RP - Sanjiv Goenka Group
Growing Legacies

firstsource
Stay Ahead

Digital First, Digital Now.

ANNUAL REPORT
2019-20

Contents

Performance Highlights: FY20

REVENUE FROM OPERATIONS

₹ 40,986 Mn

↑ 7.1% y-o-y

OPERATING MARGIN

₹ 4,437 Mn

10.8% of revenues

PROFIT AFTER TAX (PAT)

₹ 3,397 Mn

8.3% of revenues

Digital First, Digital Now.

The new normal created by the COVID-19 outbreak has compelled organisations to rethink the way businesses operate and deliver value to customers. As organisations come to terms with a volatile business environment, adoption of digital technologies is gaining momentum. Integration of new-age technologies into business strategy will disrupt traditional business models across industries, making way for agile and efficient ones.

At Firstsource Solutions Limited (Firstsource), we design, innovate and implement solutions that enable business processes to be more agile and efficient to address evolving customer expectations. Our proven expertise in Analytics, Intelligent Automation (IA), Agent Productivity and Customer Experience has enabled us to be a reliable partner in our clients' digital transformation journey, while creating value for all our stakeholders.

Firstsource at a Glance

Firstsource Solutions Limited is a leading player in the Business Process Management (BPM) industry. Part of the RP-Sanjiv Goenka Group, Firstsource provides bespoke services and solutions to its customers across Banking and Financial Services, Healthcare, Communications, Media and Technology and other diverse industries. We operate 36 delivery centres across four geographies – US, UK, Philippines and India – to serve 100+ leading enterprises globally, including 17 Fortune 500 and 9 FTSE 100 companies.

KEY NUMBERS

₹ 41 Billion
Revenues in FY20

100+
Global clients

4 Countries
Our geographic footprint

21,000+
Firstsourcers globally

COMPREHENSIVE SUITE OF SERVICES

- Customer Experience Management
- Back-Office Processing
- Collections and Recoveries
- Intelligent Automation
- Analytics

OUR VALUES

A — Agility
Stay nimble. Adapt fast. Be future ready.

S — Spirit of Collaboration
Work together. Solve problems. Celebrate success.

P — People Centricity
Our people are our greatest assets.

I — Integrity
Uphold moral and ethical standards, at all times.

R — Risk-Taking & Innovation
Push the boundaries and establish a new normal every day.

E — Excellence
Strive for perfection with passion, every single time.

Our Business Verticals

We have strong capabilities to grow within the verticals in which we operate. We provide our clients with a distinct edge to stay ahead in their industry. Our futuristic thinking and a wide array of innovative solutions provide a significant value proposition to our clients.

Banking and Financial Services

Leveraging our technology–led solutions, we, at Firstsource made inroads into FinTech changing the way consumers access their finances. As a result, we have a proven track record in transforming many retail banks and lending them a competitive edge. With more and more lenders embracing disruptive digital technologies such as Intelligent Automation (IA) to stay ahead of the competition, the mortgage industry stands to gain from this trend. We work closely with our clients across the value chain, including originators, servicers and mortgage insurance companies. Our offerings enable them to improve customer experience, streamline their business processes, increase productivity and drive revenue growth.

With the credit card segment being our mainstay in the collections business, we enjoy prominent position in the debt collection industry in the US. We have been exploring a multitude of opportunities within this promising segment.

We continue to strengthen our presence in the Prepaid Payment Instruments (PPIs)-related requirements of large banks across our key markets. Invoice financing, working capital factoring and SME lending are some of our other strengths.

We operate across a wide-array of segments, including

Retail and SME banking (customer experience, transaction processing)	**Mortgages (loan processing, servicing, title and valuations)**	**Collections and Recoveries (credit card, auto and student loan collections)**
Complaints and remediation (complaints handling, fraud management)	**Commercial finance (invoice factoring, risk management)**	**FinTech**

WE WORK WITH

3 of top 6
Retail banks in the UK

4 of top 10
Lenders in the US

3 of top 5
Credit card issuers in the US

5 of top 10
Mortgage servicers in the US

COMMERCIAL BANKS, RETAIL BANKS AND FINANCIAL INSTITUTIONS

Digitalisation is transforming the BFSI segment in a big way. Today, banks globally are looking at evolving into a technology platform with a banking licence. Financial services providers are fast adopting best-in-class technologies to deliver superior customer experience, enhance turnaround time, lower costs and improve efficiencies. They are either building in-house platforms or partnering with FinTech companies to harness such technologies.

With the global economy likely to slip into a recession, the need to leverage emerging technologies will increase to safeguard asset quality, improve cost structures and manage capital more prudently.

COLLECTIONS AND RECOVERIES

Credit card, auto loan and student loan collections witnessed healthy traction in the US in 2019. However, in a post-pandemic world, a large segment of the population is likely to face financial stress, which in turn could lead to higher defaults and delays in collections and recoveries. Thus, organisations need to deploy more digital tools to reduce processing time, minimise human interventions, prevent cyber fraud, automate identification of disputed debts, improve regulatory compliance, speed up decision-making, and widen the base to improve collections and enhance customer experience.

Technologies and tools that are witnessing widespread adoption in the collections segment

- **Analytics and Intelligent Automation models**
- **Self-serve digital tools**

MORTGAGES

Low mortgage rates are likely to keep housing demand buoyant over the next few years in the US, while diminished political uncertainty could revive housing demand gradually in the UK. Mortgage originators as well as servicers are moving away from their erstwhile tedious manual processes to embrace automation. Adoption of digital technologies will enable them to reduce redundancies, drive cost efficiencies, delight customers, enhance productivity and deliver desired returns.

Healthcare

We are among the select few BPM players to cater to clients in both Provider and Payer segments in the Healthcare industry. Over the years, through our services, tools, technology and domain expertise we have served as a catalyst to address their productivity challenges. While we simplify the financial experience, for patients and Provider clients, we provide end-customers of our Payer clients with services that meet their needs and offer an experience that redefines excellence within the Healthcare industry.

WE WORK WITH

650+

Hospitals in the US

5 of top 10

Health insurance/managed care companies in the US

In Healthcare, we cater to the following segments:

- **Hospital Providers (eligibility and enrolment services, receivables management)**
- **Health Plans (digital mailroom, claims processing and member services)**
- **Health and Pharmacy Benefit Managers Services (data integrity services)**

PAYER SERVICES

Implementation of the Patient Protection and Affordable Care Act (PPACA) has provided insurance access to a larger set of US citizens. This, coupled with an ageing population, is driving growth of the US Healthcare Payer market. Consequently, there is an increased demand for outsourcing from Payer organisations. As industry players focus on providing value-based care to patients, digitalisation is enabling them to reduce operational inefficiencies and address unforeseen external challenges. These organisations are embracing the Cloud for better management of Healthcare data, newer models of core administration platforms, to drive customer-centricity across their businesses and achieve better outcomes. They are also moving away from episodic care to continuous care by ramping up investments in virtual care.

In the post-pandemic world, remote health monitoring and management are emerging as high potential methods of care delivery. This trend could become more prominent over the next few years.

PROVIDER SERVICES

Revenue Cycle Management (RCM), patient accounting systems and claims management continue to witness healthy demand momentum from hospitals and physicians alike. In their endeavour to provide superior patient experience, organisations are adopting Intelligent Automation.

Communications, Media and Technology

WE WORK WITH

1 of top 2
Broadcasting and media companies in the UK

2 of top 6
Telecom and broadcasting companies in the US

Broadcasting, pay TV and land/fixed line providers are witnessing a rapid wave of digitalisation, challenging traditional business models and creating newer ones. As a result, we provide our clients with a host of value-added services that include Intelligent Automation (IA), NPS predictions, analysis of consumption patterns of customers, improved operational efficiencies, ensuring enhanced customer experience and maximisation of cross-selling opportunities.

We operate in the following segments in this vertical

Streaming services	**Cable TV, Broadband and Telephony**
Consumer Tech	**E-Commerce**
Shared economy	

Traditional Cable TV companies are witnessing intense competition from Over-The-Top (OTT) streaming video services, with rising demand for high-speed, reliable wireline broadband. The outbreak of COVID-19 and the ensuing lockdown led to a surge in media consumption (video on-demand and gaming). Demand for Augmented and Virtual Reality in several enterprise apps, ad-supported video is likely to sustain over the medium term, while that for data analytics, NPS predictions and analysis of customer consumption pattern is likely to remain strong.

Diverse Industries

WE WORK WITH

1 of top 3

Utility companies in the UK

Facing a host of challenges on the consumer front coupled with changing regulatory requirements, the utilities segment is witnessing a rapid uptake of technologies. At Firstsource, we enable our clients in this segment to enhance profitability and serve customers better. By leveraging our advanced tools and platforms, our clients are able to achieve a low-cost operating model, strengthen relationships with their customers, and harness Intelligent Automation (IA) in a highly-regulated environment.

As the industry faces significant challenges from evolving consumer expectations, a dynamic regulatory landscape and rising concerns around environment/sustainable energy, it is now embracing technologies to drive operational efficiencies, gain market share and stay relevant to their customers.

Intelligent Automation (IA) is transforming the utilities industry. Demand for outsourcing the functions of customer support, back-office activities and complaints handling is on the rise. Adoption of smart energy initiatives, roll-out of smart meters in the UK are some of the prominent opportunities. In a post-pandemic world, there will be more focus on lowering costs for end-users, while providing greater flexibility in homes, schools, and businesses to address power usage, in line with the social distancing norms.

We cater to the following segments

Utilities

Government entities

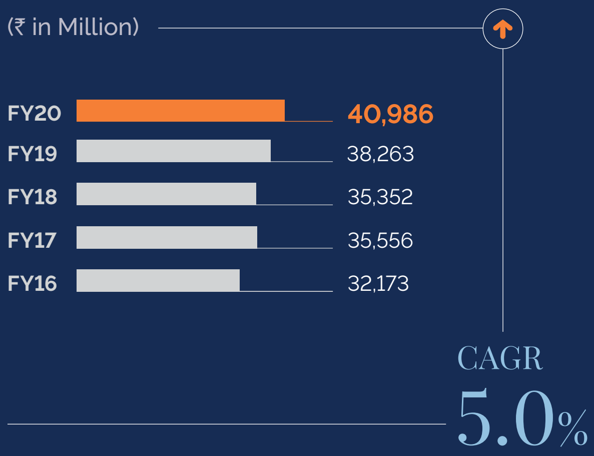
Digitalisation

Our digital solutions spanning Analytics and AI, Intelligent Automation (IA), Agent Productivity and Customer Experience, are designed to meet the business needs of our clients across Healthcare, BFSI and CMT industries. We are further strengthening our Digital Services Practice on the back of our platform-based services (e.g. Digital Collections) with an integrated IT, operations and infrastructure solution, to drive better outcomes for clients.

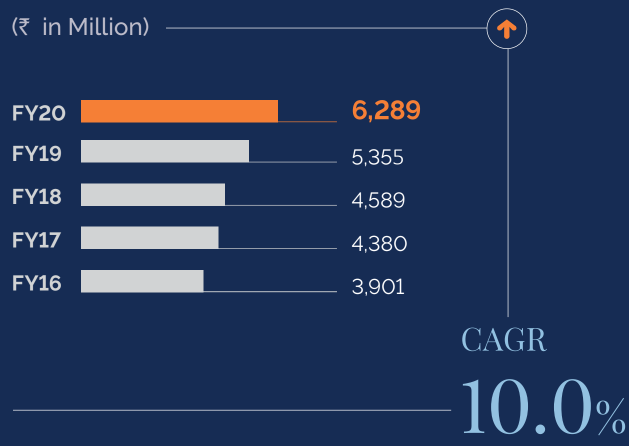
Sympraxis, FirstCustomer Intelligence, MFocus, iLeverage and AnalyticsFirst are some of our prominent offerings across our domains. We are witnessing continued momentum across most of our digital platforms. A sound understanding of the industries in which our clients operate, enables us to build need-based digital solutions for them. This is what makes us a preferred partner.

Our Performance

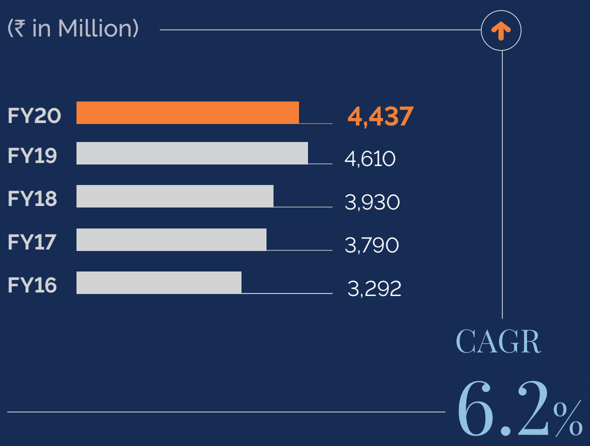
REVENUE



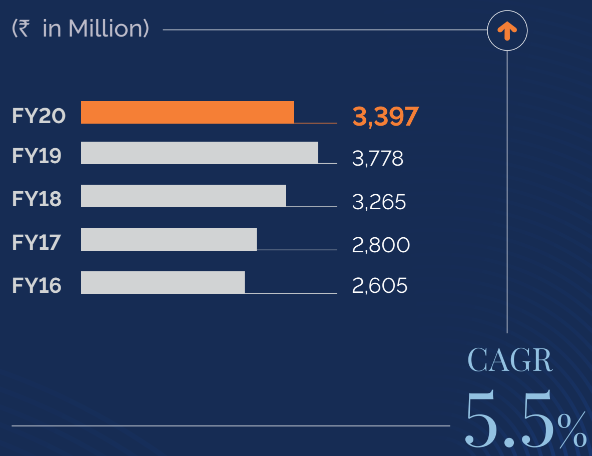
OPERATING EBITDA



OPERATING MARGIN

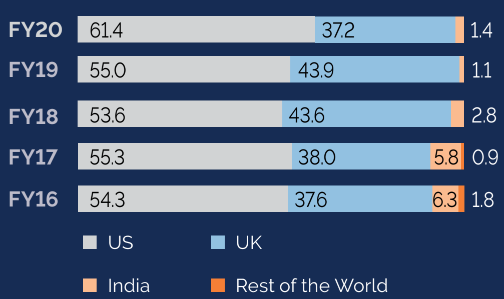


PROFIT AFTER TAX



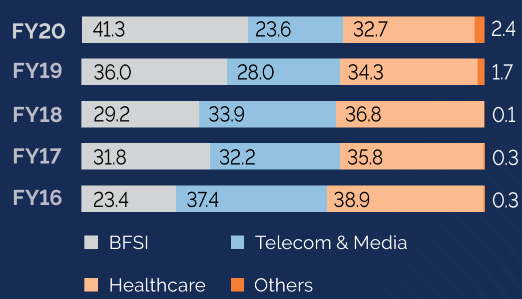
REVENUE CONTRIBUTION BY GEOGRAPHY

(%)



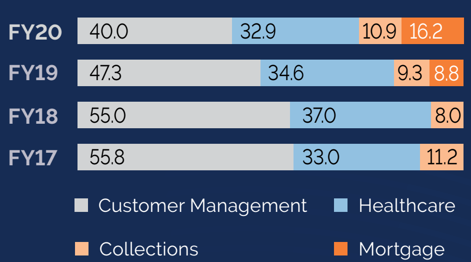
REVENUE CONTRIBUTION BY INDUSTRY

(%)



REVENUE CONTRIBUTION BY SEGMENT*

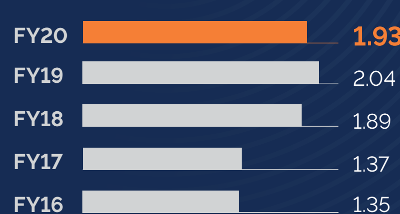
(%)



* Till FY2018, Mortgage was part of Customer Management segment

REVENUE/ EMPLOYEE

(₹ in Million)



Message from the Chairman

Dear Shareholders,

In the wake of the ongoing crisis, I hope you and your family are taking good care of your health and well-being. As humanity as a whole grapples with these unprecedented times, the pandemic has had widespread ramifications on economies and businesses alike. In this surrounding uncertainty, the only thing that can be said with certainty is that the post COVID era, will permanently change the way we live, work and socialise.

Notwithstanding the negative impact of the pandemic on the economy and businesses, especially during the fourth quarter, we grew our FY20 revenues, making meaningful progress on our strategic objectives. We adapted rapidly to a distributed operating model to serve our clients' needs while ensuring the safety and well-being of our employees.

- Revenue from operations grew 7.1% Y-o-Y to ₹ 40,986 Million
- Operating Margin de-grew 3.8% Y-o-Y to ₹ 4,437 Million
- Profit After Tax (PAT) fell 10.1% Y-o-Y to ₹ 3,397 Million. This was primarily due to key investments undertaken to drive future growth and meet operating challenges in the early part of the year.

Driven by strong momentum in the Mortgage and Collections businesses, the BFSI vertical recorded the fastest growth. Healthcare reported mixed performance with growth in the Provider segment partially offset by weakness in the Payer segment. Telecommunications and Media was impacted by the re-balancing in a key client portfolio earlier during the year as well as some execution challenges. However, we are witnessing signs of improvement in this vertical.

> Our digital revenues are scaling up well, helping drive higher levels of customer engagement and margin expansion.

At Firstsource, 'Digital First, Digital Now' philosophy is at the core of all our endeavours. Our digital revenues are scaling up well, helping drive higher levels of customer engagement and margin expansion. Our well-balanced industry portfolio, geo-delivery mix, agile operating model and continued pivot on digital will enable us to weather these difficult times and emerge stronger under a new management team led by Vipul Khanna. We welcome Vipul and other senior leaders who joined us this year. We will continue to make the requisite investments to further strengthen the team.

With uncertainty looming large, we chose not to provide full-year guidance for the current fiscal. As near-term volatility is expected to continue across most verticals, we hope the situation will stabilise in the second half. We believe the business will gather momentum and grow strong over the medium-to-long term.

I extend my heartfelt gratitude to 21,000+ Firstsourcers for demonstrating their unwavering commitment even during the difficult times of the lockdown. We are committed to providing them a nurturing work environment that focuses on enhancing their capabilities.

We thank all our stakeholders and seek their continued support in our journey.

Regards,

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

Message from the Managing Director & CEO

Dear Shareholders,

I am delighted to be presenting Firstsource's FY20 Annual Report – my first as Managing Director & CEO.

The COVID-19 pandemic has changed the world dramatically in just a few months, with profound implications for the world of business and our societies. While the future remains uncertain, we are working zealously to protect the interests of our stakeholders. Much like other businesses operating in the COVID-19 pandemic, our organisational agility and adaptability have been put to the test. Our people-centric approach and distributed operating model have been instrumental in building a resilient response, helping us successfully navigate the new reality. I'm grateful to our more than 21,000 employees, who've collaborated to accomplish extraordinary things amidst unprecedented conditions, so our clients can continue to provide critical services with little or no disruption. I'm pleased with how quickly we transitioned to remote operations while serving a majority of our client needs.

We believe that businesses and consumers will increasingly embrace remote working, even after lockdowns end. We are re-architecting our business value chain to support distributed operations in the post-pandemic era – from remote selling to remote hiring, training, operations, information security and process transformation. We are ready to meet wide-ranging client requirements - be it at office, work-from-home or anything in between – leveraging our distributed operating model.

PATH TO GROWTH

Our revenues for FY20 were up 7.1% Y-o-Y at an operating margin of 10.8%, notwithstanding the revenue headwinds from portfolio rebalancing and rationalisation by our largest client. Our PAT was down 10% Y-o-Y given the higher operations costs at start of the year and strategic growth investments in the second half of the year.

Strategically, we are well positioned to capitalise on growth opportunities across Healthcare, Banking & Financial Services (BFSI), Communications, Media and Technology (CMT) sectors, leveraging our powerful combination of industry knowledge, human expertise and digital technologies. We are ratcheting up our investments in sales, account management and solution development capabilities across sectors to further consolidate our market position. This includes our newly launched Digitally Empowered Customer Centre (DECC) offering that is designed to serve the interaction needs of the modern consumer.

