate.

FIXED ASSETS

The net block of tangible assets, intangible assets and capital work-in progress amounting to ₹ 1,795.43 million as of March 31, 2019 as compared to ₹ 1,510.35 million as of March 31, 2018, resulted in a net increase of the assets to the extent of ₹ 285.08 million.

This is majorly due to net additions of ₹ 1,026.97 million and upward exchange rate impact of ₹ 16.41 million offset by depreciation charge for the year amounting to ₹ 744.35 million.

INVESTMENTS

The investments of the company represent non-current investments of ₹ 121.65 million and current investments of ₹ 1,217.50 million as on March 31, 2019 as compared to ₹ 122.62 million and ₹ 220 million respectively as on March 31, 2018.

DEFERRED TAX ASSETS

Deferred Tax assets of the company as of March 31, 2019 were ₹ 2,314.68 million as compared to ₹ 2,175.49 million as of March 31, 2018. This increase majorly is on account of MAT credit created during the year ₹ 282.91 million and increase in deferred tax liability on cash flow hedges ₹ 87.69 million and property, plant and equipment ₹ 75.12 million.

INCOME TAX ASSETS

Income Tax assets of the company as of March 31, 2019 were ₹ 776.51 million as compared to ₹ 679.24 million as of March 31, 2018

OTHER NON-CURRENT ASSETS

The other non-current assets of the company as of March 31, 2019 were ₹ 2,174.46 million as compared to ₹ 1,956.68 million as of March 31, 2018. This increase is on account of deferred contract cost paid during the year.

TRADE RECEIVABLES

Trade receivables amount to ₹ 3,871.89 million (net of provision for doubtful debts amounting to ₹ 166.24 million) as of March 31, 2019 as compared to ₹ 3,784.79 million (net of provision for doubtful debts amounting to ₹ 163.54 million) as of March 31, 2018. 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, 2019 (calculated based on per-day sales in the year) were 37 days, as compared to 39 days as of March 31, 2018. 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, 2019 was ₹ 473.84 million as compared to ₹ 1,230 million as of March 31, 2018. This decrease in cash was due to cash used in payment of dividend and investing activities, offset by cash generated from operating activities.

OTHER FINANCIAL ASSETS

Other Financial Assets as of March 31, 2019 were ₹ 1,707.08 million as compared to ₹ 1,911.36 million as of March 31, 2018. The decrease in these assets was on account of decrease in MTM on foreign currency forward contracts.

OTHER CURRENT ASSETS

The other current assets of the Company as of March 31, 2019 were ₹ 1,133.92 million as compared to ₹ 744.77 million as of March 31, 2018. This increase is due to prepaid expenses and current portion of deferred contract cost, indirect taxes recoverable and other advances.

RESULTS OF OPERATIONS

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

Particulars	FY2019		FY2018	
	₹ Million	% of Income	₹ Million	% of Income
Income from services	**37,867.07**	**-**	34,314.97	-
Other operating income	**395.70**	**-**	1,037.50	-
Revenue from operations	**38,262.77**	**100%**	35,352.47	100%
EXPENDITURE				
Personnel cost	**25,572.59**	**66.8%**	23,954.75	67.8%
Other expenses	**7,335.51**	**19.2%**	6,808.66	19.3%
Operating EBITDA (Earnings before Interest, Tax and Depreciation)	**5,354.67**	**14.0%**	4,589.06	12.9%
Depreciation and amortisation	**744.35**	**1.9%**	659.24	1.9%
Operating EBIT (Earnings before Interest and Tax)	**4,610.32**	**12.1%**	3,929.82	11%
Finance charges	**290.01**	**0.8%**	404.04	1.1%
Other income	**38.87**	**0.1%**	54.31	0.2%
Profit before tax	**4,359.18**	**11.4%**	3,580.09	10.1%
Provision for taxation				
- Current tax expense (including MAT)	**343.63**	**0.9%**	456.79	1.3%
- Deferred tax charge/(credit)	**237.78**	**0.6%**	(142.48)	0.0%
Profit after tax before minority interest	**3,777.77**	**9.9%**	3,265.78	9.2%
Minority interest	**(0.09)**	**0.0%**	0.59	0.0%
Profit after tax	**3,777.86**	**9.9%**	3,265.19	9.2%

INCOME

Income From Services

Income from services increased by 10.4% to ₹ 37,867.07 million in FY2019 from ₹ 34,314.97 million in FY2018. 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 FY2019 was ₹ 69.84 per USD and ₹ 91.65 per GBP as compared to ₹ 64.47 per USD and ₹ 85.51 per GBP in FY2018.

CONSOLIDATED REVENUES BY SEGMENT

The Company serves clients for Customer Management, Healthcare and Collections business. Clients from Customer Management accounted for 56% (FY2018: 55%), clients from Healthcare accounted for 35% (FY2018: 37%), clients from Collections accounted for 9% (FY2018: 8%) of the income from services in FY2018.

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

Amount (₹ Million)

	FY2019	FY2018
Business Segment		
Customer Management	**21,235.98**	18,868.24
Healthcare	**13,094.80**	12,703.80
Collections	**3,536.29**	2,742.93
Total	**37,867.07**	34,314.97

CONSOLIDATED REVENUES BY GEOGRAPHY

The Company serves clients in North America, UK and India. Clients from North America accounted for 55% (FY2018: 53%), clients from UK accounted for 44% (FY2018: 44%), clients from India accounted for 1% (FY2018: 3%). The following table gives a segment wise breakdown of the income from services for the corresponding periods:

Amount (₹ Million)

	FY2019	FY2018
Geography		
UK	**16,617.46**	14,969.47
US	**20,850.00**	18,420.31
India	**399.61**	925.19
Rest of the World	**-**	-
Total	**37,867.07**	34.314.97

CONSOLIDATED REVENUES BY INDUSTRY

Healthcare accounted for 34%, Telecommunications & Media accounted for 28% and Banking, Financial Services & Insurance 36% and other accounted for 2% of income from services in FY2019 and 37%, 34% and 29% of income from services respectively in FY2018.

The following table illustrates a breakdown of the income from services for the periods indicated.

Amount (₹ Million)

	FY2019	FY2018
Industry		
Healthcare	**13,001.31**	12,627.91
Telecom & Media	**10,604.25**	11,632.77
BFSI	**13,617.29**	10,019.97
Others	**644.22**	34.31
Total	**37,867.07**	34,314.97

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	FY2019		FY2018	
	Amount	%	Amount	%
Client concentration to revenues				
Top Client	**9,265.75**	**24%**	9,711.14	28%
Top 5 customers	**15,693.44**	**41%**	15,887.83	46%
All clients	**37,867.07**	**100%**	34,314.97	100%

In FY2019, the Company had top client accounting for 24% of the income from services compared to top client accounting for 28% of its income from services in FY2018.

The Company derives a significant portion of its income from a limited number of large clients. In FY2019, the Company had 14 clients contributing individually over ₹ 500 million each in annual revenues the same number as in FY2018. In FY2019 and 2018, income from the Company's five largest clients amounted to ₹ 15,693.44 million and ₹ 15,887.83 million respectively, accounting for 41% and 46% 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 ₹ 395.70 million in FY2019 includes exchange gain of ₹ 433.58 million for the year ended March 31, 2019 (FY2018: ₹ 996.76 million) 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 8.2% to ₹ 38,262.77 million in FY2019 from ₹ 35,352.47 million in FY2018 in rupee terms and grew by 2% in constant currency terms. Normalizing for the Domestic business divestment, Company's Revenues grew by 9.9% in rupee terms and 5% in constant currency.

EXPENDITURE

Personnel costs

Personnel costs increased by 6.8% to ₹ 25,572.59 million in FY2019 from ₹ 23,954.75 million in FY2018, with the number of employees increasing to 18,712 as of March 31, 2019 from 18,703 as of March 31, 2018. As on March 31, 2019, 9,744 employees were employed outside India and 8,968 employed in India as compared to 9,894 employees outside India and 8,809 employees in India as at end of FY2018. The increase in cost is attributed to increase in number of employees across the globe and annual increments.

Operating Costs

Operating costs for FY2019 amounted to 19.2% of the income for that period, as compared to 19.3% of income in FY2018. Operating costs increased to ₹ 7,335.51 million in FY2019 from ₹ 6,808.66 million in FY2018. 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 ₹ 765.61 million to ₹ 5,354.67 million in FY2019 from ₹ 4,589.06 million in FY2018. Operating EBITDA in FY2019 was at 14.0% of income as compared to 12.9% in FY2018.

DEPRECIATION

Depreciation costs for FY2019 amounted to 1.9% of the income for that period, as compared to 1.9% in FY2018. Depreciation increased year-on-year by 12.9% to ₹ 744.35 million in FY2019 from ₹ 659.24 million in FY2018.

OPERATING EBIT (EARNINGS BEFORE INTEREST AND TAX)

Operating Earnings before Interest and Tax (EBIT) increased by ₹ 680.50 million to ₹ 4,610.32 million in FY2019 from ₹ 3,929.82 million in FY2018. Operating EBIT in FY2019 amounted to 12.1% compared to 11% in FY2018.

FINANCE COST

Finance cost for FY2019 amounted to 0.8% of income for that period, as compared to 1.1% of income in FY2018. Finance charges decreased by 28.2% to ₹ 290 million in FY2019 from ₹ 404.03 million in FY2018, due to repayment of debt during the year.

OTHER INCOME

Other income decreased to ₹ 38.87 million in FY2019 from ₹ 54.31 million in FY2018. The components of other income in FY2019 were profit from the sale/redemption of current investments of ₹ 46.40 million, loss on sale of fixed assets of ₹ 7.16 million, loss on dimunition in value of investment in subsidiary of ₹ 5.69 million, interest income of ₹ 27.30 million, other miscellaneous income of ₹ 5.64 million and foreign exchange loss of ₹ 27.62 million.

PROFIT BEFORE TAX

Profit before tax increased by 21.76% to ₹ 4,359.18 million in FY2019 from a profit before tax of ₹ 3,580.09 million in FY2018. Profit before tax in FY2019 was 11.4% of the income, as compared to 10.1% of the income in FY2018.

PROVISION FOR TAXATION

Provision for taxation increased by 85% to ₹ 581.41 million in FY2019, from ₹ 314.31 million in FY2018 due to significant corporate tax rate reduction in USA from 34% to 21% in FY 2018. 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. During the year, certain centres of the Company had the benefit of tax-holiday under Section 10AA under the Special Economic Zone scheme. Current tax expense amounted to ₹ 343.63 million in FY2019 as compared to ₹ 456.79 million in FY2018.

There was a deferred tax charge of ₹ 237.78 million in FY2019 compared to a deferred tax credit of ₹ 142.48 million in FY2018.

PROFIT AFTER TAX BEFORE MINORITY INTEREST

As a result of the foregoing, profit after tax before minority interest increased to ₹ 3,777.77 million for FY2019 from profit after tax before minority interest of ₹ 3,265.78 million in FY2018.

MINORITY INTEREST

Minority interest is ₹ (0.09) million in FY2019 as compared to ₹ 0.59 million in FY2018.

PROFIT AFTER TAX

As a result of the foregoing, profit after tax increased by 15.7% to ₹ 3,777.86 million in FY2019 from profit after tax of ₹ 3,265.19 million in FY2018. Profit after tax in FY2019 was 9.9% of the income, as compared to 9.2% of the income in FY2018.

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, 2019, the Company had cash and cash equivalents of ₹ 473.84 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)

	FY2019	FY2018
Net Cash flow from Operating activities	**3,850.68**	3,150.94
Net Cash flow from(used in)/generated from Investing Activities	**(2,040.70)**	916.32
Net Cash flow (used in) Financing Activities	**(2,576.41)**	(3,267.77)
Cash and cash equivalents at the beginning of the year	**1,230.00**	387.31
Foreign exchange (gain)/ loss on translating Cash and cash equivalents	**4.86**	43.20
Earmarked Balances with Banks	**5.41**	
Cash and cash equivalents at the end of the year	**473.84**	1,230.00

OPERATING ACTIVITIES

Net cash generated from the Company's operating activities in FY2019 amounted to ₹ 3,850.68 million. This consisted of net profit before tax of ₹ 4,359.18 million and a net downward adjustment of ₹ 767.77 million relating to various non-cash items and non-operating items including depreciation of ₹ 744.35 million; net decrease in working capital of ₹ 646.77 million; and income taxes paid of ₹ 629.50 million. The working capital change was due to increase in trade receivables of ₹ 381.02million, increase in loans and advances by ₹ 314.66 million and increase in liabilities and provisions by ₹ 48.91 million.

Net cash generated from the Company's operating activities in FY2018 amounted to ₹ 3,150.94 million. This consisted of net profit before tax of ₹ 3,580.09 million and a net downward adjustment of ₹ 1,060.48 million relating to various non-cash items and non-operating items including depreciation of ₹ 659.24 million; net decrease in working capital of ₹ 743.86 million; and income taxes paid of ₹ 745.77 million. The working capital change was due to increase in trade receivables of ₹ 504.03 million, increase in loans and advances by ₹ 744.41 million and increase in liabilities and provisions by ₹ 504.58 million.

INVESTING ACTIVITIES

In FY2019, the Company used ₹ 2,040.70 million of cash from its investing activities. These investing activities included capital expenditure of ₹ 1,087.52 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 ₹ 959.90 million.

FINANCING ACTIVITIES

In FY2019, net cash used in financing activities amounted to ₹ 2,576.41 million. This comprised of repayment of long term borrowings of ₹ 3,089.66 million, proceeds from short term borrowings of ₹ 1,899.67 million and proceeds from issuance of equity shares of ₹ 142.35 million. The Company paid interest of ₹ 280.48 million. During the year, the company also paid dividend of ₹ 1,242.32 million to its shareholders.

In FY2018, net cash used in financing activities amounted to ₹ 3,267.77 million. This comprised of repayment of long term borrowings of ₹ 3,914.63 million, proceeds from short term borrowings of ₹ 968.48 million and proceeds from issuance of equity shares of ₹ 101.42 million. The Company paid interest of ₹ 423.04 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, 2019, the Company had cash and bank balances of ₹ 473.84 million as compared to ₹ 1,230 million as of March 31, 2018.

KEY FINANCIAL RATIOS

Ratios	FY2019	FY2018
Debtors Turnover	**10.0**	10.3
Current Ratio	**0.9**	0.8
Debt Equity Ratio	**0.2**	0.3
Interest Coverage	**20.5**	11.6
Operating Profit Margin	**14.0%**	13.0%
Net Profit Margin	**9.9%**	9.2%

Table presents key financial ratios, as applicable, for Firstsource Solutions Limited. The change in Debt to Equity ratio and Interest Coverage 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 programs 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 from 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**
- STP in all buildings*

WATER PRESERVATION

- Installation of censor taps to minimize water wastage**
- Usage of eco- friendly housekeeping consumable such as bio chemicals for waterless urinals*
- Water Consumption Monitoring per floor basis or for premises**
- Treated water usage in gardening, flushing & HVAC cooling tower**
- Rainwater harvesting*
- Various water conservation activities in Horti operations like Sprinkler Irrigation, Deep Irrigation, Mulcting etc.*

NATURE PRESERVATION

- Eco friendly chemicals being used in HK operations*
- Ambient air quality monitoring, Ambient noise testing, Water testing, soil testing, etc*
- Safe disposal Sanitary Napkin at centers through Napkin disposal machines or safe collections for environment friendly disposal**
- Use of environment friendly Housekeeping Chemicals**
- Monitoring of department wise paper consumptions**
- Use of R-134 refrigerant gas & restriction on use of Ozone depleting gases in HVAC System**
- Purchase of Green Renewable Power from Solar / Wind parks**
- No usage of pesticides in Gardening activities**

- Plantation drives**
- Usage of Eco-Friendly Dustbin Liners**
- Seed Ball, Urban Farming, Moss Wall, Leaf Composting, etc**

CARBON FOOTPRINT

- Deployment of PUC compliant vehicles in transport**
- Carpooling & common car & bus facility for employees from nearest Metro or railway station or pick up point**

ENERGY USE

- Installation of high-quality energy efficient Jet hand dryers**
- Motion sensor-based lighting system*
- Energy efficient AC/PAC for secured areas*
- Energy efficient UPS and LED lighting*
- HVAC Chiller- R134 green gas*
- Air curtains to control cooling leakage and better energy efficiency**
- Use of VFDs for AHUs**
- Use of Automated Environment control system for cooling & air circulation to maintain at optimum level**
- Solar Power Generation

SAFETY/ HEALTH

- Use of Chemical Spillage kit in center to quick arrest of any chemical or oil spillage**

WASTE MANAGEMENT

- Segregation of dry and wet waste*
- E-Waste disposal through government approved vendors *
- Hazardous waste disposal though authorised recyclers*
- Bio Waste Disposal as per Norms**
- Disposal of paper waste separately with environment friendly paper recyclers**
- Measurement & monitoring of food wastage in canteens**
- Discarding Plastic Plates & Plastic spoons in cafeteria**
- OWC (Organic Waste Convertor) in operation to process food/wet waste**

Note: * Implemented at majority of locations

** Implemented at key locations

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.

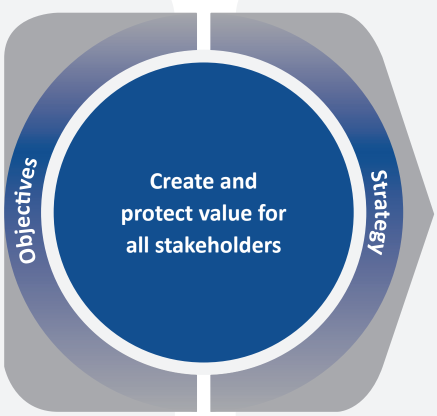
This report contains forward-looking statements, about risks and uncertainties affecting our business objectives. Our business model is subject to the uncertainties that could cause results to differ materially from those reflected in the forward-looking statements. Readers are requested to exercise 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.

ENTERPRISE RISK MANAGEMENT - STRATEGIC INTENT

The Company strives to dynamically update the Enterprise Risk Management framework as per the changing business needs and objectives as well as external environment.

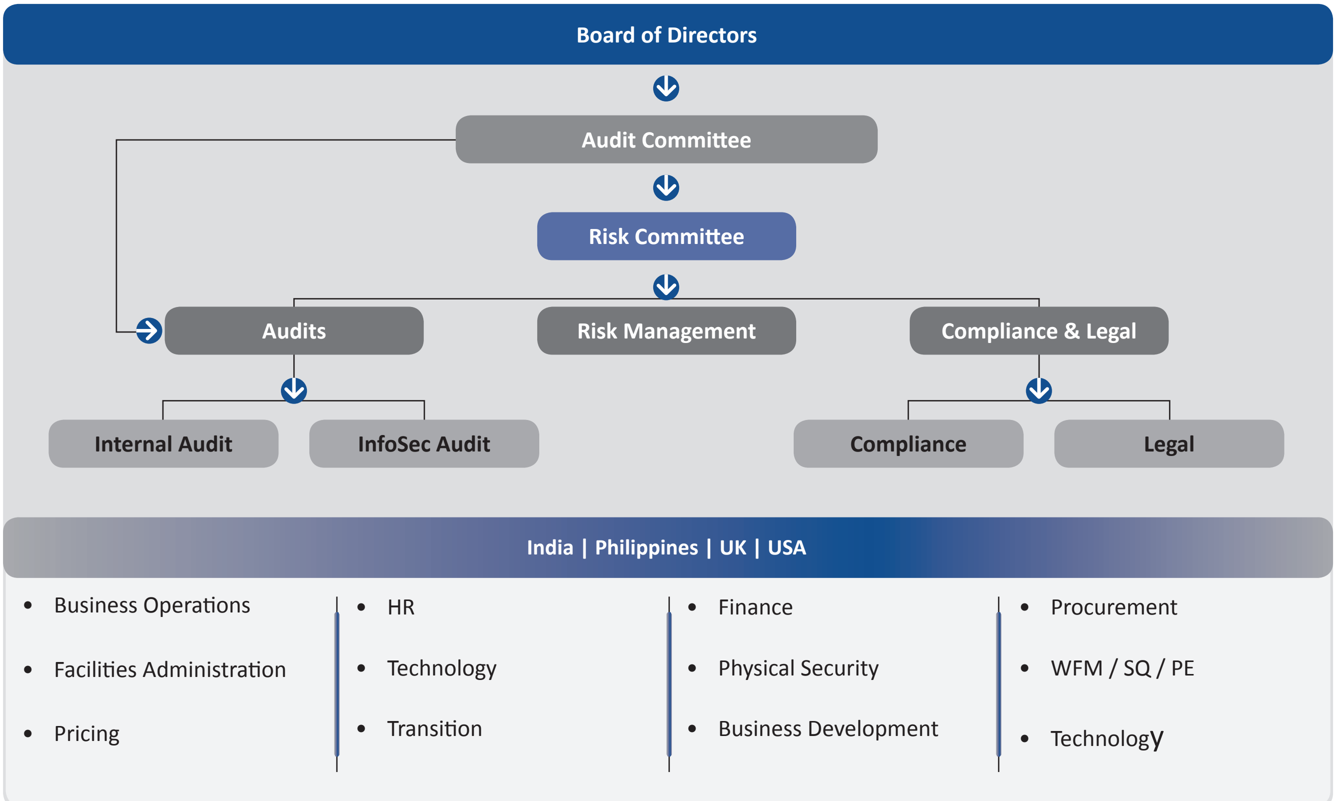
- Protect Firstsource and client interests
- Provide assurance to the clients on the safeguards that the Company has implemented to protect confidentiality of its data
- Provide assurance to the board on risk controls
- Evangelize a compliance mind-set
- Be a solution architect for risk management



- Robust governance structure, Best in class policies, Highest level of Ethics and Code of conduct
- Risk framework, anticipating high risk and impact events
- Internal audit function with methodology benchmarked with industry best practices
- Strong compliance framework to ensure compliance with Laws and regulations, client contracts and internal policies and processes

GOVERNANCE STRUCTURE

Firstsource has dedicated and independent governance teams engaged in Enterprise Risk Management, Legal & Compliance, Internal Audit and Information Security Audits who work closely with the business operations and support other functional teams. Their mandate is to identify, assess, remediate and monitor the risks as per the pre-defined policies and procedures.



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 Committee	• The committee assists the Board in fulfilling its corporate governance oversight responsibilities, monitors and reviews the risk management practices.
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 globally accepted and recognised framework that provides guidance and thought leadership on enterprise risk management and internal controls. Enterprise Risk Management at Firstsource seeks to minimize adverse impact of risks on key business objectives and enables the Company to leverage market opportunities effectively. These risks are continuously tracked with the help of Key Risk Indicators (KRI's) defined by the risk management team and risk owners.

Risk Management Process:

Your Company has defined a robust risk management process encompassing:

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

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

Information Risk Management:

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

Key Business Risks & 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 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, technology disruption could see shrinkage in volumes and can have adverse impact on growth. The Company's continued focus in creating the Business Transformation practices has enabled it to offer differentiated productized services across industry segments. These services based on Digitization, Robotics, Artificial Intelligence & Data Analytics enables the Company to retain and grow its wallet share with its clients and also win new logos. The Company has ramped up and stabilized the operations with a new client in Utility sector and continues to grow this segment to 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	
Slowdown in global economic recovery	The global economic conditions have continued to be challenging with slow recovery, which impacts clients' businesses and markets that they serve. Therefore, the Company's business could be adversely affected by its clients' financial condition and levels of business activity. The Company believes that it has well diversified business model across industries, geographies and clients. The Company also continues to focus on rigorous cost control and productivity improvement initiatives to protect operating margins during challenging times.
Protectionist sentiments in developed countries	There seems to be a trend of "Protectionism" being followed by most matured economies. 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. The UK has also witnessed increased resistance from labour unions against the use of foreign labour. Also, the trade war conflicts emerging between major economy 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 majority of its revenues from onshore services and its dependence on offshore revenues has continued to decrease over time.

Revenue Share %	FY 16	FY 17	FY 18	FY 19	Trend
Offshore	21.1 %	21.3 %	21.2 %	19.6%	↓
Onshore* (*includes India domestic business)	78.9 %	78.7 %	78.8 %	80.4%	↑

Today, the Company has 18 operation centres with 3,545 employees in the US and 8 operations centres with 5,588 employees in the UK. The Company is one of the largest employers in the UK BPM sector.

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. This leads to the risk of delays due to slower pace of decision or approval processes, over which the Company has little or no control.

The Company has robust marketing and sales 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.

Regulatory and Policy level changes in the UK Energy sector

This year the Company has entered into energy sector in the UK with a new client and growth is expected to continue in this sector in the coming years.

This sector is witnessing fast changes on regulatory and governing policy level front in the form of energy industry code review, price cap related reforms, switching and smart meters related developments. These developments are still evolving and may impact industry players overall outsourcing strategy decisions.

The Company has dedicated Legal / Compliance resources for this sector who works closely with client's business / Legal & Compliance team to continuously assess the regulatory / industry level developments and proactively works with our business team to offer new solutions to the clients. Also, high oversight and increasing costs can provide for greater opportunity to outsource.

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, process excellence, operations, innovation and a robust transformation framework. These will help to create strong differentiators for the Company vis-à-vis competition, aiding non-linear growth in revenues and margins.

Uncertainty of British Exit (BREXIT) from the European Union

Post the passage of the "Brexit" referendum, The UK government initiated the official EU withdrawal process. However, the same is significantly delayed and facing the possibility of even No deal Brexit outcome. Many businesses and our clients continue to share concerns about the risks of future economic uncertainty and turmoil in the UK and EU at large.

The continuing uncertainties are likely to have impact particularly on financial institutions as they will need to look for alternate locations in the Eurozone to conduct business in the EU. There could be delays/postponements in decision making by clients on outsourcing related decisions.

Unpredictable political and economic events

The Company did not have a major adverse impact due to local economic events like Demonetization and Implementation of GST and resultant temporary economic slowdown. However, general elections for the Central Government scheduled in mid-2019, is adding to the uncertainty regarding political environment and major policy directives.

Volatility in the US Interest Rates and Tax rate reduction

The interest rate cycle in the US is indicating a continued volatility which is expected to continue next year also. Further, the effects of tax reforms announced last year will continue and may lead to high inflation which in turn can further increase interest rates and create cost pressures. 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 ₹ and £; ₹ and $ 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 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.

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 24.5% of its income from services and top five clients accounted for 41.5% of its income from services in FY2018-19. Furthermore, major events affecting the Company's clients, such as bankruptcy, change of management, mergers and acquisitions, change in their business model or regulatory factors could adversely impact its business. Moreover, the Company's revenue is highly dependent on clients concentrated in a few industries, as well as clients located primarily in the North America and UK / Europe. Economic slowdown or 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 FY2018-19, as income from services, the Company derived 28.0% from Telecom and Media vertical, 34.3% from Healthcare vertical and 36.0% income from the BFSI vertical. Geography wise, North America contributed 55.0% of income from services, followed by 43.9% from the UK, 1.1% from India & Rest of the World.

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, 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 and leveraging technology. Keeping abreast of market conditions to study the impact on client businesses and analysis of technology advancements that impact consumer behaviour are some of the measures that help to improve and favourably position the services provided by the Company to mitigate pricing risks to an extent.
Customer credit risk	This risk is the possible inability to collect from clients or delays in collection of the Company's dues. This could occur due to various reasons, including adverse economic conditions and, clients' business undergoing challenges, among others. This could have an impact on the Company's cash receivables and the Company may be required to enhance its short-term line of credit temporarily, to continue its operations. The Company addresses this risk through a well-defined governance mechanism to ensure adequate liquidity and solvency.
Expiry of certain tax benefits available in India	The Special Economic Zones Act, 2005, or the SEZ legislation, has introduced an Income Tax holiday scheme for operations established in designated 'special economic zones' or SEZs. The tax exemption for SEZ units is 100% of export profits for first five years, 50% of export profits for the next five years and 50% exempt subject to fulfilling other conditions. These tax benefits are available only for the specified period of time and post their expiry, there may be an impact on the tax incidence for the Company. The Company has operation centre in SEZ in Bangalore and Chennai, and will continue to identify qualifying locations in India that will be eligible for the SEZ benefits, going forward.
Compliance with multiple "Financial Reporting" standards	The Company operates through legal entities in multiple countries and is subject to various standards and principles for accounting and reporting. Any material change in the standards will impact the Company's financial reporting. Further, the Company uses financial leverage to ensure optimum solvency. Timely borrowing, repayment and raising funds at right cost are important aspects of financial management, which would otherwise lead to adverse impact on profitability and solvency. The Company has implemented a robust Internal Financial Controls framework that helps in mitigating these risks.
D. Operations Risks	
Non-renewal of client contracts	The Company continues to maintain existing accounts and acquire new clients. It is the Company's constant endeavour 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 addition are critical to ensuring a high chance of contractual renewal at the expiry of the term. The Company's sales and account management teams constantly strive to enhance their relationships with the key stakeholders to favourably position the Company's services.
Data privacy risk / New GDPR regulations	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, new regulation – GDPR (Global Data Protection Regulation) which has become effective in this fiscal which governs the possession, processing, movement and storage of data/information of EU citizens. It is continue to evolve and may require heightened governance around the same. The Company addresses this risk through a very strong and robust Information and Data Security process that is applicable to all its offices and employees. Various operation centres are ISO 27001 certified, which is an international standard for Information Security Management System (ISMS). Audits are conducted on a periodic basis and any non-conformance observed is fixed immediately. The Company adopts a zero tolerance policy towards non-compliance of this framework.
Risks due to natural or man-made disasters	As the industry is highly people centric, any delay in providing agreed operational services due to natural or man-made disasters like earthquake, floods, tsunami, fire, bomb blasts and terrorist attacks, among others, may 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.
Risks to operational errors, frauds and internal non-compliances of policies and procedures	The Company has internal policies, procedures and norms for operational activities, process compliance and controls. These norms are specified in order to achieve various control objectives and to prevent frauds and errors. Non-adherence to such internal policies, procedures and norms can therefore lead to operational errors, frauds and internal non-compliance. The Company has strong internal controls in order to check compliances to policies and procedures which are operated by various levels of management. Further, these controls are also subject to risk-based internal audits by an independent internal audit team, which helps in timely identification and remediation of gaps.
Reputational risks	The clients of the Company are big and reputed corporates. The Company's loss of reputation can adversely affect its operations and contractibility. Being a public company, we are scrutinized by many constituents including the media. In past we have not been impacted by any event which can jeopardize our reputation. Our well managed operations do not expose our employees and clients to any major risks. Also, our communications set up is always proactive in managing minor situations that may arise.

Legal risks	The Company has long term contracts with its customers and services under these contracts are delivered from several offices across the US, the UK, India and the Philippines geographies. In addition, to deliver on the various service level commitments, the Company also needs to ensure compliance with applicable laws and regulations in those geographies, including but not limited to employment, tax and environmental laws. Additionally, the Company needs to safeguard its own Intellectual Properties against infringement and ensure compliance with third party licenses which are used in its day-to-day business. The Company has a legal team in place which apart from advising and ensuring documentary safeguarding, closely works with business and support functions to enable compliance with contractual and/or regulatory requirements.
E. Human 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 pose a great challenge to retain talented workforce and maintain consistency in performance. The Company strives to continuously strengthen its internal processes to retain critical people and create a war-chest of talent. The Company has put in place following measures to mitigate the risks around attrition and attrition costs: • Enhancing and developing skills of the middle management; • Focusing on capability building by providing and developing effective training academies and supporting employee development programs; • Carving structured and strong career paths and providing opportunities for growth by way of job enlargements, enrichment of responsibilities and internal job movements; • Effective Reward & Recognition programmes that celebrate successes and efforts.
Risk related to ability to recruit employees and manage inflationary wage costs	The success of a BPM organisation depends on its ability to attract and retain employees with right skill sets and experience to meet the organizational goals. With talent shortages and intense competition for skilled individuals, the demand for qualified employees will continue to increase and is expected to remain high. Wage inflation and replacement costs not only bear a potential risk but also result in higher personnel expenses and training costs. The Company has developed innovative recruitment channels and practices to mitigate these risks, which include: • Strong employee referral programs, which contribute to more than one third of the overall hiring requirements; • Establishing Firstsource as an employer of choice and participating in several career events in order to strengthen the Firstsource brand and getting access to talent; • Affiliations with colleges at Graduate and Undergraduate level to be the preferred employer in tier 2 and 3 cities.
Risk related to leadership team & succession planning	The leadership team drives the Company's vision, mission and inculcates values within the Company to meet its goals. The Company's business continuity, client relations, employee engagement gets affected, in case there is a change in the leadership or if a key resource leaves. Our integrated approach to Talent Management ensures that the Company has the desired leadership and management capability to meet the demands of the business. The integrated approach comprises of the following: • A total rewards philosophy, which ensures that the compensation is in-line with the market standards and it attracts and retains right talent and rewards high performance. • Succession planning for business critical roles and people growth opportunities in line with their career aspirations.
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'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, Robotics, 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 Business Transformation offerings across areas of Robotics Process Automation, Digital and Analytics as part of its Productization initiatives. A combination of domain and process expertise with best-in-breed technology is helping the Company in pursuing significant opportunities.

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, 2019, the Board comprised of eleven (11) experts drawn from diverse fields/ professions of which ten (10 i.e. 90.9 percent) are Non-Executive Directors and one (1) is Executive Director. Six (6 i.e. 54.5 percent) out of eleven (11) 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("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, 2019 the Company had four (4) Board Meetings. These were held on:

1. May 7, 2018
2. August 6, 2018
3. November 1, 2018
4. February 4, 2019

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, 2019	Attendance at previous AGM Held On August 6, 2018 (Y-Yes, N-No)	Director-ships in other Public Companies as on March 31, 2019*	Committee Chairmanships/ Memberships/ in other Public Companies as on March 31, 2019**		Directorship in other listed entity (Category of Directorship)
						Chairman-ships	Member-ships	
Mr. Sanjiv Goenka, Chairman +	NI- NED	3	-	N	8	3	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. CESC Ventures Limited (Non-Executive, Non Independent Director-Chairman) 5. Spencer's Retail Limited (Non-Executive, Non Independent Director-Chairman)
Mr. Rajesh Subramaniam Managing Director & CEO	ED	4	953,353	Y	1	0	1	Nil
Mr. Charles Miller Smith #	I-NED	4	-	Y	0	0	1	Nil
Mr. Donald W. Layden Jr. #	I-NED	2	-	N	0	0	0	Nil
Ms. Grace Koshie	I-NED	4	-	Y	2	1	2	1. CESC Ventures Limited (Non-Executive, Independent Director) 2. Federal Bank Limited (Non-Executive, Independent Director)
Mr. Pradip Roy	I-NED	4	-	Y	4	0	5	1. Precision Wires India Limited (Non-Executive, Independent Director) 2. Phillips Carbon Black Limited (Non-Executive, Independent Director)
Mr. V. K. Sharma	I-NED	2	-	N	2	0	1	1. Texmaco Rail & Engineering Limited (Non-Executive, Independent Director)
Mr. Y. H. Malegam #	I-NED	4	262,500	Y	3	2	3	1. Siemens Limited (Non-Executive, Independent Director) 2. Western India Plywoods Limited (Non-Executive, Independent Director)
Mr. Pradip Kumar Khaitan	NI-NED	2	-	N	9	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) 7. Dhunseri Ventures Limited (Non-Executive, Non Independent Director)

Name of the Director	Position/ Status	No. of Board Meetings Attended	No. of Equity Shares held as on March 31, 2019	Attendance at previous AGM Held On August 6, 2018 (Y-Yes, N-No)	Director-ships in other Public Companies as on March 31, 2019*	Committee Chairmanships/ Memberships/ in other Public Companies as on March 31, 2019**		Directorship in other listed entity (Category of Directorship)
						Chairman-ships	Member-ships	
Mr. Shashwat Goenka +	NI-NED	4	-	Y	4	1	3	1. Phillips Carbon Black Limited (Non-Executive, Non Independent Director) 2. CESC Ventures Limited Phillips Carbon Black Limited (Non-Executive, Non Independent Director) 3. Spencer's Retails Limited Phillips Carbon Black Limited (Non-Executive, Non Independent Director)
Mr. Subrata Talukdar	NI-NED	4	-	Y	7	2	2	Nil
Mr. Pratip Chaudhuri#	I-NED	NA	NA	NA	10	NA	NA	1. Quess Corp Limited (Non-Executive, Independent Director) 2. Cosmo Films Limited (Non-Executive, Non-Independent Director) 3. CESC Limited (Non-Executive, Independent Director) 4. Visa Steel Limited (Non-Executive, Independent Director) 5. Spencer's Retail Limited (Non-Executive, Independent Director)
Mr. Sunil Mitra#	I-NED	NA	NA	NA	9	NA	NA	1. Texmaco Rail & Engineering Limited (Non-Executive, Independent Director) 2. Dollar Industries Limited (Non-Executive, Independent Director) 3. Nicco Parks & Resorts Limited (Non-Executive, Independent Director) 4. Century Plyboards (India) Limited (Non-Executive, Independent Director)
Mr. Charles Richard Vernon Stagg ^	I-NED	NA	NA	NA	9	NA	NA	1. Max Financial Services 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 other Indian Public Limited Companies have been considered.

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

Mr. Pratip Chaudhuri and Mr. Sunil Mitra were appointed as an Additional (Non-Executive- Independent) Directors w.e.f. April 1, 2019. Terms of Mr. Y. H. Malegam, Mr. Charles Miller Smith and Mr. Donald W. Layden Jr. expired w.e.f. April 1, 2019.

^ Mr. Charles Richard Vernon Stagg was appointed as an Additional (Non-Executive- Independent) Directors w.e.f. May 6, 2019.

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.

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 Rathi & Associates, Practising Company Secretaries, that none of the Directors on the Board of the Company for the financial year ending on March 31, 2019 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 Chairman. 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 FY2018-19, following four (4) meetings of the Audit Committee were held on:

1. May 7, 2018
2. August 6, 2018
3. November 1, 2018
4. February 4, 2019

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
Mr. Y. H. Malegam, Chairman*	I-NED	4
Mr. Charles Miller Smith*	I-NED	4
Ms. Grace Koshie, Chairman**	I-NED	4
Mr. Subrata Talukdar	NI-NED	4
Mr. Pradip Roy***	I-NED	-
Mr. Sunil Mitra***	I-NED	-

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

* Ceased to be Director w.e.f. April 1, 2019 by efflux of time.

**Appointed as Chairman w.e.f. April 1, 2019 in place of Mr. Y. H. Malegam who ceased to be Director w.e.f. April 1, 2019 by efflux of time.

***Inducted as a member of the Committee by the Board w.e.f. April 1, 2019

The terms of reference of the Audit Committee covers the matters specified under Regulation 18 read with Part C of Schedule II of the Listing Regulations and Section 177 of the Act. This Committee has the following powers, roles and terms of reference:

1. To provide oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. To recommend to the Board, the appointment, re-appointment, terms of appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fee;
3. To approve payment to statutory auditors for any other non-audit services rendered by them;
4. To review with the management, the quarterly/ annual standalone and consolidated financial statements and auditors' report thereon, before submission to the Board for approval, with particular reference to:
    a. Matters to be specified in the Director's Responsibility Statement to be included in the Board's Report
    b. Changes, if any, in accounting policies and practices and reasons for the same
    c. Major accounting entries involving estimates based on the exercise of judgment by management
    d. Significant adjustments made in the financial statements arising out of audit findings
    e. Compliance with listing and other legal requirements relating to financial statements
    f. Disclosure of any related party transactions
    g. Qualifications in the draft audit report
5. To review with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised 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;
6. 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

7. Invite such of the executives, as it considers appropriate (and 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 auditor may be present as invitees to the meetings of the Audit Committee;
8. To secure attendance of outsiders with relevant expertise at the meetings of Audit Committee, if it considers necessary;
9. To review with the Management, performance of statutory and internal auditors and adequacy of the internal control systems;
10. To evaluate internal financial controls and risk management systems;
11. To review and monitor the Auditor's independence and performance and effectiveness of audit processes;
12. 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;
13. To discuss with internal auditors any significant findings and follow up thereon;
14. 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;
15. 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;
16. 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;
17. 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 Chairman of the Audit Committee in appropriate or exceptional cases;
18. To ensure that the details of establishment of vigil mechanism is disclosed by the Company on its website and in Board's report;
19. To review the functioning of the Whistle Blower/ Vigil mechanism;
20. To approve appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate;
21. To scrutinise inter-corporate loans and investments;
22. To approve any subsequent modification of transaction/s of the Company with related parties;
23. To review valuation of undertakings or assets of the Company, wherever it is necessary;
24. 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;
25. To seek information from any officer or employee of the Company;
26. 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;
27. 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;
28. 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;
29. 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 AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee's constitution, its role and terms of reference are in compliance with provisions of Section 178 of the Act, Regulation 19 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 FY2018-19, following four (4) meetings of the Committee were held on:

1. May 7, 2018
2. August 6, 2018
3. November 1, 2018
4. February 4, 2019

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. Y. H. Malegam, Chairman*	I-NED	4
Mr. Charles Miller Smith*	I-NED	4
Mr. Pradip Roy, Chairman**	I-NED	4
Mr. Subrata Talukdar	NI-NED	4
Mr. Pratip Chaudhuri***	I-NED	-

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

* Ceased to be Director w.e.f. April 1, 2019 by efflux of time.

**Appointed as Chairman w.e.f. April 1, 2019 in place of Mr. Y. H. Malegam who ceased to be Director w.e.f. April 1, 2019 by efflux of time.

***Inducted as a member of the Committee by the Board w.e.f. April 1, 2019

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;
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.

Policy for Selection and Appointment of Non-Executive Directors:
The Nomination and Renumeration 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 viz. marketing, finance, taxation, law, governance and general management;

b) In case of appointment of Independent Directors, the Nomination and Renumeration 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 and Renumeration Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Act;

d) The Nomination and Renumeration 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 FY2018-19:

All the Non-Executive Directors are paid sitting fee 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 FY2018-19 are as under:

(Amount in ₹)

Name of the Director/ Member	Sitting Fee		
	Board Meetings	Committee Meetings#	Total
Mr. Sanjiv Goenka, Chairman	300,000	-	300,000
Mr. Charles Miller Smith	400,000	450,000	850,000
Mr. Donald W. Layden Jr.	200,000	50,000	250,000
Ms. Grace Koshie	400,000	250,000	650,000
Mr. Pradip Kumar Khaitan	200,000	50,000	250,000

Name of the Director/ Member	Sitting Fee		
	Board Meetings	Committee Meetings#	Total
Mr. Pradip Roy	400,000	350,000	750,000
Mr. Shashwat Goenka	400,000	50,000	450,000
Mr. Subrata Talukdar	400,000	500,000	900,000
Mr. V. K. Sharma	200,000	50,000	250,000
Mr. Y. H. Malegam	400,000	450,000	850,000
TOTAL	**3,300,000**	**2,100,000**	**5,400,000**

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 and Renumeration Committee. Through its compensation programme, the Company endeavours 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 and 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, 2019 are as under:

(Amount in ₹)

Salary & Allowances	Performance Bonus	Retirals *	Perquisites#	Total
43,049,588	40,900,000	1,350,000	402,975	85,702,563

* Retirals include contribution to Provident Fund but does not include provision for gratuity.

Besides the perquisite as mentioned above, taxable value of perquisite on stock options exercised by the Managing Director & CEO during the year was ₹ 62,650,375.

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 and Renumeration 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 FY2018-19, the Managing Director & CEO was granted 500,000 Stock Options under the Company's Employees Stock Option Scheme. The said Stock Options were granted at the 'market price' as defined under the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999. Further, the Stock Options granted to him shall vest over a period of four (4) years, with 25% of Options granted vesting at the end of twelve (12) months from the date of grant and thereafter, 12.5% each of the Options granted shall vest at the end of every six (6) months. Exercise Period is ten (10) years from the date of grant of Options.

The notice period of termination either by the Company or by the Managing Director & CEO is 3 months or salary in lieu thereof. Upon termination of employment without notice by the Company, Managing Director & CEO is eligible to receive six month's salary.

STAKEHOLDERS RELATIONSHIP COMMITTEE:

One (1) meeting of the Committee was held during FY2018-19 on August 6, 2018. 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. Rajesh Subramaniam	NI-ED	1
Mr. Pradip Roy*	I-NED	-

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

*Inducted as a member of the Committee by the Board w.e.f. April 1, 2019.

The Stakeholders Relationship Committee and its terms of reference are in line with Section 178 of the Act and Regulation 20 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 complaints received during the year were One Hundred Twenty Six (126) all of which were resolved and there was no pending complaint as on March 31, 2019. The Company received two transfer requests.

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; and

c) To monitor the Corporate Social Responsibility Policy of the Company from time to time.

One (1) meeting of the Committee was held during the year on February 4, 2019.

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. Rajesh Subramaniam	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.

The details of composition of the Committee are as under:

Name of the Director/ Member	Category
Mr. Shashwat Goenka, Chairman	NI-NED
Mr. Rajesh Subramaniam	NI-ED
Ms. Grace Koshie	I-NED
Mr. Dinesh Jain	President & CFO
Mr. Arun Tyagi	Finance Controller and Head – Operational Excellence CoE

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 replacing Mr. Y. H. Malegam, erstwhile Chairman (ceased to be Director w.e.f. April 1, 2019), Mr. Rajesh Subramaniam, 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. Rajesh Subramaniam, Mr. Donald W. Layden Jr. (ceased to be Director w.e.f. April 1, 2019) 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) and one (1) Extra-Ordinary General Meeting (EGM), if any:

Meeting and Venue	Day & Date and Time
17th Annual General Meeting Ravindra Natya Mandir, Sayani Road, Prabhadevi, Mumbai- 400 025	Monday, August 6, 2018 3.30 p.m.
16th Annual General Meeting Manik Sabhagriha, 'Vishwakarma' M. D. Lotlikar Vidya Sankul, Opp. Lilavati Hospital, Bandra Reclamation, Mumbai 400 050	Tuesday, August 8, 2017 3.30 p.m.
15th Annual General Meeting Ravindra Natya Mandir, Sayani Road, Prabhadevi, Mumbai- 400 025	Tuesday, July 26, 2016 3.30 p.m.

Details of Special Resolutions passed:

a) 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

b) 16th AGM held on August 8, 2017

No special resolution was passed

c) 15th AGM held on July 26, 2016

No special resolution was passed

During the said period no EGM was held.

POSTAL BALLOT:

During last financial year ended March 31, 2019, 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://www.firstsource.com/wp-content/uploads/2016/06/policy-on-familiarisation-of-independent-directors.pdf.

PERFORMANCE EVALUATION:

Pursuant to the provisions of the Act and the Listing Regulations, the Board carries out the annual performance evaluation of its own performance, the Directors individually (including the Chairman) as well as the evaluation of the working of its Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility 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 consecutive five (5) 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	14.00
- Other services	5.60
- Reimbursement of expenses	0.80
Total	**20.40**

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://www.firstsource.com/wp-content/uploads/2019/02/FSL-Related-Party-Transactions-Policy.pdf.

ii. Disclosures from Senior Management:

In Compliance with Regulation 26(5) of the Listing Regulations, disclosures from Senior Management are obtained on as quarterly basis to the effect that they have not entered into any material, financial and commercial transactions, where they have personal interest that may have potential conflict with the interest of the Company at large.

iii. Compliances by the Company:

The Company has complied with the requirements of the Regulatory Authorities on matters related to the capital market and no penalties/ strictures have been imposed against the Company by the Stock Exchanges or SEBI or any other Regulatory Authority on any matter related to capital market during the last three years.

iv. Whistle Blower Policy/ Vigil Mechanism:

The Company has adopted a Whistle Blower Policy to provide a vigil mechanism to Directors, Employees, Agents, Consultants, Vendors and Business Partners to disclose instances of wrongdoing in the workplace. The object of this Whistle Blower Policy is to encourage individuals to disclose instances of any irregularity, unethical practice and/ or misconduct and protect such individuals in the event of a disclosure. The Company is keen on demonstrating the right values and ethical, moral and legal business practices in every field of activity within the scope of its work. Policy provides for a vigil mechanism and framework to promote responsible whistle blowing and ensure effective remedial action and also protect the interest of the whistle blower as guided by legal principles. This policy is intended to:

a) Encourage and enable Directors, Employees, Agents, Consultants, Vendors and Business Partners to raise issues or concerns, which are either unacceptable or patently against the stated objectives, law or ethics, within the Company;

b) Ensure that Directors, Employees, Agents, Consultants, Vendors and Business Partners can raise issues or concerns without fear of victimization, subsequent discrimination or disadvantage thereof;

c) Reassure the whistle blower/(s) that they will be protected from possible reprisals or victimization, if they have made disclosures in good faith;

d) Ensure that where any wrong doing by the Company or any of its Directors, Employees, Agents, Consultants, Vendors and Business Partners, is identified and reported to the Company under this policy, it will be dealt with expeditiously, thoroughly investigated and remedied. The Company will further examine the means of ensuring how such wrong doing can be prevented in future and will take corrective action accordingly.

The policy also provides adequate safeguards against victimisation 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.

During the year under review, pursuant to the SEBI (Prohibition of Insider Trading) Amendment Regulations, 2018 (the "Insider Trading Amendment") dated December 31, 2018 (together, the "Insider Trading Regulations"), the said policy got modified to the effect of insertion of leakage of Unpublished Price Sensitive Information (UPSI).

v. Corporate Social Responsibility Activities:

In compliance with Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has established Corporate Social Responsibility (CSR) Committee, details of which are given earlier in this Report. An Annual Report on CSR Activities forms part of Directors' Report. The Company has also formulated Corporate Social Responsibility Policy and same is available at the website of the Company viz.

https://www.firstsource.com/wp-content/uploads/2016/06/fsl-corporate-social-responsibility-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://www.firstsource.com/wp-content/uploads/2016/06/code-of-conduct-2.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, 2019, the Company had one (1) domestic subsidiary and fourteen (14) foreign subsidiaries. One (1) domestic subsidiary and thirteen (13) out of fourteen (14) 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 same is available on website of the Company viz.

https://www.firstsource.com/wp-content/uploads/2019/02/FSL-Material-Subsidiary-Policy.pdf.

Nanobi Data and Analytics Private Limited is an associate company.

The minutes of the meetings of the subsidiary companies are placed at the Board Meetings of the Company. The consolidated financial statements of the Company and its subsidiaries are reviewed by the Audit Committee.

xii. Policies as Per SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 ("Listing Regulations"):

The Company has framed Policy for Preservation of Documents, Policy for Determination of Materiality of Events/ Information and Archival Policy as per requirement of Listing Regulations. The same are available on the website of the Company viz. https://www.firstsource.com/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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), effective April 1, 2019, the Board constituted a Risk Management Committee 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. There were overall 35 cases of sexual harassment reported for India in FY2018-19. Out of which 29 are closed and 6 pending.

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, 2019.

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.

The quarterly and annual consolidated financial results are normally published in Financial Express (English) and Loksatta/ Navshakti (Marathi) newspapers having wide circulation.

The following information is promptly uploaded on the Company's website viz. 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	Friday, August 2, 2019 at 3.30 p.m.
Venue	Rangsharda Auditorium, Krishna Chandra Marg, Near Lilavati Hospital, Nityanand Nagar, ONGC Colony, Bandra West, Mumbai 400 050.

II. Financial Year:

April 1, 2018 to March 31, 2019

Financial Calendar (Tentative): FY2019-20

Q1 ending June 30, 2019	Last week of July, 2019 or First/ Second week of August, 2019
Q2 ending September 30, 2019	Last week of October, 2019 or First/ Second week of November, 2019
Q3 ending December 31, 2019	Last week of January, 2020 or First/ Second week of February, 2020
Q4 and financial year ending March 31, 2020	First/ Second week of May, 2020
Annual General Meeting (Financial year 2019-20)	Last week of July, 2020 or First/ Second week of August, 2020

III. Dates of Book Closure for Annual General Meeting and Dividend (both days inclusive):

The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, July 27, 2019 to Friday, August 2, 2019 (both days inclusive) for the purpose of payment of the final dividend for the FY2018-19 and for the Annual General Meeting. Dividend will be paid to all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited and the Central Depository Services (India) Limited as of the close of business hours on Friday, July 26, 2019 and to all Members holding shares in physical form in the Register of Members of the Company after giving effect to valid share transfers lodged with the Company, on or before Friday, July 26, 2019.

IV. Dividend:

Your Company takes immense pleasure to inform that the Board of Directors at its meeting held on May 6, 2019 recommended final dividend at the rate of ₹ 2/- per share i.e. 20% of ₹ 10/- each fully paid up equity shares of the Company for the FY2018-19.

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 FY2018-19 were paid by the Company to NSE and BSE on time.

VI. Custodian Fee to Depositories:

The Company has paid fee for FY2018-19 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) on time.

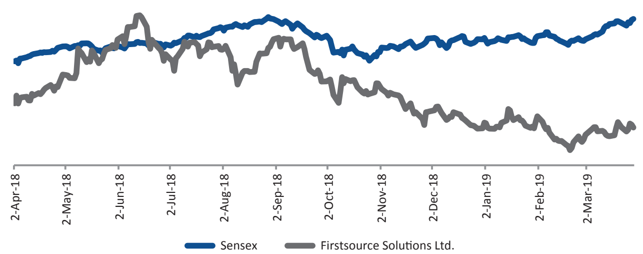
VII. (a) Stock Code / Symbol:

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

VIII. Market Price Data – The market price data i.e. monthly high and low prices of the Company's shares on NSE and BSE are given below:

Month	NSE			BSE		
	Share Price (₹)		No. of shares traded	Share Price (₹)		No. of shares traded
	High	Low		High	Low	
Apr – 2018	64.50	53.35	147,038,773	64.60	53.45	26,609,922
May – 2018	74.75	60.10	221,896,483	74.80	60.25	45,149,300
Jun – 2018	83.90	68.00	179,464,443	83.85	68.00	30,449,029
Jul – 2018	75.90	63.85	88,870,646	76.25	63.80	18,250,388
Aug – 2018	75.80	58.30	114,871,181	75.90	58.40	21,277,927
Sep – 2018	77.30	60.10	55,158,124	77.30	60.20	10,369,772
Oct – 2018	64.65	52.90	53,585,624	64.50	52.80	10,440,201
Nov – 2018	63.60	47.50	43,744,686	63.65	47.00	8,444,122
Dec – 2018	55.00	45.90	44,560,286	54.95	46.00	7,225,155
Jan – 2019	53.50	43.75	45,975,406	53.35	43.85	86,97,346
Feb – 2019	51.00	39.20	35,663,869	51.40	39.25	73,31,775
Mar – 2019	49.40	43.50	45,266,759	49.40	43.45	90,46,990

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



X. Registrar & Transfer Agent:

3i Infotech Limited
Tower #5, 3rd to 6th Floors, International Infotech Park, Vashi, Navi Mumbai- 400 703.

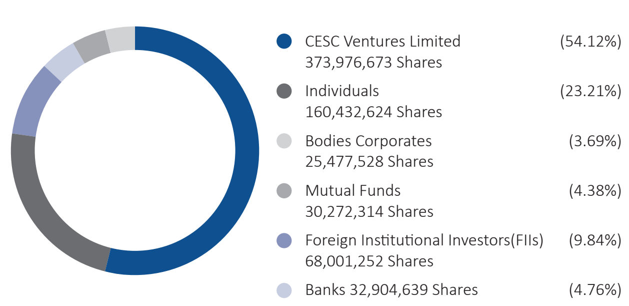
XI. Share Transfer System:

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, 2019:

Share Holding (Nominal Value)	Shareholders		Nominal Capital	
₹	No.	%	₹	%
Upto 5,000	133,337	80.38	204,428,990.00	2.96
5,001-10,000	15,405	9.29	129,747,300.00	1.88
10,001-20,000	7,850	4.73	123,342,670.00	1.78
20,001-30,000	2,818	1.70	73,333,960.00	1.06
30,001-40,000	1,318	0.79	48,140,190.00	0.70
40,001-50,000	1,313	0.79	62,955,350.00	0.91
50,001-1,00,000	1,966	1.19	149,260,760.00	2.16
100,001 and above	1,883	1.14	6,119,441,080.00	88.55
Total	**165,890**	**100.00**	**6,910,650,300.00**	**100.00**

The Shareholding pattern as on March 31, 2019 is given as under:



Top 10 Shareholders as on March 31, 2019:

Sr. No.	Name of the Shareholders	Category of Shareholder	No of Shares	%
1	CESC Ventures Limited	Promoters	373,976,673	54.12
2	ICICI Bank Ltd	Bank	32,406,069	4.69
3	HDFC Small Cap Fund	Mutual Funds	29,786,500	4.31
4	Jhunjhunwala Rakesh Radheshyam	Resident Indian	22,500,000	3.26
5	Steinberg India Emerging Opportunities Fund Limited	Foreign Institutional Investor	10,000,000	1.45
6	Bernstein Fund, Inc.- International Small Cap Portfolio	Foreign Institutional Investor	7,003,432	1.01
7	State Street Emerging Markets Small Cap Active Non-Lending Qib Common Trust Fund	Foreign Institutional Investor	3,138,659	0.45
8	Emerging Markets Core Equity Portfolio (the Portfolio) of DFA Investment Dimensions Group INC (DFAIDG)	Foreign Institutional Investor	2,917,420	0.42
9	Dimensional Emerging Markets Value Fund	Foreign Institutional Investor	2,819,284	0.41
10	Acadian Emerging Markets Small Cap Equity Fund LLC	Foreign Institutional Investor	2,781,123	0.40
Total			487,329,160	70.52

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, 2019:

	Shareholders		Shareholders	
	No. of Shareholders	% to Total Shareholders	No. of Shares	% to Total share Capital
Dematerialised Form				
NSDL	95,723	57.70	632,403,532	91.51
CDSL	70,157	42.29	58,660,114	8.49
Total in dematerialised from	**165,880**	**99.99**	**691,063,646**	**100.00**
Physical Form	10	0.01	1,384	Negligible
Total	**165,890**	**100.00**	**691,065,030**	**100.00**

As on March 31, 2019, 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, 2019 are as under:

Particulars	No. of shareholders	No. of shares
Outstanding shares in the Escrow Account with ICICI Bank Ltd. as on April 1, 2018	49	5,521
Investors who have approached the Company for transfer of shares from Escrow Account during the FY2018-19	0	0
Investors to whom shares were transferred from Escrow Account during the FY2018-19	0	0
Outstanding shares in the Escrow Account as on March 31, 2019	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, 2019.