HEALTHCARE

Both Provider and Payer markets are witnessing significant shifts driven by evolving patient expectations and increasing operational complexity. The growing need for reducing costs and improving Healthcare outcomes continues to fuel the demand for our offerings that integrate digital capabilities with human expertise to deliver frictionless operations. To improve our agility and offer seamless services to our Healthcare clients, we are sharpening our focus and making dedicated investments in both Provider and Payer businesses.

BANKING AND FINANCIAL SERVICES

With Mortgage and Collections industries experiencing strong tailwinds, we are witnessing continued growth in existing areas and the emergence of new opportunities in adjacent areas. Digital is a powerful growth enabler for businesses in this sector. We launched our pioneering platform-based service for 'Post-Closing' operations for a top mortgage lender – an anchor client. We also signed on one of the world's leading card issuers for our Digital Collections offering. In the Retail and Commercial banking arena, we are strategically partnering with top UK-based banks, enabling them to rapidly adapt to changing consumer preferences. More recently, we have been playing a key role in helping them formulate a robust response to COVID-19 related challenges.

COMMUNICATIONS, MEDIA AND TECHNOLOGY

We continue to perform well in the Communications and Media sector. As Technology companies continue to make significant inroads across sectors, we are now targeting fast-growing technology businesses as an added focus for us. We believe that our existing capabilities in core business processes, customer interactions, and receivables management will help us build a position of strength in this sector.

'DIGITAL FIRST, DIGITAL NOW' APPROACH

Our 'Digital First, Digital Now' approach is designed to help businesses cater to changing consumer expectations by leveraging rapid advancements in Cloud, Software as a Service (SaaS) and automation technologies. The approach helps our clients build machine-first ecosystems that supplement human expertise and redefine performance. We are strengthening our Digital Services Practice to meet the automation, process design and analytics needs of our clients across Healthcare, BFSI and CMT industries. The second pillar of our Digital strategy is platform-based services (e.g. Digital Collections), targeting discrete business functions, with an integrated IT, operations and infrastructure solution, to drive better outcomes for clients and higher margins for us.

Our 'Digital First, Digital Now' approach is as much about creating leading-edge digital solutions for our clients as it is about instilling a digital-first mindset within the organisation. Our core functions of hiring, training and operations management are increasingly being digitised. The goal is to make the best use of technology to optimise human interaction and harmonise the human-machine relationship in order to produce the greatest impact. We are working towards creating digital citizens and champions within Firstsource to spearhead the digital-first approach across internal operations as well as client processes.

LEADING WITH PURPOSE

Firstsource is committed to building a sustainable business that makes a tangible and lasting impact on the communities we serve and operate in. As part of this commitment, we are strengthening local community engagement initiatives, stepping up our Diversity and Inclusion (D&I) actions, and staying focused on our everyday environmental impact. We believe our business is well suited to 'Impact Sourcing' talent from the economically challenged sections of societies and regions, a win-win for our business as we gain access to an ambitious and steady talent pool.

As a purpose-led organisation, our employees are energised by the difference they make in the lives of our clients and their customers, and this has never been more evident than in recent times. Over the last few months, several of our clients have expressed deep appreciation for our commitment to go above and beyond our call of duty – both during normal times as well as periods of uncertainty such as the one we are currently experiencing. I could not be prouder of the team I lead.

I'd like to extend my heartfelt appreciation to Firstsource employees, clients, and Board for their commitment and passion to move this company forward. While we have many unprecedented challenges to overcome and much work to do, I'm confident that our well-balanced industry portfolio combined with our agile operating model and our continued focus on digital, will help us stay ahead in the new normal.

Regards,

Vipul Khanna

Managing Director & CEO

Board of Directors

DR. SANJIV GOENKA
CHAIRMAN

VIPUL KHANNA
MANAGING DIRECTOR & CEO

PRADIP KUMAR KHAITAN

SHASHWAT GOENKA

SUBRATA TALUKDAR

GRACE KOSHIE

PRADIP ROY

PRATIP CHAUDHURI

SUNIL MITRA

CHARLES RICHARD VERNON STAGG

Leadership Team

VIPUL KHANNA
MANAGING DIRECTOR & CEO

DINESH JAIN
PRESIDENT & CHIEF FINANCIAL OFFICER

VENKAT RAMAN
PRESIDENT - HEALTHCARE PROVIDER

VENKATGIRI VANDALI
PRESIDENT - HEALTHCARE PAYER

SIDDHARTH PARASHAR
CHIEF REVENUE OFFICER - CUSTOMER MANAGEMENT

ANSHUL VERMA
PRESIDENT – COMMUNICATIONS, MEDIA & TECHNOLOGY (CMT)

ARJUN MITRA
PRESIDENT – COLLECTIONS

AUVESE PASHA
CHIEF OPERATING OFFICER – MORTGAGE

SOMA PANDEY
PRESIDENT & CHRO

SUNDARA SUKAVANAM
CHIEF DIGITAL OFFICER

RAJLAKSHMI RAGHAVAN
HEAD - MARKETING & CORPORATE COMMUNICATIONS

Case Studies

Healthcare Provider

Our client, one of the largest integrated Healthcare systems in the US, was facing increased risk of bad debts as patients without financial means posed a major challenge. The other limitation was the increasingly complex financial environment which compelled organisations to find new ways to be more effective stewards of limited financial resources. The financial assistance system is complex and often leads to creation of a cooperation cliff where it is difficult to follow up with patients once their care is complete and they leave the hospital. Avoiding which, is critical for Providers. An arduous process of evaluating the patient's eligibility was a key hurdle to meet this objective, resulting in the client, adopting MFocus, our Eligibility Services solution.

MFocus is a multi-purpose solution that provides integration technology and automation, implementation services, eligibility subject matter expertise and an efficient, real-time registration process by automating the screening procedure. Besides providing details of commercial insurance either missed or unknown by the patient, it shows details of available charity programmes and other local community assistance programmes. As a qualifying pathway for medicare driven by Artificial Intelligence, it helps in verification of medicaid pending and completed application steps. This helps hospitals avoid the cooperation cliff through continued patient contact for follow up activities and delivery of 'always-on' engagement through the mobile app. As a result, this solution creates greater transparency and accountability between parties, including Payers, agencies, medicines and Providers.

MFocus helped clients realise more net revenues while enhancing their cash position. For patients, it reduced the share of self-pay and led to better patient experience.

Payer

Founded in 2000, GHX is the world's leading Healthcare trading partner network that securely connects those who buy, sell and use products needed to deliver patient care. GHX has developed the industry's most comprehensive and reliable supply chain data and analytics, clinical evidence and technology platform that address challenges unique to Healthcare for more than 5,600 Healthcare Providers and 950 manufacturers and distributors in North America and Europe.

GHX's tools automate all phases of the procure-to-pay and order-to-cash supply chain, enabling greater workflow efficiencies in procurement, contract management, order lifecycle management, as well as invoice and payments.

To further help customers make informed and timely, decisions, GHX set out to transform a bulk of its high-priority Purchase Orders to Electronic Data Interchange (EDI) formats. Leveraging Sympraxis, our proprietary workflow tool, we re-imagined the cash to order process to help GHX deliver a best-in-class TAT to accelerate sales for suppliers and order fulfilment for hospitals. Furthermore, Firstsource helped streamline documents GHX received from hospitals by converting them into EDI formats. To add to that, real-time, actionable insights and alerts were sent to GHX which helped increase First Call Resolution (FCR) and Customer Satisfaction score (CSAT) significantly.

Collections

A Fortune 500 company and one of the top 10 banks in the US commenced a project with us to develop a digital platform for post charge-off credit card Collections. Over four months, we built a fully-automated and intuitive digital solution across the Collections life cycle. Firstsource's First Party digital solution transforms traditional debt collection practices by empowering today's customer, reducing cost-to-collect for clients, increasing collection rates and delivering a convenient and enhanced customer experience. Our models incorporate customisation for our clients and transformational business intelligence.

As a result, we have gained over 70% market share of Prime business and are the only vendor providing this service for First Party. This has generated an increase in our revenue per account and a reduction in cost-to-collect by nearly 80%.

Going forward, we are expanding our digital footprint with other Fortune 500 companies and top US banks. We are also embedding our digital solutions with the Spanish language to be able to service a larger market share.

Mortgage

Our client, one of the top 10 lender and servicer in the US with operations across retail, wholesale and correspondent channels developed Intelligent Automation (IA) capabilities for loan setup – reducing cycle times and number of steps in the process. Developing specialised, streamlined work queues we enabled the client to outsource specific components of their origination process. In addition, we helped them ramp up originations at scale, increase capacity, reduce costs and supported thousands of loss mitigation file intake applications each month to enable loan work-out scenarios with the Borrower(s).

Customer Management

The key objectives of our client was to keep customer support running during lockdown, recruit Agents from across the country and be more flexible in aligning shifts to variable call volumes.

Firstsource provided them with end-to-end remote solution – from recruitment, technology deployment and training to scheduling, monitoring and management, fully secure and compliant technology, remote training, coaching and feedback for continuous improvement. We guided them to use Microsoft Teams for virtual meetings to communicate, collaborate, raise flags and engage with team leads.

People at Firstsource

Our people are integral to our success. We constantly strive to provide a conducive environment that empowers them to aspire, achieve and advance as a cohesive unit while remaining aligned to the organisational objectives. Our 'PeopleFirst' strategy puts people at the heart of everything we do and focuses on bringing out the best in them.

In line with our 'Digital First, Digital Now' philosophy, we digitalised our offerings to help people contribute fully and maximise their potential. We integrated technology into our talent management approach which spans the employee life-cycle right from onboarding to performance management, learning and development to rewards and recognition, among others.

During the year, we focused on hiring the right talent – digitally. We implemented a Recruitment Management System across all locations for end-to-end services, including sourcing, recruiting, onboarding, reporting and analytics onto one digital platform.

We enhanced our talent integration process during the year by designing a standardised onboarding process for several employee workgroups. This process was made virtual on the strength of leadership videos and meaningful employee testimonials. We also implemented multi-faceted inspiring and informative functional overviews and gamified employee engagement activities.

We continued to adopt newer ways to deliver superior experience for our multi-generational and multi-cultural global workforce. Through our Talent Management process, we continue to identify top talent and groom them for succession readiness. iExcel, our leadership development programme aims at providing customised learning opportunities to our leaders to prepare them for future roles. The Firstsource Academy builds technical, functional, leadership and behavioural competencies that help employees excel and meet high performance standards.

Our vision is to promote an actively inclusive environment that embraces, respects and leverages the diversity of our employees, customers, clients and communities we operate in.

In the wake of COVID-19 mitigation efforts such as lockdowns and social distancing, we adopted a two-phased approach to deliver uninterrupted services to our global clients while keeping our employees safe and healthy. In Phase 1, Firstsource's IT, Procurement and HR teams worked closely with clients to deploy a distributed operating model by rapidly mobilising necessary infrastructure and connectivity. In Phase 2, we streamlined the model further by identifying eight different workstreams, each headed by a top executive, to meet 95% of re-calibrated client demand through remote operations.

Corporate Social Responsibility (CSR)

At Firstsource, we work closely with communities to drive meaningful change. Our CSR policy is guided by our Group's vision to drive inclusive growth. We have identified Healthcare, Education, Environment, Arts & Culture, Sports and Gender Equality & Empowerment of women as our focus areas.

Our employees also participate in social initiatives through volunteering, payroll giving, fundraising events and partnering with NGOs. These activities are conducted across all our locations.

Overview of social initiatives undertaken during FY20

HEALTHCARE

- Raised funds for creating awareness around Cancer and overall Healthcare
- Participated in programmes aimed at spreading awareness on mental health, prevention of self-harm, yoga and well-being
- Conducted cleanliness drives in schools and slums and supported localised Healthcare

EDUCATION

- Sponsored underprivileged children's school education and donated books
- Partnered with NGOs on education drives, volunteering work, donating school supplies and meals to underprivileged students

ENVIRONMENT

- Focused on planting trees, protecting animal habitats, participating in trail walks, clean up drives, fish-letting campaigns, among others
- Worked towards water and nature preservation by installing censor taps to minimise wastage, treated water usage, rainwater harvesting, purchase of renewable power, use of R-134 refrigerant gas and restriction on use of ozone depleting gases in HVAC System

SUPPORTING COMMUNITIES DURING THE PANDEMIC

- Firstsourcers procured personal hygiene kits for 800+ school students (hand sanitisers, antiseptic liquid, disinfectant, adhesive bandages, soaps, toothpaste and brush, combs) worth ₹ 2.15 lakh
- Firstsourcers contributed ₹ 1.08 lakh towards the PM CARES Fund, aimed at combating the coronavirus outbreak

Awards and Accolades

THE UK COMPLAINT HANDLING AWARDS, 2020

Won three awards, including two Gold in the 'Best Complaint Handling' and 'Best Complaint Handling Team of the Year (Financial Services)' categories and a Silver in the same category

GLOBAL SOURCING ASSOCIATION UK AWARDS, 2019

Won in two major categories jointly with our clients: 'Technology-enabled project', alongside Now TV and 'Customer Experience Provider of the Year', alongside giffgaff

CCA EXCELLENCE AWARDS, 2019

Firstsource Academy team in the UK geography was a runner-up in the 'Excellence in Skills, Learning and Development' category

CONTACT CENTRE NETWORK NORTHERN IRELAND (CCNNI) AWARDS, 2019

Won the 'Outsourced Contact Centre of the Year' award with one of our banking clients, making this our second win in a row

2019 GLOBAL INNOVATION CHALLENGE

Bagged second place for showcasing an Automated Auditor, built using proprietary Data Science & Analytics platform, Sympraxis

UK CUSTOMER EXPERIENCE AWARD (CXA '19)

Won Gold in 'Best Use of Customer Insight' category alongside NOW TV

INDIA INNOVATION AWARDS AT PERSPECTIVES, 2019

Won in the category of 'Creating an Impact: Business Skills Award' for developing and implementing best-in-class integrated learning and talent programmes

EMPLOYEE ENGAGEMENT SUMMIT, 2020

Won in the category 'Best Use of Technology in HR'

Directors' Report

Dear Members,

Directors of your Company take great pleasure in presenting the 19th Annual Report on the business and operations of your Company and the Audited Financial Statements for the financial year ended March 31, 2020.

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 FY2019-20 is summarised below:

(₹ in Million)

Particulars	Consolidated		Standalone	
	FY2019-20	FY2018-19	FY2019-20	FY2018-19
Total Income	**41,074.57**	38,301.64	**9,707.12**	8,300.29
Profit Before Interest and Depreciation	**6,377.31**	5,393.54	**2,982.53**	2,487.37
Interest and Finance Charges (net)	**583.21**	290.00	**156.77**	15.45
Depreciation/ Amortization	**1,852.00**	744.35	**705.84**	243.19
Profit Before Tax	**3,942.10**	4,359.19	**2,119.92**	2,228.73
Share in net (loss) of associate	**0.01**	(0.01)	**-**	-
Profit from ordinary activities before tax and after share in net loss	**3,942.11**	4,359.18	**2,119.92**	2,228.73
Provision for Taxation (including Deferred Tax Charge/ Credit)	**545.26**	581.41	**299.77**	238.52
Net Profit After Tax	**3,396.85**	3,777.77	**1,820.15**	1,990.21
Profit attributable to:				
Owners of the Company	**3,396.86**	3,777.86	**1,820.15**	1,990.21
Non-controlling Interest	**(0.01)**	(0.09)	**-**	-
Total	**3,396.85**	3,777.77	**1,820.15**	1,990.21
Balance in Profit & Loss Account	**13,004.03**	10,493.72	**14,170.47**	13,447.81
Closing Balance in Profit & Loss Account	**12,076.46**	13,004.03	**11,886.49**	14,170.47
Earning Per Share (₹) – Basic	**4.90**	5.48	**2.63**	2.89
Earning Per Share (₹) – Diluted	**4.89**	5.45	**2.62**	2.87

RESULT OF OPERATIONS:

The consolidated total income increased from ₹ 38,301.64 Million to ₹ 41,074.57 Million, an increase of 7.24% over the previous financial year. The consolidated Net Profit After Tax decreased from ₹ 3,777.77 Million to ₹ 3,396.85 Million, a decrease of 10.08% over the previous financial year. The detailed analysis of the consolidated results form as part of the Management Discussion and Analysis Report provided separately as part of the Annual Report.

The standalone total income increased from ₹ 8,300.29 Million to ₹ 9,707.12 Million, an increase of 16.95% over the previous financial year. The standalone Profit After Tax decreased from ₹ 1,990.21 Million to ₹ 1,820.15 Million, a decrease of 8.54% over the previous financial year.

INCREASE IN SHARE CAPITAL:

During the year, your Company issued/ allotted 2,761,750 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 691,065,030 shares to 693,826,780 shares of ₹ 10/- each aggregating to ₹ 6,938.27 Million as on March 31, 2020.

GLOBAL OPERATION CENTERS:

The Company, on a consolidated basis have 36 global operation centers as on March 31, 2020. The centers are located across the US, the UK, India and the Philippines. 11 of the Company's operation centers are located in 7 cities in India, 17 in the US, 6 in the UK and 2 in the Philippines.

During the year, the Company incurred capital expenditure of ₹ 903 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:

- 'Best Complaint Handling' and 'Best Complaint Handling Team of the Year – Financial Services' at the UK Complaints Handling (UKCH) Awards 2020;
- 'Technology-Enabled Project of the Year' and 'Customer Experience Provider of the Year' at the Global Sourcing Association (GSA) UK Awards 2019;
- Winner of 'Best Use of Technology in HR' at Employee Engagement Summit, Mumbai, India;
- Gold Award for 'Best Use of Customer Insight' at the UK Customer Experience Award (CXA '19);
- 'Outsourced Contact Centre of the Year' recognition at the Contact Centre Network Northern Ireland (CCNNI) Awards 2019;
- Winner in 'Creating an Impact: Business Skills' category at the India Innovation Awards at Perspectives 2019;
- 'Best Outsourcing Partnership' at the North East Contact Centre Awards 2019.

CONSOLIDATED FINANCIAL STATEMENTS:

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

DIVIDEND:

The Board approved and declared an interim dividend on February 17, 2020 at the rate of 25% i.e. ₹ 2.50 per share of ₹ 10/- each.

The interim dividend for FY2019-20 (including dividend distribution tax) aggregated to ₹ 2,091 Million.

TRANSFER TO RESERVE:

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

HUMAN RESOURCES:

On a consolidated basis, the Company has 21,203 employees as of March 31, 2020.

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, 2020.

PARTICULARS OF LOANS, INVESTMENTS, GUARANTEES AND SECURITIES:

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the notes to the standalone financial statements. (Please refer to Note No. 6 & 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/ Fund Based Facilities	CARE A+:Stable/CARE A1+ (Single A plus; Outlook:Stable/A One plus)
Short Term Bank Facilities – Non Fund Based Facilities	CARE A1+ (A One plus)

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 (ceased to be Managing Director & CEO w.e.f. August 1 2019), Mr. Vipul Khanna (appointed as Managing Director & CEO w.e.f. August 2, 2019), Mr. Subrata Talukdar and Mr. Pradip Roy (Independent Director) as its members. The CSR Committee meets at least once in a year. During the year under review, the Committee met twice. 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/2020/06/CSR-Policy-2020-V1.pdf.