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 15 subsidiaries has 38 global delivery centers of which 10 are located in India, 18 in USA, 8 in UK and 2 in Philippines as per the details given below:

India (10): Chennai (2), Mumbai (2), Bangalore (2), and 1 each in Pondicherry, Vijayawada, Indore, and Trichy.

USA (18): Louisville (2) in Kentucky, Kingston & Amherst in New York, Rockford and Belleville in Illinois, Salt Lake City in Utah, Colorado Springs, Eugene in Oregon, Palm Bay in Florida, Rocky Hill in Connecticut and 7 operational hubs of MedAssist.

United Kingdom (8): Belfast (2), Cardiff (2), 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 Id for redressal of Investors grievances: complianceofficer@firstsource.com

Kolkata,
May 6, 2019

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 having its Registered Office at 5th Floor, Paradigm 'B' Wing, Mindspace, Link Road, Malad - (West), Mumbai 400 064 ("the Company"), for the year ended March 31, 2019, as stipulated in Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examinations have been limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the Listing Regulations. 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 the representations made by the Directors and the Management of the Company, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV of the Listing Regulations.

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 Rathi and Associates
(Company Secretaries)

Jayesh M. Shah
Partner
FCS No. 5637
C.P. No. 2535

Mumbai
May 6, 2019

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

Rajesh Subramaniam
Managing Director & CEO

Dinesh Jain
President & CFO

Kolkata
May 6, 2019

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.

Rajesh Subramaniam
Managing Director & CEO

Kolkata
May 6, 2019

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 subsidiary companies (the Company and its subsidiary companies together referred to as the 'Group'), which includes the Group's share of loss in its associate, which comprise the Consolidated Balance Sheet as at 31 March 2019, 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 and based on the consideration of report of the other auditor on separate financial statements of the associate referred to in the Other Matters section below, 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 2019, and their consolidated profit and 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 Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. 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 5(ii) and 15 of the Consolidated Financial Statements) The Group, in its contract with customers, promises to transfer distinct services to its customers which may be rendered in the form of customer management, transaction processing and debt collection services including revenue cycle management in the healthcare industry. The recognition of revenue is on the basis of contractual terms of agreed unit price, time and material, contingency basis and variable consideration. At each reporting date, revenue is accrued for work performed that may not have been invoiced. 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 judgement. Recognition of revenue before acknowledgment of receipt of services by customer could lead to an over or understatement of revenue and profit, whether intentionally or in error.	**Principal audit procedures performed** a) We gained an understanding of the Group's processes in collating the evidence supporting delivery of services for each disaggregated type of revenue. We also obtained an understanding of the design of key controls for quantifying units of services that would be invoiced and the application of appropriate prices for each of such services. b) We 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
		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 3(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 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 and operating margins, and discount rates. Changes in these assumptions could have a significant impact on either the recoverable amount, the amount of any goodwill impairment charge, or both. The goodwill balance was ₹ 20,451.72 million as at 31 March 2019 which is allocated to Healthcare, Collection, Customer Management and Mortgage as cash generating units. The recoverable amount of each reporting unit exceeds its carrying value as of the measurement date and, therefore, no impairment was recognized. Given the nature of the Group's operations, the method used to determine its value in use, and the difference between its value in use and carrying value, auditing management's judgements regarding forecasts of future revenue, operating margin and free cash flows and selection of the discount rate for each CGU involved subjective judgement.	**Principal audit procedures performed** Our audit procedures related to forecasts of future revenue and operating margin 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 2018 to those provided for the year ended 31 March 2019 (annual measurement date). e) With the assistance of our fair value specialists, 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. 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.
3.	**Assessment of recoverability of Minimum Alternate Tax ('MAT') Credit for Special Economic Zone ('SEZ') units** (Refer Note 14 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 18.5% (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').	**Principal audit procedures performed** We obtained the projections compiled by the management and performed audit procedures related to forecasts of future tax liabilities and operating margin: a) We evaluated management's ability to accurately forecast future revenues, operating margins and taxable profits by comparing actual results to management's historical forecast by delivery centres (including the ratio of deliveries from SEZs and Non-SEZ centres) to arrive at forecast tax liabilities. 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 through sensitivity analysis on the key assumptions to ascertain the extent of change in those assumptions that would impact any impairment to the MAT Credit.

Sr. no.	Key Audit Matter	Auditor's Response
3.	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 MAT for that year. The Company has recognised deferred tax asset in respect of MAT credit to the extent of ₹ 2,061.29 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 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). Given, the proportion of export profits and the tax benefits attached to export profits from SEZs, forecast of future total taxable income involves significant subjective judgement.	

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON ('OTHER INFORMATION')

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Directors' 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 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 financial statements of associate audited by the other auditor, to the extent it relates to the associate and, in doing so, place reliance on the work of the other auditor 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 associate, is traced from their financial statements audited by the other auditor.

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 changes in equity and consolidated cash flows 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 for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or 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 RESPONSIBILITIES 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 judgement and maintain professional scepticism 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 and its subsidiary company and its associate company incorporated in India have 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 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 entities or 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. For the associate included in the Consolidated Financial Statements, which has been audited by the other auditor, such other auditor remains responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.

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 audit 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 include the Group's share of loss of ₹ 0.01 million for the year ended 31 March 2019, as considered in the Consolidated Financial Statements, in respect of an associate, whose financial statements have not been audited by us. These financial statements have been audited by the other auditor whose report 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 Section 143(3) of the Act, in so far as it relates to the aforesaid associate is based solely on the report of the other auditor.

Our opinion on the Consolidated Financial Statements above and our report on Other Legal and Regulatory Requirements below is not modified in respect of this matter with respect to our reliance on the work done and the reports of the other auditor.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit and report of other auditor on separate financial statements of the associate referred to in Other Matters 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 the preparation of the aforesaid Consolidated Financial Statements have been kept by the Company so far as it appears from our examination of those books and the reports of other auditor.

c) The Consolidated Balance Sheet, 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 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 Indian Accounting Standards prescribed 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 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of the subsidiary company and associate company incorporated in India, none of the Directors of the Company and its subsidiary company and associate company incorporated in India is disqualified as on 31 March 2019 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', which is based on the report of the statutory auditors of the subsidiary company and associate company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the 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 Group has disclosed the impact of pending litigations on the Group's consolidated financial position in their Consolidated Financial Statements;

   ii. The Group has made provision in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company and its subsidiary company and 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)

Kolkata, 6 May 2019

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') and its subsidiary company and associate company incorporated in India as of 31 March 2019 in conjunction with our audit of the Consolidated Financial Statements of the Group for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Company, its subsidiary company and associate company incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company and its subsidiary company and associate company incorporated in India 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 and its subsidiary company and associate company 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 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 judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the statutory auditors of the subsidiary company and associate company incorporated in India in terms of their report referred to in Other Matters 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 and its subsidiary company and associate company 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, the Company and based on the consideration of the reports of statutory auditors referred to in Other Matters below, the Company and its subsidiary company and associate company 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 2019, 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 MATTER

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 insofar as it relates to a subsidiary company and an associate company incorporated in India, is based solely on the corresponding reports of the statutory auditors of such companies incorporated in India.

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)

Kolkata, 6 May 2019

Consolidated Balance Sheet

as at 31 March 2019

(Currency: In ₹ millions)

	Note	31 March 2019	31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	**1,143.16**	881.83
Capital work-in-progress		**20.20**	4.20
Goodwill on consolidation	4(i)	**20,451.72**	19,308.07
Other intangible assets	4(ii)	**632.07**	607.05
Intangible assets under development		**-**	17.27
Investment in associate accounted for using the equity method		**0.06**	0.07
Financial assets			
Investments	5(i)	**121.59**	122.55
Other financial assets	6(i)	**718.79**	332.33
Deferred tax assets	15	**2,314.68**	2,175.49
Income tax assets	15	**776.51**	679.24
Others non-current assets	7(i)	**2,174.46**	1,956.68
Total non-current assets		**28,353.24**	26,084.78
Current assets			
Financial assets			
Investments	5(ii)	**1,217.50**	220.00
Trade receivables	8	**3,871.89**	3,784.79
Cash and cash equivalents	9	**473.84**	1,230.00
Other financial assets	6(ii)	**1,707.08**	1,911.36
Other current assets	7(ii)	**1,133.92**	744.77
Total current assets		**8,404.23**	7,890.92
Total assets		**36,757.47**	33,975.70
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	**6,910.65**	6,865.23
Other equity		**20,296.61**	16,652.37
Total equity attributable to equity holders of the Company		**27,207.26**	23,517.60
Non- controlling interest		**5.89**	12.53
Total equity		**27,213.15**	23,530.13
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Long-term borrowings	11(i)	**69.48**	142.20
Other financial liabilities	12(i)	**-**	161.46
Provisions for employee benefits	13(i)	**67.55**	51.73
Deferred tax liabilities	15	**460.70**	264.29
Total non-current liabilities		**597.73**	619.68
Current liabilities			
Financial liabilities			
Short-term and other borrowings	11(ii)	**5,389.86**	3,490.19
Trade payables		**901.75**	936.22
Other financial liabilities	12(ii)	**1,585.13**	4,559.49
Other current liabilities	14	**463.15**	415.83
Provisions for employee benefits	13(ii)	**384.07**	274.18
Provision for tax	15	**222.63**	149.98
Total current liabilities		**8,946.59**	9,825.89
Total equity and liabilities		**36,757.47**	33,975.70
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

Kolkata
6 May 2019

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

Sanjiv Goenka
Chairman

Rajesh Subramaniam
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
Director

Grace Koshie
Director

Pradip Roy
Director

Pratip Chaudhuri
Director

Sunil Mitra
Director

V.K. Sharma
Director

Kolkata
6 May 2019

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

Consolidated Statement of Profit and Loss

for the year ended 31 March 2019

(Currency: In ₹ millions)

	Note	31 March 2019	31 March 2018
INCOME			
Revenue from operations	16	**38,262.77**	35,352.47
Other income, net	17	**38.87**	54.31
Total income		**38,301.64**	35,406.78
EXPENSES			
Employee benefits expenses	18	**25,572.59**	23,954.75
Finance costs	19	**290.00**	404.03
Depreciation and amortization expense	3&4(ii)	**744.35**	659.24
Other expenses	20	**7,335.51**	6,808.66
Total expenses		**33,942.45**	31,826.68
Profit before tax and share in net loss of associate		**4,359.19**	3,580.10
Share in net loss of associate		**(0.01)**	(0.01)
Profit before tax		**4,359.18**	3,580.09
Tax expense			
Current tax	15	**343.63**	456.79
Deferred tax	15	**237.78**	(142.48)
Profit for the period		**3,777.77**	3,265.78
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		**(21.52)**	19.63
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		**585.85**	(1,065.06)
Deferred tax on items that will be reclassified to statement of profit and loss		**(87.69)**	515.61
Exchange difference on translation of foreign operations		**490.37**	354.34
Total other comprehensive income, net of taxes		**967.01**	(175.48)
Total comprehensive income for the period		**4,744.78**	3,090.30
Profit attributable to:			
Owners of the Company		**3,777.86**	3,265.19
Non- controlling interest		**(0.09)**	0.59
		3,777.77	3,265.78
Total comprehensive income attributable to:			
Owners of the Company		**4,745.45**	3,089.52
Non- controlling interest		**(0.67)**	0.78
		4,744.78	3,090.30
Earning per equity share			
Weighted average number of equity shares outstanding during the year			
- Basic	29	**689,710,908**	683,343,271
- Diluted	29	**693,100,125**	689,614,976
Earning per equity share			
- Basic	29	**5.48**	4.78
- Diluted	29	**5.45**	4.73
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

Kolkata
6 May 2019

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

Sanjiv Goenka
Chairman

Rajesh Subramaniam
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
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Subrata Talukdar
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Pratip Chaudhuri
Director

Sunil Mitra
Director

V.K. Sharma
Director

Kolkata
6 May 2019

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

Consolidated Statement of Changes in Equity

for the year ended 31 March 2019

(Currency: In ₹ millions)

		Attributable to owners of the Company									
			Reserve and surplus				Items of other comprehensive income				
	Equity share capital	Share application money pending allotment	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 2018	6,865.23	-	1,892.13	30.41	10,493.72	120.40	(60.78)	4,176.49	23,517.60	12.53	23,530.13
Other comprehensive income for the period (Net of tax)	-	-	-	-	(21.52)	-	498.16	490.95	967.59	(0.58)	967.01
Profit for the year	-	-	-	-	3,777.86	-	-	-	3,777.86	(0.09)	3,777.77
Dividend (including tax on dividend)	-	-	-	-	(1,247.73)	-	-	-	(1,247.73)	-	(1,247.73)
Share based payment	-	-	-	-	-	49.59	-	-	49.59	-	49.59
Issue of equity share on excercise of option	45.42	0.30	142.53	-		(45.90)	-	-	142.35	-	142.35
Buyback of Non-controlling interest in subsidiary	-	-	-	-	-	-	-	-	-	(5.97)	(5.97)
Transfer to retained earning for options forfeited	-	-	-	-	1.70	(1.70)	-	-	-	-	-
Balance at the end of 31 March 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**

Consolidated Statement of Changes in Equity

for the year ended 31 March 2019

(Currency: In ₹ millions)

		Attributable to owners of the Company									
			Reserve and surplus				Items of other comprehensive income				
	Equity share capital	Share application money pending allotment	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 2017	6,813.08	-	1,802.87	30.41	7,199.79	122.87	649.94	3,661.07	20,280.03	11.75	20,291.78
Other comprehensive income for the year (Net of tax)	-	-	-	-	19.63	-	(710.72)	515.42	(175.67)	0.19	(175.48)
Profit for the year	-	-	-	-	3,265.19	-	-	-	3,265.19	0.59	3,265.78
Share based payment	-	-	-	-	-	46.63	-	-	46.63	-	46.63
Issue of equity share on exercise of option	52.15	-	89.26	-		(39.99)	-	-	101.42	-	101.42
Transfer to retained earning for options forfeited	-	-	-	-	9.11	(9.11)	-	-	-	-	-
Balance at the end of 31 March 2018	**6,865.23**	**-**	**1,892.13**	**30.41**	**10,493.72**	**120.40**	**(60.78)**	**4,176.49**	**23,517.60**	**12.53**	**23,530.13**

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

Kolkata
6 May 2019

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

Sanjiv Goenka
Chairman

Rajesh Subramaniam
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
Director

Grace Koshie
Director

Pradip Roy
Director

Pratip Chaudhuri
Director

Sunil Mitra
Director

V.K. Sharma
Director

Kolkata
6 May 2019

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

Consolidated Statement of Cash Flows

for the year ended 31 March 2019

(Currency: In ₹ millions)

	31 March 2019	31 March 2018
Net profit before taxation and minority interest	**4,359.18**	3,580.09
Adjustments for		
Depreciation and amortization	**744.35**	659.24
Provision for doubtful debts / written off, net	**17.83**	64.15
Gain on sale of property,plant and equipment,net	**7.16**	(3.40)
Foreign exchange (gain), net unrealized	**(267.46)**	(36.90)
Finance costs	**290.00**	404.03
Interest income	**(27.30)**	(14.64)
Profit on sale/redemption of investments	**(46.40)**	(50.96)
(Gain) on sale of domestic contracts	**-**	(7.67)
Employee stock compensation expense	**49.59**	46.63
Operating cash flow before changes in working capital	**5,126.95**	4,640.57
Changes in working capital		
(Increase) in trade receivables	**(381.02)**	(504.03)
(Increase) in loans and advances and other assets	**(314.66)**	(744.41)
Increase in current liabilities and provisions	**48.91**	504.58
Net changes in working capital	**(646.77)**	(743.86)
Income taxes paid	**(629.50)**	(745.77)
Net cash generated from operating activities (A)	**3,850.68**	3,150.94
Cash flow from investing activities		
Purchase of current investments	**(14,502.50)**	(12,842.50)
Proceeds from Sale of investment in mutual funds	**13,542.60**	14,196.13
Interest income received	**5.34**	3.47
Purchase of property, plant and equipment	**(1,087.52)**	(625.05)
Proceeds from sale of property, plant and equipment	**6.79**	52.27
Investment in Nanobi Data and Analytics Private Limited	**-**	(18.00)
Earmarked Funds placed with banks	**(5.41)**	-
Proceeds from sale of domestic business	**-**	150.00
Net cash (used in) / generated from investing activities (B)	**(2,040.70)**	916.32
Cash flow from financing activities		
Proceeds from short term borrowings	**1,899.67**	968.48
Repayment of long term borrowings	**(3,089.66)**	(3,914.63)
Proceeds from issuance of equity shares and share application money	**142.35**	101.42
Interest paid	**(280.48)**	(423.04)
Buyback of Non Controlling interest in subsidiary	**(5.97)**	-
Dividend paid including tax on dividend	**(1,242.32)**	-
Net cash used in financing activities (C)	**(2,576.41)**	(3,267.77)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(766.43)**	799.49
Cash and cash equivalents at the beginning of the year	**1,230.00**	387.31
Earmarked balances with banks	**5.41**	-
Foreign exchange (gain)/loss on translating Cash and cash equivalents	**4.86**	43.20
Cash and cash equivalents at the end of the year	**473.84**	1,230.00

Consolidated Statement of Cash Flows

for the year ended 31 March 2019

(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 2019	31 March 2018
Cash on hand	**0.09**	0.04
Balances with banks		
- in current accounts	**557.88**	1,309.37
Earmarked balances with banks	**5.41**	-
	563.38	1,309.41
Less: Current account balances held in trust for customers	**89.54**	79.41
Cash and cash equivalents	**473.84**	1,230.00

Reconciliation of liabilities from financing activities for the year ended 31 March 2019

Particulars	As at 31 March 2018	Proceeds	Repayment	Effects of change in Foreign exchange	As at 31 March 2019
Long Term Borrowings	**3,151.76**	**-**	**(3,089.66)**	**106.57**	**168.67**
Short Term Borrowings	**3,490.19**	**1,899.67**	**-**	**-**	**5,389.86**
Total Liabilities from financing activities	**6,641.95**	**1,899.67**	**(3,089.66)**	**106.57**	**5,558.53**

Reconciliation of liabilities from financing activities for the year ended 31 March 2018

Particulars	As at 31 March 2017	Proceeds	Repayment	Effects of change in Foreign exchange	As at 31 March 2018
Long Term Borrowings	7,031.97	-	(3,914.63)	34.42	3,151.76
Short Term Borrowings	2,521.71	968.48	-	-	3,490.19
Total Liabilities from financing activities	9,553.68	968.48	(3,914.63)	34.42	6,641.95

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

Kolkata
6 May 2019

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

Sanjiv Goenka
Chairman

Rajesh Subramaniam
Managing Director & CEO

Shashwat Goenka
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V.K. Sharma
Director

Kolkata
6 May 2019

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

(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 6 May 2019.

Basis of Preparation

These consolidated financial statements are prepared in accordance with Indian Accounting Standards ('Ind AS'), 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 particular	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 Transaction Services LLC (FTS)	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.	100%	2016-2017
Nanobi Data and Analytics Private Limited (Nanobi)	Associate of the Company.	21.79%	2016-2017

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

(Currency: In ₹ millions)

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These consolidated financial statements (herein refered as 'consolidated financial statements') of Firstsource Solutions Limited and its subsidiaries (as listed in Note 1 above) (collectively the 'Group'), are prepared in accordance with Ind AS as per the provisions of the Act (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereunder.

2.2 Basis of Measurement

These consolidated financial statements are prepared under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values.

2.3 Basis of consolidation

These Consolidated financial statements are prepared in accordance with the principles and procedures prescribed under Ind AS 110 –'consolidated Financial Statements' for the purpose of preparation and presentation of consolidated financial statements.

The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances or transactions and resulting unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated unless cost cannot be recovered. Non controlling interest represent part of net profit or loss and net assets of subsidiaries that are not directly or indirectly owned or controlled by the Group and is excluded. The consolidated financial statements are prepared using uniform accounting policies for transactions and other similar events in similar circumstances across the Group. Associates are entities over which the Group has significant influence but not control. Significant influence is the right to participate in the financial and operating key decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting. Under this method, the investment in associate is carried in the balance sheet at cost plus post acquisition charges in the Group's share of net assets of the associate, less any provisions for impairment. The consolidated statement of profit and loss reflects the Group's share of the results of operations after tax (net of dividend received) of the associate.

Non-controlling interests are measured at their proportionate share of the acquiree's net identifiable assets at the date of balance sheet. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through this power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

2.4 Use of estimates

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of income and expenses for the period. Management believes that the estimates made in the preparation of consolidated financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revisions to accounting estimates are recognised prospectively in current and future periods. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 2.4.1.

2.4.1 Critical accounting estimates

a. Income taxes

The Group's three major tax jurisdictions are India, United Kingdom and the United States of America., though the Group also files tax returns in other overseas jurisdictions. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions. Also refer to Note 2.12.

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.

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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

(Currency: In ₹ millions)

d. Impairment of goodwill

Goodwill is tested for impairment at each reporting period and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience.

2.5 Revenue recognition

Effective 1 April 2018, the Group has applied Ind AS 115 'Revenue from contracts with customers' which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. The adoption of the standard did not have any material impact to the financial statements of the Group.

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.

Dividend income is recognised when the right to receive dividend is established.

For all instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

2.6 Government grants

Revenue grants are recognised when reasonable certainty exists that the conditions precedent will be / are met and the grants will be recognised, on a systematic basis over the period necessary to match them with the related costs which they are intended to compensate.

2.7 Goodwill

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognised immediately in Other Comprehensive Income. Goodwill is measured at cost less accumulated impairment losses.

2.8 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. Cost includes freight, duties, taxes and incidental expenses related to acquisition and installation of the property plant and equipment. Depreciation on fixed assets is provided pro-rata to the period of use based on management's best estimate of useful lives of the assets as summarized below:

Asset category	Useful life (in years)
Tangible assets	
Leasehold improvements	Lease term or 5 years, whichever is shorter
Computers*	2 – 4
Service equipment*	2 – 5
Furniture and fixtures*	2 – 5
Office equipment*	2 – 5
Vehicles	2 – 5

* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II to the Act.

Depreciation methods, useful lives and residual values are reviewed periodically at the end of each financial year.

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the

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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

* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II to the Act.

Process know-how relates to process design and is amortized on a straight line basis over a period of four years. Software purchased is capitalised together with the related hardware and amortised over the best estimate of the useful life from the date the asset is avilable 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 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

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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.

2.11 Employee benefits

a) Post employment benefits

Gratuity

The Gratuity scheme is a defined benefit plan for India Entity only. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the balance sheet date. The Group recognises the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains or losses through re-measurement of the net defined benefit liability / (asset) are recognised in other comprehensive income and other components are recognised in the consolidated statement of profit and loss. The actual return of portfolio of plan assets in excess of yields computed by applying the discount rate used to measure the defined benefit obligation are recognised in Other comprehensive income. The effect of any plan amendments are recognised in consolidated statement of profit and loss.

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.

2.12 Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the period.

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Current tax and deferred tax are recognised in the consolidated statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current income taxes

The current tax payable by the Company and its subsidiaries in India is income tax payable after taking credit for tax relief available for export operations in Special Economic Zones (SEZs). The current income tax expense for overseas subsidiaries has been computed based on the tax laws applicable to each subsidiary in the respective jurisdiction in which it operates.

Advance taxes and provisions for current income taxes are presented in the consolidated balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intend to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be recognised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be recognised. Deferred income tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be settled.

For operations carried out in SEZs, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be recognised.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. All other acquired tax benefits realised are recognised in the statement of profit and loss.

2.13 Leases

Finance lease

Assets acquired on finance leases, including assets acquired under sale and lease back transactions, have been recognised as an asset and a liability at the inception of the lease and have been recorded at an amount equal to the lower of the fair value of the leased asset or the present value of the future minimum lease payments. Such leased assets are depreciated over the lease term or its estimated useful life, whichever is shorter. Further, the instalments of minimum lease payments have been apportioned between finance charge / expense and principal repayment. Assets given on finance lease are shown as amounts recoverable from the lessee. The rentals received on such leases are apportioned between the finance income and principal amount using the implicit rate of return.

The finance charge / (income) is recognised in consolidated statement of profit and loss, and principal received is reduced from the amount receivable. All initial direct costs incurred are included in the cost of the asset.

Operating lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating lease payments are recognised on a straight line basis over the lease term, unless the increase is on account of / attributable to inflation, in the consolidated statement of profit and loss.

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2.14 Foreign currency

Functional currency and presentation currency

The consolidated financial statements of the Group are presented in the Indian Rupee ('₹') 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.

2.15 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.

2.16 Provisions and contingencies

The Group creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and risk specific to the liability.

Contingent assets are not recognised in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

2.17 Financial instruments

2.17.1 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.

2.17.2 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.

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ii) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii) Financial assets at fair value through other comprehensive income (FVOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.The Group has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity investments not held for trading.

iv) Financial assets at fair value through profit and loss (FVTPL)

Financial assets are measured at fair value through profit and loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in consolidated statement of profit and loss.

v) Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amount approximates fair value to short-term maturity of these instruments.

vi) Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments are recognised by the Group at the proceeds received net of direct issue cost.

b) Derivative financial instruments

Cash flow hedge

The Group designates certain foreign exchange forwards as hedge instruments in respect of foreign exchange risks. These hedges are accounted for as cash flow hedges.

The Group uses hedging instruments that are governed by the policies, which are approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Group. The hedge instruments are designated and documented as hedges at the inception of the contract. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. The ineffective portion of designated hedges is recognised immediately in the consolidated statement of profit and loss.

The effective portion of change in the fair value of the designated hedging instrument is recognized in Other comprehensive income and accumulated under Cash flow hedge reserve.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting. Any gain or loss recognised in Other comprehensive income and accumulated in equity till that time remains and is recognised in statement of profit and loss when the forecasted transaction is no longer expected to occur; the cumulative gain or loss accumulated in statement of changes in equity is transferred to the consolidated statement of profit and loss.

c) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

2.17.3 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.

2.17.4 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.

2.18 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

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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.

2.19 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.

2.20 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.

2.21 Recent accounting pronouncements

Ind AS 116 Leases

On 30 March, 2019, Ministry of Corporate Affairs has notified Ind AS 116 'Leases', Ind AS 116 will replace the existing leases standard Ind AS 17 'Leases and related interpretations'. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure for leases for both parties to a contract , i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Ind AS 116 also contains enhanced disclosure requirement for lessees. Ind AS 116 substantially carries forward the lessor accounting requirement in Ind AS 17. The effective date for adoption of Ind AS 116 is annual periods beginning on or after 1 April 2019 and permits two possible methods of transition; (a) Full retrospective- retrospectively adjusting each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and error or (b) Modified retrospective - retrospectively, with cumulative effect of initially applying the standard recognised at the date of initial application. The Group is currently evaluating the effect of Ind AS 116 on the consolidated financial statements.

Amendment to Ind AS 12 Income taxes

On 30 March 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12 'Income Taxes' in connection with accounting for dividend distribution taxes. The effective date of application of this amendment is annual periods beginning on or after 1 April 2019. This amendment clarifies that an entity shall recognise the income tax consequences of dividends in the Statement of Profit and Loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The effect of application of this amendment on the consolidated financial statements is expected to be insignificant.

Ind AS 12 Appendix C Uncertainty Over Income Tax Treatments

On 30 March, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C Uncertainty Over Income Tax Treatments with effective date for adoption for annual periods beginning on or after 1 April 2019. This appendix requires companies to determine the probability of the relevant tax authority accepting each tax treatment or group of tax treatments that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates. The effect of adoption of the Appendix on the consolidated financial statements is expected to be insignificant.

Amendment to Ind AS 19 Employee Benefits

On 30 March 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19 'Employee Benefits' which requires an entity to use updated assumptions to determine service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in the Statement of Profit and Loss as part of past service cost or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the assets ceiling. The effective date of application of this amendment is annual periods beginning on or after 1 April 2019. The effect of application of this amendment on the consolidated financial statements is expected to be insignificant.