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

The CSR activities, as per the provisions of the Act, may also be undertaken by the Company through a registered trust. Accordingly, "RP - Sanjiv Goenka Group CSR Trust" ("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 ₹ 40.52 Million, 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:

- In wake of the COVID-19 outbreak, Firstsourcers procured personal hygiene kits for 200+ Govt. school students, including toiletries for the school (Hand sanitizer, Antiseptic liquid, Disinfectant, Band-Aids, Soaps, Tooth paste & brush, comb) worth ₹ 0.22 Million;
- Daan Utsav celebrated in the first week of October, witnessed donation drives for food, stationary for children and other household items to the tune of ₹ 0.73 Million. In addition, meals and tiffin boxes were distributed amongst all the housekeeping staff and security guards across India offices;
- Firstsourcers sponsored a fundraising event (Kalpataru - A Musical) for 'Light of Life Trust' for ₹ 0.20 Million;
- Firstsourcers donated ₹ 0.20 Million to 'Foundation for Excellence' assisting Scholarship opportunities for the underprivileged;
- Firstsourcers from the Bangalore office visited 'Swanthana', an NGO that houses girls with multiple disabilities. The team spent time with them and donated day-to-day personal care items, groceries, utensils and bed sheets contributed by their colleagues;
- Firstsourcers in Gandhinagar visited 'Pragati Foundation' for intellectually disabled children and donated learning aids worth ₹ 0.01 Million;
- Bangalore office volunteered to support and spend time with the cancer patients at 'Karunashraya', a hospice trust which is a joint venture of the Indian Cancer Society and Rotary Bangalore. Firstsourcers also donated tiffin boxes and food to the house keeping staff as a token of appreciation for their service;
- Gandhinagar office witnessed volunteering at the 'Rahelba Vrudhashram- NirmadSeva Trust' in support of the elderly. They also donated groceries, a washing machine and other food items;
- Trichy office visited 'Kangaru Karunai Illam' old age home and donated groceries and other essentials worth ₹ 0.01 Million;
- Vijaywada office visited 'Amma' old age home and donated groceries and other essentials worth ₹ 0.01 Million;
- Bangalore office in partnership with 'Cheshire Homes', launched a book donation and Employee Volunteering drive and donated books, stationaries, school bags, water bottles and other school supplies for 40 school going girls. Firstsourcers donated a complete day's meals for 150 Orphans in Bangalore;
- Firstsourcers from Mumbai office in collaboration with 'Oasis', an NGO working to prevent human trafficking and other forms of violence against women and children, donated groceries and other supplies to assist each person to flourish in the context of their community;
- Gandhinagar enjoyed a grand Raksha Bandhan, a festival celebrating brother-sister relationships, by reaching out to the police officers and offering small tokens of appreciation;
- Bangalore office volunteered and donated books, sweaters, football & crickets sets, plates, tiffin boxes, washing machines, groceries, toiletries, stationary, board games, crafts & sweets to various NGOs like 'The Baale Mane Trust', 'Brahmi Educational and Cultural Trust', 'Ashwini Charitable Trust' & 'Miracle Manna Ministry'. These non-profits work in the space of child empowerment;
- Gandhinagar office donated laptops for computer labs and food to a nearby Govt. school 'Ratanpur Primary School & Aanganwadi' that supports children;
- Gandhinagar office donated groceries and Public Address systems to the 'Service Association for the Blind';
- Firstsourcers in Bangalore sponsored education for 3rd and 4th standard children alongwith one day's meals for all the beneficiaries at Rohi Foundation, an NGO working for the better future of below poverty line families and their children. Amount spent was ₹ 0.09 Million;
- Firstsourcers helped setup an IVRS worth ₹ 0.28 Million, to manage the influx of global calls for INALI Foundation- an NGO working to provide affordable synthetic limbs.

Philippines:

- Firstsourcers donated food items, bottled water and hygiene kits for the evacuees from the Taal Volcano Eruption;
- Cebu office employees participated in the annual blood donation campaign on site in partnership with the 'Philippine Red Cross Cebu Chapter';
- Visually impaired massage therapists were invited to offer their services to top performing employees in Cebu, Skyrise 1.

UK:

- 'Firstsourcers at Derry office participated in Community Gardening. They went to a local nursery and completed some outside work;
- Derry office celebrated 'Hugs for Hope' as an effort to inspire random acts of kindness and emotional support for individuals and families in treatment and recovery related to mental health issues;
- Firstsourcers celebrated the 'World Penguin day' on April 25, 2019, as a way of honoring the unique bird on the planet. They also raised awareness of this flightless bird whose existent is becoming a threat every day;
- Firstsourcers celebrated 'Sober October' as a fundraising initiative that encourages people to give up alcohol for the month of October;
- Derry office witnessed participation in a 'Sponsored Walk for Cancer Care' and a 'Charity Football Match';
- Firstourcers celebrated 'Bric a Brac Sale' and 'Easter Egg Raffle';
- Firstsourcers celebrated 'The World Suicide Prevention Day' on September 10. With the "40 seconds of action" campaign being launched by the WHO, Firstsourcers spread awareness of the scale of suicide around the world and the role that each of us can play to help prevent it;
- Belfast office celebrated 'Lets Fight Cancer Day';
- Firstsourcers celebrated 'Movember' that involved the growing of moustaches during the month of November to raise awareness of men's health issues, such as prostate cancer, testicular cancer, and men's suicide;
- Derry office raised funds for local children's ward to support children in foster care;
- Belfast office donated to the PIPS (Public Initiative for Prevention of Suicide and Self-Harm) Charity;
- Firstsourcers celebrated Chirstmas through the spirit of giving. 'Kindship Care' initiative encouraged giving out family hampers for the underprivileged;
- Firstsourcers participated in 'Dementia and Alzheimer's Awareness Week' in the third week of May 2019;
- Firstsourcers celebrated the 'Armed Forces Day' on June 25 to pay special tribute to the men and women of the Armed Forces.

USA:

- Louisville office witnessed a blood donation drive where 16 units of blood were donated to the Red Cross;
- Fort Scott office raised funds for Breast Cancer Awareness through a silent auction;
- Firstsourcers in Amherst participated in donation for the 'Global Fund for Women' celebrating the cause of gender equality;
- Fundraising drive helped donate USD 2100 to St. Jude Children's Hospital, a leading hospital that specializes in childhood cancer and pediatric diseases;
- Firstsourcers at Louisville & Illinois donated USD 225 alongwith food to public food shelters- 'Ms Carley's Food Pantry' &'Dare to Care'. Some also volunteered at the pantry of the food bank;
- Firstsourcers raised USD 1595 for 'Breast Cancer Awareness';
- Amherst and Buffalo offices organized bike rides & walks in collaboration with 'The Susan G. Komen Race' and 'Ride For Roswell' to raise awareness for breast cancer. Over 100 Firstsourcers participated in these events;
- Our leadership visited Long-Term Care Facility 'Highlands Health & Rehab' to pass out Holiday Cards;
- Louisville office donated coats, hats, gloves, socks, toiletries to the homeless and underprivileged in an attempt to help the less fortunate stay clean and warm;
- Louisville donated 770 lbs of food to NGO "Dare to Care".

Firstsource's modes of CSR delivery also extends into (i) "Employee Welfare" with interventions aimed at our own employees' engagement and retention; and (ii) "Payroll Giving" where employees volunteer to deduct a small part of their salary every month, which accumulates and can then, be donated to a cause of their choice. Please find below update on the same:

- Firstsourcers contributed ₹ 0.11 Million towards PM CARES Fund in India. This is an ongoing activity aimed at combating the COVID-19 outbreak;
- Firstsourcers across several centres in India contributed over ₹ 0.50 Million as part of payroll giving for Daan Utsav;
- As part of the 'Give India' Payroll Giving Program, Firstsourcers contributed ₹ 1.48 Million towards various charities;
- Firstsourcers in Manila donated PHP 0.02 Million through payroll giving as part of Volcano evacuee aid to the DSWD (Department of Social Welfare and Development) in Alabang;
- Cebu office conducted it's annual 'Dream in a Bag' event wherein Firstsourcers donated a portion of their salaries to purchase school supplies for students of Budlaan Integrated School, Cebu;
- Firstsourcers in Louisville raised USD 700 through payroll giving which went into donating candy and money for children at the 'Norton's Children Hospital';
- Derry, Cardiff offices raised GBP 4,812.75 through payroll giving to support Breast cancer patients and underprivileged children;

- Firstsourcers in Fort Scott and Rockford offices participated in employee engagement initiatives such as pumpkin craft, trunk decoration, holiday dinner, veterans in the office, international men's day and Halloween costume contest;
- In an attempt to boost morale, the Laport office in the USA, organised activities to promote teamwork and knowledge sharing;
- Firstsourcers in UK celebrated Wellbeing week in April to promote an overall awareness for the various aspects of wellbeing of its employees, including social, physical, emotional, financial, career, community and environment;
- Derry office in UK had fun participating in an obstacle course named 'Hard As Oak Challenge'. This was organised in collaboration with The Foyle Search and Rescue, an NGO working to provide humanitarian aid;
- Derry office in UK partnered with 'Foyle Search and Rescue' to organise a waterside half marathon for Firstsourcers.

RISK MANAGEMENT:

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

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

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

Further in view of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), effective April 1, 2019, the Board constituted a Risk Management Committee on February 4, 2019 to monitor & mitigate the Risk.

INTERNAL FINANCIAL CONTROLS:

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

WHISTLE BLOWER POLICY:

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

The WB Policy is available on the website of the Company at https://www.firstsource.com/wp-content/uploads/2020/03/WHISTLE-BLOWER-POLICY-2020-v5-2.pdf.

PREVENTION OF SEXUAL HARRASSMENT POLICY:

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

BOARD OF DIRECTORS:

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

- Mr. Pradip Kumar Khaitan (DIN 00004821) retires by rotation and being eligible, has offered himself for re-appointment at the ensuing Annual General Meeting ("AGM").
- Appointment of Mr. Vipul Khanna (DIN 00889710) as a Managing Director & CEO of the Company w.e.f. August 2, 2019 for a period of five (5) years, not liable to retire by rotation.
- Mr. Rajesh Subramaniam (DIN 02617781) ceased to be the Managing Director & CEO, on account of expiration of his term on August 1, 2019 by efflux of time, The Board places on record its appreciation towards valuable contribution made by him during his tenure as a Managing Director & CEO of the Company.
- Mr. V. K. Sharma (DIN 02051084) ceased to be an Independent Director on account of completion of his term on November 13, 2019 by efflux of time. The Board places on record its appreciation towards valuable contribution made by him during his tenure as a Director of the Company.
- Re-appointment of Ms. Grace Koshie (DIN 06765216) as an Independent Director on the Board of the Company for a term of three (3) consecutive years, subject to Member's approval at the 19th Annual General Meeting.

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 FY2019-20, the following four (4) Board Meetings and Audit Committee Meetings were held:

- May 6, 2019
- August 2, 2019
- November 6, 2019
- February 4, 2020.

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

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

The Familiarisation Programmes for Independent Directors:
The Company has put in place a system to familiarise its Independent Directors with the Company, their roles, rights & responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. The details of such familiarisation programmes are put up on the website of the Company at the below link: https://www.firstsource.com/wp-content/uploads/2020/06/Policy-on-familiarisation-of-Independent-Directors.pdf.

BOARD EVALUATION:

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

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

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

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

(ii) Performance Evaluation of Executive Director:

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

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

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

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

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:

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

Appointment criteria and qualifications:

- The Nomination & Remuneration Committee shall identify and ascertain the integrity, qualifications, expertise and experience of the person for appointment as Director, Key Managerial Personnel ("KMP") or at Senior Management level and recommend the same to the Board for appointment, if found suitable;
- A person should possess adequate qualifications, expertise and experience for the position he/ she is considered for appointment. The Committee has discretion to decide whether qualifications, expertise and experience possessed by a person are sufficient/ satisfactory for the concerned position; and
- The Company shall not appoint or continue the employment of any person as Managing Director/ Whole-Time Director who has attained the age of seventy years, provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the 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 & 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, 2020, the Audit Committee comprised of three (3) Independent Directors viz. Ms. Grace Koshie (Chairperson), Mr. Pradip Roy, Mr. Sunil Mitra and one (1) Non – Independent Director, Mr. Subrata Talukdar.

Nomination & Remuneration Committee:
As on March 31, 2020, the Nomination & Remuneration Committee comprised of two (2) Independent Directors viz. Mr. Pradip Roy (Chairman), Mr. Pratip Chaudhuri and one (1) Non-Independent Director, Mr. Subrata Talukdar.

Corporate Social Responsibility Committee:
As on March 31, 2020, Corporate Social Responsibility Committee comprised of four (4) members viz Mr. Shashwat Goenka (Chairman), Mr. Vipul Khanna (appointed as a member w.e.f. August 2, 2019), Mr. Subrata Talukdar and one (1) Independent Director, Mr. Pradip Roy.

Stakeholders Relationship Committee:
As on March 31, 2020, Stakeholders Relationship Committee comprised of three (3) members viz. Mr. Subrata Talukdar (Chairman), Mr. Vipul Khanna (appointed as a member w.e.f. August 2, 2019) and one (1) Independent Director, Mr. Pradip Roy.

Investment Committee:
As on March 31, 2020, Investment Committee comprised of three (3) members viz. Mr. Shashwat Goenka (Chairman), Mr. Vipul Khanna (appointed as a member w.e.f. August 2, 2019) and one (1) Non-Independent Director, Mr. Subrata Talukdar.

Strategy Committee:
As on March 31, 2020, Strategy Committee comprised of three (3) members viz. Mr. Shashwat Goenka (Chairman), Mr. Vipul Khanna (appointed as a member w.e.f. August 2, 2019) and one (1) Non-Independent Director, Mr. Subrata Talukdar.

Risk Management Committee:
As on March 31, 2020, Risk Management Committee comprised of five (5) members viz. Mr. Shashwat Goenka (Chairman), Mr. Vipul Khanna (appointed as a member w.e.f. August 2, 2019), one (1) Independent Director, Ms. Grace Koshie, Mr. Dinesh Jain and Mr. Arun Tyagi, Officials of the Company.

RELATED PARTY TRANSACTIONS:

All the contracts/ arrangements/ transactions that were entered into by the Company during the financial year with related parties were on an arm's length basis and in the ordinary course of business. 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. Prior omnibus approval is obtained for related party transactions which are of repetitive nature and entered in the ordinary course of business and at arm's length. All Related Party Transactions are placed before the Audit Committee for approval.

The policy on Related Party Transactions as approved by the Board is available on the website of the Company at the below link: https://www.firstsource.com/wp-content/uploads/2020/06/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:

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

FIRSTSOURCE SOLUTIONS LIMITED EMPLOYEE STOCK OPTION PLAN 2019 ("ESOP 2019 PLAN"):
The Company has established the ESOP 2019 Plan, pursuant to approval of shareholders at the Annual General Meeting on August 2, 2019, to allow our employees to acquire greater proprietary stake in our success and growth, and to encourage our employees to continue their association with us. The ESOP 2019 Plan is in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (SEBI (SBEB) Regulations), as amended.

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

LONG TERM INCENTIVE STRUCTURE GRANTS UNDER ESOP 2019 PLAN:

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

A) Tenure based Structure (ESOP Structure):

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

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

Vesting Schedule in the given structure is:

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

B) Performance based Structure (PSU Structure):

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

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

Vesting Schedule in the given structure is:

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

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

Under the ESOP 2019 Plan, as on March 31, 2020, the Nomination & Remuneration Committee has approved grant of 10,784,204 options which are a mix of tenure based and performance based structure options to its senior leadership team and employees.

FIRSTSOURCE EMPLOYEE BENEFIT TRUST UNDER ESOP 2019 PLAN:

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

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

During the year ended March 31, 2020, the Trust has purchased 3,156,000 equity shares through secondary acquisition.

GRANTS TO THE MANAGING DIRECTOR & CEO (MD & CEO) UNDER ESOP 2019 PLAN:

In view of the Shareholder's approval via postal ballot on January 11, 2020 through a special resolution wherein it was approved that the MD & CEO shall be entitled to participate in the equity based Long Term Incentive Structure under ESOP 2019 Plan of the Company. Accordingly, the Nomination & Remuneration Committee of Board of Directors of the Company on February 28, 2020 has approved the grant of 10,066,204 options under ESOP Plan 2019 at the face value of ₹ 10/- of the shares to Mr. Vipul Khanna, MD & CEO which are a mix of tenure based and performance based structures. The brief details of these grants are mentioned herein below:

A. Grants under Tenure Based Structure :

No. of Stock Options	Vesting Date	Vesting Conditions
1,186,624	October 1, 2021	Continued employment
719,966	October 1, 2023	Continued employment

B. Grants under Performance Based Structure:

No. of Stock Options	Vesting Date	Vesting Conditions
8,159,614	October 1, 2023	Achievement of Profits Before Tax **

** Performance period may be further defined in consultation with the Nomination & Remuneration Committee

GRANT OF OPTIONS EXCEEDING 1% OF ISSUED CAPITAL TO MANAGING DIRECTOR & CEO (MD & CEO) UNDER ESOP 2019 PLAN:

The Nomination & Remuneration Committee of Board of Directors of the Company on February 28, 2020 has granted 10,066,204 options (as per the table above) to MD & CEO under ESOP 2019 Plan which are in excess of 1% of the issued capital (excluding outstanding warrants and conversions) as on that date, subject to the approval of shareholders. These options are to be exercised by the MD & CEO within a period of one (1) year from the date of vesting.

SUBSIDIARY COMPANIES:

As on March 31, 2020, your Company has 14 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: (13)

2. Firstsource Solutions UK Limited, UK (WOS of the Company)
3. Firstsource Solutions S.A., Argentina (Subsidiary of Firstsource Solutions UK Limited)
4. Firstsource BPO Ireland Limited (WOS of Firstsource Solutions UK Limited)
5. Firstsource Group USA, Inc., USA (Subsidiary of the Company)
6. Firstsource Business Process Services, LLC, USA (WOS of Firstsource Group USA, Inc)
7. Firstsource Advantage, LLC, USA (WOS of Firstsource Business Process Services, LLC)
8. One Advantage, LLC, USA (WOS of Firstsource Business Process Services, LLC)
9. MedAssist Holding, LLC, USA (WOS of Firstsource Group USA, Inc)
10. Firstsource Solutions USA, LLC, USA (WOS of MedAssist Holding, LLC)
11. Firstsource Transaction Services, LLC, USA (WOS of Firstsource Solutions USA, LLC)
12. Sourcepoint, Inc. (Formerly Known as ISGN Solutions Inc.) (WOS of Firstsource Group USA, Inc)
13. Sourcepoint Fulfillment Services, Inc. (Formerly Known as ISGN Fulfillment Services, Inc. (WOS of Sourcepoint, Inc.)
14. Firstsource Dialog Solutions (Private) Limited (Subsidiary of the Company)

Associate Company: (1)

1. Nanobi Data and Analytics Private Limited

Note:

1. During the year under review, ISGN Fulfillment Agency, LLC, wholly owned subsidiary of Sourcepoint Fulfillment Services, Inc., got wound up and dissolved w.e.f. June 24, 2019.
2. 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 (FS UK), wholly owned subsidiary of the Company and consequent to transfer of investment/ ownership, Firstsource BPO Ireland Limited will be the wholly owned step-down subsidiary of the Company.
3. During the year under review, the Company restructured its global holding structure of Firstsource Group USA, Inc. (FG USA), wholly owned subsidiary of the Company, the Company now directly holds 85% in FG USA and rest 15% through its wholly owned subsidiary Firstsource Solutions UK Limited. Overall holding of the Company remains unchanged.

The Company has no other joint venture Company. No company has ceased to be a joint venture or associate during the FY2019-20.

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/2020/06/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 https://www.firstsource.com/investor-relations/.

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 adopting Digital Technologies which can benefit its businesses to improve user experience, operational efficiency in a cost effective manner. During the course of the year, the Company has adopted multi-cloud and hybrid-cloud platforms (combination of many cloud platforms). These include migrations of various enterprise grade applications, server workload and telephony infrastructure to multi-cloud platforms across geographies and businesses. The Company has also invested significantly in a cloud based Next Generation Cyber-Security solution, covering the entire horizon of Endpoints, Servers and Network security, integrated with Cisco Threat Response and Threat intelligence. The security solution provides complete protection to endpoints, servers in data center and also Company's cloud platform. The Company also developed Chat-Bot solutions as an integral part of its applications, which enhanced user experience of its clients and business users.

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, 81.96% 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	FY2020	FY2019
Foreign Exchange Earnings	**7,703.35**	6,483.44
Foreign Exchange Outgo (including capital goods and imports)	**69.54**	186.49

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 FY2019-20. The Secretarial Audit Report is annexed to this Report as Annexure V.