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3. PROPERTY, PLANT AND EQUIPMENT

Particulars	Tangible assets						
	Leasehold improvements	Computers	Service equipment	Office equipment	Furniture and fixture	Vehicles	Total
Gross block							
As at 1 April 2018	1,589.95	1,830.05	1,329.08	1,122.99	685.38	3.45	6,560.90
Additions / adjustments during the year	232.59	256.42	54.76	99.21	35.27	-	678.25
Deletions during the year	(214.53)	(1.59)	(40.44)	(114.16)	(39.53)	-	(410.25)
Foreign exchange on translation	19.19	61.11	31.48	19.40	19.15	0.36	150.69
As at 31 March 2019	**1,627.20**	**2,145.99**	**1,374.88**	**1,127.44**	**700.27**	**3.81**	**6,979.59**
Accumulated depreciation / amortization							
As at 1 April 2018	1,324.58	1,653.64	1,124.02	959.66	614.24	2.93	5,679.07
Charge for the period	122.75	118.30	53.90	75.22	39.36	0.28	409.81
On deletions / adjustments during the year	(206.87)	(1.57)	(38.85)	(109.90)	(39.11)	-	(396.30)
Foreign exchange on translation	21.02	57.56	28.73	17.99	18.22	0.33	143.85
As at 31 March 2019	**1,261.48**	**1,827.93**	**1,167.80**	**942.97**	**632.71**	**3.54**	**5,836.43**
Net block							
As at 31 March 2019	**365.72**	**318.06**	**207.08**	**184.47**	**67.56**	**0.27**	**1,143.16**
As at 31 March 2018	265.37	176.41	205.06	163.33	71.14	0.52	881.83

Net Block of Computer and service equipments as on 31 March 2019 includes assets on finance lease amounting ₹ 9.64 and ₹ 5.80 respectively.

Particulars	Tangible assets						
	Leasehold improvements	Computers	Service equipment	Office equipment	Furniture and fixture	Vehicles	Total
Gross block							
As at 1 April 2017	1,819.34	2,278.57	1,379.33	1,449.62	790.20	15.73	7,732.79
Additions / adjustments during the year	147.27	102.64	63.30	134.66	13.03	10.79	471.69
Acquisitions through business combination	-	-	-	-	-	-	-
Deletions during the year	(454.89)	(581.02)	(140.30)	(501.59)	(131.69)	(22.30)	(1,831.79)
Foreign exchange on translation	78.23	29.86	26.75	40.30	13.84	(0.77)	188.21
As at 31 March 2018	1,589.95	1,830.05	1,329.08	1,122.99	685.38	3.45	6,560.90
Accumulated depreciation / amortization							
As at 1 April 2017	1,538.96	2,110.46	1,214.27	1,290.28	688.92	11.85	6,854.74
Charge for the year	102.95	85.70	48.46	68.04	35.83	0.68	341.66
On deletions / adjustments during the year	(368.86)	(565.91)	(166.85)	(422.99)	(120.75)	(10.02)	(1,655.38)
Foreign exchange on translation	51.53	23.39	28.14	24.33	10.24	0.42	138.05
As at 31 March 2018	1,324.58	1,653.64	1,124.02	959.66	614.24	2.93	5,679.07
Net block							
As at 31 March 2018	265.37	176.41	205.06	163.33	71.14	0.52	881.83
As at 31 March 2017	280.38	168.11	165.06	159.34	101.28	3.88	878.05

Net Block of Computer and service equipments as on 31 March 2018 includes assets on finance lease amounting ₹ 7.76 and ₹ 15.49 respectively.

Net Block of Leasehold improvements and furniture and fixture as on 31 March 2018 includes assets on finance lease amounting ₹ 9.92 and ₹ 7.96 respectively.

Notes to the Consolidated Financial Statements

as at 31 March 2019

(Currency: In ₹ millions)

4 (I) GOODWILL ON CONSOLIDATION

Particulars	Healthcare	Collection	Customer management	Mortgage	Total
Gross carrying value as on 1 April 2017	15,291.19	1,943.43	1,388.80	600.20	19,223.62
Addition during the year	-	-	-	-	-
Effect of translation adjustment	44.23	9.74	27.68	2.80	84.45
Gross carrying value as on 31 March 2018	15,335.42	1,953.17	1,416.48	603.00	19,308.07
Addition during the year	-	-	-	-	-
Effect of translation adjustment	934.80	119.28	55.19	34.38	1,143.65
Gross carrying value as on 31 March 2019	**16,270.22**	**2,072.45**	**1,471.67**	**637.38**	**20,451.72**

The chief operating decision maker reviews the goodwill for any impairment at the operating segment level on annual basis.

(II) OTHER INTANGIBLE ASSETS

	Domain name	Software	Process know-how	Customer contracts	Total
Gross block					
As at 1 April 2018	6.72	2,334.65	49.89	108.61	2,499.87
Additions / adjustments during the year	-	349.99	-	-	349.99
Deletions during the year	-	(1,236.96)	-	-	(1,236.96)
Foreign exchange on translation	-	69.35	(0.95)	6.63	75.03
As at 31 March 2019	**6.72**	**1,517.03**	**48.94**	**115.24**	**1,687.93**
Accumulated depreciation / amortization					
As at 1 April 2018	6.72	1,772.18	40.21	73.71	1,892.82
Charge for the period	-	286.12	9.62	38.80	334.54
On deletions / adjustments during the year	-	(1,236.96)	-	-	(1,236.96)
Foreign exchange on translation	-	63.62	(0.89)	2.73	65.46
As at 31 March 2019	**6.72**	**884.96**	**48.94**	**115.24**	**1,055.86**
Net block					
As at 31 March 2019	**-**	**632.07**	**-**	**-**	**632.07**
As at 31 March 2018	-	562.47	9.68	34.90	607.05

Net Block of Software as on 31 March 2019 includes assets on finance lease amounting ₹ 5.41.

	Domain name	Software	Process know-how	Customer contracts	Total
Gross block					
As at 1 April 2017	6.72	2,196.47	51.62	108.07	2,362.88
Additions / adjustments during the year	-	334.05	-	-	334.05
Deletions during the year	-	(252.17)	-	-	(252.17)
Foreign exchange on translation	-	56.30	(1.73)	0.54	55.11
As at 31 March 2018	6.72	2,334.65	49.89	108.61	2,499.87
Accumulated depreciation / amortization					
As at 1 April 2017	6.72	1,721.03	21.40	37.25	1,786.40
Charge for the year	-	266.36	15.41	35.81	317.58
On deletions / adjustments during the year	-	(243.40)	-	-	(243.40)
Foreign exchange on translation	-	28.19	3.40	0.65	32.24
As at 31 March 2018	6.72	1,772.18	40.21	73.71	1,892.82
Net block					
As at 31 March 2018	-	562.47	9.68	34.90	607.05
As at 31 March 2017	-	475.44	30.22	70.82	576.48

Net Block of Software as on 31 March 2018 includes assets on finance lease amounting ₹ 0.90.

Notes to the Consolidated Financial Statements

as at 31 March 2019

(Currency: In ₹ millions)

5. INVESTMENTS

	31 March 2019	31 March 2018
(i) Non-current		
Unquoted		
Investment in associate		
-at cost		
838,705 (31 March 2018 : 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		
100,000 (31 March 2018 : 100,000) fully paid Optionally Convertible Debentures of ₹ 100 each of Nanobi Data and Analytics Private Limited	**10.00**	10.00
At amortised cost		
Philippines treasury bills*	**23.67**	24.63
	121.59	122.55
* These securities have been earmarked in favour 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)	**1,217.50**	220.00
	1,217.50	220.00

6. OTHER FINANCIAL ASSETS

	31 March 2019	31 March 2018
(Unsecured, considered good)		
(i) Other non-current financial assets		
Deposits	**298.67**	305.13
Foreign currency forward contracts (net)	**391.56**	-
Lease rentals receivable	**28.56**	27.20
	718.79	332.33
(ii) Other current financial assets		
Unbilled revenues	**1,553.27**	1,521.95
Bank deposits	**-**	0.70
Accrued interest	**0.30**	-
Foreign currency forward contracts (net)	**77.56**	317.22
Loans and advances to employees	**9.54**	7.47
Recoverable on sale of subsidiary	**49.05**	49.05
Lease rentals receivable	**17.36**	14.97
	1,707.08	1,911.36

7. OTHER ASSETS

	31 March 2019	31 March 2018
(Unsecured, considered good)		
(i) Other non-current assets		
Capital advances	**49.75**	-
Deferred contract cost	**1,441.74**	1,295.13
Unexpired rebate from customer	**597.70**	632.95
Prepaid expenses	**85.27**	28.60
	2,174.46	1,956.68
(ii) Other current assets		
Prepaid expenses	**476.30**	392.23
Deferred contract cost	**253.01**	174.44
Indirect tax recoverable	**303.60**	151.52
Other advances	**101.01**	26.58
	1,133.92	744.77

Notes to the Consolidated Financial Statements

as at 31 March 2019

(Currency: In ₹ millions)

8. TRADE RECEIVABLES

	31 March 2019	31 March 2018
(Unsecured)		
Considered doubtful	166.24	163.54
Less: Impairment allowances	166.24	163.54
	-	-
Considered good	3,871.89	3,784.79
	3,871.89	3,784.79
	3,871.89	3,784.79

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.
d) For receivable from related party receivables, refer note 23.

9. CASH AND CASH EQUIVALENTS

	31 March 2019	31 March 2018
Cash on hand	0.09	0.04
Balances with banks		
-in current accounts	557.88	1,309.37
Earmarked balances with banks*	5.41	-
	563.38	1,309.41
Less: Current account balance held in trust for customers	89.54	79.41
	473.84	1,230.00

*Earmarked balances with banks represents balance in dividend escrow account.

10 SHARE CAPITAL

	31 March 2019	31 March 2018
Authorised		
872,000,000 (31 March 2018: 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		
691,065,030 (31 March 2018: 686,522,819) equity shares of ₹ 10 each, fully paid-up	6,910.65	6,865.23
	6,910.65	6,865.23

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

	31 March 2019		31 March 2018	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	686,522,819	6,865.23	681,308,337	6,813.08
Shares allotted during the year- employee stock option scheme	4,542,211	45.42	5,214,482	52.15
At the end of the year	691,065,030	6,910.65	686,522,819	6,865.23

b Particulars of shareholders holding more than 5% equity shares

	31 March 2019		31 March 2018	
	Number of shares	% of total shares	Number of shares	% of total shares
CESC Ventures Limited	373,976,673	54.12%	373,976,673	54.47%

c Shares held by holding company

	31 March 2019		31 March 2018	
	Number of shares	Amount	Number of shares	Amount
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 2019

(Currency: In ₹ millions)

d Pursuant to a composite scheme of arrangement ('Scheme'), approved by National Company Law Tribunal on 5 October 2018, amongst CESC Infrastructure Limited, Spen Liq Private Limited (erstwhile Holding Company) and other entities, Spen Liq Private Limited has been amalgamated with CESC Ventures Limited (formerly known as RP-SG Business Process Services Limited) with effect from 1 October 2017. Consequently, as a result of this approved composite scheme, the Shares of the Company held by Spen Liq Private Limited have devolved on CESC Ventures Limited on 12 October 2018 and thereby CESC Ventures Limited has become the immediate Parent of the Company.

e Employee stock options

During the year ended 31 March 2019, the Company granted 2,500,000 (31 March 2018: 3,400,000) options at an exercise price of ₹ 73.00 (31 March 2018: ₹ 41.12).

f Shares reserved for issue under options

12,186,631 (31 March 2018: 15,524,812) number of shares are reserved for employees for issue under the employee stock options plan (ESOP) amounting to ₹ 121.87 (31 March 2018: ₹ 155.25).

g 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.

h Share application money received under ESOP scheme

The Company received ₹ 142.35 (31 March 2018: ₹ 101.42) as share application money under ESOP scheme during the year ended 31 March 2019 in respect of which 4,542,211 (31 March 2018: 5,214,482) shares were allotted during the year.

10A OTHER EQUITY

	31 March 2019	31 March 2018
Securities premium		
At the commencement of the year	1,892.13	1,802.87
Add : Issue of equity shares on exercise of options	142.53	89.26
At the end of the year	2,034.66	1,892.13
Share application money pending allotment		
At the commencement of the year	-	-
Add : Movement during the year	0.30	-
At the end of the year	0.30	-
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	120.40	122.87
Add : Share based payments	49.59	46.63
Less : Issue of equity shares on exercise of options	(45.90)	(39.99)
Less : Transfer to retained earning for options forfeited	(1.70)	(9.11)
At the end of the year	122.39	120.40
Effective portion of cash flow hedges		
At the commencement of the year	(60.78)	649.94
Movement during the year	498.16	(710.72)
At the end of the year	437.38	(60.78)
Exchange differences on translating the financial statements of a foreign operation		
At the commencement of the year	4,176.49	3,661.07
Movement during the year	490.95	515.42
At the end of the year	4,667.44	4,176.49

Notes to the Consolidated Financial Statements

as at 31 March 2019

(Currency: In ₹ millions)

	31 March 2019	31 March 2018
Retained earnings		
At the commencement of the year	**10,493.72**	7,199.79
Add: Net profit for the year	**3,777.86**	3,265.19
Add: Transfer to retained earning for options forfeited	**1.70**	9.11
Add: Transfer to retained earning for options forfeited	**(21.52)**	19.63
Less: Dividend	**(1,247.73)**	-
At the end of the year	**13,004.03**	10,493.72
Total other equity	**20,296.61**	16,652.37

11 BORROWINGS

	31 March 2019	31 March 2018
(i) Non-current borrowings		
Secured		
Long term maturities of finance lease obligations (refer note 'a')	**9.16**	28.84
Unsecured		
Loan from banks	**19.38**	11.87
Loan from non-banking financing companies- (refer note 'b')	**40.94**	101.49
	69.48	142.20
(ii) Short-term and other borrowings		
Unsecured		
Line of credit from banks- (refer note 'c')	**5,389.86**	3,490.19
	5,389.86	3,490.19

Note:

a Finance lease obligation carries interest in the range of 1.64%- 2.81% for a period of 3- 5 years from September 2014 to November 2021, repayable in quarterly instalments. This is secured by way of hypothecation of underlying fixed assets taken on lease.

b Loan from non-banking financing companies carries interest in the range of 3.03%- 10.14% for a period of 3- 4 years from October 2015 to February 2023, repayable in quarterly instalments from the date of its origination.

c Line of credit from bank carries floating interest rate in the range of 1.00% to 5.50%.

d The term loans were dollar denominated borrowing availed by Firstsource Group USA, Inc. ("FG US") a 100% subsidiary of the Company carrying floating interest rate in the range of 3.20%- 3.75%. The loans were repaid fully in May 2018. The loans were secured against pari passu charge on all current assets, non-current assets and fixed assets of all US subsidiaries (excluding Sourcepoint, Inc and Sourcepoint-FFS) and Firstsource Solutions UK Limited and guarantee given by Firstsource Solutions Limited..

Notes to the Consolidated Financial Statements

as at 31 March 2019

(Currency: In ₹ millions)

12 OTHER FINANCIAL LIABILITIES

	31 March 2019	31 March 2018
(i) Other non current financial liabilities		
Foreign currency forward contracts (net)	-	161.46
	-	161.46
(ii) Other current financial liabilities		
Book credit in bank account	99.25	194.31
Interest accrued but not due on borrowings	13.34	3.82
Employee benefits payable	1,280.76	1,256.94
Creditors for capital goods	56.37	4.27
Unclaimed dividends	5.42	-
Other Liabilities	12.50	9.39
Current maturities:		
-Loan from Banks	14.03	7.25
-Loan from non-banking financing companies	94.32	104.27
-Term loan	-	2,926.88
-Finance lease obligation	9.14	52.36
	1,585.13	4,559.49

13 PROVISION FOR EMPLOYEE BENEFITS

	31 March 2019	31 March 2018
(i) Non-current		
Gratuity	67.55	51.73
	67.55	51.73
(ii) Current		
Compensated absences	384.07	274.18
	384.07	274.18

14 OTHER LIABILITIES

	31 March 2019	31 March 2018
Other current liabilities		
Value added tax	421.97	360.64
Tax deducted at source	41.18	33.00
Advance from customer	-	22.19
	463.15	415.83

15. TAXATION

As at 31 March 2019

	Opening Balance	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	332.66	(74.85)	-	(0.27)	257.54
Other employee benefits payable	30.15	0.94	-	-	31.09
Unused tax losses	-	9.09	-	-	9.09
Minimum alternate tax credit carried forward	1,778.38	282.91	-	-	2,061.29
Employee stock options	26.16	4.19	-	-	30.35
Accrued expenses / allowance for doubtful debts	-	4.93		(0.06)	4.87
Foreign currency forward contracts	8.14	-	(87.69)	-	(79.55)
	2,175.49	227.21	(87.69)	(0.33)	2,314.68

Notes to the Consolidated Financial Statements

as at 31 March 2019

(Currency: In ₹ millions)

	Opening Balance	Recognised in profit and loss	Recognised in other comprehensive income	Exchange	Closing balance
Deferred tax liability on account of:					
Goodwill	**1,888.71**	**(67.25)**	**-**	**114.51**	**1,935.97**
- Deferred tax assets					
Business losses carried forward	**(1,513.78)**	**213.03**	**-**	**(93.06)**	**(1,393.81)**
Property, plant and equipment and intangibles	**(25.35)**	**26.29**	**-**	**(1.81)**	**(0.87)**
Other employee benefits payable	**(42.65)**	**3.38**	**-**	**(2.64)**	**(41.91)**
Accrued expenses / allowance for doubtful debts	**(42.64)**	**6.63**	**-**	**(2.67)**	**(38.68)**
	264.29	**182.08**	**-**	**14.33**	**460.70**

As at 31 March 2018

	Opening Balance	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	333.49	(2.15)	-	1.32	332.66
Other employee benefits payable	55.97	(25.82)	-	-	30.15
Minimum alternate tax credit carried forward	1,565.69	212.69	-	-	1,778.38
Employee stock options	-	26.16	-	-	26.16
Foreign currency forward contracts	(346.20)	-	354.34	-	8.14
	1,608.95	210.88	354.34	1.32	2,175.49
Deferred tax liability on account of:					
Goodwill	2,860.02	(974.94)	-	3.63	1,888.71
- Deferred tax assets					
Business losses carried forward	(2,313.72)	812.93	-	(12.99)	(1,513.78)
Property, plant and equipment and intangibles	(27.46)	2.22	-	(0.11)	(25.35)
Other employee benefits payable	(45.81)	3.35	-	(0.19)	(42.65)
Accrued expenses / allowance for doubtful debts	(54.66)	12.15	-	(0.13)	(42.64)
	418.37	(144.29)	-	(9.79)	264.29

	as at	
	31 March 2019	31 March 2018
Advance tax and tax deducted at source (net)	**776.51**	679.24
Provision for tax (net)	**(222.63)**	(149.98)
Income tax assets	**553.88**	529.26

Income tax expense

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

	Year ended	
	31 March 2019	31 March 2018
Current taxes	**343.63**	456.79
Deferred taxes	**237.78**	(142.48)
Income tax expense	**581.41**	314.31

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

(Currency: In ₹ millions)

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 2019	31 March 2018
Profit before income taxes	**4,359.18**	3,580.09
Enacted tax rates in India	**34.94%**	34.61%
Computed expected tax expense	**1,523.27**	1,239.00
Income Exempt from Tax and Tax Holidays	**(439.20)**	(386.53)
Expenses not deductible for tax purposes	**29.67**	20.75
Effect of change in tax rates	**(126.12)**	(240.77)
Effect of differential overseas tax rate	**(317.19)**	(181.56)
ESOP cost allowed for tax purpose	**(36.01)**	(33.41)
Previous years tax adjustments	**(113.77)**	(85.32)
Others	**60.76**	(17.85)
Income tax expense	**581.41**	314.31

16 REVENUE FROM OPERATIONS

	Year ended	
	31 March 2019	31 March 2018
Sale of services	**37,867.07**	34,314.97
Other operating income, net	**395.70**	1,037.50
	38,262.77	35,352.47

The table below presents disaggregated revenues from contracts with customers for the year ended 31 March 2019 by geography.

	Customer Management	Healthcare	Collections	Total
UK	**16,617.46**	**-**	**-**	**16,617.46**
USA	**4,218.91**	**13,094.80**	**3,536.29**	**20,850.00**
ASIA	**399.61**	**-**	**-**	**399.61**
Total	**21,235.98**	**13,094.80**	**3,536.29**	**37,867.07**

Revenues is excess of invoicing are clasified 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 year. 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 coupled to date.

17 OTHER INCOME, NET

	Year ended	
	31 March 2019	31 March 2018
Profit on sale / redemption of current investments, net	**46.40**	50.96
Loss on dimunition in value of investment in subsidiary	**(5.69)**	-
Foreign exchange gain/(loss), net	**(27.62)**	(22.72)
Interest income	**27.30**	14.64
(Loss)/gain on sale of fixed assets, net	**(7.16)**	3.40
Gain on sale of domestic contracts	**-**	7.67
Miscellaneous income	**5.64**	0.36
	38.87	54.31

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

(Currency: In ₹ millions)

18 EMPLOYEE BENEFITS EXPENSE

	Year ended	
	31 March 2019	31 March 2018
Salaries and wages	**23,391.48**	21,969.76
Contribution to provident and other funds	**1,088.22**	990.61
Staff welfare expenses	**1,043.30**	947.75
Employee stock compensation expense	**49.59**	46.63
	25,572.59	23,954.75

19 FINANCE COSTS

	Year ended	
	31 March 2019	31 March 2018
Interest expense		
- on external commercial borrowings and term loan	**135.89**	271.99
- on working capital demand loan and others	**151.79**	131.48
Finance charges on leased assets	**2.32**	0.56
	290.00	404.03

20 OTHER EXPENSES

	Year ended	
	31 March 2019	31 March 2018
Rent, net	**1,268.40**	1,274.96
Connectivity, Information and communication expenses	**1,316.01**	1,229.27
Repairs, maintenance and upkeep	**600.25**	588.29
Legal and professional fees	**660.25**	618.49
Car and other hire charges	**458.32**	569.85
Travel and conveyance	**528.25**	428.05
Computer expenses	**534.82**	468.20
Electricity, water and power consumption	**280.74**	317.15
Recruitment and training expenses	**271.23**	221.86
Title and valuation expenses for the mortgage business	**274.55**	187.58
Insurance	**140.77**	174.65
Rates and taxes	**182.37**	193.75
Marketing and support fees	**345.17**	142.03
Bank administration charges	**169.58**	124.76
Miscellaneous expenses	**119.26**	50.42
Printing and stationery	**62.47**	70.50
Provision for doubtful debts/ bad debts written-off, net	**17.83**	64.15
Contribution to CSR	**37.71**	34.52
Services rendered by business associates and others	**25.49**	18.17
Auditors remuneration and expenses		
-as audit fees*	**14.00**	14.50
-as other services	**5.60**	4.10
-as reimbursement of expenses	**0.80**	0.71
Membership fees and registration fees	**16.24**	6.95
Directors' sitting fees	**5.40**	5.75
	7,335.51	6,808.66

* includes amounts paid to erstwhile auditors for the year ended 31 March 2018

Notes to the Consolidated Financial Statements

as at 31 March 2019

(Currency: In ₹ millions)

21 FINANCIAL INSTRUMENTS

I. Financial instruments by category:

The carrying value and fair value of financial instruments by categories as of 31 March 2019 were as follows:

	Amortised cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Investments	33.67	1,217.50	-	1,251.17	1,251.17
Trade receivables	3,871.89	-	-	3,871.89	3,871.89
Cash and cash equivalents	473.84	-	-	473.84	473.84
Other financial assets	1,956.75	(67.55)	536.67	2,425.87	2,425.87
Total	6,336.15	1,149.95	536.67	8,022.77	8,022.77
Financial liabilities					
Borrowings	5,459.34	-	-	5,459.34	5,459.34
Other financial liabilities	1,585.13	-	-	1,585.13	1,585.13
Trade payables	901.75	-	-	901.75	901.75
Total	7,946.22	-	-	7,946.22	7,946.22

The carrying value and fair value of financial instruments by categories as of 31 March 2018 were as follows:

	Amortised cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Investments	34.63	220.00	-	254.63	254.63
Trade receivables	3,784.79	-	-	3,784.79	3,784.79
Cash and cash equivalents	1,230.00	-	-	1,230.00	1,230.00
Other financial assets	1,926.47	202.43	114.79	2,243.69	2,243.69
Total	6,975.89	422.43	114.79	7,513.11	7,513.11
Financial liabilities					
Borrowings	3,632.39	-	-	3,632.39	3,632.39
Other financial liabilities	4,559.49	-	161.46	4,720.95	4,720.95
Trade payables	936.22	-	-	936.22	936.22
Total	9,128.10	-	161.46	9,289.56	9,289.56

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 31 March 2019:

	As of 31 March 2019	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Investments				
Investment in liquid mutual fund units	1,217.50	1,217.50	-	-
Total	1,217.50	1,217.50		-
Derivative financial instruments- foreign currency forward contract	469.12	-	469.12	-

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as at 31 March 2019

(Currency: In ₹ millions)

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as 31 March 2018:

	As of 31 March 2018	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Investments				
Investment in mutual and other funds	220.00	220.00	-	-
Total	220.00	220.00	-	-
Derivative financial instruments- foreign currency forward contract	155.76	-	155.76	-

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 2019:

	USD	GBP	PHP	Others*	Total
Total financial assets	**80.74**	**125.40**	**8.78**	**0.35**	**215.27**
Total financial liabilities	**-**	**-**	**34.86**	**-**	**34.86**

* Others includes LKR, Euro, etc.

The following table analyzes foreign currency risk as of 31 March 2018:

	USD	GBP	PHP	Others*	Total
Total financial assets	54.71	181.96	57.45	0.31	294.43
Total financial liabilities	-	-	30.11	-	30.11

* 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 ₹ 70.65 for the year ended 31 March 2019 (31 March 2018: ₹ 90.01).

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.

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as at 31 March 2019

(Currency: In ₹ millions)

The following table gives details in respect of outstanding foreign currency forward contracts:

Particulars	31 March 2019		31 March 2018	
	Foreign Currency in millions	In ₹ millions	Foreign Currency in millions	In ₹ millions
Forward contracts				
in USD	**182.30**	**12,841.74**	111.22	7,211.19
in GBP	**117.30**	**11,559.25**	108.12	10,993.13
in EURO	**-**	**-**	3.71	299.73
Total		**24,400.99**		18,504.05

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:

Particulars	31 March 2019	31 March 2018
Forward contracts in USD		
Not later than one month	**2,650.51**	1,674.81
Later than one month and not later than three months	**4,078.81**	265.37
Later than three months	**6,112.42**	5,271.01
	12,841.74	7,211.19
Forward contracts in GBP		
Not later than one month	**1,777.51**	765.97
Later than one month and not later than three months	**480.86**	685.49
Later than three months	**9,300.88**	9,541.67
Total	**11,559.25**	10,993.13
Forward contracts in EURO		
Not later than one month	**-**	-
Later than one month and not later than three months	**-**	145.13
Later than three months	**-**	154.60
	-	299.73

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

Particulars	31 March 2019	31 March 2018
Balance at the beginning of the year	**(60.78)**	649.94
Changes in the fair value of effective portion of cash flow hedges	**631.71**	(982.67)
Deferred tax movement	**(87.69)**	354.34
(Gains)/Losses transferred to statement of profit and loss on occurrence of forecasted hedge transaction	**(45.86)**	(82.39)
Balance at the end of the year	**437.38**	(60.78)

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

Particulars	31 March 2019	31 March 2018
5% Appreciation of the underlying foreign currencies	**(893.09)**	(627.44)
5% Depreciation of the underlying foreign currencies	**768.14**	691.79

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 ₹ 3,871.89 and ₹ 3,784.79 as of 31 March 2019 and 31 March 2018 respectively and unbilled revenue amounting to ₹ 1,553.27 and ₹ 1,521.95 as of 31 March 2019 and 31 March 2018 respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States, United Kingdom, Philippines and other locations. Credit risk has always been managed by the Group by continuously monitoring the credit worthiness of customers to which the Group grants credit terms in the normal course of business.

Notes to the Consolidated Financial Statements

as at 31 March 2019

(Currency: In ₹ millions)

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

	Year ended	
	31 March 2019	31 March 2018
Revenue from top five customers	**41.44%**	46.30%

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 table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2019 and 31 March 2018:

Particulars	31 March 2019		31 March 2018	
	Less than 1 Year	More than 1 year	Less than 1 Year	More than 1 year
Trade payables	**901.75**	**-**	936.22	-
Export finance, Line of credit, and working capital demand loan	**5,389.86**	**-**	3,490.19	-
Other borrowings	**-**	**69.48**	-	142.20
Other financial liabilities	**1,585.13**	**-**	4,559.49	161.46

Management expects the recoveries from current financial assets as at the year end and the net cash inflows from operations during the ensuring financial year to be sufficient for the group to be able to meet these obligations. In addition, the Group also has unused lines of credit.

22 LEASES

Operating lease

The Group is obligated under non-cancellable operating leases for office space and office equipment which are renewable on a periodic basis at the option of both the lessor and lessee. Expenses under non-cancellable operating leases for the year ended 31 March 2019 aggregated to ₹ 648.02 (31 March 2018: ₹ 529.67).

The future minimum lease payments in respect of non-cancellable operating leases are as follows:

	As at 31 March 2019	As at 31 March 2018
Not later than one year	**555.10**	574.75
Later than one year and not later than five years	**753.05**	825.82
Later than five years	**7.52**	19.63
	1,315.67	1,420.20

The Group also leases office facilities and residential facilities under cancellable operating leases that are renewable on a periodic basis at the option of both the lessor and lessee. Expenses under cancellable operating leases for the year ended 31 March 2019 is ₹ 341.28 (31 March 2018: ₹ 366.90).

Finance lease

The Group has acquired certain capital assets under finance lease. Future minimum lease payments under finance lease are as follows:

	Minimum lease payments	Finance charges	Present value of minimum payments
As at 31 March 2019			
Amount payable within one year from the balance sheet date	**9.95**	**0.81**	**9.14**
Amount payable in the period between one year and five years	**9.38**	**0.22**	**9.16**
	19.33	**1.03**	**18.30**
As at 31 March 2018			
Amount payable within one year from the balance sheet date	55.14	2.78	52.36
Amount payable in the period between one year and five years	30.48	1.64	28.84
	85.62	4.42	81.20

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

(Currency: In ₹ millions)

The Company has given vehicles on finance lease to its employees as per policy. As at 31 March 2019, the future minimum lease rentals receivable are as follows:

	Minimum lease payments	Finance charges	Present value of minimum payments
As at 31 March 2019			
Amount receivable within one year from the balance sheet date	**20.70**	**3.34**	**17.36**
Amount receivable in the period between one year and five years	**31.30**	**2.74**	**28.56**
	52.00	**6.08**	**45.92**
As at 31 March 2018			
Amount receivable within one year from the balance sheet date	18.05	3.08	14.97
Amount receivable in the period between one year and five years	29.76	2.56	27.20
	47.81	5.64	42.17

23 RELATED PARTY TRANSACTIONS

Details of related parties including summary of transactions entered into during the year ended 31 March 2019 are summarized below:

Holding Company	CESC Ventures Limited (formerly known as RP-SG Business Process Services Limited) (Refer note 10d)
Fellow Subsidiary Company	Kolkata Games and Sports Pvt Ltd
	Quest Properties India Limited
	Metromark Green Commodities Pvt. Ltd
	Guiltfree Industries Limited
	Bowlopedia Restaurants India Limited
	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)
Key Managerial Personnel	Rajesh Subramaniam
	Dinesh Jain
Non- executive Directors	Sanjiv Goenka
	Charles Miller Smith (resigned w.e.f. 1 April 2019)
	Y.H. Malegam (resigned w.e.f. 1 April 2019)
	Pradip Roy
	Subrata Talukdar
	Shashwat Goenka
	Donald W. Layden, Jr.(resigned w.e.f. 1 April 2019)
	V. K. Sharma
	Pradip Kumar Khaitan
	Grace Koshie
	Pratip Chaudhuri (appointed w.e.f. 1 April 2019)
	Sunil Mitra (appointed w.e.f. 1 April 2019)

Particulars of related party transactions:

Name of the related party	Description	Transaction value during the year ended		Receivable / (Payable) as at	
		31 March 2019	31 March 2018	March 31, 2019	31 March 2018
Nanobi	Investments	**-**	18.00	**-**	-
Nanobi	Interest Income	**1.20**	-	**0.30**	
Nanobi	Receipt of services from Nanobi	**6.58**	0.19	**-**	-
CESC Limited	Income from Services	**-**	12.59	**-**	-
Spencer Retail Limited	Income from services	**-**	2.62	**-**	-
Kolkata Games and Sports Pvt Ltd	Recovery of expenses from Kolkata Games and Sports Pvt Ltd	**1.14**	1.56	**-**	-
Spen Liq Private Limited	Dividend paid	**560.97**	-	**-**	-
Non executive directors	Sitting fees	**5.40**	5.75	**-**	-
Key Management Personnel and relatives	Remuneration*	**101.00**	92.02	**-**	-
	Dividend paid	**2.18**	-	**-**	-

*Excludes ESOP, gratuity and compensated absences.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

(Currency: In ₹ millions)

Description	Year ended	
	31 March 2019	31 March 2018
Rajesh Subramaniam	**78.25**	71.29
Dinesh Jain	**22.75**	20.73

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, in deciding how to allocate resources and in assessing performance. The Group's chief operating decision maker is the Managing Director and Chief Executive Officer.

The Group has identified business segments as reportable segments. The business segments comprise: 1) Customer management, 2) Healthcare and 3) Collections. Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reporting segment have been allocated on the basis of associated revenue of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. The Group has reclassified reportable segment 'Domestic business in India' to 'Customer Management' during the year ended March 31, 2019.

Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Property, plant and equipment that are used interchangeably among segments are not allocated to reportable segments.

	Year ended	
	31 March 2019	31 March 2018
Business segment		
Segment revenue		
Customer management	**21,235.98**	18,868.24
Healthcare	**13,094.80**	12,703.80
Collections	**3,536.29**	2,742.93
Net segment revenue	**37,867.07**	34,314.97
Segment results before tax and finance costs		
Customer management	**2,765.82**	2,840.82
Healthcare	**2,501.27**	2,120.02
Collections	**617.83**	247.48
Total	**5,884.92**	5,208.32
Finance costs	**(290.00)**	(404.03)
Other un-allocable expenditure, net of un-allocable income	**(1,235.73)**	(1,224.19)
Share in net loss of associate	**(0.01)**	(0.01)
Profit before taxation, minority interest and other comprehensive income	**4,359.18**	3,580.09
Taxation	**581.41**	314.31
Minority interest	**(0.09)**	0.59
Profit for the year	**3,777.86**	3,265.19

	as at	
	31 March 2019	31 March 2018
Segment assets		
Customer management	**8,200.06**	8,291.18
Healthcare	**19,063.83**	18,037.42
Collections	**3,069.14**	2,966.52
Unallocated	**6,424.44**	4,680.58
	36,757.47	33,975.70
Segment liabilities		
Customer management	**7,529.12**	5,606.61
Healthcare	**801.88**	3,737.32
Collections	**287.54**	209.11
Unallocated	**925.78**	892.53
	9,544.32	10,445.57

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

(Currency: In ₹ millions)

Goodwill acquired in a business combination is allocated to the respective business segments. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level, which is represented through business segments.

Entity wide disclosure

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

	Year ended	
	31 March 2019	**31 March 2018**
Geographical information		
Segment revenue		
UK	**16,617.46**	14,969.47
US	**20,850.00**	18,420.31
Asia	**399.61**	925.19
Less: Inter Segment Revenue	**-**	-
	37,867.07	34,314.97

Geographical information: Other non-current assets

	As at	
	31 March 2019	**31 March 2018**
Geographical information		
Other non-current assets		
UK	**1,931.66**	1,840.41
US	**117.40**	12.57
Asia	**125.40**	103.70
	2,174.46	1,956.68

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 and 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 perion of ten years from the date of the grant of the options.

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	25.00
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

Employee stock option activity under Scheme 2003 is as follows:

Description	Exercise Range	31 March 2019		31 March 2018	
		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	**00.00 - 30.00**	**5,773,635**	**57.79**	10,652,500	66.81
	30.01 - 60.00	**9,751,177**	**88.18**	7,977,687	69.71
	60.01 - 90.00	**-**	**-**	640,000	5.43
		15,524,812		19,270,187	

Notes to the Consolidated Financial Statements

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(Currency: In ₹ millions)

Description	Exercise Range	31 March 2019 Shares arising out of options	31 March 2019 Weighted Average period in months	31 March 2018 Shares arising out of options	31 March 2018 Weighted Average period in months
Granted during the year	00.00 - 30.00	-		-	
	30.01 - 60.00	-		3,400,000	
	60.01 - 90.00	2,500,000		-	
		2,500,000		3,400,000	
Forfeited during the year	00.00 - 30.00	-		191,490	
	30.01 - 60.00	593,470		729,403	
	60.01 - 90.00	147,500		-	
		740,970		920,893	
Exercised during the year*	00.00 - 30.00	2,447,250		4,687,375	
	30.01 - 60.00	2,094,961		527,107	
	60.01 - 90.00	-		-	
		4,542,211		5,214,482	
Expired during the year	00.00 - 30.00	-		-	
	30.01 - 60.00	555,000		370,000	
	60.01 - 90.00	-		640,000	
		555,000		1,010,000	
Outstanding at the end of the year	00.00 - 30.00	3,326,385	41.75	5,773,635	57.79
	30.01 - 60.00	6,507,746	87.58	9,751,177	88.18
	60.01 - 90.00	2,352,500	113.77	-	-
		12,186,631		15,524,812	
Exercisable at the end of the year	00.00 - 30.00	3,326,385	41.75	5,422,385	56.73
	30.01 - 60.00	3,267,988	80.75	3,594,591	60.23
	60.01 - 90.00	-	-	-	-
		6,594,373		9,016,976	

* The weighted average share price of these options was ₹ 31.27 and ₹ 19.45 for the year ended 31 March 2019 and 31 March 2018 respectively.

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

	31 March 2019	31 March 2018
Dividend yield	0%	0%
Expected Life	5.5-7 years	5.5-7 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 ₹ 49.59 and ₹ 46.63 for the year ended 31 March 2019 and 31 March 2018 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.

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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 2019	31 March 2018
Change in present value of obligations		
Obligations at beginning of the year	**97.82**	116.70
Service cost	**10.65**	22.63
Interest cost	**6.76**	6.85
Actuarial (gain)/loss	**21.26**	(20.05)
Benefits paid	**(18.11)**	(28.31)
Obligations at the end of the year	**118.38**	97.82
Change in plan assets		
Fair value of plan assets at beginning of the year	**46.09**	21.48
Adjustments to Opening Fair Value of Plan Assets	**0.51**	(2.74)
Return on Plan Assets excluding interest income	**(0.26)**	(0.42)
Interest income	**2.52**	1.64
Contributions	**20.08**	54.43
Benefits paid	**(18.11)**	(28.30)
Fair value of plan assets at end of the year,	**50.83**	46.09
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	**118.38**	97.82
Fair value of plan assets at the end of year	**(50.83)**	(46.09)
Funded status being amount of liability recognised in the balance sheet	**67.55**	51.73
Gratuity cost for the year		
Service cost	**10.65**	22.63
Interest cost	**4.24**	5.21
Net gratuity cost	**14.89**	27.84
Remeasurements of the net defined benefit liability/ (asset)		
Actuarial (gains) / losses	**21.26**	(20.05)
(Return)/loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	**0.26**	0.42
Total actuarial (gain)/loss recognized in (OCI)	**21.52**	(19.63)
Category of Assets	**Total Amount**	Target Allocation %
Gartuity Fund (LIC of India, ICICI Prudential Insurance Company and Birla Sunlife Insurance Co. Ltd	**36.36**	100%
Total Itemized Assets	**36.36**	100%
Assumptions		
Mortality	**IALM (2006-08) Ult.**	IALM (2006-08) Ult.
Interest rate	**7.47%**	7.60%
Rate of growth in salary levels	**7.00%**	5.00%

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'.

b) Contribution to Provident fund

The provident fund charge during the year amounts to ₹ 117.99 (31 March 2018: ₹ 138.99).

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(Currency: In ₹ millions)

c) Compensated absences

Actuarial assumptions	31 March 2019	31 March 2018
Interest rate	**7.47%**	7.60%
Rate of growth in salary levels	**7.00%**	5.00%

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	83.78%	22,793.02	52.68%	1,990.21	53.03%	513.09	52.75%	2,503.30
	Subsidiaries - Indian								
1	Fisrtsource Process Management Services Limited	0.12%	32.68	0.03%	1.22	0.00%	-	0.03%	1.22
	Subsidiaries - Foreign								
1	Firstsource Solutions UK Limited	16.61%	4,518.71	16.72%	631.68	-8.59%	(83.08)	11.56%	548.60
2	Firstsource BPO Ireland Limited	1.11%	302.32	0.28%	10.45	-2.01%	(19.41)	-0.19%	(8.96)
3	Firstsource Dialog Solutions (Private) Limited	0.08%	22.65	-0.01%	(0.36)	-0.13%	(1.23)	-0.03%	(1.59)
4	Firstsource Solutions S.A.	-	-	-	-	-	-	-	-
5	Firstsource Group USA, Inc.	43.74%	11,899.26	-15.89%	(600.30)	83.11%	804.20	4.30%	203.90
7	Firstsource Advantage LLC	6.04%	1,643.92	10.70%	404.26	1.31%	12.66	8.79%	416.92
8	Firstsource Business Process Services, LLC	5.63%	1,532.82	0.00%	(0.05)	9.12%	88.22	1.86%	88.17
9	MedAssist Holding LLC	82.36%	22,408.00	35.87%	1,355.05	-46.94%	(454.22)	18.98%	900.83
10	Firstsource Transaction Services LLC	6.68%	1,816.72	0.70%	26.60	10.62%	102.74	2.73%	129.34
11	One Advantage LLC	2.57%	700.47	5.80%	218.99	2.64%	25.58	5.15%	244.57
12	Sourcepoint Fulfillment Services, Inc	-0.30%	(82.48)	5.51%	208.00	-2.94%	(28.47)	3.78%	179.53
13	Sourcepoint, Inc.	12.80%	3,483.54	-5.14%	(194.02)	0.71%	6.93	-3.94%	(187.09)
	Minority Interests in all subsidiaries	-0.02%	(5.89)	0.00%	0.09	0.06%	0.58	0.01%	0.67
	Adjustments	-161.20%	(43,858.48)	-7.25%	(273.96)		-	-5.77%	(273.96)
	Total	**100%**	**27,207.26**	**100%**	**3,777.86**	**100%**	**967.59**	**100%**	**4,745.45**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

(Currency: In ₹ millions)

28 OTHER OPERATING INCOME

Other operating income includes gain of ₹ 433.58 for the year ended 31 March 2019 (31 March 2018: ₹ 996.76) 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 and income of ₹ Nil for the year ended 31 March 2019 (31 March 2018: ₹ 21.60) on account of grant income earned by FSL UK.

29 COMPUTATION FOR CALCULATING DILUTED EARNING PER SHARE

	Year ended	
	31 March 2019	**31 March 2018**
Number of shares considered as basic weighted average shares outstanding	**689,710,908**	683,343,271
Add: Effect of potential issue of shares/ stock options *	**3,389,217**	6,271,705
Number of shares considered as weighted average shares and potential shares outstanding	**693,100,125**	689,614,976
Net profit after tax attributable to shareholders	**3,777.86**	3,265.19
Net profit after tax for diluted earnings per share	**3,777.86**	3,265.19
* not considered when anti-dilutive		

30 CAPITAL AND OTHER COMMITMENTS AND CONTINGENT LIABILITIES

		31 March 2019	**31 March 2018**
a)	The estimated amount of contracts remaining to be executed on capital account and not provided for (net), against which advances paid are ₹ 49.75 (31 March 2018: Nil)	**511.38**	290.94
b)	Claims not acknowledged as debts	**1.35**	1.35
c)	Guarantees given to the customer and others*	**10.00**	12.75
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 ₹ 959.72 (31 March 2018: ₹ 920.66) 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 2018: ₹ 10.38) tax under protest against the demand raised for the assessment year 2004-05, ₹ 12.50 (31 March 2018: ₹ 12.50) tax under protest against the demand raised for the assessment year 2009-10, ₹ 80.00 (31 March 2018: ₹ 80.00) tax under protest against the demand raised for the assessment year 2011-12.

Indirect tax matters

Service tax demands amounting to ₹ 174.85 (31 March 2018: ₹ 172.12) 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.

31 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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

(Currency: In ₹ millions)

32 CORPORATE SOCIAL RESPONSIBILITY (CSR)

As per Section 135 of the Companies Act, 2013, a CSR trust has been formed by CESC Limited, Ultimate Holding Company. 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. Significant value of the funds have been contributed by the Company to the trust and are to be utilized on the activities which are specified in Schedule VII to the Act. 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 ₹ 37.71 (31 March 2018: ₹ 34.52)

b) Amount spent by Firstsource during the year on:

Particulars	Amount paid	Total
Construction/ acquisition of any asset	-	-
On purposes other than above	37.71	37.71

33 SUBSEQUENT EVENTS

Dividends

The Board of directors at its meeting held on 6 May 2019 have recommended a dividend of ₹ 2.00 per equity share for the financial year ended 31 March 2019, subject to approval of shareholders at the Annual General Meeting.

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

Kolkata
6 May 2019

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

Sanjiv Goenka
Chairman

Rajesh Subramaniam
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
Director

Grace Koshie
Director

Pradip Roy
Director

Pratip Chaudhuri
Director

Sunil Mitra
Director

V.K. Sharma
Director

Kolkata
6 May 2019

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)

Sr. No.	Particulars	First Source 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 Transaction Services, LLC	Firstsource BPO Ireland Ltd	Firstsource-Dialog Solutions (Private) Limited	Firstsource Solution S.A	Sourcepoint Fulfillment Services, Inc	Sourcepoint, Inc.
1	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	01-04-2018 to 31-03-2019	01-04-2018 to 31-03-2019	01-04-2018 to 31-03-2019	01-04-2018 to 31-03-2019	01-04-2018 to 31-03-2019	01-04-2018 to 31-03-2019	01-04-2018 to 31-03-2019	01-04-2018 to 31-03-2019	01-04-2018 to 31-03-2019	01-04-2018 to 31-03-2019	01-04-2018 to 31-03-2019	01-04-2018 to 31-03-2019	01-04-2018 to 31-03-2019	01-04-2018 to 31-03-2019
2	Reporting currency	₹	Dollar	Dollar	Dollar	Dollar	Pound	Dollar	Dollar	Dollar	Euro	LKR	-	Dollar	Dollar
3	Exchange rate	1	69.1550	69.1550	69.1550	69.1550	90.5250	69.1550	69.1550	69.1550	77.6725	0.3958	-	69.1550	69.1550
4	Paid-up Share Capital	10.50	15.11	-	0.69	-	256.61	-		-	0.00	1.82	-	27.72	5.07
5	Reserves & Surplus	22.18	15,617.69	2,407.63	1,235.26	233.68	4,271.28	-	20,333.35	157.00	302.32	20.83	-	(110.01)	3,478.47
6	Total Assets	33.71	27,893.84	2,750.82	1,909.16	313.40	11,210.89	-	21,699.61	1,528.34	304.79	22.95	-	311.82	4,405.46
7	Total Liabilities (excluding Capital and Reserves)	1.03	12,261.04	343.19	673.21	79.72	6,683.01	-	1,366.26	1,371.34	2.47	0.30	-	394.11	921.92
8	Investments (excluding Investments in Subsidiaries)	30.00	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Total Income *	2.19	4,572.18	874.81	3,501.51	971.19	15,482.57	-	8,261.98	5,392.92	13.53	0.92	-	689.49	2,602.76
10	Profit / (Loss) Before Tax*	1.87	3,328.80	874.76	401.37	216.84	778.17	-	3,011.84	26.83	13.30	0.24	-	207.34	(153.69)
11	Provision for Tax	0.65	188.82	-	-	-	145.71	-	-	-	3.26	0.59	-	-	-
12	Profit / (Loss) After Tax*	1.22	3,139.98	874.76	401.37	216.84	632.46	-	3,011.84	26.83	10.04	(0.34)	-	207.34	(153.69)
13	Proposed Dividend (including Tax thereon)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	% of Shareholding	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	74%	99.98%	100%	100%

Note:

*Total Income,Profit/(loss) before tax and Profit/(loss) after tax include intercompany dividend within US Subsidiaries which is eliminated at consolidated financials, and has no impact on consolidated numbers.

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)

Sr. No.	Particulars	Nanobi Data and Analytics Private Limited
1	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	01-04-2018 to 31-03-2019
2	Reporting currency	₹
3	Exchange rate	1
4	Paid-up Share Capital	36.49
5	Reserves & Surplus	(56.40)
6	Total Assets	36.17
7	Total Liabilities (excluding Capital and Reserves)	56.08
8	Investments (excluding Investments in Subsidiaries)	-
9	Total Income	25.89
10	Profit / (Loss) Before Tax	(25.12)
11	Provision for Tax	0.43
12	Profit / (Loss) After Tax	(25.55)
13	Proposed Dividend (including Tax thereon)	-
14	% of Shareholding	21.79%

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

Sanjiv Goenka
Chairman

Rajesh Subramaniam
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
Director

Grace Koshie
Director

Pradip Roy
Director

Pratip Chaudhuri
Director

Sunil Mitra
Director

V.K. Sharma
Director

Kolkata
6 May 2019

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 2019, 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 2019, of 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 ('SAs'). Our responsibilities under those Standards are further described in the Auditor's Responsibilities 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 we have obtained is sufficient and appropriate to provide a basis for our 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 contract with customers, promises to transfer distinct services to its customers which may be rendered in the form of customer management, transaction processing and debt collection services including revenue cycle management in the healthcare industry. The recognition of revenue is on the basis of contractual terms of agreed unit price, time and material, contingency basis and variable consideration. At each reporting date, revenue is accrued for work performed that may not have been 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.	**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. d) We have performed substantive analytical procedures to evaluate the reasonableness of un-invoiced revenues recognised. Un-invoiced revenues from fixed fee based service contracts were not significant resulting in lower risk relating to cut off and accuracy. Therefore, we focused our attention on time and unit priced based service contracts in performing substantive analytical procedures. These procedures involved developing sufficiently precise expectations using a plausible and predictable relationship among appropriately disaggregated data.

Sr. no.	Key Audit Matter	Auditor's Response
		e) We also extended our testing upto the date of approval of 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 18.5% (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 ₹ 2,061.29 million.	**Principal audit procedures performed** We obtained the financial projections compiled by the management and performed audit procedures related to forecasts of future tax liabilities and operating margin: a) We evaluated management's ability to accurately forecast future revenues, operating margins and taxable profits by comparing actual results to management's historical forecast by delivery centre (including the ratio of deliveries 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 through sensitivity analysis on the key assumptions to ascertain 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 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). Given, the proportion of export profits and the tax benefits attached to export profits from SEZs, forecast of future taxable income involves significant subjective judgement.	

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON ('OTHER INFORMATION')

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Directors' 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 and presentation 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 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 of 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 Statements 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 RESPONSIBILITIES 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 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 audit 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 aforesaid 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 Changes in Equity and the Statement of Cash Flows 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 Indian Accounting Standards prescribed under section 133 of the Act .

   e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2019 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 in its Standalone 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.

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)

Kolkata, 6 May 2019

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 2019 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 judgement, 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 2019, 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)

Kolkata, 6 May 2019

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 2019 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 2019 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 2019 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	2011-12	0.55
	Commissioner of Income Tax (Appeals)	2005-06, 2008-09, 2012-13, 2013-14, 2014-15	328.26
	Income Tax Appellate Tribunal	2002-03, 2003-04, 2008-09, 2010-11, 2011-12, 2012-13	527.52
Service Tax	Demand Notice	2006 to 2016	174.85

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 2019 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)

Kolkata, 6 May 2019

Balance Sheet

as at 31 March 2019

(Currency: In ₹ millions)

	Note	31 March 2019	31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	**454.60**	274.83
Capital work-in-progress		**0.69**	2.42
Goodwill		**40.14**	40.14
Other intangible assets	4	**221.05**	244.21
Financial assets			
Investments	5(i)	**11,970.89**	11,995.11
Other financial assets	6(i)	**668.04**	267.72
Other non-current assets	7(i)	**135.96**	103.28
Deferred tax assets (net)	10	**2,292.81**	2,167.17
Income tax assets (net)	10	**780.99**	704.45
Total non-current assets		**16,565.17**	15,799.33
Current assets			
Financial assets			
Investments	5(ii)	**1,187.50**	190.00
Trade receivables	8	**4,328.85**	5,647.40
Cash and cash equivalents	9	**131.26**	143.62
Other financial assets	6(ii)	**1,036.53**	448.24
Other current assets	7(ii)	**468.28**	262.25
Total current assets		**7,152.42**	6,691.51
Total assets		**23,717.59**	22,490.84
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	**6,910.65**	6,865.23
Other equity	12	**15,882.37**	14,480.28
Total equity		**22,793.02**	21,345.51
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Long-term borrowings	13	**34.88**	78.61
Other financial liabilities	14(i)	**-**	161.46
Provisions for employee benefits	15(i)	**67.55**	51.73
Total non-current liabilities		**102.43**	291.80
Current liabilities			
Financial liabilities			
Trade payables		**289.29**	275.62
Other financial liabilities	14(ii)	**386.93**	507.65
Provisions for employee benefits	15(ii)	**59.51**	50.86
Other current liabilities	16	**24.88**	19.40
Provision for tax (net)	10	**61.53**	-
Total current liabilities		**822.14**	853.53
Total equity and liabilities		**23,717.59**	22,490.84
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

Kolkata
6 May 2019

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

Sanjiv Goenka
Chairman

Rajesh Subramaniam
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
Director

Grace Koshie
Director

Pradip Roy
Director

Pratip Chaudhuri
Director

Sunil Mitra
Director

V.K. Sharma
Director

Kolkata
6 May 2019

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

Statement of Profit and Loss

for the year ended 31 March 2019

(Currency: In ₹ millions)

	Note	31 March 2019	31 March 2018
INCOME			
Revenue from operations	17	**7,681.06**	8,612.66
Other income, net	18	**619.23**	127.13
Total income		**8,300.29**	8,739.79
EXPENSES			
Employee benefits expenses	19	**3,833.33**	4,153.00
Finance costs	20	**15.45**	62.32
Depreciation and amortization expense	3, 4	**243.19**	215.30
Other expenses	21	**1,979.59**	2,116.61
Total expenses		**6,071.56**	6,547.23
Profit before tax		**2,228.73**	2,192.56
Tax expense			
Current tax	10	**168.94**	277.00
Deferred tax	10	**69.58**	(3.60)
Profit for the period		**1,990.21**	1,919.16
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		**(21.52)**	19.63
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		**585.85**	(1,069.27)
Deferred tax on items that will be reclassified to statement of profit and loss		**(87.69)**	354.34
Exchange difference on translation of foreign operations		**36.45**	(20.40)
Total other comprehensive income, net of taxes		**513.09**	(715.70)
Total comprehensive income for the period		**2,503.30**	1,203.46
Weighted average number of equity shares outstanding during the year			
Basic	28	**689,710,908**	683,343,271
Diluted	28	**693,100,125**	689,614,976
Earnings per equity share			
Basic	28	**2.89**	2.81
Diluted	28	**2.87**	2.78
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

Kolkata
6 May 2019

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

Sanjiv Goenka
Chairman

Rajesh Subramaniam
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
Director

Grace Koshie
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Pradip Roy
Director

Pratip Chaudhuri
Director

Sunil Mitra
Director

V.K. Sharma
Director

Kolkata
6 May 2019

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

Statement of Changes in Equity

for the year ended 31 March 2019

(Currency: In ₹ millions)

		Attributable to owners of the Company								
			Reserve and surplus					Items of other comprehensive income		
	Equity share capital	Share application money pending allotment	Amalgamation deficit 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 2018	6,865.23	-	(1,136.72)	1,931.39	30.68	13,447.81	120.40	(60.78)	147.50	21,345.51
Other comprehensive income for the period (Net of tax)	-		-	-	-	(21.52)	-	498.16	36.45	513.09
Profit for the year	-		-	-	-	1,990.21	-	-	-	1,990.21
Dividend (including tax on dividend)						(1,247.73)				(1,247.73)
Share based payments	-		-	-	-	-	49.59	-	-	49.59
Issue of equity shares on exercise of options	45.42	0.30		142.53	-	-	(45.90)	-	-	142.35
Transfer to retained earning for options forfeited	-		-	-	-	1.70	(1.70)	-	-	-
Balance at the end of the 31 Marc h 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**

Statement of Changes in Equity

for the year ended 31 March 2019

(Currency: In ₹ millions)

			Attributable to owners of the Company							
			Reserve and surplus					Items of other comprehensive income		
	Equity share capital	Share application money pending allotment	Amalgamation deficit 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 2017	6,813.08	-	(1,136.72)	1,842.13	30.68	11,499.91	122.87	654.15	167.90	19,994.00
Other comprehensive income for the period (Net of tax)	-		-	-	-	19.63	-	(714.93)	(20.40)	(715.70)
Profit for the year	-		-	-	-	1,919.16	-	-	-	1,919.16
Share based payments	-		-	-	-	-	46.63	-	-	46.63
Issue of equity shares on exercise of options	52.15	-		89.26	-	-	(39.99)	-	-	101.42
Transfer to retained earning for options forfeited	-		-	-	-	9.11	(9.11)	-	-	-
Balance at the end of the 31 March 2018	**6,865.23**	**-**	**(1,136.72)**	**1,931.39**	**30.68**	**13,447.81**	**120.40**	**(60.78)**	**147.50**	**21,345.51**

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

Kolkata
6 May 2019

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

Sanjiv Goenka
Chairman

Rajesh Subramaniam
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
Director

Grace Koshie
Director

Pradip Roy
Director

Pratip Chaudhuri
Director

Sunil Mitra
Director

V.K. Sharma
Director

Kolkata
6 May 2019

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

Statement of Cash Flows

for the year ended 31 March 2019

(Currency: In ₹ millions)

	31 March 2019	31 March 2018
Net Profit before taxation	**2,228.73**	2,192.56
Adjustments for		
Depreciation and amortisation	**243.19**	215.30
Provision for doubtful debts / written off, net	**0.05**	-
Loss / (gain) on sale of fixed assets, net	**3.80**	(5.22)
Foreign exchange loss / (gain), net unrealised	**309.88**	(302.80)
Finance costs	**15.45**	62.32
Interest income	**(26.33)**	(13.39)
Profit on sale / redemption of investments	**(35.41)**	(49.14)
Gain on sale of domestic contracts	**-**	(7.67)
Gain on sale of subsidiary	**(286.03)**	-
Provision for impairment of investment in subsidiary	**10.62**	-
Employee stock compensation expense	**27.46**	26.04
Operating cash flow before changes in working capital	**2,491.41**	2,118.00
Changes in working capital		
Decrease / (increase) in trade receivables	**1,042.41**	(1,648.58)
(Increase) / decrease in loans and advances and other assets	**(752.88)**	366.85
(Decrease) / increase in liabilities and provisions	**(123.68)**	163.82
Net changes in working capital	**165.85**	(1,117.91)
Income taxes paid	**(445.20)**	(589.36)
Net cash generated from operating activities (A)	**2,212.06**	410.73
Cash flow from investing activities		
Purchase of current investments	**(14,082.50)**	(12,506.22)
Proceeds from sale of current investments	**13,120.40**	13,809.19
Proceeds from sale of Investment in FSL Ireland	**303.39**	-
Proceeds from buy back by FDS	**17.41**	-
Interest income received	**4.37**	2.22
Purchase of property plant and equipment and capital advances given	**(425.78)**	(218.61)
Sale of fixed assets	**5.39**	20.70
Earmarked funds placed with banks	**(5.41)**	-
Investment in shares of Nanobi Data and Analytics Private Limited	**-**	(18.00)
Proceeds from sale of domestic business	**-**	150.00
Net cash (used in) / generated from investing activities (B)	**(1,062.73)**	1,239.28
Cash flow from financing activities		
Repayment of short term borrowings	**-**	(619.25)
Repayment of long term borrowings	**(52.38)**	(1,075.10)
Proceeds from issuance of equity shares and share application money	**142.35**	101.42
Interest paid	**(15.76)**	(66.28)
Dividend Paid	**(1,242.32)**	-
Net cash used in financing activities (C)	**(1,168.11)**	(1,659.21)
Net decrease in cash and cash equivalents at the end of the year (A+B+C)	**(18.78)**	(9.20)
Cash and cash equivalents at the beginning of the year	**143.62**	157.06
Foreign exchange (gain)/loss on translating Cash and cash equivalents	**1.01**	(4.24)
Earmarked Balances with Banks	**5.41**	-
Cash and cash equivalents at the end of the year	**131.26**	143.62

Statement of Cash Flows

for the year ended 31 March 2019

(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 2019	31 March 2018
Cash on hand	**0.09**	0.04
Balances with banks		
- in current accounts	**125.76**	143.58
Earmarked balances with banks	**5.41**	-
	131.26	143.62
Cash and cash equivalents	**131.26**	**143.62**

Reconciliation of liabilities from financing activities for the year ended 31 March, 2019

Particulars	As at 31 March 2018	Proceeds	Repayment	Effects of change in Foreign exchange	As at 31 March 2019
Long Term Borrowings	**162.48**	**-**	**(52.38)**	**-**	**110.10**
Total Liabilities from financing activities	**162.48**	**-**	**(52.38)**	**-**	**110.10**

Reconciliation of liabilities from financing activities for the year ended 31 March, 2018

Particulars	As at 31 March 2017	Proceeds	Repayment	Effects of change in Foreign exchange	As at 31 March 2018
Long Term Borrowings	1,238.53	-	(1,075.10)	(0.95)	162.48
Short Term Borrowings	619.25	-	(619.25)	-	-
Total Liabilities from financing activities	1,857.78	-	(1,694.35)	(0.95)	162.48

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

Kolkata
6 May 2019

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

Sanjiv Goenka
Chairman

Rajesh Subramaniam
Managing Director & CEO

Shashwat Goenka
Director

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Pratip Chaudhuri
Director

Sunil Mitra
Director

V.K. Sharma
Director

Kolkata
6 May 2019

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

Notes to the Financial Statements

for the year ended 31 March 2019

(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 6 May 2019.