ANNUAL SECRETARIAL COMPLIANCE REPORT:

SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019 read with Regulation 24(A) of the Listing Regulations, directed listed entities to conduct Annual Secretarial Compliance Audit from a Practicing Company Secretary of all applicable SEBI Regulations and circulars/ guidelines issued thereunder. The said Secretarial Compliance report is in addition to the Secretarial Audit Report by Practicing Company Secretaries under Form MR – 3 and is required to be submitted to Stock Exchanges within 60 days of the end of the financial year or as per the extended timelines by the Government from time to time. The Company has engaged the services of Rathi & Associates (CP No. 3030), 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 FY2019-20:

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

Further, your Directors would like to mention that the Managing Director & CEO received USD 118.37 Million as remuneration during the year from Firstsource Group USA Inc. subsidiary of the Company.

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

1. In the preparation of the annual accounts for the FY2019-20, 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, 2020 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, Ministry of Corporate Affairs 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

Dr. Sanjiv Goenka
Chairman

Mumbai
May 26, 2020

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 FY2019-20 and

(ii) The percentage increase in remuneration of each Director, Managing Director & CEO, Chief Financial Officer and Company Secretary of the Company in the FY2019-20.

Name & Designation	Remuneration/ Sitting Fees of each Director & KMP for FY2019-20 (₹)	% increase/ decrease in remuneration in the FY2019-20	Ratio of remuneration of each Director to median remuneration of employees
A. Directors			
Mr. Vipul Khanna, MD & CEO*+	10,411,811	NA	38.93
Mr. Rajesh Subramaniam, MD & CEO*+	84,204,428	NA	314.82
Dr. Sanjiv Goenka, Chairman, NI-NED	300,000	-	1.12
Mr. Charles Richard Vernon Stagg, I-NED#	150,000	NA	0.56
Ms. Grace Koshie, I-NED	700,000	7.69%	2.62
Mr. Pradip Kumar Khaitan, NI-NED	300,000	50%	1.12
Mr. Pradip Roy, I-NED	1,000,000	42.86%	3.74
Mr. Pratip Chaudhuri, I-NED@	500,000	NA	1.87
Mr. Shashwat Goenka, NI-NED	550,000	22.22%	2.06
Mr. Subrata Talukdar, NI-NED	950,000	5.56%	3.55
Mr. Sunil Mitra, I-NED@	650,000	NA	2.43
Mr. V. K. Sharma, I-NED^	300,000	20%	1.12
B. Key Managerial Personnel			
Mr. Dinesh Jain, President & CFO*	38,237,295	16.69%	NA
Ms. Pooja Nambiar, CS & Compliance Officer	2,915,497	8.44%	NA

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

Notes:

- *The remuneration is exclusive of taxable value of perquisite on stock options exercised during the year.
- Non-Executive Directors have received only sitting fees and no other remuneration have been paid to them.
- Median remuneration of all the employees of the Company for the FY2019-20 is ₹ 267,468.

+ Mr. Vipul Khanna was appointed as Managing Director & CEO w.e.f. from August 2, 2019 in place of Mr. Rajesh Subramaniam on account of expiration of his term on August 1, 2019 by efflux of time.

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

Mr. Charles Richard Vernon Stagg was appointed as Non-Executive, Independent Director w.e.f. May 6, 2019.

^ The five (5) year term of Mr. V. K. Sharma as an Independent Director expired on November 13, 2019 by efflux of time.

(iii) The percentage increase in the median remuneration of employees in the FY2019-20

Median remuneration of employees during the FY2019-20 was ₹ 267,468 compared to ₹ 251,496 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, 2020, there were 11,385 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 decreased by 9.57% and Profit After Tax decreased by 10.08% on a consolidated basis in the FY2019-20, compared to previous FY2018-19. The market projections indicated a hike ranging 8%. The average increase of 7% in the median remuneration of the comparable employees during the FY2019-20 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 FY2019-20 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 ₹ 121.16 Million in the FY2018-19 to ₹ 135.77 Million in the FY2019-20, an increase of 12.06%, whereas Profit Before Tax decreased by 9.57% and Profit After Tax decreased by 10.08% on a consolidated basis in the FY2019-20. 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, 2020 was ₹ 19,115 Million (₹ 32,510 Million as on March 31, 2019).
- Price Earnings ratio of the equity shares of the Company was 5.62 as at March 31, 2020 on a consolidated basis and 8.67 as at March 31, 2019.
- 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, 2020 was ₹ 27.45 and ₹ 27.50 respectively. The % decrease in share price as on March 31, 2020 at NSE with respect to issue price was 57.1%.

(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 FY2019-20 other than the Managing Director & CEO was 6% and the increase in the salary of the Managing Director & CEO was 10.40%.

(ix) The comparison of the each remuneration of Key Managerial Personnel against the performance of the Company during the FY2019-20 is as under:

Name	Remuneration of each KMP for FY2019-2020 (₹)	% increase/ decrease in remuneration in the FY2019-2020	Comparison of remuneration of the KMPs against the performance of the Company
Mr. Vipul Khanna, Managing Director & CEO	10,411,811	NA	Profit Before Tax decreased by 9.57% and Profit After Tax decreased by 10.08% on a consolidated basis in FY2019-20
Mr. Rajesh Subramaniam, Managing Director & CEO	84,204,428	NA	
Mr. Dinesh Jain, President & CFO	38,237,295	16.69%	
Ms. Pooja Nambiar, CS & Compliance Officer	2,915,497	8.44%	

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 FY2018-19.

(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 & 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.

e. Set up school of top standard.

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. 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 https://www.firstsource.com/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. Vipul Khanna (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: ₹ 2047.08 Million

4. PRESCRIBED CSR EXPENDITURE (TWO PERCENT OF THE AMOUNT AS IN ITEM 3 ABOVE): ₹ 40.94 Million

5. DETAILS OF CSR SPEND FOR THE FINANCIAL YEAR:

a. Total amount spent for the financial year: ₹ 40.52 Million

b. Amount unspent, if any: ₹ 0.42 Million**

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

Sr. No	CSR Projects/ Activities identifie	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: 1. Direct Expenditure (₹ In Million)	Amount Spent on the project or programs: 2. Overheads (₹ In Million)	Cumulative Expenditure up to reporting period (₹ In Million)	Amount spent: Direct or through implementing agency
1	Admin Expenses for Give India	-	-	-	0.20	Negligible	0.20	-
2	Light of Life Trust- sponsorship of fundraising event	Education and women empowerment	Maharashtra and Madhya Pradesh	-	0.20	Negligible	0.20	Direct
3	Foundation for Excellence - Scholarship for Underprivileged	Education	Bangalore (Karnataka)	-	0.20	Negligible	0.20	Direct
4	Personal Hygiene session with a hygiene kit for about 800 Govt. school students	Healthcare/ COVID-19 response	Bangalore (Karnataka)	-	0.22	Negligible	0.22	Direct
5	Visit to Kangaru Karunai Illam old age home	Healthcare	Tiruchirappalli (Tamil Nadu)	-	0.01	Negligible	0.01	Direct
6	Visit to Amma old age home	Healthcare	Vijaywada (Andhra Pradesh)	-	0.01	Negligible	0.01	Direct
7	Donation of learning aids at Pragati Foundation for intellectually disabled children.	Education	Gandhinagar (Gujarat)	-	0.01	Negligible	0.01	Direct
8	Daan Utsav	Education & Healthcare	Across all offices in India	-	0.72	Negligible	0.72	Direct

Sr. No	CSR Projects/ Activities identifie	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)		
9	Rohi Foundation- Sponsoring education for 3rd and 4th standard children alongwith one day's meals for allthe beneficiaries at the NGO	Education & Healthcare	Bangalore (Karnataka)	-	0.09	Negligible	0.09	Direct
10	INALI Foundation- Setup IVRS to aid in management of calls from across the globe	Healthcare	Madhya Pradesh	-	0.27	Negligible	0.27	Direct
11	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)	-	38.59	-	38.59	Through the corpus of "RP – Sanjiv Goenka Group CSR Trust"*
	TOTAL			-	**40.52**	**-**	**40.52**	

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.

** Further, amount of ₹ 0.42 Million is yet to be spent as a result of the various limitations caused by the COVID - 19 pandemic.

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.'

Vipul Khanna
Managing Director & CEO

Shashwat Goenka
Chairman, Corporate Social Responsibility Committee

May 26, 2020

Annexure IIIA to the Directors' Report

SUMMARY OF REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

1. PURPOSE OF THE POLICY

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

2. OBJECTIVE

The Objective of this Policy is to ensure that-

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

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

3. REMUNERATION TO NON-EXECUTIVE DIRECTORS INCLUDING INDEPENDENT DIRECTORS

A. Remuneration/ Commission:

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

B. Remuneration for Professional Services rendered by any Director:

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

C. Sitting Fees:

The Board of Directors, at its meeting held on August 1, 2014 had decided a sitting fees of ₹ 100,000 to be paid for attending each meeting of the Board and ₹ 50,000 for attending each meeting of a Committee of the Board of which the Director is member, payable to all the Non-Executive Directors of the Company including Independent Directors.

D. Reimbursement of Expenses:

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

E. Stock Options:

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

F. Refund of Excess Remuneration paid to any Director:

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

G. Premium on Insurance Taken by the Company:

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

Annexure IIIB to the Directors' Report

SUMMARY OF REMUNERATION POLICY FOR KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

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

2. **GRADE STRUCTURE**
   The Company follows grade structure in most of the geographies. Broadly, grades are divided into Associates and Coordinators, Junior Management, Middle Management, Senior Management and Managing Director & CEO.

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

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

5. **ANNUAL VARIABLE PAY STRUCTURE**
   Some employees get Variable Pay on an annual basis-

- **Eligibility:**
  - Managers and above: India, Philippines, UK;
  - US: GM+ and employees having Annual Variable Pay;
  - Variable pay is a part of an employee's CTC.
- Payout is linked to financial performance of the Company, Business Unit and individual employee's performance.
- The Company performance is decided by the Nomination & Remuneration Committee every year.
- Variable Pay Pool & Payout is approved by Nomination & Remuneration Committee.

6. **LONG TERM INCENTIVE PLANS/ ESOP**
   ESOP 2003:
   a. Eligibility
   - Eligibility restricted to senior positions - Critical and key employees
   - All Grants approved by Nomination & Remuneration Committee
   - Granted on quarterly basis for New joiners and Annually for existing employees

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

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

   ESOP 2019:
   LONG TERM INCENTIVE PLANS/ ESOP
   a. Eligibility
   - Granted to identified eligible key and critical employees;
   - All Grants approved by Nomination & Remuneration Committee.

   b. Vesting Schedule and Exercise period
   Grants will be issued at face value of the shares or any higher price which may be decided by the Nomination & Remuneration Committee and will have an exercise period up to ten years as per the Scheme and as determined by the Nomination & Remuneration Committee.

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

Annexure IV to the Directors' Report

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2020

[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	53.90%	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	Firstsource Advantage LLC	C T Corporation System 28 Liberty St New York, NY 10005	NA	Subsidiary	100%*	2(87)(ii)
10	One Advantage LLC	The Corporation Trust Company Corporation Trust Center 1209 Orange St Wilmington, De 19801	NA	Subsidiary	100%*	2(87)(ii)
11	MedAssist Holdings LLC	National Registered Agents, Inc., 160 Greentree Drive Suite 101, Dover, Delaware 19904, USA	NA	Subsidiary	100%*	2(87)(ii)
12	Firstsource Solutions USA, LLC	National Registered Agents, Inc., 160 Greentree Drive Suite 101, Dover, Delaware 19904, USA	NA	Subsidiary	100%*	2(87)(ii)
13	Firstsource Transaction Services LLC	National Registered Agents, Inc., 160 Greentree Drive Suite 101, Dover, Delaware 19904, USA	NA	Subsidiary	100%*	2(87)(ii)
14	Firstsource BPO Ireland Limited	Stokes Place, Saint Stephen's Green, Dublin 2, Ireland	NA	Subsidiary	100%*	2(87)(ii)
15	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)
16	Nanobi Data and Analytics Private Limited	Ist Floor, 91 Springboard, Gopala Krishna Complex 45/3, Residency Rd,MG Rd, Ashok Nagar,Shantala Nagar, Bangalore, KA 560025, India	U72200KA2012PTC062235	Associate	21.79%	2(6)

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

1. Note: During the year under review, ISGN Fulfillment Agency, LLC, wholly owned subsidiary of Sourcepoint Fulfillment Services, Inc., got wound up and dissolved w.e.f. June 24, 2019.
2. 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 (FS UK), wholly owned subsidiary of the Company and consequent to transfer of investment/ ownership, Firstsource BPO Ireland Limited will be the wholly owned step-down subsidiary of the Company.
3. During the year under review, the Company restructured its global holding structure of Firstsource Group USA, Inc. (FG USA), wholly owned subsidiary of the Company, the Company now directly holds 85% in FG USA and rest 15% through its wholly owned subsidiary Firstsource Solutions UK Limited. Overall holding of the Company remains unchanged.

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, 2019]				No. of Shares held at the end of the year [As on March 31, 2020]				% 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	54.12	373,976,673	-	373,976,673	53.90	(0.22)
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	373,976,673	-	373,976,673	54.12	373,976,673	-	373,976,673	53.90	(0.22)
(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**	**-**	**373,976,673**	**54.12**	**373,976,673**	**-**	**373,976,673**	**53.90**	**(0.22)**
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	30,272,314	-	30,272,314	4.38	51,759,635	-	51,759,635	7.46	3.08
b) Banks / FI	32,904,639	-	32,904,639	4.76	33,748,477	-	33,748,477	4.87	0.11
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	66,274,204	-	66,274,204	9.59	62,452,866	-	62,452,866	9.00	(0.59)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	**129,451,157**	**-**	**129,451,157**	**18.73**	**147,960,978**	**-**	**147,960,978**	**21.33**	**2.60**
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	25,301,902	-	25,301,902	3.66	20,531,165	-	20,531,165	2.96	(0.70)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individual shareholders									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	76,702,016	1,384	76,703,400	11.10	76,362,879	1,284	76,364,163	11.01	(0.09)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	83,729,224	-	83,729,224	12.12	71,112,299	-	71,112,299	10.25	(1.87)
c) Others (specify)									
Foreign Companies	1,727,048	-	1,727,048	0.25	3,603,252	-	3,603,252	0.52	0.27
NBFCs registered with RBI	175,626	-	175,626	0.03	1,250	-	1,250	0.00	(0.03)
Provident Fund-Pension Fund	-	-	-	-	277,000		277,000	0.04	0.04
Sub-total (B)(2):-	**187,635,816**	**1,384**	**187,637,200**	**27.15**	**171,887,845**	**1,284**	**171,889,129**	**24.78**	**(2.38)**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**317,086,973**	**1,384**	**317,088,357**	**45.88**	**319,848,823**	**1,284**	**319,850,107**	**46.11**	**0.22**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**691,063,646**	**1,384**	**691,065,030**	**100.00**	**693,825,496**	**1,284**	**693,826,780**	**100.00**	**-**

2. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2019)			Shareholding at the end of the year (As on March 31, 2020)			% 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	54.12*	-	373,976,673	53.90*	-	(0.22)
	Total	373,976,673	54.12	-	373,976,673	53.90	-	(0.22)

Note: *There is no change in the total shareholding of promoters between April 1, 2019 and March 31, 2020. The decrease in % of shares of the Company from 54.12% to 53.90% is due to ESOS allotment of 2,761,750 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, 2019)		Cumulative Shareholding during the year (1st April, 2019 to March 31, 2020)	
		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	54.12	-	-
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	54.12*	373,976,673	53.90

Note: *There is no change in the total shareholding of promoters between April 1, 2019 and March 31, 2020. The decrease in % of shares of the Company from 54.12% to 53.90% is due to ESOS allotment of 2,761,750 shares.

4. Shareholding Pattern of Top 10 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, 2019)/end of the year (March 31, 2020)		Cumulative Shareholding during the Year (April 1, 2019 to March 31, 2020)	
		Number of shares	% of total shares of the company	Number of shares	% of total shares of the company
1	**HDFC Small Cap Fund**				
	At the beginning of the year	29,786,500	4.29		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	20,473,112	2.95		
	At the end of the year	50,259,612	7.24	50,259,612	7.24
2	**ICICI Bank Ltd**				
	At the beginning of the year	32,406,069	4.67		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	2,260,115	0.32		
	Transfer (Market Sale)	-1,788,148	-0.25		
	At the end of the year	32,878,036	4.74	32,878,036	4.74
3	**Jhunjhunwala Rakesh Radheshyam**				
	At the beginning of the year	22,500,000	3.24		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Sale)	-8,200,000	-1.18		
	At the end of the year	14,300,000	2.06	14,300,000	2.06
4	**Steinberg India Emerging Opportunities Fund Limited**				
	At the beginning of the year	10,000,000	1.44		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	2,589,081	0.37		
	At the end of the year	12,589,081	1.81	12,589,081	1.81

Sr.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (April 1, 2019)/end of the year (March 31, 2020)		Cumulative Shareholding during the Year (April 1, 2019 to March 31, 2020)	
		Number of shares	% of total shares of the company	Number of shares	% of total shares of the company
5	**Bernstein Fund, Inc. - International Small Cap Portfolio**				
	At the beginning of the year	7,003,432	1.01		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	190,410	0.03		
	Transfer (Market Sale)	-203,100	-0.03		
	At the end of the year	6,990,742	1.01	6,990,742	1.01
6	**Aditya Birla Money Limited***				
	At the beginning of the year	74,522	0.11		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	5,164,367	0.74		
	Transfer (Market Sale)	238,889	0.02		
	At the end of the year	5,000,000	0.72	5,000,000	0.72
7	**LSV Emerging Markets Small Cap Equity Fund, LP ***				
	At the beginning of the year				
	Increase/ decrease in shareholding during the year	1,764,500	0.26		
	Transfer (Market Purchase)	2,053,900	0.29		
	At the end of the year	3,818,400	0.55	3,818,400	0.55
8	**Mercer QIF Fund PLC - Mercer Investment Fund 1 - Firth Investment Management Pte Ltd.**				
	At the beginning of the year	2,448,960	0.35		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	767,006	0.11		
	At the end of the year	3,215,966	0.46	3,215,966	0.46
9	**Government of the Province of Alberta Managed By Comgest S.A ***				
	At the beginning of the year	1,662,700	0.24		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	1,765,000	0.25		
	Transfer (Market Sale)	-609,857	-0.08		
	At the end of the year	2,817,843	0.41	28,17,843	0.41
10	**Firstsource Employee Benefit Trust ***				
	At the beginning of the year	Nil	Nil		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	3,156,000	0.45		
	At the end of the year	3,156,000	0.45	3,156,000	0.45
11	**Emerging Markets Core Equity Portfolio (THE PORTFOLIO) Of DFA Investment Dimension Group INC (DFAIDG) #**				
	At the beginning of the year	2,917,420	0.42		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	-488,829	-0.07		
	At the end of the year	2,428,591	0.35	2,428,591	0.35
12	**Dimensional Emerging Markets Value Funds #**				
	At the beginning of the year	2,819,284	0.41		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	196,129	0.02		
	Transfer (Market Sale)	-750,970	-0.10		
	At the end of the year	2,264,443	0.33	2,264,443	0.33
13	**State Street Emerging Markets Small Cap Active Non-Lending QIB Common Trust Fund #**				
	At the beginning of the year	3,138,659	0.45		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	92,584	0.01		
	Transfer (Market Sale)	-1,616,615	-0.23		
	At the end of the year	1,614,628	0.23	1,614,628	0.23

Sr.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (April 1, 2019)/end of the year (March 31, 2020)		Cumulative Shareholding during the Year (April 1, 2019 to March 31, 2020)	
		Number of shares	% of total shares of the company	Number of shares	% of total shares of the company
14	**Acadian Emerging Markets Small Cap Equity Fund LLC #**				
	At the beginning of the year	2,781,123	0.40		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	449,082	0.06		
	Transfer (Market Sale)	-1,820,707	-0.26		
	At the end of the year	1,409,498	0.20	1,409,498	0.20

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: https://www.firstsource.com/investor-relations/.
2. #Ceased to be in the list of Top 10 shareholders as on March 31, 2020. The same is reflected above since the shareholder was one of the Top 10 shareholders as on April 1, 2019.
3. *Not in the list of Top 10 shareholders as on April 1, 2019. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on March 31, 2020.