Basis of Preparation

These financial statements are prepared in accordance with Indian Accounting Standards ('Ind AS'), 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 Transaction Services LLC (FTS)	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.	100%	2016-2017
Nanobi Data and Analytics Private Limited (Nanobi)	Associate of the Company.	21.79%	2016-2017

Notes to the Financial Statements

for the year ended 31 March 2019

(Currency: In ₹ millions)

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.

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 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

Effective 1 April 2018, the Company has applied Ind AS 115 'Revenue from contracts with customers' which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. The adoption of the standard did not have any material impact to the financial statements of the Company.

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

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that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

2.4 Goodwill

Goodwill represents the cost of business acquisition in excess of the Company's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognised immediately in Other Comprehensive Income. Goodwill is measured at cost less accumulated impairment losses.

2.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. Cost includes freight, duties, taxes and incidental expenses related to acquisition and installation of the property, plant and equipment. Depreciation on property, plant and equipment is provided pro-rata to the period of use based on management's best estimate of useful lives of the assets as summarized below:

Asset category	Useful life (in years)
Tangible assets	
Leasehold improvements	Lease term or 5 years, whichever is shorter
Computers*	2 – 4
Service equipment*	2 – 5
Furniture and fixtures*	2 – 5
Office equipment*	2 – 5
Vehicles	2 – 5

* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II to the Act.

Depreciation methods, useful lives and residual values are reviewed periodically at the end of each financial year.

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those property, plant and equipment which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

2.6 Other intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

Asset category	Useful life (in years)
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.

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

Notes to the Financial Statements

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fair valued through profit and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

b. Non-financial assets

i Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Company's cash generating units ('CGU') or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in use is the present value of future cash flows expected to be derived from the CGU.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised in the statement of profit and loss and is not reversed in the subsequent period.

ii Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

2.8 Employee benefits

a) Post employment benefits

Gratuity

The Gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the balance sheet date. The Company recognises the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains or losses through re-measurement of the net defined benefit liability / (asset) are recognised in other comprehensive income and other components are recognise in 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.

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Where employees of the Company are entitled to compensated absences, the employees can carry-forward a portion of the unutilised accrued compensated absence and utilise it in future periods or receive cash compensation at termination of employment for the unutilised accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement.

The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

d) Share-based compensation

The Company operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the granting of the options and the discount on the shares granted are recognised as an expense, together with a corresponding increase in equity, over the period in which the performance and / or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (i.e. the vesting date). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. On each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. The impact of the revision of original estimates, if any, is recognised immediately in the Statement of Profit and Loss, with a corresponding adjustment to equity.

2.9 Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the period. Current tax and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current income taxes

The current income tax expense includes income taxes payable by the Company and its overseas branch. The current tax payable is after taking credit for tax relief available for export operations in Special Economic Zones (SEZs).

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intend to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be recognised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be recognised. Deferred income tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

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2.10 Leases

Finance lease

Assets acquired on finance leases, including assets acquired under sale and lease back transactions, have been recognised as an asset and a liability at the inception of the lease and have been recorded at an amount equal to the lower of the fair value of the leased asset or the present value of the future minimum lease payments. Such leased assets are depreciated over the lease term or its estimated useful life, whichever is shorter. Further, the instalments of minimum lease payments have been apportioned between finance charge / expense and principal repayment. Assets given on finance lease are shown as amounts recoverable from the lessee. The rentals received on such leases are apportioned between the finance income and principal amount using the implicit rate of return.

The finance charge / (income) is recognised in consolidated statement of profit and loss, and principal received is reduced from the amount receivable. All initial direct costs incurred are included in the cost of the asset.

Operating lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating lease payments are recognised on a straight line basis over the lease term, unless the increase is on account of inflation, in the statement of profit and loss.

2.11 Foreign currency

Functional currency and peresentation currency

The financial statements of the Company are presented in the Indian Rupee ('₹') which is also the functional currency of the Company (excluding its foreign branch) whereas the functional currency of the foreign branch is the currency of their country of domicile.. The numbers are rounded off to 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.

Effective 1 April 2018, the Company has adopted Appendix B to Ind AS 21 'Foreign Currency Transactions and Advance Consideration' which classifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entitiy has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

2.12 Earnings per equity share

The basic earnings per equity share is computed by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which may be issued on the conversion of all dilutive potential shares, unless the results would be anti-dilutive.

2.13 Provisions and contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed. Provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects the current market assessment of the time value of money and risk speicific to the liability.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is

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virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

2.14 Financial instruments

2.14.1 Initial recognition

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

2.14.2 Classification and subsequent measurement

a) Non-derivative financial instruments

i) Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

ii) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii) Financial assets at fair value through other comprehensive income ('FVOCI')

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity investments not held for trading.

iv) Financial assets at fair value through profit and loss ('FVTPL')

Financial assets are measured at fair value through profit and loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in statement of profit and loss.

v) Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amount approximate fair value to short-term maturity of these instruments.

vi) Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities.

Equity instruments are recognised by the Company at the proceeds received net of direct issue cost.

b) Derivative financial instruments

Cash flow hedge

The Company designates certain foreign exchange forward, option and future contracts as hedge instruments in respect of foreign exchange risks. These hedges are accounted for as cash flow hedges.

The Company uses hedging instruments that are governed by policies, which are approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Company. The hedge instruments are designated and documented as hedges at the inception of the contract. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. The ineffective portion of designated hedges is recognised immediately in the statement of profit and loss.

The effective portion of change in the fair value of the designated hedging instrument is recognised in Other comprehensive income and accumulated under the heading Cash flow hedge reserve.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting. Any gain or loss recognised in Other comprehensive income and accumulated in equity till that time remains and is recognised in statement of profit and loss when the forecasted transaction is no longer expected to occur; the cumulative gain or loss accumulated in statement of changes in equity is transferred to the statement of profit and loss.

c) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

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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 Recent accounting pronouncements

Ind AS 116 Leases:

On 30 March, 2019, Ministry of Corporate Affairs has notified Ind AS 116 'Leases', Ind AS 116 will replace the existing leases standard Ind AS 17 'Leases and related interpretations'. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure for leases for both parties to a contract, i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Ind AS 116 also contains enhanced disclosure requirement for lessees. Ind AS 116 substantially carries forward the lessor accounting requirement in Ind AS 17. The effective date for adoption of Ind AS 116 is annual periods beginning on or after 1 April 2019 and permits two possible methods of transition; (a) Full retrospective- retrospectively adjusting each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and error or (b) Modified retrospective - retrospectively, with cumulative effect of initially applying the standard recognised at the date of initial application. The Company is currently evaluating the effect of Ind AS 116 on the financial statements.

Amendment to Ind AS 12 Income taxes

On 30 March 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12 'Income Taxes' in connection with accounting for dividend distribution taxes. The effective date of application of this amendment is annual periods beginning on or after 1 April 2019. This amendment clarifies that an entity shall recognise the income tax consequences of dividends in the Statement of Profit and Loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The effect of application of this amendment on the financial statements is expected to be insignificant.

Ind AS 12 Appendix C Uncertainty Over Income Tax Treatments

On 30 March, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C Uncertainty Over Income Tax Treatments with effective date for adoption for annual periods beginning on or after 1 April 2019. This appendix requires companies to determine the probability of the relevant tax authority accepting each tax treatment or group of tax treatments that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates, The effect of adoption of the Appendix on the financial statements is expected to be insignificant.

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Amendment to Ind AS 19 Employee Benefits

On 30 March 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19 'Employee Benefits' which requires an entity to use updated assumptions to determine service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in the Statement of Profit and Loss as part of past service cost or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the assets ceiling. The effective date of application of this amendment is annual periods beginning on or after 1 April 2019. The effect of application of this amendment on the financial statements is expected to be insignificant.

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3. PROPERTY, PLANT AND EQUIPMENT

Particulars	Leasehold improvements	Computers	Service equipment	Office equipment	Furniture and fixture	Vehicles	Total
Gross block (at deemed cost)							
As at 1 April 2018	612.61	547.59	411.78	601.42	216.34	-	2,389.74
Additions / adjustments during the year	87.86	155.70	23.52	29.12	8.95	-	305.15
Deletions during the year	(128.34)	(1.33)	(33.02)	(97.57)	(14.74)	-	(275.00)
Foreign exchange on translation	11.77	2.72	3.24	2.60	0.74	-	21.07
As at 31 March 2019	**583.90**	**704.68**	**405.52**	**535.57**	**211.29**	**-**	**2,440.96**
Accumulated depreciation / amortization							
As at 1 April 2018	547.76	488.90	359.30	549.16	169.79	-	2,114.91
Charge for the year	25.11	41.39	16.39	30.51	5.27	-	118.67
On deletions / adjustments during the year	(123.67)	(1.31)	(32.77)	(93.35)	(14.71)	-	(265.81)
Foreign exchange on translation	10.45	2.31	2.96	2.26	0.61	-	18.59
As at 31 March 2019	**459.65**	**531.29**	**345.88**	**488.58**	**160.96**	**-**	**1,986.36**
Net block							
As at 31 March 2019	**124.25**	**173.39**	**59.64**	**46.99**	**50.33**	**-**	**454.60**
As at 31 March 2018	64.85	58.69	52.48	52.26	46.55	-	274.83

Particulars	Leasehold improvements	Computers	Service equipment	Office equipment	Furniture and fixture	Vehicles	Total
Gross block (at deemed cost)							
As at 1 April 2017	957.42	751.61	497.50	1,001.82	330.78	10.16	3,549.29
Additions	26.18	49.38	39.35	29.00	5.04	10.77	159.72
Deletions during the year	(363.67)	(251.20)	(123.06)	(427.73)	(119.04)	(20.93)	(1,305.63)
Foreign exchange on translation	(7.32)	(2.20)	(2.01)	(1.67)	(0.44)	-	(13.64)
As at 31 March 2018	612.61	547.59	411.78	601.42	216.34	-	2,389.74
Accumulated depreciation / amortization							
As at 1 April 2017	879.45	701.81	467.13	934.15	266.81	7.07	3,256.42
Charge for the year	21.47	25.34	11.95	25.10	11.63	-	95.49
On deletions	(346.33)	(236.35)	(117.99)	(408.68)	(108.31)	(7.07)	(1,224.73)
Foreign exchange on translation	(6.83)	(1.90)	(1.79)	(1.41)	(0.34)	-	(12.27)
As at 31 March 2018	547.76	488.90	359.30	549.16	169.79	-	2,114.91
Net block							
As at 31 March 2018	64.85	58.69	52.48	52.26	46.55	-	274.83
As at 31 March 2017	77.97	49.80	30.37	67.67	63.97	3.09	292.87

Notes to the Financial Statements

as at 31 March 2019

(Currency: In ₹ millions)

4. OTHER INTANGIBLE ASSETS

	Domain name	Software	Total
Gross block			
As at 1 April 2018	6.72	825.49	832.21
Additions	-	101.20	101.20
Deletions during the year	-	(334.25)	(334.25)
Foreign exchange on translation	-	0.93	0.93
As at 31 March 2019	**6.72**	**593.37**	**600.09**
Accumulated depreciation / amortization			
As at 1 April 2018	6.72	581.28	588.00
Charge for the year	-	124.52	124.52
On deletions	-	(334.25)	(334.25)
Foreign exchange on translation	-	0.77	0.77
As at 31 March 2019	**6.72**	**372.32**	**379.04**
Net block			
As at 31 March 2019	**-**	**221.05**	**221.05**
As at 31 March 2018	-	244.21	244.21

	Domain name	Software	Total
Gross block			
As at 1 April 2017	6.72	920.96	927.68
Additions	-	147.94	147.94
Deletions during the year	-	(242.85)	(242.85)
Foreign exchange on translation	-	(0.56)	(0.56)
As at 31 March 2018	6.72	825.49	832.21
Accumulated depreciation / amortization			
As at 1 April 2017	6.72	699.25	705.97
Charge for the year	-	119.81	119.81
On deletions	-	(237.34)	(237.34)
Foreign exchange on translation	-	(0.44)	(0.44)
As at 31 March 2018	6.72	581.28	588.00
Net block			
As at 31 March 2018	-	244.21	244.21
As at 31 March 2017	-	221.71	221.71

Notes to the Financial Statements

as at 31 March 2019

(Currency: In ₹ millions)

5. INVESTMENTS

		31 March 2019	31 March 2018
(i)	**Non-current**		
	Unquoted		
	Investments carried at cost (Investment in equity instruments of subsidiaries)		
	218,483 (31 March 2018: 218,483) fully paid-up common stock of USD 1 each of Firstsource Group USA Inc.@ #	**11,746.92**	11,733.41
	2,834,672 (31 March 2018: 2,834,672) fully paid up equity shares of GBP 1 each of Firstsource Solutions UK Limited #	**51.15**	42.53
	1,050,000 (31 March 2018: 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 2018: 6,823,570) fully paid-up common stock of LKR 10 each of Firstsource Dialog Solutions (Private) Limited	**23.09**	46.18
	1 (31 March 2018: 1) fully paid-up common stock of EUR 1 each of Firstsource BPO Ireland Limited	**-**	17.36
		11,921.66	11,939.98
	Provision for impairment of investment in Firstsource Dialog Solutions (Private) Limited and Firstsource Process Management Services Limited	**(72.44)**	(67.50)
		11,849.22	11,872.48
	Investment in associate		
	1,000 (31 March 2018 : 1,000) fully paid equity shares of ₹ 10 each of Nanobi Data and Analytics Private Limited	**0.08**	0.08
	-at cost		
	838,705 (31 March 2018 : 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		
	100,000 (31 March 2018 : 100,000) fully paid Optionally Convertible Debentures of ₹ 100 each of Nanobi Data and Analytics Private Limited	**10.00**	10.00
	At amortised cost		
	Philippines treasury bills*	**23.67**	24.63
		11,970.89	11,995.11
	* These securities have been earmarked in favour of SEC, Philippines in compliance with Corporation Code of Philippines.		
	@ includes the value of revaluation impact of ECB on hedging relationship.		
	# includes value of ESOP cost pertaining to employees of the foreign entities.		
(ii)	**Current**		
	Investments carried at fair value through statement of profit and loss		
	Mutual and other funds (unquoted)	**1,187.50**	190.00
		1,187.50	190.00

Notes to the Financial Statements

as at 31 March 2019

(Currency: In ₹ millions)

6. OTHER FINANCIAL ASSETS

	31 March 2019	31 March 2018
(Unsecured, considered good)		
(i) Other non-current financial assets		
Deposits	**247.92**	240.52
Foreign currency forward contracts (net)	**391.56**	-
Lease rentals receivable	**28.56**	27.20
	668.04	267.72
(ii) Other current financial assets		
Unbilled revenues	**147.83**	179.20
Bank Deposits	**-**	0.70
Accrued interest	**0.30**	-
Advances to subsidiaries	**622.07**	-
Foreign currency forward contracts (net)	**190.97**	197.18
Lease rentals receivable	**17.36**	14.97
Loans and advances to employees	**8.95**	7.14
Recoverable on sale of subsidiary	**49.05**	49.05
	1,036.53	448.24

7. OTHER ASSETS

	31 March 2019	31 March 2018
(Unsecured, considered good)		
(i) Other non-current assets		
Capital advances	**49.75**	-
Prepaid expenses	**7.92**	13.42
Deferred contract cost	**78.29**	89.86
	135.96	103.28
(ii) Other current assets		
Prepaid expenses	**83.84**	89.13
Indirect tax recoverable	**303.22**	151.52
Other advances	**69.23**	9.21
Deferred contract cost	**11.99**	12.39
	468.28	262.25

8. TRADE RECEIVABLES

	31 March 2019	31 March 2018
(Unsecured)		
Considered doubtful	**0.05**	-
Less: Impairment allowance	**0.05**	-
	-	-
Considered good	**4,328.85**	5,647.40
	4,328.85	5,647.40
	4,328.85	5,647.40

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

Notes to the Financial Statements

as at 31 March 2019

(Currency: In ₹ millions)

9. CASH AND CASH EQUIVALENTS

	31 March 2019	31 March 2018
Cash on hand		
Balances with banks	**0.09**	0.04
-in current accounts		
Earmarked balances with banks*	**125.76**	143.58
	5.41	-
	131.26	143.62

*Earmarked balances with banks represents balance in dividend escrow account.

10. TAXATION

31 March 2019

	Opening Balance	Recognised in profit and loss	Recognised in other comprehensive income	Closing balance
Deferred tax asset on account of:				
Property, plant and equipment and intangibles	**324.34**	**(83.80)**	**-**	**240.54**
Employee stock options	**26.16**	**4.19**	**-**	**30.35**
Other employee benefits payable	**30.15**	**0.94**	**-**	**31.09**
Unused tax losses	**-**	**9.09**	**-**	**9.09**
Minimum alternate tax credit carried forward	**1,778.38**	**282.91**	**-**	**2,061.29**
Foreign currency forward contracts	**8.14**		**(87.69)**	**(79.55)**
	2,167.17	**213.33**	**(87.69)**	**2,292.81**

31 March 2018

Taxation	Opening Balance	Recognised in profit and loss	Recognised in other comprehensive income	Closing balance
Deferred tax assets on account of:				
Property, plant and equipment and intangibles	321.09	3.25	-	324.34
Employee stock options	-	26.16	-	26.16
Other employee benefits payable	55.97	(25.82)	-	30.15
Minimum alternate tax credit carried forward	1,565.69	212.69	-	1,778.38
	1,942.75	216.28	-	2,159.03
Deferred tax liability on account of:				
Foreign currency forward contracts	346.20	-	(354.34)	(8.14)
	1,596.55	216.28	354.34	2,167.17

	Year ended	
	31 March 2019	31 March 2018
Income tax asset	**780.99**	704.45
Advance tax and tax deducted at source (net)	**(61.53)**	-
Provision for tax (net)	**719.46**	704.45

Notes to the Financial Statements

as at 31 March 2019

(Currency: In ₹ millions)

Income tax expense

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

	Year ended	
	31 March 2019	31 March 2018
Current taxes	168.94	277.00
Deferred taxes	69.58	(3.60)
Income tax expense	238.52	273.40

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 2019	31 March 2018
Profit before income taxes	2,228.73	2,192.56
Enacted tax rates in India	34.94%	34.61%
Computed expected tax expense	778.81	758.80
Income Exempt from Tax and Tax Holidays	(439.20)	(386.53)
Expenses not deductible for tax purposes	25.59	11.93
ESOP cost allowed for tax purpose	(36.01)	(33.41)
Impact of change in tax rates	(8.24)	-
Others	(0.76)	5.90
Previous years tax adjustments	(81.67)	(83.29)
Income tax expense	2 38.52	273.40

11 SHARE CAPITAL

	31 March 2019	31 March 2018
Authorised		
872,000,000 (31 March 2018: 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		
691,065,030 (31 March 2018: 686,522,819) equity shares of ₹ 10 each, fully paid-up	6,910.65	6,865.23
	6,910.65	6,865.23

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

	31 March 2019		31 March 2018	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	686,522,819	6,865.23	681,308,337	6,813.08
Shares allotted during the year - employee stock option scheme	4,542,211	45.42	5,214,482	52.15
At the end of the year	691,065,030	6,910.65	686,522,819	6,865.23

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

	31 March 2019		31 March 2018	
	Number of shares	% of total shares	Number of shares	% of total shares
CESC Ventures Limited	373,976,673	54.12%	373,976,673	54.47%

c) Shares held by holding company

	31 March 2019		31 March 2018	
	Number of shares	Amount	Number of shares	Amount
CESC Ventures Limited	373,976,673	3,739.77	373,976,673	3,739.77

Notes to the Financial Statements

as at 31 March 2019

(Currency: In ₹ millions)

d) Pursuant to a composite scheme of arrangement ('Scheme'), approved by National Company Law Tribunal on 5 October 2018, amongst CESC Infrastructure Limited, Spen Liq Private Limited (erstwhile Holding Company) and other entities, Spen Liq Private Limited has been amalgamated with CESC Ventures Limited (formerly known as RP-SG Business Process Services Limited) with effect from 1 October 2017. Consequently, as a result of this approved composite scheme, the Shares of the Company held by Spen Liq Private Limited have devolved on CESC Ventures Limited on 12 October 2018 and thereby CESC Ventures Limited has become the immediate Parent of the Company.

e) Employee stock options

During the year ended 31 March 2019 the Company granted 2,500,000 (31 March 2018: 3,400,000) options at an exercise price of ₹ 73.00 (31 March 2018: ₹ 41.12).

f) Shares reserved for issue under options

12,186,631 (31 March 2018: 15,524,812) number of shares are reserved for employees for issue under the employee stock options plan (ESOP) amounting to ₹ 121.87 (31 March 2018: ₹ 155.25).

g) 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.

h) Share application money received under ESOP scheme

The Company received ₹ 142.35 (31 March 2018: ₹ 101.42) as share application money under ESOP scheme during the year ended 31 March 2019 in respect of which 4,542,211 (31 March 2018: 5,214,482) shares were allotted during the year.

12 OTHER EQUITY

	31 March 2019	31 March 2018
Securities premium		
At the commencement of the year	**1,931.39**	1,842.13
Add : Issue of equity shares on exercise of options	**142.53**	89.26
At the end of the year	**2,073.92**	1,931.39
Amalgamation deficit adjustment reserve	**(1,136.72)**	(1,136.72)
Share application money pending allotment		
At the commencement of the year	**-**	-
Add : Movement during the year	**0.30**	-
At the end of the year	**0.30**	-
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
Employee stock option reserve		
At the commencement of the year	**120.40**	122.87
Add : Share based payments	**49.59**	46.63
Less : Transfer to retained earning for options forfeited	**(1.70)**	(9.11)
Less : Issue of equity shares on exercise of options	**(45.90)**	(39.99)
At the end of the year	**122.39**	120.40
Effective portion of cash flow hedges		
At the commencement of the year	**(60.78)**	654.15
Movement during the year	**498.16**	(714.93)
At the end of the year	**437.38**	(60.78)
Exchange differences on translating the financial statements of a foreign operation		
At the commencement of the year	**147.50**	167.90
Movement during the year	**36.45**	(20.40)
At the end of the year	**183.95**	147.50

Notes to the Financial Statements

as at 31 March 2019

(Currency: In ₹ millions)

	31 March 2019	31 March 2018
Retained earnings		
At the commencement of the year	**13,447.81**	11,499.91
Add: Net profit for the year	**1,990.21**	1,919.16
Add: Other comprehensive income for the year	**(21.52)**	19.63
Less: Dividend	**(1,247.73)**	-
Add: Transfer to retained earning for options forfeited	**1.70**	9.11
At the end of the year	**14,170.47**	13,447.81
Total other equity	**15,882.37**	14,480.28

13 BORROWINGS

	31 March 2019	31 March 2018
Long-term borrowings		
Unsecured		
Loan from banks	**19.38**	11.87
Loan from non-banking financing companies (refer note 'a')	**15.50**	66.74
	34.88	78.61

a Loan from non-banking financing companies carries interest in the range of 3.03%- 10.14% for a period of 3- 4 years from October 2015 to February 2023, repayable in quarterly instalments from the date of its origination.

14 OTHER FINANCIAL LIABILITIES

	31 March 2019	31 March 2018
(i) Other non current financial liabilities		
Foreign currency forward contracts (net)	**-**	161.46
	-	161.46
(ii) Other current financial liabilities		
Book credit in bank account	**57.34**	91.82
Interest accrued but not due on borrowings	**0.40**	0.71
Creditors for capital goods	**32.86**	4.27
Employee benefits payable	**206.31**	199.40
Advances from subsidiaries	**-**	118.20
Unclaimed dividends	**5.42**	-
Other Liabilities	**9.38**	9.38
Current Maturities:		
-Loan from Banks	**14.03**	7.25
-Loan from non-banking financing companies	**61.19**	76.62
	386.93	507.65

15 PROVISION FOR EMPLOYEE BENEFITS

	March 31, 2019	March 31, 2018
(i) Non-current		
Gratuity	**67.55**	51.73
	67.55	51.73
(ii) Current		
Compensated absences	**59.51**	50.86
	59.51	50.86

16 OTHER LIABILITIES

	31 March 2019	31 March 2018
Other current liabilities		
Tax deducted at source	**24.88**	19.40
	24.88	19.40

Notes to the Financial Statements

for the year ended 31 March 2019

(Currency: In ₹ millions)

17 REVENUE FROM OPERATIONS

	31 March 2019	31 March 2018
Sale of services	**7,247.52**	7,628.18
Other operating income, net	**433.54**	984.48
	7,681.06	8,612.66

The table below presents disaggregated revenues from contracts with customers for the year ended 31 March 2019 by geography.

	Customer Management	Healthcare	Collection	Total
UK	**3,398.57**	**-**	**-**	**3,398.57**
USA	**1,839.16**	**1,029.03**	**581.15**	**3,449.34**
ASIA	**399.61**	**-**	**-**	**399.61**
Total	**5,637.34**	**1,029.03**	**581.15**	**7,247.52**

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 disclousres as the revenue recognised corresponds directly with the value to the customer of the company's performance completed to date.