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, 2019)/end of the year (March 31, 2020)		Cumulative Shareholding during the year (April 1, 2019 to March 31, 2020)	
		Number of shares	% of total shares of the company	Number of shares	% of total shares of the company
1.	**Mr. Vipul Khanna, Managing Director & CEO @**				
	At the beginning of the year	Nil	Nil		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	103,000	0.01		
	At the end of the year	103,000	0.01	103,000	0.01
2.	**Mr. Rajesh Subramaniam, Managing Director & CEO @**				
	At the beginning of the year	953,353	0.14		
	Increase/ decrease in shareholding during the year				
	ESOS Allotment	506,250	0.07		
	Transfer (Market Sale)	-1,359,603	-0.20		
	At the end of the year	100,000	0.01	100,000	0.01
B)	**KMPs**				
3.	**Mr. Dinesh Jain, President & CFO**				
	At the beginning of the year	Nil	Nil		
	Increase/ decrease in shareholding during the year				
	ESOS Allotment	83,750	0.01		
	Transfer (Market Sale)	-83,750	-0.01		
	At the end of the year	Nil	Nil	Nil	Nil

@ Mr. Vipul Khanna was appointed as Managing Director & CEO w.e.f. from August 2, 2019 in place of Mr. Rajesh Subramaniam who ceased to be the Managing Director & CEO, on account of expiration of his term on August 1, 2019 by efflux of time.

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: https://www.firstsource.com/investor-relations/.
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, 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**
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	-	(47.53)		(47.53)
Net Change	-	-	-	-
Indebtedness at the end of the financial year (March 31, 2020)				
i) Principal Amount	-	62.97	-	62.97
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	**62.97**	**-**	**62.97**

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	Vipul Khanna Managing Director & CEO	Rajesh Subramaniam, Managing Director & CEO
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	10.41	83.55
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	0.01
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option*	-	9.06
3	Sweat Equity	-	-
4	Commission		
	- as % of profit	-	-
	- others, specify	-	-
5	Others	-	
	- Club Membership Fees	-	0.06
	- Residence Maintenance. Charges	-	0.06
	- Residential Broadband	-	0.03
	- Electricity	-	0.04
	- Medical	-	
	- Contribution to Provident Fund	-	0.46
	Total (A)	**10.41**	**93.27**
	Ceiling as per the Act	₹ 98.47 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.

**Mr. Rajesh Subramaniam, erstwhile Managing Director & CEO was paid Non-Solicitation Fees.

B. Remuneration to other Directors:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Mr. Pradip Roy	Mr. V. K. Sharma^	Ms. Grace Koshie	Mr. Pratip Chaudhuri @	Mr. Sunil Mitra @	Mr. Charles Richard Vernon Stagg#		
1	**Independent Directors**								
	Fee for attending Board and Committee meetings	1,000,000	300,000	700,000	500,000	650,000	150,000		
	Commission	-	-	-	-	-	-		
	Others, please specify	-	-	-	-	-	-		
	Total (1)								3,300,000
		Dr. Sanjiv Goenka	Mr. Subrata Talukdar	Mr. Shashwat Goenka	Mr. Pradip Kumar Khaitan				
2	**Other Non-Executive Directors**								
	Fee for attending Board and committee meetings	300,000	950,000	550,000	300,000				
	Commission	-	-	-	-				
	Others, please specify	-	-	-	-				
	Total (2)								2,100,000
	Total (B)=(1+2)								5,400,000
	Total Managerial Remuneration (A+B)								109,083,739
	Overall Ceiling as per the Act	₹ 216.64 Million (being 11% of the net profits of the Company calculated as per section 198 of the Companies Act, 2013)							

^ The five (5) years term of Mr. V. K. Sharma as an Independent Director expired on November 13, 2019 by efflux of time.

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

Mr. Charles Richard Vernon Stagg was appointed as an Non-Executive- Independent Director w.e.f. May 6, 2019.

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.
2. The remuneration payable to Directors other than Executive Directors shall not exceed 1% of the net profit of the Company.
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.

C. 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	37.03	2.81	39.84
	(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*	1.54	-	1.54
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify…	-	-	-
5	Others			
	– Medical	-	-	-
	- LTA	-	-	-
	- Contribution to Provident Fund	0.80	0.10	0.90
	- NPS	0.36	-	0.36
	Total	**39.77**	**2.91**	**42.68**

*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, 2020

[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"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/ 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, 2020 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, 2020, 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'):-

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

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

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

   d) 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.

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 changes in the composition of the Board of Directors that took place during the financial year under report were carried out in compliance with the provisions of the Act, however, as regards re-appointment of Ms. Grace Koshi as Independent Director for second term of three consecutive years with effect from February 9, 2020 made by the Board of Directors, the Company proposes to obtain approval of its shareholders pursuant to Section 149(10) of the Act, at ensuing Annual General Meeting.

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 audit period there were no specific event(s)/ action(s) having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

For Rathi and Associates
(Company Secretaries)

Himanshu S. Kamdar
Partner
M. NO. FCS 5171
C.P. No. 3030
UDIN: F005171B000271910

May 22, 2020

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

ANNEXURE - I

List of documents verified:

1. Memorandum & Articles of Association of the Company;
2. Annual Report for the financial year ended 31st March, 2019;
3. Minutes of the Board of Directors and Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee of the Company along with the respective Attendance Registers for meetings held during the Financial Year under report;
4. Minutes of General Body Meetings/ Postal Ballot(s) held during the Financial Year under report;
5. Proof of compliance with the Secretarial Standards in respect of Board meetings and General meetings, to the extent applicable;
6. Policies framed by the Company pursuant to the applicable laws and Regulations;
7. Statutory Registers under Companies Act, 2013;
8. Copies of Notice, Agenda and Notes to Agenda papers submitted to all the directors/ members for the Board Meetings and Committee Meetings as well as resolutions passed by circulation;
9. Declarations received from the Directors of the Company pursuant to the provisions of Section 184(1), Section 164(2) and Section 149(7) of the Companies Act, 2013;
10. Intimations received from directors under the prohibition of Insider Trading Code;
11. e-Forms filed by the Company, from time to time, under applicable provisions of the Companies Act, 2013 and attachments thereof during the Financial Year under report;
12. Intimations / documents / reports / returns filed with the Stock Exchanges pursuant to the provisions of Listing Agreement entered with the Stock Exchanges and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year under report;
13. E-mails evidencing dissemination of information related to closure of Trading window;
14. Internal Code of Conduct for prevention of Insider Trading by Employee/ Directors/ Designated Persons of the Company;
15. Compliance Certificate placed before the Board of Directors from time to time;
16. Quarterly Related Party Transactions statements;
17. Details of Sitting Fees paid to all Directors for attending the Board Meetings and Committees.

ANNEXURE – II

To,
The Board of Directors
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)

Himanshu S. Kamdar
Partner
M. NO. FCS 5171
C.P. No. 3030
UDIN: F005171B000271910

May 22, 2020

Business Responsibility Report

INTRODUCTION

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

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

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

Section A: General Information about the Company

1.	Corporate Identity Number (CIN)	L64202MH2001PLC134147
2.	Name of the Company	Firstsource Solutions Limited
3.	Registered address	5th Floor, Paradigm 'B' Wing, Mindspace, Link Road, Malad - West, Mumbai- 400 064, India
4.	Website	www.firstsource.com
5.	Email id	complianceofficer@firstsource.com
6.	Financial year reported	April 1, 2019 to March 31, 2020
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 14 subsidiaries has 36 global delivery centers of which 11 are located in India, 17 in the USA, 6 in the UK and 2 in the Philippines as per the details given below: **India (11):** Chennai (2), Mumbai (2), Bangalore (3) and 1 each in Pondicherry, Vijayawada, Indore and Trichy. **USA (17):** Louisville in Kentucky, Kingston & Amherst in New York, Rockford and Belleville in Illinois, Salt Lake City in Utah, Colorado Springs in Colorado, Eugene in Oregon, Palm Bay in Florida, Rocky Hill in Connecticut and 7 operational hubs of MedAssist. **United Kingdom (6):** Belfast, Cardiff, Londonderry, Middlesbrough, Warrington and Derby. **Philippines (2):** Manila, Cebu
10.	Markets served by the Company - Local/ State/ National/ International	The Company is carrying out business activity across all India, US, UK and Philippines.

Section B: Financial Details of the Company

1.	Paid up Capital of the Company	₹ 6,938.27 Million
2.	Total turnover	₹ 8,962.37 Million
3.	Total profit after tax	₹ 1,820.16 Million
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):	₹ 40.94 Million (2% of Average Profit of 3 preceding years)
5.	List of activities in which expenditure in four above was incurred:	Please see below:

Details of the spend (FY 19-20)	Amount In ₹ Million
Average Profit	2047.08
CSR Spend (2% of Average Profit)	40.94
Admin charges for 'Give India'	0.20
Light of Life Trust - Sponsorship of fundraising event	0.20
Foundation for Excellence- Scholarship for underprivileged	0.20

Details of the spend (FY 19-20)	Amount In ₹ Million
Personal Hygiene session with a hygiene kit for about 300 Govt school students	0.22
Visited kangaru karuna iillam old age home	0.01
Donated learning aids at Pragati Foundation for intellectually disabled children	0.01
Daan Utsav	0.72
Rohi Foundation- Sponsoring education for 3rd and 4th standard children alongwith one day's meals for all the beneficiaries at the NGO	0.09
INALI Foundation- Setup IVRS to aid in management of calls from across the globe	0.27
Transferred to the corpus of "RP – Sanjiv Goenka Group CSR Trust"	38.59
Amount yet to be spent	**40.52**

*Further, amount of ₹ 0.42 Million is yet to be spent as a result of the various limitations caused by the COVID - 19 pandemic.

Section C: Other Details

1.	Does the Company have any Subsidiary Company/ Companies?	As on March 31, 2020, the Company had 1 domestic subsidiary, 13 foreign subsidiaries and 1 associate company. The details of the same are given in Directors' Report.
2.	Does the subsidiary Company / Companies participate in the Business Responsibility Report initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s).	No.
3.	Does any other entity/ entities (e.g. suppliers, distributors etc.), that the Company does business with, participate in the Business Responsibility Report initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]	No. The Company does not mandate its suppliers/ distributors to participate in the Company's Business Responsibility Report initiatives.

Section D: Business Responsibility Report Information

1.	Details of Director/ Directors responsible for Business Responsibility Report		Business Responsibility functions are interalia, monitored by the Corporate Social Responsibility Committee of the Board of Directors of the Company formed in terms of Section 135 of the Companies Act, 2013.
	a)	Details of the Director/ Directors responsible for the implementation of the Business Responsibility Report policy/ policies	Chairman/ Members of Corporate Social Responsibility Committee:
		DIN	03486121
		Name	Mr. Shashwat Goenka
		Designation	Non-Executive Non-Independent Director
		DIN	00889710
		Name	Mr. Vipul Khanna
		Designation	Managing Director & CEO
		DIN	00026457
		Name	Mr. Pradip Roy
		Designation	Independent Director
		DIN	01794978
		Name	Mr. Subrata Talukdar
		Designation	Non-Executive Non-Independent Director
	b)	Details of the Business Responsibility head:	
		Name	Ms. 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 areas of Business Responsibility.

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

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

Notes:

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

2. Governance related to Business Responsibility

1.	Indicate the frequency with which the Board of Directors, Committee of the Board or the CEO assesses the Business Responsibility Report performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year	CEO/ Business heads review the performance of respective policies covering the principle given in the Business Responsibility Report on an annual basis.
2.	Does the Company publish a Business Responsibility Report or a Sustainability Report? What is the hyperlink for viewing the report? How frequently it is published?	Yes, Annually. The same is available on website of the Company. The link for Business Responsibility Report is 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 100 complaints received from the shareholders of the Company, which all were satisfactorily attended.

Principle 2: Product Lifecycle Sustainability

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

1.	List three of your products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities	Not applicable.
2.	For each such product, provide the following details in respect of resource use (energy, water, raw material and so on) per unit of product (optional)	Not applicable.
3.	Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also provide details thereof, in about 50 words or so	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, 2020, the strength of the permanent employees on roll workforce stands at a total of 11,385.
2.	Total number of employees hired on temporary/ contractual/ casual basis.	As on March 31, 2020, the strength of employees hired on temporary/ contractual/ casual basis stands at a total of 64 as per below:

Employment Type	Headcount
Part Time Employees	0
Casual Based	0
Contract Employees	64
Total	**64**

3.	Total number of permanent women employees.	As on March 31, 2020, the strength of permanent women employees stands at a total of 3,527.
4.	Total number of permanent employees with disabilities.	As on March 31, 2020, the number of permanent employees with disabilities associated with the Company stands at a total of 27.
5.	Do you have an employee association that is recognized by the Management?	No.
6.	What percentage of your permanent employees are members of this recognised employee association?	Not Applicable.
7.	Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year/committee:	As on March 31, 2020, there were overall 23 cases of sexual harassment reported for India in FY2019-20, out of which 22 are closed and 1 pending. Note: One case reflecting as pending is closed as on May 13, 2020.
8.	What percentage of your under-mentioned employees were given safety and skill up-gradation training in the last year? 1. Permanent employees (includes classroom and e-learning) 2. Permanent women employees 3. Casual/temporary/ contractual employees 4. Employees with disabilities	The Company is in the business of services and requires its employees to continuously improve their skill. Accordingly, 100% of the employees have gone through the skill upgrade training.

Principle 4: Stakeholder Engagement

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

1.	Has the Company mapped its internal and external stakeholders? Yes/ No	Yes, the Company has mapped its stakeholders as a part of its stakeholder engagement process. Key categories are: 1) Customers/ Clients; 2) Shareholders/Investors; 3) Partners (Suppliers/ Vendors/ Landlords); 4) Employees; 5) Regulatory Bodies; 6) Industry forum; and 7) Community.
2.	Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?	Yes, The Company commits to operate in an economically, socially and environmentally responsible manner whilst balancing the interests of diverse stakeholders. The Company's initiatives in the areas of Corporate Social Responsibility are targeted to bring meaningful difference in the lives of its associated stakeholders.
3.	Are there any special initiatives undertaken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders?	The Company has partnered with Give India who is our Payroll Giving partners. Employees are encouraged to sign up for payroll giving program and contribute to the NGO's of their choice. The beneficiaries of these NGO's belong to the marginalized, economically weak and disadvantaged sections of the society, especially girl child, underprivileged women and youth and persons with disabilities. Besides this, in partnership with an NGO, the Company continues to support education of underprivileged engineering graduates.

Principle 5: Human Rights

Businesses should respect and promote human rights:

1.	Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?	Global Ethics Policy covers aspects of human rights and extends to all employees and contractors, group companies, joint ventures and suppliers.
2.	How many stakeholder complaints were received in the past financial year and what percent was satisfactorily resolved by the Management?	No stakeholder complaint was received in FY 2019-20.

Principle 6: Environmental Management

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

1.	Does the policies related to Principle 6 cover only the Company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?	The Policy on environment covers the Company only. The Company encourages parties associated with its value chain like vendors, suppliers, contractors, etc. to follow the principles envisaged in the policy.
2.	Does the Company have strategies/ initiatives to address global environmental issues, such as climate change, global warming, and others? If yes, please give hyperlink for webpage etc.	Yes. The Company has proactively taken several initiatives to create positive impact on the environment. Refer to CSR section of the report for complete details. The Company's CSR policy is posted at the link https://www.firstsource.com/wp-content/uploads/2020/06/CSR-Policy-2020-V1.pdf
3.	Does the Company identify and assess potential environmental risks? Y/ N	Yes.
4.	Project(s) related to Clean Development Mechanism.	Currently, the Company has not undertaken any project related to Clean Development Mechanism.
5.	Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy and so on? If yes, please give hyperlink to web page and others.	Yes, the Company has taken multiple initiatives towards energy efficiency and use of renewable energy at its site. The Company's policy is posted at the link https://www.firstsource.com/wp-content/uploads/2020/06/CSR-Policy-2020-V1.pdf
6.	Are the emissions/ waste generated by the Company within the permissible limits given by CPCB/ SPCB for the financial year being reported?	The Company provides BPO services which is a non-pollution generating Industry. There is no emission or industrial wastes generated. The general E-waste is disposed as per the PCB norms.
7.	Number of show cause/ legal notices received from CPCB/ SPCB, which are pending (i.e. not resolved to satisfaction) as on the end of the financial year	No show cause notices were received by the Company either from CPCB or SPCB.

Principle 7: Public Advocacy

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

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

Principle 8: Inclusive Growth

Businesses should support inclusive growth and equitable development:

1.	Does the Company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes, provide details thereof	Yes, the Company considers Corporate Social Responsibility as an important aspect of its operations. It has aligned its thrust areas in line with the requirements of Schedule VII to the Companies Act, 2013. To oversee implementation of various initiatives, Company has formed a Board Level Committee called Corporate Social Responsibility (CSR) Committee. The details of various CSR initiatives of the Company are given in the Directors' Report.
2.	Are the programmes/ projects undertaken through in-house team/ own foundation/ external NGO/ government structures/ any other organisation?	The projects were undertaken by both the internal teams as well as through/ in-coordination with external agencies like NGOs and Government Institutions.
3.	Has the Company done any impact assessment for its initiative?	The CSR Committee do 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 ₹ 40.94 Million in various CSR activities during FY 2019-20, out of which ₹ 1.92 Million were already spent by the Company (amount of ₹ 0.42 Million is yet to be spent as a result of the various limitations caused by the COVID - 19 pandemic) and the balance amount of ₹ 38.59 Million has been transferred to the corpus of the Group CSR Trust. The details of the amount incurred and areas covered are given in Annexure II on Annual Report on Corporate Social Responsibility Activities forming part of Directors' Report.
5.	Has the Company taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in around 50 words	The total spend was contributed to the corpus of 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

Mumbai
May 26, 2020

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 fiscal year 2019-20 has been a challenging one for the global economy due to several macro-economic factors including the demand challenges across several industries, the US-China trade war, Brexit uncertainty and more recently the outbreak of the COVID-19 pandemic. This has significantly impacted the Global growth outlook.

As per International Monetary Fund's (IMF) World Economic Outlook of April 2020, the global economy grew by 2.9% in 2019 and is expected to shrink sharply to (-)3.0% in 2020 (a downward revision to 3.3% growth forecast prior to COVID-19 hit). In the best-case scenario, as per IMF, the global economy is projected to grow at 5.8% in CY2021 which is a partial recovery with an assumption that pandemic fades in the second half of CY2020, as the restrictions imposed to contain pandemic are lifted across markets thus allowing normal businesses to resume.

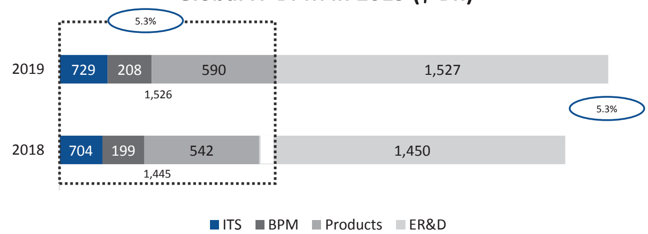
The United States economy grew at 2.3% in 2019 and is now estimated to shrink at (-)5.9% in 2020 and the United Kingdom is projected to contract at (-)6.5% in 2020 from a growth of 1.4% in 2019. The Euro area grew at 1.2% in 2019 and is predicted to contract to (-)7.5% in 2020. Given the level of uncertainty in the current environment, actual outcomes could easily be well outside of this range, either on the upside or the downside.