18 OTHER INCOME, NET

	31 March 2019	31 March 2018
Profit on sale / redemption current investments, net	**35.41**	49.14
Gain on sale of domestic contracts	**-**	7.67
Interest income	**26.33**	13.39
Foreign exchange gain, net		
- Exchange gain/(loss) on translation of investments	**-**	3.00
- Translation (loss)/ gain on borrowings	**-**	(3.00)
- Others	**41.13**	(14.04)
Provision for impairment of investment in subsidiary	**(10.62)**	-
Gain on sale of subsidiary	**286.03**	-
(Loss)/gain on sale of fixed assets, net	**(3.80)**	5.22
Miscellaneous income	**5.07**	13.12
Guarantee Commission	**239.68**	52.63
	619.23	127.13

19 EMPLOYEE BENEFITS EXPENSES

	31 March 2019	31 March 2018
Salaries and wages	**3,542.36**	3,799.58
Contribution to provident and other funds	**195.56**	253.45
Staff welfare expenses	**67.95**	73.93
Employee stock compensation expense	**27.46**	26.04
	3,833.33	4,153.00

20 FINANCE COSTS

	31 March 2019	31 March 2018
Interest expense		
- on external commercial borrowings (ECB)	**-**	31.79
- on working capital demand loan and others	**15.45**	29.97
Finance charges on leased assets	**-**	0.56
	15.45	**62.32**

Notes to the Financial Statements

for the year ended 31 March 2019

(Currency: In ₹ millions)

21 OTHER EXPENSES

	31 March 2019	31 March 2018
Rent	**490.32**	555.04
Car and other hire charges	**258.10**	308.16
Repairs, maintenance and upkeep	**242.38**	267.01
Electricity, water and power consumption	**157.96**	208.22
Computer expenses	**190.43**	205.85
Legal and professional fees	**125.89**	124.50
Connectivity, information and communication expenses	**154.64**	184.75
Recruitment and training expenses	**74.29**	59.21
Travel and conveyance	**42.75**	46.79
Insurance	**26.80**	38.84
Contribution to CSR	**37.71**	34.52
Miscellaneous expenses	**125.36**	26.49
Printing and stationery	**12.17**	14.85
Auditors remuneration and expenses		
- as audit fees*	**14.00**	14.50
- as other services	**5.60**	4.10
- as reimbursement of expenses	**0.80**	0.71
Meeting and seminar expenses	**7.27**	7.64
Rates and taxes	**3.52**	6.82
Directors' sitting fees	**5.40**	5.75
Bank administration charges	**4.15**	2.86
Provision for doubtful debts/ written off, net	**0.05**	-
	1,979.59	2,116.61

*includes amount paid to erstwhile auditors for the year ended 31 March 2018

22 FINANCIAL INSTRUMENTS

I. Financial instruments by category:

The carrying value and fair value of financial instruments by categories as of 31 March 2019 were as follows:

	Amortised cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Investments	**33.67**	**1,187.50**	**-**	**1,221. 17**	**1,221.17**
Trade receivables	**4,328.85**	**-**	**-**	**4,328.85**	**4,328.85**
Cash and cash equivalents	**131.26**	**-**	**-**	**131.26**	**131.26**
Other financial assets	**1,122.04**	**45.86**	**536.67**	**1,704.57**	**1,704.57**
Total	**5,615.82**	**1,233.36**	**536.67**	**7,385.85**	**7,385.85**
Financial liabilities					
Borrowings	**34.88**	**-**	**-**	**34.88**	**34.88**
Other financial liability	**386.93**	**-**	**-**	**386.93**	**386.93**
Trade and other payables	**289.29**	**-**	**-**	**289.29**	**289.29**
Total	**711.10**	**-**	**-**	**711.10**	**711.10**

The carrying value and fair value of financial instruments by categories as of 31 March 2018 were as follows:

	Amortised cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Investments	34.63	190.00	-	224.63	224.63
Trade receivables	5,647.40	-	-	5,647.40	5,647.40
Cash and cash equivalents	143.62	-	-	143.62	143.62
Other financial assets	518.78	82.39	114.79	715.96	715.96
Total	6,344.43	272.39	114.79	6,731.61	6,731.61

Notes to the Financial Statements

for the year ended 31 March 2019

(Currency: In ₹ millions)

	Amortised cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial liabilities					
Borrowings	78.61	-	-	78.61	78.61
Other financial liability	507.65	-	161.46	669.11	669.11
Trade and other payables	275.62	-	-	275.62	275.62
Total	861.88	-	161.46	1,023.34	1,023.34

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 31 March 2019:

	As of 31 March 2019	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Investments				
Investment in liquid mutual fund units	1,187.50	1,187.50	-	-
Total	1,187.50	1,187.50	-	-
Investment in liquid mutual fund units	582.53	-	582.53	-

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2018:

	As of 31 March 2018	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Investments				
Investment in liquid mutual fund units	190.00	190.00	-	-
Total	190.00	190.00	-	-
Investment in liquid mutual fund units	35.72	-	35.72	-

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.

Notes to the Financial Statements

for the year ended 31 March 2019

(Currency: In ₹ millions)

The following table analyzes foreign currency risk as of 31 March 2019:

	USD	GBP	PHP	Others*	Total
Total financial assets	**2,811.37**	**2,298.22**	**8.78**	**0.15**	**5,118.52**
Total financial liabilities	**-**	**-**	**34.86**	**-**	**34.86**

*Others includes LKR AUD, etc

The following table analyzes foreign currency risk as of 31 March 2018:

	USD	GBP	PHP	Others*	Total
Total financial assets	3,308.85	2,522.49	57.45	0.11	5,888.90
Total financial liabilities	(111.88)	(6.32)	30.11	-	(88.09)

*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 by approximately ₹ 246.92 for the period ended 31 March 2019 (31 March 2018 : ₹ 295.14).

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 2019		31 March 2018	
	In millions	In ₹ millions	In millions	In ₹ millions
Forward contracts				
in USD	**91.30**	**6,435.22**	55.22	3,677.08
in GBP	**117.30**	**11,559.26**	108.12	10,993.13
Total		**17,994.48**		14,670.21

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 2019	31 March 2018
Forward contracts in USD		
Not later than one month	**2,650.51**	1,674.81
Later than one month and not later than three months	**558.74**	265.37
Later than three months	**3,225.97**	1,736.90
	6,435.22	3,677.08
Forward contracts in GBP		
Not later than one month	**1,777.51**	765.97
Later than one month and not later than three months	**480.86**	685.49
Later than three months	**9,300.89**	9,541.67
	11,559.26	10,993.13

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

Particulars	31 March 2019	31 March 2018
Balance at the beginning of the year	**(60.78)**	654.15
Changes in the fair value of effective portion of cash flow hedges	**631.71**	(986.88)
Deferred tax movement	**(87.69)**	354.34
(Gains)/Losses transferred to statement of profit and loss on occurrence of forecasted hedge transaction	**(45.86)**	(82.39)
Balance at the end of the year	**437.38**	(60.78)

Notes to the Financial Statements

for the year ended 31 March 2019

(Currency: In ₹ millions)

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

Particulars	31 March 2019	31 March 2018
5% appreciation of the underlying foreign currencies	**(893.09)**	(627.44)
5% depreciation of the underlying foreign currencies	**768.14**	691.79

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 ₹ 4,328.85 as at 31 March 2019 (31 March 2018 : ₹ 5,647.40) and unbilled revenue amounting to ₹ 147.83 as at 31 March 2019 (31 March 2018 : ₹ 179.20). Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States, United Kingdom 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 table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2019 and 31 March 2018:

Particulars	31 March 2019		31 March 2018	
	Less than 1 Year	More than 1 year	Less than 1 Year	More than 1 year
Trade payables	**289.29**	**-**	275.62	-
Other borrowings	**-**	**34.88**	-	78.61
Other financial liabilities	**386.93**	**-**	507.65	161.46

23 LEASES

Operating lease

The Company is obligated under non-cancellable operating leases for office space and office equipment which are renewable on a periodic basis at the option of both the lessor and lessee. Expenses under non-cancellable operating leases for the year ended 31 March 2019 aggregated to ₹ 300.52 (31 March 2018: ₹ 207.94).

The future minimum lease payments in respect of non-cancellable operating leases are as follows:

	As at 31 March 2019	As at 31 March 2018
Amount due within one year from the balance sheet date	**293.57**	245.93
Amount due in the period between one year and five years	**466.05**	392.95
Amount due in the period beyond five years	**7.52**	16.55
Balance at the end of the year	**767.14**	655.43

The Company also leases office facilities and residential facilities under cancellable operating leases that are renewable on a yearic basis at the option of both the lessor and lessee. Expenses under cancellable operating leases for the year ended 31 March 2019 is ₹ 64.21 (31 March 2018: ₹ 106.54).

Notes to the Financial Statements

for the year ended 31 March 2019

(Currency: In ₹ millions)

Finance lease

The Company has given vehicles on finance lease to its employees as per policy. As at 31 March 2019, the future minimum lease rentals receivable are as follows:

	Minimum lease payments	Finance charges	Present value of minimum payments
As at 31 March 2019			
Amount receivable within one year from the balance sheet date	**20.70**	**3.34**	**17.36**
Amount receivable in the period between one year and five years	**31.30**	**2.74**	**28.56**
	52.00	**6.08**	**45.92**
As at 31 March 2018			
Amount receivable within one year from the balance sheet date	18.05	3.08	14.97
Amount receivable in the period between one year and five years	29.76	2.56	27.20
	47.81	5.64	42.17

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 and 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 garnt of the options.

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	25.00
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

ESOP 2003

Employee stock option activity under Scheme 2003 is as follows:

		31 March 2019		31 March 2018	
Description	Exercise Range	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	**00.00 - 30.00**	**5,773,635**	**57.79**	10,652,500	77.34
	30.01 - 60.00	**9,751,177**	**88.18**	7,977,687	61.89
	60.01 - 90.00	**-**	**-**	640,000	14.91
		15,524,812		19,270,187	
Granted during the year	**00.00 - 30.00**	**-**		-	
	30.01 - 60.00	**-**		3,400,000	
	60.01 - 90.00	**2,500,000**		-	
		2,500,000		3,400,000	
Forfeited during the year	**00.00 - 30.00**	**-**		191,490	
	30.01 - 60.00	**593,470**		729,403	
	60.01 - 90.00	**147,500**		-	
		740,970		920,893	
Exercised during the year*	**00.00 - 30.00**	**2,447,250**		4,687,375	
	30.01 - 60.00	**2,094,961**		527,107	
	60.01 - 90.00	**-**		-	
		4,542,211		5,214,482	

Notes to the Financial Statements

for the year ended 31 March 2019

(Currency: In ₹ millions)

Description	Exercise Range	31 March 2019 Shares arising out of options	31 March 2019 Weighted Average period in months	31 March 2018 Shares arising out of options	31 March 2018 Weighted Average period in months
Expired during the year	00.00 - 30.00	-		-	
	30.01 - 60.00	555,000		370,000	
	60.01 - 90.00	-		640,000	
		555,000		1,010,000	
Outstanding at the end of the year	00.00 - 30.00	3,326,385	41.75	5,773,635	57.79
	30.01 - 60.00	6,507,746	87.58	9,751,177	88.18
	60.01 - 90.00	2,352,500	113.77	-	-
		12,186,631		15,524,812	
Exercisable at the end of the year	00.00 - 30.00	3,326,385	41.75	5,422,385	56.73
	30.01 - 60.00	3,267,988	80.75	3,594,591	60.23
	60.01 - 90.00	-	-	-	-
		6,594,373		9,016,976	

* The weighted average share price of these options was ₹ 31.27 and ₹ 19.45 for the period ended 31 March 2019 and 31 March 2018 respectively

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

	31 March 2019	31 March 2018
Dividend yield	0%	0%
Expected Life	5.5-7 years	5.5-7 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 ₹ 49.59 and ₹ 46.63 for the year ended 31 March 2019 and 31 March 2018 respectively. The cost related to employee stock options of its subsidiary companies is recognised as addition to investment. Accordingly, the amount of ₹ 8.62 and ₹ 6.18 is recognised as investments in Firstsource Solutions UK Limited for the year 31 March 2019 and 31 March 2018 respectively ₹ 13.51 and ₹ 14.41 is recognised as investment in Firstsource Group USA Inc. for the year 31 March 2019 and 31 March 2018 respectively.

25 RELATED PARTY TRANSACTIONS

Details of related parties including summary of transactions entered into during the year ended 31 March 2019 are summarized below:

Holding Company	CESC Ventures Limited (formerly known as RP-SG Business Process Services Limited) (Refer note 11d)
Fellow Subsidiary Companies	Kolkata Games and Sports Pvt Ltd
	Quest Properties India Limited
	Metromark Green Commodities Pvt. Ltd
	Guiltfree Industries Limited
	Bowlopedia Restaurants India Limited
	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)
Key Managerial Personnel	Rajesh Subramaniam
	Dinesh Jain
Non- executive Directors	Sanjiv Goenka
	Charles Miller Smith (resigned w.e.f. 1 April 2019)
	Y.H. Malegam(resigned w.e.f. 1 April 2019)
	Pradip Roy
	Subrata Talukdar
	Shashwat Goenka
	Donald W. Layden, Jr.(resigned w.e.f. 1 April 2019)
	V. K. Sharma
	Pradip Kumar Khaitan

Notes to the Financial Statements

for the year ended 31 March 2019

(Currency: In ₹ millions)

	Grace Koshie
	Pratip Chaudhuri (appointed w.e.f. 1 April 2019)
	Sunil Mitra (appointed w.e.f. 1 April 2019)

Particulars of related party transactions:

Name of the related party	Name of the related party	Transaction value during the year ended		Receivable / (Payable) as at	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018
FSL UK	Income from services	**2,202.59**	2,013.16	**1,823.13**	2,340.46
	Reimbursement of expenses to FSL UK	**1.96**	3.13	**-**	-
	Recovery of expense from FSL UK	**185.48**	166.43	**264.50**	30.41
	Receipt of services from FSL UK	**-**	54.55	**-**	(82.08)
	Parental guarantee commission from FSL UK	**57.89**	16.61	**57.89**	16.61
FAL	Income from services	**581.15**	518.65	**399.53**	379.47
	Reimbursement of expenses to FAL	**0.17**	0.08	**-**	-
	Recovery of expense from FAL	**42.83**	32.21	**77.17**	51.29
MedAssist	Income from services	**131.27**	128.30	**36.41**	93.99
	Recovery of expense from MedAssist	**67.23**	66.00	**109.75**	76.95
FG US	Income from services	**691.48**	689.77	**259.11**	720.50
	Reimbursement of expenses to FG US	**0.20**	0.26	**-**	-
	Recovery of expense from FG US	**2.32**	1.29	**196.52**	(112.09)
	Parental guarantee commission from FG US	**181.78**	48.73	**181.78**	48.73
FTS	Income from services	**897.76**	1,123.09	**610.37**	1,110.55
	Recovery of expense from FTS	**60.44**	75.10	**137.47**	28.28
	Reimbursement of expenses to FTS	**0.48**	4.51	**-**	-
OAL	Income from services	**-**	0.50	**-**	0.51
Sourcepoint- FFS	Recovery of expense from Sourcepoint-FFS	**1.88**	2.62	**0.11**	0.67
	Income from Services	**106.64**	796.65	**78.50**	949.15
Sourcepoint, Inc	Recovery of expense from Sourcepoint, Inc	**1.31**	0.26	**196.07**	(0.06)
	Income from services	**1,040.40**	-	**474.39**	-
	Reimbursement of expenses to Sourcepoint, Inc	**-**	0.06	**-**	-
Nanobi	Investments	**-**	18.00	**-**	-
Nanobi	Interest income	**1.20**	-	**0.30**	-
Nanobi	Receipt of services from Nanobi	**6.58**	0.19	**-**	-
CESC Limited	Income from services	**-**	12.59	**-**	-
Spencer Retail Limited	Income from services	**-**	2.62	**-**	-
Kolkata Games and Sports Pvt Ltd	Recovery of expense from Kolkata Games and Sports Pvt Ltd	**1.14**	1.56	**-**	-
Spen Liq Private Limited	Dividend paid	**560.97**	-	**-**	-
Non-executive directors	Sitting fees	**5.40**	5.75	**-**	-
Key Managerial Personnel	Remuneration*	**101.00**	92.02	**-**	-
	Dividend paid	**2.18**	-	**-**	-

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

*Excludes ESOP, gratuity and compensated absences.

Description	Year ended	
	31 March 2019	31 March 2018
Rajesh Subramaniam	**78.25**	71.29
Dinesh Jain	**22.75**	20.73

Notes to the Financial Statements

for the year ended 31 March 2019

(Currency: In ₹ millions)

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 2019	31 March 2018
Change in present value of obligations		
Obligations at beginning of the year	**97.82**	116.70
Service cost	**10.65**	22.63
Interest cost	**6.76**	6.85
Actuarial (gain)/loss	**21.26**	(20.05)
Benefits paid	**(18.11)**	(28.31)
Obligations at the end of the year	**118.38**	97.82
Change in plan assets		
Fair value of plan assets at beginning of the year	**46.09**	21.48
Adjustments to opening fair value of plan assets	**0.51**	(2.74)
Return on plan assets excluding interest income	**(0.26)**	(0.42)
Interest income	**2.52**	1.64
Contributions	**20.08**	54.43
Benefits paid	**(18.11)**	(28.30)
Fair value of plan assets at end of the year,	**50.83**	46.09
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	**118.38**	97.82
Fair value of plan assets at the end of year	**(50.83)**	(46.09)
Funded status being amount of liability recognised in the balance sheet	**67.55**	51.73
Gratuity cost for the year		
Service cost	**10.65**	22.63
Net Interest cost	**4.24**	5.21
Net gratuity cost	**14.89**	27.84
Remeasurements of the net defined benefit liability/ (asset)		
Actuarial (gains) / losses	**21.26**	(20.05)
(Return)/loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	**0.26**	0.42
Total actuarial (gain)/loss recognized in (OCI)	**21.52**	(19.63)

Notes to the Financial Statements

for the year ended 31 March 2019

(Currency: In ₹ millions)

Category of Assets	Total Amount	Target Allocation %
Gartuity Fund (LIC of India, ICICI Prudential Insurance Company and Birla Sunlife Insurance Co. Ltd	36.36	100%
Total Itemized Assets	36.36	100%

Assumptions		
Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Interest rate	7.47%	7.60%
Rate of growth in salary levels	7.00%	5.00%

Since the scheme funds are invested with LIC of India, ICICI Prudential Insurance Company & Birla Sunlife Insurance Co. Ltd. EROA is based on rate of return declared by fund managers

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'.

b) Contribution to Provident fund

The provident fund charge during the year amounts to ₹ 117.99 (31 March 2018: ₹ 138.99).

c) Compensated absences

Actuarial assumptions	31 March 2019	31 March 2018
Interest rate	7.47%	7.60%
Rate of growth in salary levels	7.00%	5.00%

27 SEGMENT REPORTING

As per Ind AS 108- Operating Segment, 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- Operating Segment has been given in the consolidated financial statements of the Company.

28 COMPUTATION FOR CALCULATING DILUTED EARNINGS PER SHARE

Computation for calculating diluted earnings per share

	Year ended	
	31 March 2019	31 March 2018
Number of shares considered as basic weighted average shares outstanding	689,710,908	683,343,271
Add: Effect of potential issue of shares/ stock options *	3,389,218	6,271,705
Number of shares considered as weighted average shares and potential shares outstanding	693,100,125	689,614,976
Net profit after tax attributable to shareholders	1,990.21	1,919.16
Net profit after tax for diluted earnings per share	1,990.21	1,919.16
* Not considered when anti-dilutive		

29 CAPITAL AND OTHER COMMITMENTS AND CONTINGENT LIABILITIES

	31 March 2019	31 March 2018
a) The estimated amount of contracts remaining to be executed on capital account and not provided for (net), against which advances paid are ₹ 49.75 (31 March 2018- ₹ Nil)	360.55	168.89
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)	9,412.19	11,123.15
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

Notes to the Financial Statements

for the year ended 31 March 2019

(Currency: In ₹ millions)

Guarantees

	31 March 2019	31 March 2018
Guarantees given for working capital facilities and finance lease on behalf of Firstsource Solution UK Limited (FSL-UK)	**6,608.33**	3,321.99
Guarantees given for credit facilities and term loans on behalf of Firstsource Group USA, Inc. (FG US)	**2,793.86**	7,788.41
Guarantees given to the customer and others*	**10.00**	12.75
	9,412.19	11,123.15

Direct tax matters

Income tax demands amounting to ₹ 959.21 (31 March 2018: ₹ 920.66) 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 2018: ₹ 10.38) tax under protest against the demand raised for the assessment year 2004-05, ₹ 12.50 (31 March 2018: ₹ 12.50) tax under protest against the demand raised for the assessment year 2009-10, ₹ 80.00 (31 March 2018: ₹ 80.00) tax under protest against the demand raised for the assessment year 2011-12.

Indirect tax matters

Service tax demands amounting to ₹ 174.85 (31 March 2018: ₹ 172.12) 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.

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, a CSR trust has been formed by CESC Limited, Ultimate Holding Company. 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. Significant value of the funds have been contributed by the Company to the trust and are to be utilized on the activities which are specified in Schedule VII to the Act. 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 utlised to purchase land for setting up this school.

a) Gross amount required to be spent by the Company during the year is ₹ 37.71 (31March 2018: ₹ 34.52)

b) Amount spent by Firstsource during the year on:

Particulars	Amount paid	Total
Construction/ acquisition of any asset	-	-
On purposes other than above	**37.71**	**37.71**

Notes to the Financial Statements

for the year ended 31 March 2019

(Currency: In ₹ millions)

32 MICRO, SMALL AND MEDIUM ENTERPRISES

Under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, which came into force from 2 October 2006, and on the basis of the information and records available with the Company, the following disclosures are made for the amounts due to the Micro and Small enterprises:

Particulars	31 March 2019	31 March 2018
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
Principal	-	-
Interest	-	-
Amount of interest paid by the Company in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

33 SUBSEQUENT EVENTS

The Board of directors at its meeting held on 6 May 2019 have recommended a dividend of ₹ 2.00 per equity share for the financial year ended 31 March 2019, subject to approval of shareholders at the Annual General Meeting.

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

Kolkata
6 May 2019

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

Sanjiv Goenka
Chairman

Rajesh Subramaniam
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
Director

Grace Koshie
Director

Pradip Roy
Director

Pratip Chaudhuri
Director

Sunil Mitra
Director

V.K. Sharma
Director

Kolkata
6 May 2019

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of the Members of Firstsource Solutions Limited will be held on Friday, August 2, 2019 at 3:30 p.m. at Rangsharda Auditorium, Krishna Chandra Marg, Near Lilavati Hospital, Nityanand Nagar, ONGC Colony, Bandra West, Mumbai 400 050 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt:

    a) the audited financial statements of the Company for the financial year ended March 31, 2019 along with the reports of the Board of Directors and the Auditors thereon; and

    b) the audited consolidated financial statements of the Company and its subsidiaries for the financial year ended March 31, 2019 along with the report of the Auditors thereon.

2. To declare a final dividend for the FY2018-19.

3. To appoint a Director in place of **Mr. Shashwat Goenka (DIN 03486121)**, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. APPOINTMENT OF MR. PRATIP CHAUDHURI (DIN 00915201) AS AN INDEPENDENT DIRECTOR OF THE COMPANY:

To consider and if thought fit, to pass the following resolution, with or without modification(s), as an **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. Pratip Chaudhuri (DIN 00915201) who was appointed as an Additional Director of the Company by the Board of Directors w.e.f. April 1, 2019 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 five (5) consecutive years up to March 31, 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 OF MR. SUNIL MITRA (DIN 00113473) AS AN INDEPENDENT DIRECTOR OF THE COMPANY:

To consider and if thought fit, to pass the following resolution, with or without modification(s), as an **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. Sunil Mitra (DIN 00113473), who was appointed as an Additional Director of the Company by the Board of Directors w.e.f. April 1, 2019 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 five (5) consecutive years up to March 31, 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."

6. APPOINTMENT OF MR. CHARLES RICHARD VERNON STAGG (DIN 07176980) AS AN INDEPENDENT DIRECTOR OF THE COMPANY:

To consider and if thought fit, to pass the following resolution, with or without modification(s), as an **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. Charles Richard Vernon Stagg (DIN 07176980) who was appointed as an Additional Director of the Company by the Board of Directors w.e.f. May 6, 2019 and who holds office up to 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 a Company for a term of three (3) consecutive years up to May 5, 2022.

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."

7. 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 as a **Special Resolution:**

"RESOLVED THAT pursuant to Regulation 17(1A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, effective from April 1, 2019, approval of shareholders of the Company be and is hereby granted to the Company 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."

8. APPROVAL OF FIRSTSOURCE EMPLOYEES STOCK OPTION SCHEME 2019 (ESOP 2019):

To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), Circular No. CIR/CFD/POLICY CELL/2/2015 dated 16 June 2015 ("Circular") issued by Securities and Exchange Board of India, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") and in accordance with circulars / guidelines issued by SEBI (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), provisions contained in the Articles of Association of the Company and other applicable rules, regulations and circulars/ guidelines, approval of such other Regulatory / Statutory / Government authorities, as may be necessary in this context and subject to acceptance of such condition(s) or modification(s) by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee thereof, including the Nomination and Remuneration Committee ("NRC") constituted by the Board, or any other Committee which the Board may constitute to act as the "Compensation Committee" under the SEBI SBEB Regulations), consent of the member(s) of the Company be and is hereby accorded to the Board to implement **'Firstsource Solutions Limited Employee Stock Option Plan 2019'** (hereinafter referred to as "ESOP 2019" or the "Scheme"), in supersession of Firstsource Solutions Employee Stock Option Scheme 2003, to create, grant, offer, issue and allot from time to time, in one or more tranches, under ESOP 2019, options (including outstanding options under Firstsource Solutions Employee Stock Option Scheme 2003) exercisable at such price or prices, and on such terms and conditions, as may be determined by the Board in accordance with the provisions of ESOP 2019 and in due compliance with the SBEB Regulations and other applicable laws, rules and regulations, to the present and / or future permanent employees of the Company, Subsidiary Company or of a Holding Company or of an Associate Company, whether working in India or Outside India, and / or to the Directors of the Company, whether whole time or not, but excluding (a) an employee who is a promoter or a person belonging to the promoter group; or (b) a director who either himself or through his relative or through anybody corporate, directly or indirectly, holds more than ten per cent of the outstanding Shares of the Company; or (c) Independent director(s) and/or such other persons as may be decided by the Board and / or permitted under applicable rules, regulations, guidelines and laws (hereinafter referred to as "Eligible Employees") and on such terms and conditions, as contained in the Scheme and summarized in the Explanatory Statement annexed hereto and to provide for grant and subsequent vesting and exercise of options by eligible employees in the manner and method contained in the Explanatory Statement, as the Board may decide in accordance with the provisions of the applicable laws and the provisions of ESOP 2019.

RESOLVED FURTHER THAT without prejudice to the generality of the above but subject to the terms and conditions mentioned in the explanatory Statement forming part of the notice convening this Meeting, the consent of the members of the Company be and is hereby accorded to the Board to formulate, evolve, decide upon, administer, superintend and implement ESOP 2019 of the Company.

RESOLVED FURTHER THAT outstanding Options granted under Company's ESOP 2019 before any issue of bonus shares or stock splits or consolidation of shares shall be suitably adjusted for the number as well as the exercise price as applicable and such outstanding options may be further adjusted at the discretion of the Board for any Corporate Action(s).

RESOLVED FURTHER THAT the consent of the members of the Company be and is hereby accorded to the Board to:

- Issue and allot equity shares upon exercise of stock options, from time to time, granted under ESOP 2019 and such equity shares allotted shall in all respects rank pari-passu with the existing equity shares of the Company;
- take necessary steps for listing of the Securities allotted under ESOP 2019 on the Stock Exchanges, where the equity shares of the Company are listed as per the provisions of the Listing Regulations and other applicable laws, rules and regulations;
- conform to the accounting policies prescribed from time to time under SBEB Regulations and any other applicable laws and regulations to the extent relevant and applicable to ESOP 2019;
- re-price the options at any time as it deems fit, which are not exercised, whether or not they have been vested, if the exercise price of the options is rendered

unattractive due to fall in price of the share in the market and such re-pricing is not detrimental to the interest of the employees who have been granted stock options under ESOP 2019;

- make any modifications, changes, variations, alterations or revisions in ESOP 2019, as it may deem fit, from time to time or to suspend, withdraw or revive ESOP 2019, from time to time, in conformity with the provisions of SEBI SBEB Regulations and other applicable rules, regulations, guidelines and laws, unless such variation, amendment, modification or alteration is detrimental to the interest of the employees who have been granted stock options under ESOP 2019;
- do all such acts, deeds, matters and things as it may, in its absolute discretion deem fit, for the aforesaid purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard at any stage, without being required to seek any further consent or approval of the members of the Company to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution, and further to execute all such deeds, documents, writings and to give such directions and / or instructions as may be necessary, proper or expedient to give effect to any modification, alteration, amendment, suspension, withdrawal or termination of ESOP 2019 and to take all such steps and do all acts as may be incidental or ancillary thereto.

RESOLVED FURTHER THAT the consent of members of the Company be and is hereby accorded to the Board to implement ESOP 2019 through the Firstsource Employee Benefit Trust, an independent trust being set up by the Company, and for the Firstsource Employee Benefit Trust to acquire/ purchase equity shares of the Company through secondary market for the purpose of implementation of ESOP 2019, subject to Companies Act, 2013 and SEBI SBEB Regulations; and

RESOLVED FURTHER THAT pursuant to Section 67 of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force; the Memorandum and Articles of Association of the Company and the SEBI SBEB Regulations, as amended from time to time, consent of members of the Company be and is hereby accorded to the Board to grant loan(s) in one or more tranches to the Firstsource Employee Benefit Trust being set up by the Company and/or to give guarantee or provide security in connection with loan(s) obtained from external financial institutions or lenders by Firstsource Employee Benefit Trust for enabling Firstsource Employee Benefit Trust to undertake secondary acquisition of the equity shares of the Company for the purpose of the ESOP 2019 subject to Companies Act, 2013 read with SEBI SBEB Regulations."

By Order of the Board of Directors

Pooja Nambiar
Company Secretary & Compliance Officer
ACS No.: 14055

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
www.firstsource.com
Email: complianceofficer@firstsource.com

June 27, 2019

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND, ON A POLL, TO VOTE ON HIS BEHALF. [A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING]. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
2. Corporate members intending to send their authorised representatives to attend the 18th Annual General Meeting ("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.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, July 27, 2019 to Friday, August 2, 2019 (both days inclusive) for the purpose of payment of the final dividend for the FY2018-19 and for the Annual General Meeting.
4. 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 utilise the Electronic Clearing System (ECS) for receiving dividends.
5. SEBI has decided that securities of listed companies can be transferred only in dematerialised form and therefore members are requested to note that to avail various benefits of dematerialisation, members are advised to dematerialise shares held by them in physical form.
6. Subject to the provision of the Act, dividend of ₹ 2/- per fully paid equity share as recommended by the Board, if declared at the meeting, will be paid within a period of 30 days from the date of declaration, to all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository

Limited and the Central Depository Services (India) Limited as of the close of business hours on Friday, July 26, 2019 and to all Members holding shares in physical form in the Register of Members of the Company after giving effect to valid share transfers lodged with the Company, on or before Friday, July 26, 2019.

7. 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.

8. 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).

9. The Statement pursuant to Section 102 (1) of the Companies Act, 2013 in respect of the Special businesses under the Notice is amended hereto. All the documents referred to in the Notice will be available for inspection by the members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days (Except Saturday) up to the date of the AGM.

10. Members are requested to bring their duly filled Attendance Slip along with the copy of the Annual Report at the AGM.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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.

    The Notice of the AGM along with the Annual Report for FY2018-19 is being sent by electronic mode to those Members whose email addresses are registered with the Company/ Depository Participants unless any Member has requested for a physical copy of the same. For Members who have not registered their email addresses, physical copies are being sent by the permitted mode. To support the 'Green Initiative', the Members who have not registered their email addresses, are requested to register the same with their Depository Participants. Members holding shares in physical mode are requested to register their email addresses with the Registrar & Transfer Agent of the Company.

16. Voting through Electronic means:

(a) In compliance with the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to the members the remote e-voting facility to exercise their right to vote on resolutions proposed to be considered at the AGM. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Services (India) Limited (CDSL);

(b) The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper;

(c) The Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again;

(d) The remote e-voting period will commence on Monday, July 29, 2019 at 9.00 a.m. and will end on Thursday, August 1, 2019 at 5.00 p.m. During this period, the members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of Friday, July 26, 2019 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting on Thursday, August 1, 2019 at 5.00 p.m. Once the vote on a resolution is cast by the member, the member will not be allowed to change it subsequently;

(e) The Company has appointed Rathi & Associates, Company Secretary in whole time practice (email: hsk@rathiandassociates.com), to act as the Scrutinizer for conducting the electronic voting process and voting at the AGM in a fair and transparent manner;

(f) The process and manner for remote e-voting are as under:

(i) The shareholders should log on to the e-voting website www.evotingindia.com.

(ii) Click on Shareholders/ Members.

(iii) 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. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(iv) Enter the Image Verification as displayed and Click on Login.

(v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vi) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form 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). • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and 8 digit of the sequence number in their PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
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 user id/ folio number in the Dividend Bank details field as mentioned in instruction (iii).

(vii) After entering these details appropriately, click on "SUBMIT" tab.

(viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will 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 also to be 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.

(ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Click on the EVSN of Firstsource Solutions Limited which is 190626008.

(xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against each resolution the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies assent to the Resolution and option NO implies dissent to the Resolution.

(xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiii) 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.

(xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take a printout of the votes cast by clicking on "Click here to print" option on the voting page.

(xvi) If a demat account holder has forgotten the changed login password then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

(xvii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xviii) Note for Non – Individual Shareholders and Custodians:

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI, etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- 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 scrutiniser to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

(xix) Institutional members (i.e. members other than individuals, HUF, NRIs, etc.) are also required to send scanned copy (PDF/

JPG format) of the relevant Board Resolution/ Authority Letter etc. together with the attested specimen signature/(s) of the duly authorised signatory/(ies) who are authorised to vote, to the Scrutinizer Rathi & Associates through email at: hsk@rathiandassociates.com.

(xx) Members have an option to vote either through e-voting or casting a vote at the Meeting. If a Member has opted for e-voting, then he should not cast his vote at the Meeting also and vice-versa. However, in case, a Member has cast his vote at the Meeting and also by e-voting, then voting done through e-voting shall prevail and voting done at the Meeting shall be treated as invalid.

(xxi) The voting rights of members shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date of Friday, July 26, 2019.

(xxii) Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Friday, July 26, 2019, should follow the same procedure for e-voting as mentioned above.

(xxiii) 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 either of remote e-voting or voting at the AGM through ballot paper.

(xxiv) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of the Scrutiniser, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

(xxv) The Scrutiniser shall, after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated Scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by the Chairman in writing, who shall countersign the same and declare the result of the voting forthwith.

(xxvi) The Results declared along with the report of the Scrutiniser shall be published on the website of the Company viz: www.firstsource.com and on the website of CDSL e-voting immediately after the declaration of result by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the National Stock Exchange of India Limited and BSE Limited, Mumbai.

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4, 5 & 6

Mr. Pratip Chaudhuri and Mr. Sunil Mitra were appointed as Additional Directors (Non-Executive, Independent Directors) by the Board of Directors of the Company on February 4, 2019 and Mr. Charles Richard Vernon Stagg was appointed as an Additional Director (Non-Executive, Independent Director) by the Board of Directors of the Company on May 6, 2019 and they will hold office as Additional Directors up to the date of the forthcoming Annual General Meeting ("AGM").

The Nomination and Remuneration Committee of the Board and the Board of Directors of the Company have recommended the appointment of Mr. Pratip Chaudhuri and Mr. Sunil Mitra as Independent Directors for a term of five (5) consecutive years each up to March 31, 2024, and Mr. Charles Richard Vernon Stagg as an Independent Director for a term of three (3) consecutive years up to May 5, 2022, not liable to retire by rotation, considering their qualifications, positive attributes, experience, expertise and independence. According to the provisions of Section 149(10) of the Companies Act, 2013 (the "Act"), an Independent Director shall hold office for a term upto five (5) consecutive years on the Board but shall be eligible for re-appointment for a second term on passing of a special resolution by the Company. Further, Section 149(13) of the Act states that the Independent Directors so appointed shall not be liable to retire by rotation under Section 152 of the Act. Their brief resumes are given in the Annexure to this Notice.

Mr. Pratip Chaudhuri, Mr. Sunil Mitra and Mr. Charles Richard Vernon Stagg have given a declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, they fulfill the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and are Independent of the Management.

Copies of the draft letters of appointment of Mr. Pratip Chaudhuri, Mr. Sunil Mitra and Mr. Charles Richard Vernon Stagg, setting out the terms and conditions of appointment as Independent Directors are available for inspection by members at the Registered Office of the Company.

The Company has received notice in writing under the provisions of Section 160 of the Act from a Member proposing the candidature of Mr. Pratip Chaudhuri, Mr. Sunil Mitra and Mr. Charles Richard Vernon Stagg for re-appointment as an Independent Directors of the Company.

Mr. Pratip Chaudhuri, Mr. Sunil Mitra and Mr. Charles Richard Vernon Stagg may be deemed to be concerned or interested in the respective resolutions for their appointment as Directors.

None of the other Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested in the Resolutions in the accompanying Notice. In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of these Directors as Independent Directors is now being placed before the Members for their approval.

The Board recommends the appointment of Mr. Pratip Chaudhuri, Mr. Sunil Mitra and Mr. Charles Richard Vernon Stagg as Independent Directors on the Board of the Company as set out at Item Nos. 4, 5 & 6 respectively of the Notice for approval by the Members.

Item No. 7

As per the Report submitted by Uday Kotak Committee to Securities and Exchange Board of India (SEBI) on recommendation for amendments to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

("LODR"), SEBI vide its Notification dated May 9, 2018 notified Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) (Amendment) Regulations, 2018.

The said Amendment Regulation also includes amendment in Regulation 17 of the said LODR wherein a new Sub Regulation 17(1A) has been introduced w.e.f. April 1, 2019 which reads as under:

"No listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five (75) years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person."

Mr. Pradip Kumar Khaitan, Non-Executive Non-Independent Director has been associated with the Company since November 14, 2014 and has attained the age of more than seventy five (75) years.

As per the aforementioned regulation, approval from the members by way of a Special Resolution is required to enable him to continue as Director after April 1, 2019.

Mr. Pradip Kumar Khaitan is hugely experienced in corporate matters and has been actively involved in all matters brought before the Board of Directors of the Company ('the Board') from time to time. His advice has always benefited the Company and the Board.

In view of the aforesaid regulation, the Board and its Nomination and Remuneration Committee have recommended appropriate Resolution for continuation of appointment of Mr. Pradip Kumar Khaitan as Non Executive, Non-Independent Director.

Brief resume of Mr. Pradip Kumar Khaitan is given in the Annexures hereto.

Mr. Pradip Kumar Khaitan may be deemed to be concerned or interested in the resolution for continuing his appointment. None of the other Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in the Resolution in the accompanying Notice.

The Board recommends the above Resolution as set out at Item No. 7 of the Notice for approval by the Members.

Item No. 8

The success of the Company's objectives is largely determined by the quality of its work force and their commitment to achieve Company's objectives. It is recognized that not only good employment opportunities but also additional motivating mechanisms are needed to incentivize employees and aligning their interest with the interest of the Company. Employee stock option schemes are considered as an effective tool to attract and retain the best talent and also serves to attract, incentivize and motivate professionals and reward exceptional performance. In order to attract, reward and retain the talented and key Employees in the competitive environment and encourage them to align individual performance with company objectives, the Company intends to implement Firstsource Solutions Limited Employee Stock Option Plan 2019 ("ESOP 2019" or the "Scheme") in supersession of Firstsource Solutions Employee Stock Option Scheme 2003.

Pursuant to Regulation 6 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), the Company is seeking approval of its members to offer ESOP 2019 scheme to eligible employees (defined herein below).

The salient features of ESOP 2019 are set out as per Circular No. CIR/CFD/POLICY CELL/2/2015 dated 16 June 2015 ("Circular") issued by Securities and Exchange Board of India and are as under:

a) **Brief description of ESOP 2019:**

The purposes of the Scheme are:

- To encourage ownership of the Company's equity shares by theEmployees on an ongoing basis;
- To align employee compensation with performance of the Company;
- To benefit the Company by enabling the attraction and retention of the best available talent by enabling them to contribute and share in the growth of the Company;
- To provide existing Employees an opportunity for investment in the Company's equity shares.

To promote the culture of employee ownership in the Company, approval of the shareholders is being sought for issue of stock options under the ESOP 2019 to the Employees of the Company.

b) **The total number of outstanding options to be subsumed:**

The total outstanding options of 1,02,42,070 Stock Options available under Firstsource Solutions Employee Stock Option Scheme 2003 shall be subsumed under ESOP 2019, subject to decision and approval of the Board and Committee in this regard.

c) **The total numbers of Options to be granted:**

In addition to the Stock Options granted to employees under Firstsource Solutions Employee Stock Option Scheme 2003, the Committee shall decide and approve the total number of Stock Options available for Grant under ESOP 2019 to the Eligible Employees. Further, the conditions of vesting of Options to Eligible Employees shall be subject to the approval of the Committee. However, if a Grantee's employment with the Company stands terminated due to voluntary resignation on the part of the Grantee or due to completion of his contract, then all Stock Options not vested in the Employee as on the date of termination shall lapse forthwith.

d) **Identification of classes of employees entitled to participate in the ESOP 2019:**

1. a permanent employee of the Company who has been working in India or out of India; or
2. a director of the Company, whether a whole-time director or not but excluding an independent director, who is permitted to receive Stock Options as per Applicable Law; or
3. a permanent employee or director of a Subsidiary, in India or outside India, or of the Holding company of the Company but does not include:

- an employee who is a Promoter or a person belonging to the Promoter Group of the Company; or

- a director who either himself or through his relative or through any body-corporate, directly or indirectly, holds more than ten per cent of the outstanding Shares of the Company.

e) **Requirements of vesting and vesting period:**
The options granted shall vest so long as the employee continues to be in the employment of the Company, its subsidiaries, the holding company, as the case may be. The Committee may, at its discretion, lay down certain performance metrics on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance-based vesting and the proportion in which options granted would vest (subject to the maximum vesting period as determined by the Committee).

The options will have a minimum vesting period of one year from the date of grant thereof.

f) **Exercise price or pricing formula:**
The Exercise Price for an Option shall 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 SEBI and other relevant regulatory authorities.

g) **Exercise period and the process of Exercise:**
The Exercise period shall commence from the date of vesting of Options and would expire not later than four year from the date of vesting. An Option shall be deemed to have been Exercised when the Company's Designated Scheme Administrator receives a written application (in physical or electronic form but in the form prescribed by the Committee) specifying the number of Stock Options to be Exercised along with full payment of the Exercise Price for the Options sought to be Exercised, together with taxes, if any, payable for such Exercise and upon the satisfaction of the tax liabilities as applicable.

h) **The appraisal process for determining the eligibility of employees to the ESOP 2019:**
The Eligible Employees as per the criteria determined by the Board can be granted Options based on performance linked parameters such as work performance, company performance, business performance and such other parameters as may be decided from time to time.

i) **Maximum number of Options to be issued per employee and in aggregate:**
The total number of options that may be granted to any specific employee under one or more tranches during any one year shall be determined by the Committee.

j) **Whether the scheme is to be implemented and administered directly by the Company or through a Trust:**
The Company intends to implement ESOP 2019 with a view to attract and retain key talents working with the Company by setting up an employee benefit trust for this purpose. The Board will facilitate setting up of employee welfare trust namely Firstsource Employee Benefit Trust to implement and monitor the ESOP 2019.

k) **Whether the scheme involves new issue of shares by the company or secondary acquisition by the trust or both:**
Company's ESOP 2019 scheme involves new issue of equity shares by the Company as well as secondary market acquisition.

l) **A statement to the effect that the company shall conform to the accounting policies specified in Regulation 15:**
The Company shall follow the 'Guidance Note on Accounting for Employee Share-based Payments' and/or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India from time to time, including the disclosure requirements prescribed therein or such other policies as may be prescribed under SEBI SBEB Regulations.

m) **the amount of loan to be provided for implementation of the scheme(s) by the company to the trust, its tenure, utilization, repayment terms, etc.:**
The Company proposes to provide financial assistance to the Firstsource Employee Benefit Trust for secondary acquisition of equity shares of the Company for the purpose of implementation of ESOP 2019. The terms and conditions (including tenure, utilisation, repayment terms) of such loans or security provided by the Company for any external loans shall be mutually agreed between the Company and Firstsource Employee Benefit Trust subject to the Companies Act, 2013 read with Companies (Share Capital and Debentures) Rules, 2014, SEBI SBEB Regulations and appropriate internal regulations of Firstsource Employee Benefit Trust. Accordingly, consent of the members is sought for approving the special resolution for provision of monies/loans or provision of security for loans obtained from the external financial institutions/lenders by Firstsource Employee Benefit Trust for secondary acquisition of equity shares of the Company for the implementation of ESOP 2019.

n) **maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the scheme(s):**
The Board will approve the proposal for sanction of acquisition of equity shares of the Company by Firstsource Employee Benefit Trust from the secondary market, subject to Companies Act, 2013 read with Companies (Share Capital and Debentures) Rules, 2014 and SEBI SBEB Regulations.

o) **The conditions under which option vested in employees may lapse:**
The vested options shall lapse in case of termination of employment due to misconduct or due to breach of Company policies or the terms of employment. Further, irrespective of employment status, in case vested options are not exercised within the prescribed exercise period, then such vested options shall lapse.

p) **The specified time period within which the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee:**
In case of resignation/ termination (other than due to misconduct) all the vested options as on that date can be exercised by the employee only upon or in connection with liquidity event and within such period as shall be notified by the Committee in this regard.

q) **Lock-In Period:**
The Shares allotted upon exercise of Stock Options granted under the Scheme are not subject to any lock in.

r) **The method which the company shall use to value its options whether fair value or intrinsic value:**
The Company shall adopt the fair value method or any other method as per applicable Accounting Standards prescribed by the Institute of Chartered Accountants of India or prescribed under any other statutory provisions from time to time for valuation of options.

s) **Maximum quantum of benefits to be provided per employee under the ESOP 2019:**
The maximum quantum of benefits underlying the options issued to an eligible employee shall be equal to the difference between the option exercise price and the market price of the shares as on the exercise date.

t) **Declaration:**
In case the Company has opted for Intrinsic Value method for expensing of the benefits of the scheme, the difference between the Employee compensation cost so computed and the Employee compensation cost that shall have been recognized if it had used the Fair Value, will be disclosed in the Directors' Report and the impact of this difference on profits and on Earnings Per Share ("EPS") of the Company will also be disclosed in the Directors' Report.

Regulation 6(1) of SBEB Regulations requires that every employee stock option scheme shall be approved by the members of the company by passing a special resolution. Further, as ESOP 2019 will entail further issue of shares, consent of the members is required by way of a special resolution pursuant to Section 62(1)(b) of the Companies Act, 2013.

None of the Directors or Key Managerial Personnel of the Company including their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution(s) mentioned at Item No. 8 except to the extent of the stock options that may be granted to them under ESOP 2019.

Your Directors, therefore, recommend the passing of the resolution(s) mentioned at Item No. 8 as a Special Resolution.

By Order of the Board of Directors

Pooja Nambiar
Company Secretary & Compliance Officer
ACS No.: 14055

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

June 27, 2019

ANNEXURE TO THE NOTICE

BRIEF PROFILE OF PERSON PROPOSED TO BE APPOINTED/ RE-APPOINTED AS DIRECTOR AT THE ENSUING ANNUAL GENERAL MEETING

Mr. Shashwat Goenka:

Mr. Shashwat Goenka (DIN 03486121), 28 years of age, is a Director of the Company since December 5, 2012. He graduated from The Wharton School of Business, University of Pennsylvania, Philadelphia, with a Bachelor of Science in economics, specializing in finance, marketing and management. Mr. Goenka is the immediate past President of Indian Chamber of Commerce and current Chairman of CII National Committee on Retail and FICCI Young Leaders Forum. He is also Executive Committee Member – Federation of Indian Chambers of Commerce & Industry, Member – FICCI Retail & Internal Trade Committee and Director - Retailers Association of India (RAI). Currently, Mr. Goenka is the Head of RP-Sanjiv Goenka Group's Retail & FMCG sector.

Mr. Goenka is also a Director on the Boards of Spencer International Hotels Limited, Phillips Carbon Black Limited, Spencer's Retail Limited and CESC Ventures Limited.

Name of the Company	Name of the Committee	Position held (Chairman/Member)
Firstsource Solutions Limited	CSR Committee	Chairman
	Strategy Committee	Member
Spencer's Retail Limited	Audit Committee	Member
	Stakeholders Relationship Committee	Chairman
	CSR Committee	Chairman
CESC Ventures Limited	Stakeholders Relationship Committee	Member
	CSR Committee	Chairman
Phillips Carbon Black Limited	CSR Committee	Member

Mr. Goenka does not hold any shares or stock options of the Company. He is the son of Mr. Sanjiv Goenka, the Chairman and not related to any other Director of the Company. He attended four (4) Board Meetings of the Company during the FY2018-19.

Mr. Pratip Chaudhuri:

Mr. Pratip Chaudhuri (DIN 00915201), 66 years of age, holds Master's Degree in Business Administration from University Business School, Chandigarh. He did his graduation from St. Stephen's College, Delhi, with Hons., in chemistry.

Mr. Pratip Chaudhuri was the former Chairman of State Bank of India (SBI) and has held several important posts in SBI during his long tenure of service including the post of Dy. Managing Director of SBI's International Division. He has about 40 years of rich experience in the banking sector.

In SBI, he has worked in all areas like Retail Banking, Corporate Banking, Treasury, etc. He was the Vice President in SBI (Canada) Toronto for close to five years. He was also the Chief Investment Officer at SBI Mutual Fund, Mumbai.

Immediately before becoming the Chairman of the SBI, he served as a Dy. Managing Director (International Banking). He was also ex-officio Chairman of SBI Global Factors Ltd., State Bank of Mysore, State Bank of Bikaner & Jaipur, State Bank of Travancore, State Bank of Patiala and State Bank of Hyderabad, SBI Cards & SBI Life. He was also a Director on the Board of Export-Import Bank of India (EXIM Bank).

Mr. Pratip Chaudhuri is a Director on the Boards of various companies namely, CESC Limited, Visa Steel Limited, Alchemist Asset Reconstruction Company Limited, Cosmo Films Limited, Sundaram Asset Management Company Limited, IFFCO Kisan Sanchar Limited, Quess Corp Limited, Spencer's Retail Limited and Dynamic Drilling & Services 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)
CESC Limited	Risk Committee	Member
Visa Steel Limited	Audit Committee Stakeholders Relationship Committee	Member Chairman
Alchemist Asset Reconstruction Company Limited	Nomination & Remuneration Committee Audit Committee	Member Chairman
Cosmo Films Limited	Audit Committee Risk Management Committee	Chairman Member
Sundaram Asset Management Company Limited	Audit Committee Nomination & Remuneration Committee	Chairman Member
IFFCO Kisan Sanchar Limited	Audit Committee	Chairman

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 April 1, 2019, there were no Board Meetings attended by him during the FY2018-19.

Mr. Sunil Mitra:

Mr. Sunil Mitra (DIN 00113473), 68 years of age, is retired in June 2011 from the office of Revenue & Finance Secretary, Government of India. In his public service career spanning over three and a half decades, he successfully spearheaded important policy initiatives in public finance at the national level, including a new disinvestment policy and far-reaching taxation reforms. During his earlier appointments under the West Bengal Government, he is credited with the design and implementation of significant public policy reforms in the State-owned Public Sector Enterprises and in restructuring the State's power sector.

After completing his term of public service, Mr. Mitra chaired a Committee in the Planning Commission between October 2011 and August 2012 tasked with a comprehensive review of the different sectors of our economy and formulate recommendations that would foster a vibrant ecosystem for entrepreneurship in the country.

Till late 2016, Mr. Mitra was engaged in leading a team for a Consortium led by M/s IPE Global Limited, New Delhi that designed and managed a 'Knowledge Partnership Programme' for the Department of International Development of the Government of the United Kingdom. He also served as member of a Technical Advisory Panel set up by the Government of India, to review an Indian Power Sector Diagnostic Study Report prepared by the World Bank. Mr. Mitra serves as a Non-Official Member of the Eastern Regional Board of the Reserve Bank of India and as a Non-Executive & Independent Director on the Boards of a number of Public Companies.

Mr. Sunil Mitra is a Director on the Boards of various companies namely, IPE Global Limited, NICCO Parks & Resorts Limited, Texmaco Rail & Engineering Limited, Dollar Industries Limited, Century Plyboards (India) Limited, Magma HDI General Insurance Company Limited, Patton International Limited, Sekura Energy Limited and Sekura Roads 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)
Texmaco Rail & Engineering Company Limited	Stakeholders Relationship Committee Nomination & Remuneration Committee CSR Committee Compensation Committee	Member Member Member Member
NICCO Parks & Resorts Limited	Shareholder & Investor Grievance Committee	Member
Patton International Limited	Audit Committee	Member
Magma HDI General Insurance Co. Limited	Audit Committee Nomination & Remuneration Committee CSR Committee Policyholders Protection Committee	Member Chairman Member Member
IPE Global Limited	Audit Committee	Chairman
Firstsource Solutions Limited	Audit Committee	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 April 1, 2019, there were no Board Meetings attended by him during the FY2018-19.

Mr. Charles Richard Vernon Stagg

Mr. Charles Richard Vernon Stagg (DIN 07176980), 64 years of age, an Oxford scholar, is the Chairman of Rothschild India. Before joining Rothschild, Mr. Stagg was a career officer in the UK Foreign Service from 1977-2015. His last two postings were as High Commissioner in Delhi and British Ambassador in Kabul.

Mr. Stagg held position of Chief Operating Officer, responsible for the Foreign Office's global network of Embassies and Consulates during 2003-2007. In addition to his diplomatic responsibilities, he was also the Chairman of FCO Services - a PSU providing secure services to the UK and foreign governments during 2007-2017.

Mr. Stagg has an MA in History from Oxford University.

Mr. Stagg is a Director on the Boards of various companies namely; JP Morgan Asian Investment Trust, Max Financial Services and a Trustee of the School of Oriental and African Studies in London.

Mr. Stagg is not a Chairman/Member on any of the Committee of the Board of the companies in which he is a Director.

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 6, 2019, there were no Board Meetings attended by him during the FY2018-19.

Mr. Pradip Kumar Khaitan

Mr. Pradip Kumar Khaitan (DIN 00004821), aged 78 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, Dhunseri Ventures 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)
CESC Limited	Nomination & Remuneration Committee	Member
	Finance & Forex Committee	Member
	Risk Management Committee	Chairman
	Project Management Committee	Member
	Restructuring Committee	Member
Dalmia Bharat Limited	Audit Cum Risk Management Committee	Member
	Nomination & Remuneration Committee	Member
	Group Governance Committee	Member
Dhunseri Ventures Limited	Nomination & Remuneration Committee	Member
	Corporate Social Responsibility Committee	Chairman
Electrosteel Casting Limited	Nomination & Remuneration Committee	Member
	Audit Committee	Member
	Corporate Social Responsibility Committee	Member
Graphite India Limited	Stakeholders Relationship Committee	Member
	Nomination & Remuneration Committee	Chairman
	Committee for Borrowings	Member
India Glycols Limited	Audit Committee	Chairman
	Nomination & Remuneration Committee	Chairman
	CSR Committee	Member
	Committee of Directors	Member
	Ethics Committee for Code of Conduct for Directors & Senior Management	Chairman
	Risk Management Committee	Member
	Stakeholders Relationship Committee	Chairman
Woodlands Multispeciality Hospital Limited	Share Allotment Committee	Chairman
	Audit Committee	Member
	Nomination and Remuneration Committee	Member

Mr. Khaitan does not hold any shares or stock options of the Company. He is not related to any other Director of the Company. He attended two (2) Board Meetings during the FY2018-19.

Route map for venue of the 18th Annual General Meeting
Date: August 2, 2019
Time: 3.30 P.M.
(Prominent land mark- Near Lilavati Hospital)

Notes

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.

BOARD OF DIRECTORS

Sanjiv Goenka, Chairman
Rajesh Subramaniam, MD & CEO
Pradipkumar Khaitan, Non-Executive Director
Shashwat Goenka, Non-Executive Director
Subrata Talukdar, Non-Executive Director
Grace Koshie, Independent Director
Pradip Roy, Independent Director
V. K. Sharma, Independent Director
Pratip Chaudhuri, Independent Director (w.e.f April 1, 2019)
Sunil Mitra, Independent Director (w.e.f April 1, 2019)
Charles Richard Vernon Stagg, Independent Director
(w.e.f May 6, 2019)
Y. H. Malegam, Independent Director (up to March 31, 2019)
Charles Miller Smith, Independent Director (up to March 31, 2019)
Donald W. Layden Jr. Independent Director (up to March 31, 2019)

COMPANY SECRETARY & COMPLIANCE OFFICER

Pooja Nambiar

COMMITTEE DETAILS

Audit Committee
Grace Koshie, Chairman
Pradip Roy
Sunil Mitra
Subrata Talukdar

Nomination and Remuneration Committee
Pradip Roy, Chairman
Pratip Chaudhuri
Subrata Talukdar

Stakeholders Relationship Committee
Subrata Talukdar, Chairman
Rajesh Subramaniam
Pradip Roy

Corporate Social Responsibility Committee
Shashwat Goenka, Chairman
Rajesh Subramaniam
Pradip Roy
Subrata Talukdar

Investment Committee
Shashwat Goenka, Chairman
Rajesh Subramaniam
Subrata Talukdar

Strategy Committee
Shashwat Goenka, Chairman
Rajesh Subramaniam
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

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