INDUSTRY STRUCTURE AND DEVELOPMENT

In 2019, despite the challenges in global economy, the IT industry maintained its resilience and continued its growth momentum driven by higher growth within BPM services and strong demand for digital and IT services across leading industries and geographies. Factors driving IT spend centred around enhancing productivity, operational efficiencies and improvement in product offerings. Infrastructure on Cloud, Cybersecurity, Big Data & Analytics, Artificial Intelligence (AI), Machine Learning (ML), Internet of Things (IoT), Block Chain and edge computing are the key emerging trends as opined by the global firms in the survey conducted by NASSCOM. Organisations are shifting gears to more value-added and outcome driven solutions. In the BPM industry, BPM 4.0 model is witnessing significant increase in its acceptance, focusing more on digital intervention and reducing dependency on legacy processes. Technology Providers are continuously investing in initiatives that will enable cost optimisation for their customers and improve their operational efficiencies.

As per NASSCOM's Strategic Review 2020 report, the global IT-BPM market stood at USD 1.5 trillion (excluding hardware) in 2019 reflecting a growth of 5.6% over 2018. The IT services was at USD 729 Billion, a growth of 3.5% driven by increasing demand for application development and management services. Global sourcing in IT services was in the range of USD 121 – 123 Billion as against USD 113 – 115 Billion in 2018 reflecting a growth of 7.0% characterised by a shift from traditional services to digital technologies, DevOps and Software as-a-service (SasS) models. The BPM industry grew at 4.5% to USD 208 Billion from USD 199 Billion in 2018 led by increased SaaS adoption, Artificial Intelligence (AI) and Intelligent Automation (IA). Intelligent Automation is emerging as a key growth driver for the BPM industry as clients automate recurring tasks and shift their focus on strategic work.

Global IT-BPM in 2019 ($ Bn)



Source : NASSCOM Strategic Review Report, 2020

US IT research and advisory firm, Everest Group, estimates that the Global services revenue is estimated to reach USD 221-226 Billion in 2020, a growth in a range of 4%-6%, the lowest in past five years, worsened by slowdown due to the COVID-19 outbreak and the possibility of most of the economies entering into a recession. Indian IT-BPM industry, which accounts for 40%-45% share of the global services industry is expected to see some slivers of opportunities, though at a slower rate primarily due to the pandemic impact, tight credit policies and slow economic reforms.

The spread of the pandemic has disrupted several industries across countries, including the global IT-BPM industry. The disruption has created an acceleration of remote working with an immediate focus on assessing and stabilizing the end-to-end value chain. Coming out of the COVID-19, there is likely to be an uptick in appetite for digitisation and modernisation. The need to contain and reduce costs will add to the attractiveness of these offerings. The new normal post COVID-19 for organisations will most likely lead to rapid adoption of new technologies with accelerated velocity, high leverage of technology in talent management, tech enabled ways of remote working, integrated approach to location portfolio design, reorientation of the Business Continuity Planning (BCP) and crisis management. Customers are expected to revisit their strategy of outsourcing and offshoring; few areas which could witness changes include renewed focus on localisation and lower billing rates.

Overall, in 2019 the industry performance showcased the increasing focus on the digital intervention across businesses and the expansion of smarter services to cater to customers across the globe. Rising momentum from clients for automation to optimise costs and improve efficiency and implementation of digital technologies is expected to lead to consolidation as BPM companies would target to achieve technical and domain expertise. While next 6-12 months are clouded with uncertainty, over the next few years, opportunities to co-create smart-solutions along with customers is expected to become a norm for collaborative excellence. BPM solutions are expected to leverage this trend to drive growth for the industry.

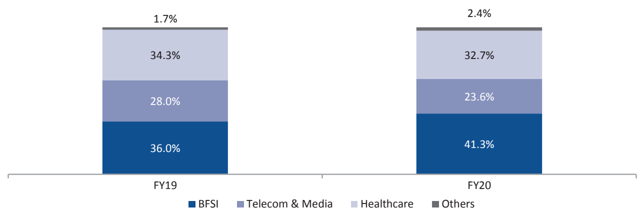
BUSINESS OVERVIEW

Firstsource is a leading Provider of customised Business Process Management (BPM) services. The Company specialises in helping clients stay ahead of the curve through transformational solutions in order to reimagine business processes and deliver increased efficiency, deeper insights and superior outcomes. We are trusted partners to 100+ leading brands with presence in the US, the UK, and India. Our 'rightshore' delivery model offers solutions covering complete customer lifecycle across Banking, Financial Services and Insurance, Healthcare, Communications Media & Technology, as well other diverse verticals like Utilities and E-commerce. As of March 31 2020, Firstsource had 21,203 professionals across 36 delivery centres worldwide including facilities in India, the US, the UK and the Philippines. The current focus areas for the company are :

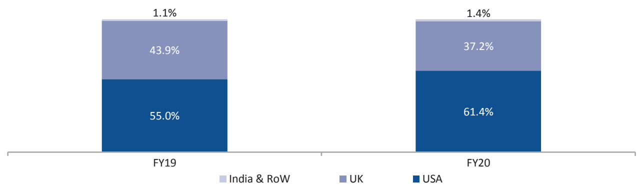
Communications, Media & Tech	Banking & Financial Services	Healthcare	Diverse Industries
• Streaming Services • Cable TV, Broadband and Telephony • Consumer Tech • E-Commerce • Shared Economy	• Asset Finance • Credit Cards • Mortgages • Retail & SME Banking • FinTech	• Hospital Providers • Health Services • Health Plans • PBMs	• Utilities • Government Entities

In FY2020, the Company generated Revenues of ₹ 40,986 Million, representing a growth of 7.1% in rupee terms and growth 6.6% in constant currency terms over FY2019. Composition of revenues across several segments is as mentioned below :

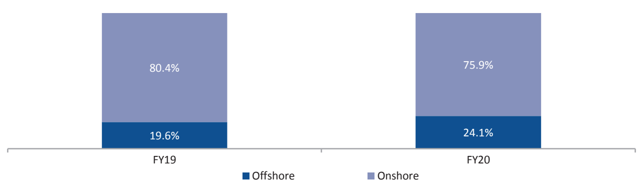
Revenue by Verticals



Revenue by Geography



Revenue by Delivery



In the sections below, we capture some of the key highlights of the industries that we operate in including drivers of growth and the changing business trends in the light of the digital transformation that is sweeping all sectors.

BANKING AND FINANCIAL SERVICES

Modern banking is changing rapidly driven by significant changes in technology, rising consumer expectations, changing demographics, regulatory environment, economic changes and competition. Banks and financial institutions are increasingly adopting new and emerging technologies to reduce cost, bring operational efficiencies, enhance speed-to-market and deliver superior customer experiences. They are in the process of exploring huge opportunities presented by digitalisation, either by building in-house technologies or by associating with FinTech firms. Over past few years, bank-FinTech relationship has grown rapidly mainly due to tech-sharing partnerships and investments. The increased focus on the customer experience is one of key trend seen in the industry right now. The industry has increased its focus towards modernisation to get ready for future that has been boosted by digital transformation and next-gen technologies. Most banks across the globe are focusing on emerging as a Technology Platform with a banking licence.

The surge in digital banking provides a tremendous opportunity for banks to get connected closely to their customers and understand and anticipate their needs. At the same time, many retail banks are struggling to adapt to the changing requirements of customers due to increasingly inefficient legacy systems. In a challenging industry, stringent regulations and growing scrutiny is forcing banks to overhaul processes, products and systems to ensure compliance. Firstsource has helped a number of leading banks, to transform their business operations, ensuring that they remain at the cutting edge of the industry, whilst delivering improved customer experiences.

However, post COVID-19 crisis, conditions are likely to be vastly different than in the recent past. There is a chance that most of the economies will enter into recession. Here is the time, when banks and financial institutions will have to reorganise their business and operating models for an environment of deteriorating asset quality, higher loan loss provisioning costs, credit tightening, low interest rates and capital restrictions. These challenges could be more pronounced for the FinTechs that have emerged in the recent years with very strong tech capabilities but haven't experienced a recessionary cycle in their times. Their business models will be stress-tested and would require them to make significant changes to their operating model which currently is predicated on them owning each and every process and systems.

Firstsource focuses across several segments including Retail banking (customer experience, transaction processing), Mortgages (loan processing, servicing, title and valuations), Complaints and Remediation (complaints handling, fraud management), Collections and Recoveries (credit card collections, auto and student loan collections) and Commercial finance (invoice factoring, risk management).

UK Retail and Commercial Banking:

The UK banking sector is the largest in Europe and the fourth-largest in the world. It includes over 300 banks and 45 building societies. Big Four Banks (HSBC, Barclays, Royal Bank of Scotland and Lloyds Banking Group) manage over 75% of UK current accounts and 85% of business accounts. They also hold more than GBP 5 trillion in total assets and employ around 560,000 people.

Retail banking is increasingly becoming significantly competitive and dynamic, which would result in the traditional banks losing their market share. The traditional banks are encumbered by their legacy systems and processes while the emerging fintech players are focusing customer, technology and agile innovation advantaged by easy access to capital. Banking services are likely to become highly personalised as customers demand intuitive digital delivery, superior customer service and tailored solutions. Banks failing to provide quality customer experience will risk losing customers and revenues

The industry is likely to witness increased consolidation with banks seeking to acquire FinTech platforms to promote their digital strategies and remain competitive in the era of challenger banks and enhanced client experience will be a key driver moving ahead.

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

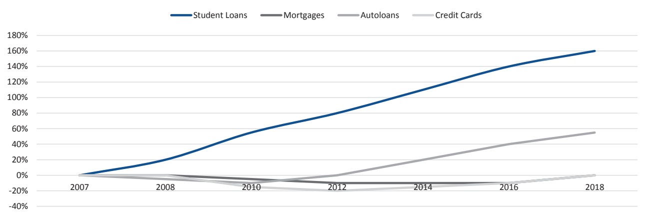
Collections and Recoveries:

Firstsource provides debt collection and recoveries services for Banks and financial Institutions. The company provides digital collections, first and third party collections

The market size of the debt collection industry in the US is expected to be USD 13.0 Billion in 2020, according to IBIS World report. Within this, the focus is around credit card collections, auto loan collections and student loan collections. As per Federal Reserve's G.19 report of January 2020, the US credit card debt reached USD 1.09 trillion in December 2019, surpassing the USD 1.08 trillion peak of 2008 recession. The total consumer debt (including student loans, auto loans, revolving debt) was at USD 4.19 trillion in 2019, reflecting a growth of 4.5% from USD 4.01 trillion in 2018.

As COVID-19 impacts financial stability for most Americans, many anticipate trouble with credit card debt. However, in a post-pandemic world, a large segment of the population is likely to face financial stress, which in turn could lead to higher defaults and delays in collections and recoveries. Student loans are also likely to be susceptible in case there is recession as the outstanding debt is at USD 1.7 Trillion. Permanently defaulted loans are ultimately the burden of taxpayers, and the federal budget will pay out if the loan programme continues to lack revenue. Another emerging segment is the auto loans. Auto delinquencies present a large opportunity with increasing debt, higher defaults and charge offs have started seeing an uptick which indicates higher volumes

Lenders across are increasingly warming up to digital interventions across their processes to reduce processing time, minimise human intervention, reduce cyber fraud, automatic identification of disputed debts, improved compliance with regulatory requirements, speed up decision-making, widening the base to improve collectability and enhance customer experience. Analytics and AI models are widely being used to improve borrower profiling, predictions, customising settlement offers amongst others. Another emerging trend is that the self-serve digital tools are increasing gaining adoption as they let borrowers settle their debt as per their convenience and avoid awkward conversations. In the coming years, most of the debt collection agencies will use modern technologies to take pre-emptive action to reduce their exposure to debt.

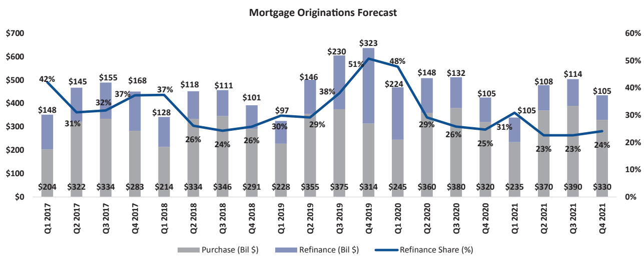


Source : Bloomberg Data

For a short period, the collection industry is expected to see some push back amid the economic hardship caused by this pandemic. In such an unpredictable environment, the digital debt collection software/tools can play a crucial role in improving collections, making process faster, more accurate and deliver better outcomes.

MORTGAGE MARKET

In 2019, the low mortgage rates revitalised the US refinance housing market. The mortgage rates were historically low in the range of 3.5% – 4.5% in 2019 and are expected to remain low in 2020 which will help to keep housing demand strong in coming years. In 2021, purchase originations are expected to reach total USD 1.33 trillion and refinance originations to reach USD 432 Billion (USD 1.76 trillion total)



However, in the UK, the mortgage lending declined by 1% - 2% in 2019 reaching to an estimated GBP 264 Billion. The mortgage market is set to return to growth over the next two years owing to lower levels of political uncertainty, as per new normal report from the Intermediary Mortgage Lenders Association (IMLA).

Digital intervention is significantly changing the ways of working for the mortgage lenders. Long processing times and high operational cost are the key drivers. At present, the estimated average cost to take mortgage loan in the US is around USD 9,000 per loan, as per Mortgage Bankers Association mainly due to numerous disparate systems and hours of manual work involved in the origination process, however, just by automating manual tasks, the cost could drop significantly.

Another growth trend in the mortgage industry has been around servicing. Non-bank servicers are aggressively expanding their servicing businesses through portfolio purchases of Mortgage Service Rights (MSRs) while also continuing to expand their portfolio of loans serviced. Mortgage servicers have now increased their focus on using digital services in their workflows to automate repetitive and tedious tasks in order to reduce human intervention and also to reduce costs. This increases the available opportunity spectrum for Firstsource.

The highly rule based and complicated mortgage industry is changing swiftly to enhance customers' demands, increase operational efficiency and reduce costs. Firstsource provides customer-centric solutions across the mortgage value chain. The offerings for originators and servicers focus on enhancing customer experience, making business processes more efficient thus expanding productivity and generating desired returns.

HEALTHCARE

Healthcare continues to maintain its growth momentum. As per Market Data Forecast report, the Global Healthcare BPM market is estimated to touch USD 337.8 Billion by 2024 from USD 211.6 Billion in 2019, growing at a CAGR of 9.8% from 2019 to 2024. Market growth can primarily be attributable to the rising focus on superior patient experience, reducing operational costs and improvements in performance efficiency.

Global Healthcare BPO is segmented by Payer services represented by the Health Insurance companies and Health Plans, Provider services represented by Hospitals, and Physician groups and another allied segments part of the Healthcare delivery value-chain and the Pharmaceutical and Equipment manufactures that focus on drug and medical equipment manufacture, research and development, marketing and other non-clinical services.

Firstsource operates and focuses on the US Payer and Provider segments. It provides an end-to-end suite of services to cater both the segments. The Company works for 3 of the top 5 Payers and over 650+ hospitals in the US.

Payer Services:

The US Healthcare Payer market has seen increased momentum largely due to implementation of the Patient Protection and Affordable Care Act (PPACA) as the act expanded insurance access to more than 35 Million US citizens. This is further accentuated by the ageing population in the US that is the driving growth in Government programmes. More than 10,000 people are moving to Medicare segment every day and the Medicaid Advantage market is expected to double from 22.5 million to 40 million lives by 2030. The increase in outsourcing is majorly led by services pertaining to payment integrity, risk adjustment, diseases management and utilisation management. The Payer industry has continued to adopt value-based care as a consequence of rising costs and changing regulatory policies. Payers are now widening their role in the Healthcare industry through collaborations and partnerships with health systems and Providers and redefining their relationships with independent. Through all of this, it has become imperative to adopt digital technologies to tackle internal inefficiencies and unconventional external challenges.

Going ahead, service Providers will try to exhibit an increasingly digital-centric focus, which aims to tackle enterprise challenges and improve business outcomes by ramping up their digital capabilities centered around cloud adoption for better control over Healthcare data, develop newer models of core administration platforms, adopt a customer first attitude to improve customer experience due to increase in consumer interests and demands and lastly move towards data exchanges uncovering potential for monetisation of Healthcare data. Another increasing trend has been around the collaboration and consolidation amongst the traditional Payers, Pharmacy Benefits Managers and Providers leading to emergence of more vertically integrated Healthcare supply chain players. The industry is also witnessing a rapid shift from Episodic Care to Continuous Care leading to significant increase in investments in the Virtual Care.

Provider Services:

The Healthcare BPM focused on Provider services are segmented into medical billing, medical coding, medical transcription and revenue cycle management (RCM). The hospice care and clinical service providers spend in the US is around USD 400 Billion every year on administrative processes (majorly revenue cycle management). For health systems plagued with financial issues, spending 20-25% of their total spend on non-core activities is untenable. In such an environment, health systems are actively seeking third-party support to manage their administrative spend better giving rise to the RCM outsourcing industry.

Hospital RCM market at USD 12.7 Billion is 96% of the total RCM market in 2019 and is expected to grow by 45% to USD 18.4 Billion by 2024. Key trends defining the RCM segment include increase in uncompensated care costs, shifting of control from Federal govt. to states, significant increase in patient responsibility, increased acceptability towards offshoring and focus on digital interventions including tech platforms, automation and analytics. Even technology vendors are expanding their capabilities to offer services as core needs like patient accounting system and claims management are saturated with vendors. Another rising challenge is the significant shift towards the Patient Self-pay. There has been a multi-fold increase in patients opting for self-pay over the last 10 years. Hospitals that have mandatory Pre- or Point-of-Service collections for outpatient services increased from 9% to 32% in the recent years.

Hospitals and physicians are increasingly outsourcing their processes to RCM service providers. The key focus continues to be on patient experience and its impact on reimbursements which makes it mandatory for hospitals to adopt Automation (RPA/AI/ML) to improve efficiency.

The Healthcare industry is shifting rapidly from Fee-for-Service to value-based care. Consumers are also becoming more discerning and value-conscious, they expect personalisation, convenience, quality and affordable Healthcare services. In the aftermath of COVID-19, providers are expected to adopt newer methods of care delivery, with a sharp focus on telehealth and telemedicine to enable remote health monitoring and management. Improving customer experiences through applications, growing adoption of value-based care, and latent data assets will be some of the other focus areas. Digital technology enabled virtual health, a method of delivering health care via digital and telecommunication technologies, is likely to become a mainstay of a next-generation, patient-focused, digitally enabled health care delivery model.

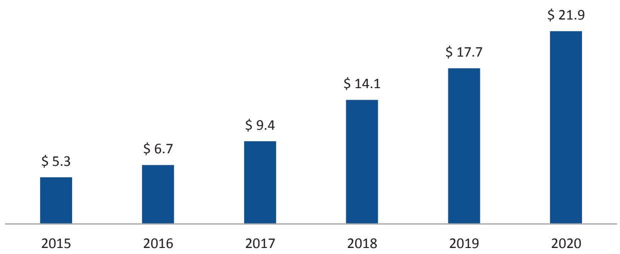
The Healthcare Provider industry is expected to improve care outcomes, keep pace with changing regulatory policies, and stay competitive in the face of disruptions, all the while keeping Healthcare costs in check. Hospitals are consolidating and there is an increased traction in hospitals signing up physician groups as well as entering into JVs with services firm to keep themselves relevant. The ongoing transition is resulting in the consolidation of providers, including hospital and health system mergers, collaborations between Payers and providers, and more accountable care organisations being set up.

At a time where consumerism has taken centre stage, Payers and Providers that fail to respond to the imperatives of this trend will risk losing relevance as the move to value-based payment gains traction and only the consumer-savvy organisations will thrive in this battle of the fittest.

COMMUNICATIONS, MEDIA AND TECHNOLOGY

Despite headwinds from rising consumption of online video content, growing SVOD (Subscription based Video On Demand) and other online video competitors, cable network providers had a good year in 2019 as growth in the broadband business continues unabated and business services become a major contributor to revenue.

Consumer Spending on Video Streaming Services ($ Billions)



Video continues to comprise over two-thirds of the total revenue for subscription streaming services (music accounts for just under a third) and are predicted to keep increasing at a strong pace for 2020, up 24% to USD 21.9 Billion.

According to Moody's Investors Service release of October 2019, the outlook for the US cable television industry has been changed to stable from positive. Steady broadband growth will be outpaced by accelerating losses in video and voice RGUs (Revenue Generating Units). As demand for high-speed, reliable wireline broadband remains strong, more customers are cutting the cord on cable TV in support of streaming services. But, the increase of mobile wireless subscriptions is expected to offset these benefits. If mobile additions continue on pace with recent history, the gains over the next 12-18 months could be sufficient to hold constant the total number of RGUs. The Moody's report also states that the rate at which broadband is replacing video subscriber losses today is the lowest it's been in five years and is anticipated to drop further over coming years, though the rate is expected to be above 1.25x.

Pressure on video is intensifying, as the number of over-the-top (OTT) streaming video services is increasing, along with growing market coverage and subscriber counts. As the definitive success of these services is uncertain, pricing can be much lower than pay TV and the value proposition is evident in the traction, with the increase of cable video subscriber losses over the last year. Meanwhile, 5G promises very high-speed wireless broadband in both fixed and mobile networks, which is expected to compete with the cable industry's wireline broadband.

In the aftermath of COVID-19, as more people stay home, self-isolation and quarantine measures could increase media consumption in the home. This may result in an increased use of entertainment services such as video on-demand and gaming, benefitting companies in cable TV (e.g. AT&T, Comcast, Sky, Virgin Media) and streaming business (e.g. Netflix, Prime, Disney+, Now TV). This is based on the assumption that subscribers will have more time at their disposal and that some of it would convert into increased viewing hours leading to lower churn (early results show an upswing of a massive 60% in the amount of content watched in the US). While it would certainly hold in the short-term, implications in the long-term will be complicated – driven strongly by how providers adapt to changes in customer behaviour. The suspicion is because as economic hardship of pandemic starts trickling down, customers will be driven to let go of their discretionary spending with entertainment budget most likely be a part of that cut. The extent of the disruption will likely depend on the type of content that media companies produce and distribute.

The trends that will drive Communication, Media and Technology Industry include Augmented and Virtual reality taking centre stage particularly in a wide range of enterprise apps, Ad-supported video which is becoming the medium of choice for delivering streaming video to customers in the Asia Pacific region and a rise in mergers and acquisitions for companies to strengthen their content libraries and to stay ahead in competition.

As digital continues to transform the broadcasting and pay TV industry, Firstsource helps clients provide effective technical support and deliver exceptional customer experiences using next-generation customer experience service offerings.

UTILITIES

Traditionally, Utilities as a sector has been a slow mover in adoption of technological changes but now the trend seems to be changing. The continuous quest for operational efficiencies, rising competition, changing customer's demand and increasing regulatory control have set the stage for widespread digital transformation in the Utilities sector.

The willingness to outsource to third-party service providers some of the operational activities underpinned by latest technologies such as IoT, big data analytics, robotics and AI are set to reshape the competitive landscape of the sector. Robotics process automation (RPA) and Artificial Intelligence (AI) are playing a pivotal role in managing the balance between demand and supply, boosting efficiencies in all the entirety of the value chain, innovating the customer experience and transforming business models.

An Ovum report states that the number of outsourcing contracts awarded by Utilities in Europe and North America is set to grow steadily over the next 12 months as the industry faces unprecedented pressure. The report further identifies the areas Utilities will look to outsource would include Customer Support, back-office activities and complaints handling. In addition, Utilities implementing smart energy initiatives will present significant opportunities to systems integrators.

The UK government has announced that by 2020, they want every home and small business to have a smart meter installed in their home or premises. That's 53 Million meters in 30 Million properties. The ongoing roll-out of smart meters across the UK is turning an ageing area of the market into one of the most innovative and forward-thinking in the world. This wave of tech adoption reflects just one aspect of the ongoing transformation in UK's energy market, many more are expected to come.

Energy efficiency today is far more than weatherisation. This is where technology will help the companies respond to greater complexity in usage patterns. For example, building automation systems will help Utilities and customers personalise facilities to lower demand-side energy usage and reduce ownership and operating costs even as usage restrictions change. Further, Utilities are employing Artificial Intelligence and Machine Learning technology to interpret customer meter data and optimise the services provided as well as realise network and programme efficiencies.

The repercussions from COVID-19 may create new usage patterns and needs across the board from residences to office, retail, education, Healthcare, hotels and restaurants, institutional and commercial/industrial space. First, given the downtime and its potentially extended economic effects, finding cost reductions for customers will become even more of a priority. Second, the experience could increase the need for flexibility and adaptability in homes, schools, and businesses. This also increases the onus on consumers to be able to alter power usage to reflect changing social distancing guidance.

Firstsource understands that the core objective of Utilities organisations is to reduce the cost to serve while maintaining customer centricity. We help Utilities client maximise profitability and:

- Achieve the lowest operating model in the Utilities sector by utilising advanced tools and technologies and remaining innovative while driving down costs;
- Develop retention strategies to improve lifetime value of the customer, reducing the cost of acquisition;
- Accelerate digital deployment strategies to ensure the solution is fit for the smart digital utility customer;
- Harness RPA in a regulated environment to create efficient end-to-end processes, freeing up people to increase the focus on value creating work over pure transactional activity.

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.

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 BFS business segment the Company primarily competes with:

- Large UK based BPM companies such as Capita and Serco;

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

In Media & 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

TALENT ATTRACT

At Firstsource, people are core to the success of our business. Our commitment is our Employee Value Proposition – Aspire. Achieve. Advance. The key focus for our Talent Acquisition CoE in FY2020 was on hiring the right talent and ensuring a seamless digital recruitment experience for our candidates and recruiters. Moving to Taleo (an Oracle based platform) brings Sourcing, Recruiting, Onboarding, Reporting & Analytics onto one digital platform enabling us to reach our goal of digitizing as well improving the candidate experience.

The success of the RMS implementation in the US and the UK geographies, lies in the fact that we have hired 2700+ employee through Taleo in the last few months. Implementation of the RMS in India and the Philippines is underway and will go live in April.

TALENT INTEGRATION

Talent Integration is a critical stage in the employee lifecycle as it not only ensures a positive first experience, but also drives better performance and engagement. At Firstsource, integration is not only for new joiners but also for other transition stages of employee lifecycle namely returning to work post maternity leaves, expatriation to another location, changing roles etc.

This year the focus was on designing a standardised on-boarding process for various employee workgroups and making it virtual through motivating videos by leadership and employees, inspiring and informative functional overviews and gamified engagement activities.

TALENT ENGAGEMENT & RETENTION

Firstsource has a multi-generational and multi-cultural global workforce. With talent engagement being a significant element of an employee experience, we create a delightful and inclusive talent culture through customised employee wellness, recognition and communication initiatives.

FirstWorld, our global digital internal communication platform captures all updates about Firstsource and Firstsourcers. Transparent, effective and regular communication is the key focus. This is delivered through Open Houses anchored by our CEO and the Leadership team, skip meetings, goal cascade sessions etc.

Lifecycle surveys and Annual Global Employee Survey are our formal employee feedback processes and have been serving as key inputs into our people practices over the years. We launched FirstConnect, a global platform for grievance resolution. FirstConnect, an in-house tool, aims to better resolve and track employee concerns/ feedback/grievances in a timely and effective manners.

At Firstsource, we foster a culture of recognising and celebrating great performance, desired behaviour and employee loyalty.

Toward this, we launched FirstReward, our reward and recognition tool in partnership with Vantage Circle. This tool helps in strengthening our culture of recognition by allowing all Firstsourcers across the globe to recognise the achievements of high performing and loyal employees who uphold the values of the organisation. This tool provided 'always on time' recognition in the form of monetary and non-monetary awards by peers, subordinates, supervisors and leaders. Since the launch in August 2019, globally 12000+ employees were appreciated and 2500+ employees were rewarded through the tool.

Our robust Fitsource wellness programme ensures all employees are able to be their best selves at work. Mental and physical wellbeing is driven at an enterprise level with multiple ongoing initiatives. This year we held awareness programmes and training for people managers on mental health. Fitness activities, sports tournaments, medical camps, regular check-ups, etc. were conducted on an ongoing basis.

INCLUSION AND DIVERSITY

IDEAL (Inclusion Diversity Empathy Awareness and Leadership) - Our vision is to sustain an actively inclusive environment that embraces, respects and leverages the diversity of our employees, customers, clients and the communities we live in. We strive to build I&D into the DNA of our culture, leadership accountability and organisational capability, driving a safe environment for our employees to be themselves without judgements and inhibitions, weaving it into all aspects of an employees' journey.

PERFORMANCE ENHANCEMENT PROCESS

Achieve. Collaborate. Enhance – that is ACE, the performance enhancement process at Firstsource aims to help all Firstsourcers perform at their best. Continuing our journey to transform our process from performance management to performance enhancement, in FY2020, positive impact areas have been:

- More structured goal cascade resulting in more aligned goals;

- A 30% increase in ongoing performance dialogues for regular feedback;
- Better performance enhancement training for people managers.

TALENT MANAGEMENT

Through our Talent Management process, we continue to identify top talent and groom them for succession readiness. iExcel, our leadership development programme aims at providing customised learning opportunities to our leaders to prepare them for future roles. The Talent Management function consists of the Talent Review Process, as well as the Top Talent Development Programme. The programme offers our high potentials the opportunity to hone and refine their skills, with a focus on engagement, performance enhancement, and succession planning.

In FY2020, the top talent pool, post identification through our structured talent reviews, were offered special interventions, such as app-based learning, curated learning, webinars and seminars, and executive coaching.

In FY2020, we also launched the second year of our Mentoring programme, where mentees were aligned to a senior leader within the firm to serve as their mentor. This global programme continues throughout the entire year.

LEADERSHIP AND MANAGEMENT DEVELOPMENT (FIRSTSOURCE ACADEMY)

The Firstsource Academy builds technical, functional, leadership and behavioural competencies in Firstsourcers through a blended multi-channel approach that is accessible across levels and geographies. Along with building capability for today, we focus on making our workforce future ready by investing in learning of future readiness learning and technologies. Impact for programmes offered by Firstsource Academy is tracked upon revenue generation, cost savings, performance enhancement, innovation and career progression.

In FY2020, the Academy revamped Jetset, the flagship programme for Team Leaders Development, aligning it more sharply to evolving operational needs, and rooting it on our new operational competency framework that builds readiness for not just current but larger roles and responsibilities.

The Academy in FY2020, also saw a greater move into the space of self-paced learning through e-learning and targeted online offerings from our e-learning partners Skillsoft and Udemy, and new offerings like Blinkist (the audio-visual reading app for leadership development).

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

COVID- 19 RESPONSES

In March 2020, with the outbreak of the COVID-19 crisis across the globe, there was a need for a concerted effort in engaging, developing, and attracting the best talent even through turbulent times.

Our main focus was on employee safety and wellness. Through the weeks our leadership and HR team have engaged with Firstsourcers across the globe – educating, engaging and empathising with them – helping them deal with the pandemic crisis. Our "It's my Week" initiative has been connecting our employees, marking every day as a theme for the organisation and running various initiatives, on health, mindfulness, connection and fun for everyone.

One fallout of the lockdowns was the increased focus on remote working and we have been investing a lot in building effective virtual and remote experiences for our people across the employee lifecycle. From moving 100% to remote hiring, to creating gamified and video interfaces for onboarding, to upskilling managers to work effectively in remote settings, to providing mobile-friendly e-learning, several programmes have been running simultaneously.

These initiatives by HR in FY2020 set the scene for FY2021 to be a seamless, productive, virtual-friendly, and uniform experience for both employees and the organisation at large.

DISCUSSION ON FINANCIAL POSITION RELATING TO OPERATIONAL PERFORMANCE

SHAREHOLDERS' FUNDS

The authorised share capital of the Company is ₹ 8,720.00 Million with 872 Million Equity shares of ₹ 10 each. The paid up share capital as of March 31, 2020 stands at ₹ 6,938.27 Million compared to ₹ 6,910.65 Million as of March 31, 2019.

The increase in equity share capital of ₹ 27.62 Million is on account of allotment of 2,761,750 shares to employees as stock options.

The Other equity of the Company increased from ₹ 20,296.31 Million to ₹ 20,715.55 Million. The details of increase in Reserves and surplus by ₹ 419.24 Million are as below:

(Amount in ₹ Millions)

Increase on account of:	
Profit for the year less appropriation	3,229.56
Premium received on shares issued during the year	73.70
Exchange Difference on consolidation of non- integral subsidiaries/entities	1,245.09
Special Economic Zone re-investment reserve	158.78
Decrease on account of:	
Dividend (including tax on dividend)	(3,762.03)
Transition impact on adoption of Ind AS 116	(395.10)
Treasury shares	(89.35)
Effective portion of cash flow hedges	(38.98)
Employee stock option reserve	(2.43)
Net Increase/(Decrease) in Reserves and surplus	419.24

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, 2020 is ₹ 5.88 Million as compared to ₹ 5.89 Million as of March 31, 2019.

LONG-TERM BORROWINGS

Unsecured long-term borrowings represent loan from banks and non-banking financial companies.

Secured long-term borrowings outstanding as of March 31, 2020 were ₹ Nil as compared to ₹ 9.16 Million as of March 31, 2019. The net decrease was on account of movement of reclassification long term finance lease obligation from non-current to lease liability under Ind AS 116. Unsecured long-term borrowings outstanding as of March 31, 2020 were ₹ 27.76 Million as compared to ₹ 60.32 Million as of March 31, 2019. The net decrease was on account of repayment of loan from NBFCs.

DEFERRED TAX LIABILITIES

Deferred tax liabilities as of March 31, 2020 were ₹ 734.95 Million as compared to ₹ 460.70 Million as of March 31, 2019. This is due to increase in deferred tax liability on goodwill amortisation, deferred tax liabilities created on lease liabilities arising due to adoption of Ind As 116 of ₹ 55.71 Million and decrease in deferred tax assets on business losses carried forward by ₹ 205.44 Million, offset by exchange movement.

LEASE LIABILITIES

Effective April 01, 2019 (date of initial application), the Group has adopted the Indian Accounting Standard 116 on Leases ('Ind AS 116'), notified by the Ministry of Corporate Affairs, which replaces the existing lease standard Indian Accounting Standard 17 on Leases ('Ind AS 17').

Lease liabilities for the company as of March 31, 2020 were ₹ 5,123.15 Million as compared to ₹ 4,460.11 Million as on transition date as at April 01, 2019.

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, 2020 were ₹ 487.28 Million as compared to ₹ 451.62 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, 2020 were ₹ 8,341.42 Million as compared to ₹ 5,389.86 Million as of March 31, 2019.The movement is on account of, increase in line of credit from bank of ₹ 2,951.56 Million.

TRADE PAYABLES

Trade payables as of March 31, 2020 were ₹ 952.81 Million as compared to ₹ 901.75 Million as of March 31, 2019.

OTHER FINANCIAL LIABILITIES

Other current financial liabilities as of March 31, 2020 were ₹ 1,964.52 Million as compared to ₹ 1,532.91 Million as of March 31, 2019. The Increase in other financial liabilities is on account of increase in employee benefit payable, advance from customer and book credit, offset by decrease in current maturities of long term borrowings.

OTHER LIABILITIES

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

GOODWILL

Goodwill as of March 31, 2020 was ₹ 22,323.56 Million as compared to ₹ 20,451.72 Million as of March 31, 2019.

The increase in goodwill during the year was ₹ 1,871.84 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 ₹1,912.08 Million as of March 31, 2020 as compared to ₹ 1,795.43 Million as of March 31, 2019, resulted in a net increase of the assets to the extent of ₹ 116.65 Million.

This is majorly due to net additions of ₹ 844.93 Million and upward exchange rate impact of ₹ 80.08 Million offset by depreciation charge for the year amounting to ₹ 808.36 Million.

RIGHT OF USE ASSETS

Effective April 01, 2019 (date of initial application), the Group has adopted the Indian Accounting Standard 116 on Leases ('Ind AS 116'), notified by the Ministry of Corporate Affairs, which replaces the existing lease standard Indian Accounting Standard 17 on Leases ('Ind AS 17').

Right of use assets of the company was ₹ 4,472.92 Million as compared to ₹ 3,928.41 Million on transition as at April 01, 2019. This increase is majorly on account of net additions of ₹ 1,374.41 Million offset by depreciation charge for the year amounting to ₹ 1,043.64 Million.

INVESTMENTS

The investments of the company represent non-current investments of ₹ 122.09 Million and current investments of ₹ Nil as on March 31, 2020 as compared to ₹ 121.59 Million and ₹ 1,217.50 Million respectively as on March 31, 2019.

DEFERRED TAX ASSETS

Deferred Tax assets of the company as of March 31, 2020 were ₹ 2,511.30 Million as compared to ₹ 2,314.68 Million as of March 31, 2019. This increase majorly is on account of MAT credit created during the year ₹ 82.41 Million, decrease in deferred tax liability on cash flow hedges ₹ 22.02 Million, offset by decrease in property, plant and equipment ₹ 21.25 Million and deferred tax assets created on lease liabilities arising due to adoption of Ind As 116 of ₹ 106.17 Million.

INCOME TAX ASSETS

Income Tax assets of the company as of March 31, 2020 were ₹ 783.64 Million as compared to ₹ 776.51 Million as of March 31, 2019.

OTHER NON-CURRENT ASSETS

The other non-current assets of the company as of March 31, 2020 were ₹ 1,976.90 Million as compared to ₹ 2,068.98 Million as of March 31, 2019. This decrease is due to decrease in non-current portion of deferred contract cost and unexpired rebate from customer offset by increase in capital advances during the year.

TRADE RECEIVABLES

Trade receivables amount to ₹ 5,567.18 Million (net of provision for doubtful debts amounting to ₹ 216.23 Million) as of March 31, 2020 as compared to ₹ 3,871.89 Million (net of provision for doubtful debts amounting to ₹ 166.24 Million) as of March 31, 2019. 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.

Debtors' days as of March 31, 2020 (calculated based on per-day sales in the year) were 50 days, as compared to 37 days as of March 31, 2019. 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, 2020 was ₹ 1,907.49 Million as compared to ₹ 473.84 Million as of March 31, 2019. This Increase in cash was due to cash generated from operating activities offset by cash used in payment of dividend and investing activities.

OTHER FINANCIAL ASSETS (CURRENT AND NON–CURRENT)

Other Financial Assets as of March 31, 2020 were ₹ 2,882.99 Million as compared to ₹ 2,425.87 Million as of March 31, 2019. The increase in these assets was on account of increase in unbilled revenue, MTM on foreign currency forward contracts and deposits given for new centres.

OTHER CURRENT ASSETS

The other current assets of the Company as of March 31, 2020 were ₹ 1,410.29 Million as compared to ₹ 1,239.40 Million as of March 31, 2019. This increase is due to increase in prepaid expenses, indirect taxes recoverable offset decrease in 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	FY2020		FY2019	
	₹ Million	% of Income	₹ Million	% of Income
Income from services	**40,501.92**	**-**	37,867.07	-
Other operating income	**484.22**	**-**	395.70	-
Revenue from operations	**40,986.14**	**100%**	38,262.77	100%
EXPENDITURE				
Personnel cost	**27,735.33**	**67.7%**	25,572.59	66.8%
Other expenses	**6,961.93**	**17.0%**	7,335.51	19.2%
Operating EBITDA (Earnings before Interest, Tax and Depreciation)	**6,288.88**	**15.3%**	5,354.67	14.0%
Depreciation and amortisation	**1,852.00**	**4.5%**	744.35	1.9%
Operating EBIT (Earnings before Interest and Tax)	**4,436.88**	**10.8%**	4,610.32	12.1%
Finance charges	**583.21**	**1.4%**	290.00	0.8%
Share in net (profit) / loss of associate	**(0.01)**		0.01	
Other income	**88.43**	**0.2%**	38.87	0.1%
Profit before tax	**3,942.11**	**9.6%**	4,359.18	11.4%
Provision for taxation				
- Current tax expense (including MAT)	**282.35**	**0.7%**	343.63	0.9%
- Deferred tax charge	**262.91**	**0.6%**	237.78	0.6%
Profit after tax before minority interest	**3,396.85**	**8.3%**	3,777.77	9.9%
Minority interest	**(0.01)**	**0.0%**	(0.09)	0.0%
Profit after tax	**3,396.86**	**8.3%**	3,777.86	9.9%

INCOME

Income from Services

Income from services increased by 7% to ₹ 40,501.92 Million in FY2020 from ₹ 37,867.07 Million in FY2019. 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 FY2020 was ₹ 70.86 per USD and ₹ 90.10 per GBP as compared to ₹ 69.84 per USD and ₹ 91.65 per GBP in FY2019.

CONSOLIDATED REVENUES BY SEGMENT

The Company serves clients for Customer Management, Healthcare, Collections and mortgage business. Clients from Customer Management accounted for 40% (FY2019: 47%), clients from Healthcare accounted for 33% (FY2019: 35%), clients from Collections accounted for 11% (FY2019: 9%), clients from Mortgage accounted for 16% (FY2019: 9%) of the income from services in FY2020.

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

Amount (₹ Million)

	FY2020	FY2019
Business Segment		
Customer Management	**16,214.89**	17,911.03
Healthcare	**13,310.56**	13,094.80
Collections	**4,409.67**	3,536.29
Mortgage	**6,566.80**	3,324.95
Total	**40,501.92**	37,867.07

CONSOLIDATED REVENUES BY GEOGRAPHY

The Company serves clients in North America, the UK and India. Clients from North America accounted for 62% (FY2019: 55%), clients from the UK accounted for 37% (FY2019: 44%), clients from India accounted for 1% (FY2019: 1%). The following table gives a segment wise breakdown of the income from services for the corresponding periods:

Amount (₹ Million)

	FY2020	FY2019
Geography		
UK	**15,025.12**	16,617.46
US	**24,907.59**	20,850.00
India and rest of the World	**569.21**	399.61
Total	**40,501.92**	37,867.07

CONSOLIDATED REVENUES BY INDUSTRY

Healthcare accounted for 33%, Telecommunications & Media accounted for 24% and Banking, Financial Services & Insurance 41% and other accounted for 2% of income from services in FY2020 and 34%, 28%, 36% and 2% of income from services respectively in FY2019.

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

Amount (₹ Million)

	FY2020	FY2019
Business Segment		
BFSI	**16,738.33**	13,617.29
Telecom & Media	**9,544.58**	10,604.26
Healthcare	**13,260.89**	13,001.32
Others	**958.13**	644.20
Total	**40,501.92**	37,867.07

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	**FY2020**		**FY2019**	
	Amount	**%**	**Amount**	**%**
Client concentration to revenues				
Top Client	**8,534.38**	**21%**	9,265.75	24%
Top 5 customers	**16,660.22**	**41%**	15,693.44	41%
All clients	**40,501.92**	**100%**	37,867.07	100%

In FY2020, the Company had top client accounting for 21% of the income from services compared to top client accounting for 24% of its income from services in FY2019.

The Company derives a significant portion of its income from a limited number of large clients. In FY2020, the Company had 13 clients contributing individually over ₹ 500 Million each in annual revenues as compared to 14 in FY2019. In FY2020 and FY2019, income from the Company's five largest clients amounted to ₹ 16,660.22 Million and ₹ 15,693.44 Million respectively, accounting for 41% and 41% of its income from services respectively. Although the Company continues to increase and diversify its client base, it expects that a significant portion of its income will continue to be contributed by a limited number of large clients in the near future.

OTHER OPERATING INCOME

Other operating income/ (expense) of ₹ 484.22 Million in FY2020 (FY2019: ₹ 395.70 Million) includes exchange gain of on restatement and settlement of debtor balances and related gain / (loss) on forward/ option contracts as these transactions relate to the operations of the Company.

EXPENDITURE

Personnel costs

Personnel costs increased by 8.5% to ₹ 27,735.33 Million in FY2020 from ₹ 25,572.59 Million in FY2019, with the number of employees increasing to 21,203 as of March 31, 2020 from 18,712 as of March 31, 2019. As on March 31, 2020, 9,753 employees were employed outside India and 11,450 employed in India as compared to 9,744 employees outside India and 8,968 employees in India as at end of FY2019. The increase in cost is attributed to increase in number of employees across the globe and annual increments.

Operating Costs

Operating costs for FY2020 amounted to 17% of the income for that period, as compared to 19.2% of income in FY2019. Operating costs decreased to ₹ 6,961.93 Million in FY2020 from ₹ 7,335.51 Million in FY2019. This decrease is mainly on account on reduction in rent expense on account of adoption of IND AS 116 by ₹ 844.97 Million. Increase in other operating expense other than rent is majorly due to increase 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 ₹ 934.21 Million to ₹ 6,288.88 Million in FY2020 from ₹ 5,354.67 Million in FY2019. Operating EBITDA in FY2020 is 15.3% of income as compared to 14.0% in FY2019.

DEPRECIATION

Depreciation costs for FY2020 amounted to 4.5% of the income for that period, as compared to 1.9% in FY2019. Depreciation increased year-on-year by ₹ 1,852.00 Million in FY2020 from ₹ 744.35 Million in FY2019. This is majorly due to depreciation on Right of use assets as classified under Ind AS 116 "leases".

OPERATING EBIT (EARNINGS BEFORE INTEREST AND TAX)

Operating Earnings before Interest and Tax (EBIT) decreased by ₹ 173.44 Million to ₹ 4,436.88 Million in FY2020 from ₹ 4,610.32 Million in FY2019. Operating EBIT in FY2020 amounted to 10.8% compared to 12.1% in FY2019.

FINANCE COST

Finance cost for FY2020 amounted to 1.4% of income for that period, as compared to 0.8% of income in FY2019. Finance charges increased to ₹ 583.21 Million in FY2020 from ₹ 290 Million in FY2019, on account of interest on Lease liability as classified under Ind AS 116 "leases" effective April 01, 2019.

OTHER INCOME

Other income decreased to ₹ 88.43 Million in FY2020 from ₹ 38.87 Million in FY2019. The components of other income in FY2020 were profit from the sale/redemption of current investments of ₹ 59.64 Million, loss on sale of fixed assets of ₹ 3.04 Million, interest income of ₹ 11.36 Million, other miscellaneous income of ₹ 2.69 Million and foreign exchange gain of ₹ 17.78 Million.

PROFIT BEFORE TAX

Profit before tax decreased to ₹ 3,942.11 Million in FY2020 from a profit before tax of ₹ 4,359.18 Million in FY2019. Profit before tax in FY2020 was 9.6% of the income, as compared to 11.4% of the income in FY2019.

PROVISION FOR TAXATION

Provision for taxation decreased to ₹ 545.26 Million in FY2020, from ₹ 581.41 Million in FY2019 due to reduction in profit. Income tax expense comprises of current tax, net change in the deferred tax assets and liabilities in the applicable FY period and minimum alternate tax credit. Current tax expense comprises tax on income from operations in India and foreign tax jurisdictions. The Company had the benefit of tax-holiday under Section 10AA under the Special Economic Zone scheme, since few of the centres in India are in Special Economic Zone

Current tax expense amounted to ₹ 282.35 Million in FY2020 as compared to ₹ 343.63 Million in FY2019 and deferred tax charge of ₹ 262.91 Million in FY2020 compared to a deferred tax charge of ₹ 237.78 Million in FY2019.

PROFIT AFTER TAX BEFORE MINORITY INTEREST

As a result of the foregoing, profit after tax before minority interest increased to ₹ 3,396.85 Million for FY2020 from profit after tax before minority interest of ₹ 3,777.77 Million in FY2019.

MINORITY INTEREST

Minority interest is ₹ (0.01) Million in FY2020 as compared to ₹ (0.09) Million in FY2019.

PROFIT AFTER TAX

As a result of the foregoing, profit after tax decreased to ₹ 3,396.86 Million in FY2020 from profit after tax of ₹ 3,777.86 Million in FY2019. Profit after tax in FY2020 is 8.3% of the income, as compared to 9.9% of the income in FY2019.

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, 2020, the Company had cash and cash equivalents of ₹ 1,907.49 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)

	FY2020	FY2019
Net Cash flow from Operating activities	**4,104.04**	4,000.10
Net Cash flow generated from /(used in) Investing Activities	**143.22**	(2,040.70)
Net Cash flow used in Financing Activities	**(2,768.02)**	(2,725.83)
Cash and cash equivalents at the beginning of the year	**473.84**	1,230.00
Foreign exchange (gain)/ loss on translating Cash and cash equivalents	**(60.85)**	4.86
Earmarked Balances with Banks	**15.26**	5.41
Cash and cash equivalents at the end of the year	**1,907.49**	473.84

OPERATING ACTIVITIES

Net cash generated from the Company's operating activities in FY2020 amounted to ₹ 4,104.04 Million. This consisted of net profit before tax of ₹ 3,942.11 Million and a net upward adjustment of ₹ 2,051.01 Million relating to various non-cash items and non-operating items including depreciation of ₹ 1,852.00 Million; net decrease in working capital of ₹ 1,353.89 Million; and income taxes paid of ₹ 535.19 Million. The working capital change was due to increase in trade receivables of ₹ 1,574.29 Million, increase in loans and advances by ₹ 410.93 Million and increase in liabilities and provisions by ₹ 613.03 Million.

Net cash generated from the Company's operating activities in FY2019 amounted to ₹ 4,000.10 Million. This consisted of net profit before tax of ₹ 4,359.18 Million and a net downward adjustment of ₹ 911.78 Million relating to various non-cash items and non-operating items including depreciation of ₹ 744.35 Million; net decrease in working capital of ₹ 641.36 Million; and income taxes paid of ₹ 629.50 Million. The working capital change was due to increase in trade receivables of ₹ 381.02 Million, increase in loans and advances by ₹ 314.66 Million and increase in liabilities and provisions by ₹ 54.32 Million.

INVESTING ACTIVITIES

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

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 purchase of money and debt market mutual funds amounting to ₹ 959.90 Million.

FINANCING ACTIVITIES

In FY2020, net cash used in financing activities amounted to ₹ 2,768.02 Million. This comprised of repayment of long term borrowings of ₹ 78.38 Million, proceeds from short term borrowings of ₹ 2,605.66 Million and proceeds from issuance of equity shares of ₹ 76.68 Million. The Company paid interest of ₹ 584.49 Million, purchase of treasury shares of ₹ 89.35 Million. During the year, the company also paid dividend of ₹ 3,762.03 Million to its shareholders and repaid lease liability of ₹ 936.11 Million.

In FY2019, net cash used in financing activities amounted to ₹ 2,725.83 Million. This comprised of repayment of long term borrowings of ₹ 3,089.66 Million, proceeds from short term borrowings of ₹ 1,755.66 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 ₹ 1,247.73 Million to its shareholders.

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, 2020, the Company had cash and bank balances of ₹ 1,907.49 Million as compared to ₹ 473.84 Million as of March 31, 2019.

KEY FINANCIAL RATIOS

KEY FINANCIAL RATIOS

Ratios	FY2020	FY2019
Debtors Turnover	**7.3**	10.0
Current Ratio	**0.8**	0.9
Debt Equity Ratio	**0.3**	0.2
Interest Coverage	**7.8**	20.5
Operating Profit Margin	**15.3%**	14.0%
Net Profit Margin	**8.3%**	9.9%

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 increase in debt during the year and increase in interest expense on account of lease liabilities on adoption of Ind AS 116 effective April 1, 2019.

SUSTAINABILITY REPORT

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

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

GREEN BUILDINGS

- EPC certified building [IN**] [PH**] [UK**]
- STP in all buildings [IN**] [PH*] [UK**]
- ISO 14K and 18K [IN**] [UK*]
- ISO 50K [UK*]

WATER PRESERVATION

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

NATURE PRESERVATION

- Eco friendly chemicals being used in HK operations [IN*] [PH*] [UK**]
- Ambient air quality monitoring, Ambient noise testing and Water testing [IN*] [PH*] [UK*]
- Safe disposal of sanitary Napkins at centres through Napkin disposal machines or safe collections for environment friendly disposal [IN*] [PH**] [UK**] [US**]
- Use of environment friendly Housekeeping Chemicals [IN*] [PH**] [UK**] [US**]
- Monitoring of department wise paper consumptions [IN**] [PH**] [UK**]

- Use of R-134 refrigerant gas & restriction on use of Ozone depleting gases in HVAC System [IN*] [PH*] [UK*] [US**]
- Purchase of Green Renewable Power from Solar / Wind parks [UK**]
- No usage of pesticides in Gardening activities [IN**] [PH**] [UK**] [US**]
- Plantation drives [IN**] [PH**]
- Usage of Eco-Friendly Dustbin Liners [IN**] [PH**] [UK**]

CARBON FOOTPRINT

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

ENERGY USE

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

SAFETY/ HEALTH

- Use of Chemical Spillage kit in centre to quickly arrest any chemical or oil spillage [IN**] [PH**]

WASTE MANAGEMENT

- Segregation of dry and wet waste [IN*] [PH**] [UK**] [US*]
- E-Waste disposal through government approved vendors [IN*] [PH**] [UK**] [US*]
- Hazardous waste disposal though authorised recyclers [IN*] [PH**] [UK**] [US*]
- Bio Waste Disposal as per Norms [IN**] [PH**] [UK**] [US**]
- Disposal of paper waste separately with environment friendly paper recyclers [IN**] [PH**] [UK**] [US**]
- Measurement & monitoring of food wastage in canteens [IN**] [PH**] [UK**] [US*]
- Discarding Plastic Plates & Plastic spoons in cafeteria [IN*] [PH**] [UK**]
- OWC (Organic Waste Convertor) in operation to process food/ wet waste Lamination of old and broken table top furniture to enhance durability [IN**] [PH**] [UK**]
- Purchase of refurbished furniture and minimise new procurement of wood based products [UK**]

Note:

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

RISKS & CONCERNS, RISK MITIGATION

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

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

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

ENTERPRISE RISK MANAGEMENT - STRATEGIC INTENT

- 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
- Evangelise 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

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

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.

- Business Operations
- Facilities Administration
- Pricing
- HR
- Technology
- Transition
- Finance
- Physical Security
- CRM / Business Development
- Procurement
- Transformation Office
- Marketing & Communications

ROLES & RESPONSIBILITIES

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

Level	Roles and Responsibilities
Board of Directors	• Approve key business objectives and create a mechanism to ensure that the executive management effectively manages risks impacting the business.
Audit Committee	• Provides oversight on the internal control environment and review of the independent assurance activities performed by the internal auditors. • Reviews proper resourcing of the internal Audit team
Risk Management Committee	• To assist the Board in overseeing the responsibilities with regard to the identification, evaluation and mitigation of Strategic , Macro Economic/ Political/ Environmental and Operational Risks
Risk Steering Committee	• To ensure the implementation of and compliance with the objectives set out in the ERM policy
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 organisational 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 Organisations) 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 minimise adverse impact of risks on key business objectives and enables the Company to leverage market opportunities effectively. These risks are continuously tracked with the help of Key Risk Indicators (KRI's) defined by the risk management team and risk owners.

Risk Management Process:
Your Company has defined a robust risk management process encompassing:

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

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

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

Key Business Risks & Mitigation:

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

Risks	Risk Description
A. Strategic Risks	
Growth risk	The Company has revenue concentration on few big clients, with primary business in the US and the UK geography. Hence, any sort of economic slowdown/downturn in these economies and industries may affect the Company's business. Increasing technology disruptions and digitisation trends made it imperative to invent and adapt digital technologies. Improper adaption could impact the Company's ability to grow. The services provided by the Company in Healthcare industry are relatively less prone to any economic or recessionary cycles. However, the customer management business is relatively low profitability business and is more prone to economic variations. Hence, any technology disruption could see shrinkage in volumes and can have adverse impact on growth. The Company's continued focus in creating the Digital Business practices has enabled it to offer differentiated productised services across industry segments. These services based on Digitisation, 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 stabilise the operations with a new client in Utility sector and continue 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	
Protectionist/ Localisation sentiments in developed countries	There seems to be a trend of Protectionism/ localisation 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 organisations 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. Post Brexit, the UK is also expected to witness 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. While, the share of Offshore revenue has slightly increased in this fiscal. However, on overall trend, The Company's dependence on offshore revenues has continued to decrease over time.

Revenue Share %	FY 17	FY 18	FY 19	FY 20	Trend
Offshore	21.3 %	21.2 %	19.8%	24.1%	↑
Onshore* (*includes India domestic business)	78.7 %	78.8 %	80.2%	75.9%	↓

Today, the Company has 17 operation centres with 3,992 employees in the US and 6 operations centres with 5,005 employees in the UK. The Company is one of the largest employers in the UK BPM sector.

Risks	Risk Description
Pandemic Risk due to Natural / Manmade disasters	The COVID-19 has brought unprecedented uncertainty across the globe (including all places of business our Company and clients operates in). While the company has quickly adopted to alternate business continuity scenario, the uncertainly still prevails regarding the timelines of resuming to normal work conditions. Additionally, few clients may not approve and switch to full WFH solution in near to medium term. This is likely to result in immediate adverse impact on volumes and revenue. The BMP industry is highly people and technology centric, and any delay in providing agreed operational services due to COVID-19 as well as any other natural or man-made disasters like earthquake, floods, tsunami, fire, bomb blasts and terrorist attacks, among others, can immediately affect the Company's operations. As such disasters are uncontrollable beyond an extent. The Company implements robust disaster and business continuity strategies during such unforeseen events. Such strategies can help to bring down the effect of these events to some extent on the Company's operations. The management is also in continuous engagement with all the clients to ascertain the likely impact of COVID-19 in FY21 and accordingly devised the strategy to mitigate the impact. The shift in focus towards 'Digital way of doing business' will create newer opportunities as well and Company has already developed plan to get new business in this area (with existing as well as potential new clients)
Long selling cycle	The Company has a long selling cycle that ranges from months to multiple years for its BPM services and requires significant investment of capital, resources and time by both clients and the Company. 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	Last 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 the 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.
Volatility in the US Interest Rates and Economic uncertainty	The interest rate cycle in the US is indicating a continued volatility which is expected to continue next year also. Further, the effects of various govt. stimulus provided during COVID-19 situation will continue and may lead to inflationary scenario. These changes will have the potential to impact the mortgage and financial services collections business unit volumes and such impact is likely to have an adverse effect on the Company's revenues.
C. Financial Risks	
Currency volatility	The volatility in the exchange rate between INR and GBP; INR and USD has continued in recent years, and these currencies may continue to fluctuate significantly in the future as well. The Company's operating results will continue to be impacted by fluctuations in these exchange rates. The Company has a dedicated treasury function and an internal 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 21.1% of its income from services and top five clients accounted for 41.1% of its income from services in FY2019-20. 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 the UK / Europe. The impact of COVID-19 on Economic slowdown or other factors that affect these industries or the macro-economic environment in these countries could adversely impact the Company's business. The Company constantly strives to mitigate the risk of client concentration through very long term contracts with key clients in order to provide stability to its revenues. During FY2019-20, as income from services, the Company derived 23.6% from Telecom and Media vertical, 32.7% from Healthcare vertical and 41.3% income from the BFSI vertical. Geography wise, North America contributed 61.4% of income from services, followed by 37.2% from the UK & very negligible 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, additional cost pressure due to COVID-19 impact, the Company may find it difficult to serve the client at the negotiated price in the future. Increase in employee costs, without corresponding increases in pricing or productivity related improvements would adversely affect the profitability. Alternatively, if the Company is unable to price its contracts as competitively as possible, it may lose business opportunities which shall result in lower revenue growth. The Company addresses this risk through various methods including managing the employee pyramid through voluntary and involuntary attritions, automating many processes 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 favorably position the services provided by the Company to mitigate pricing risks to an extent.
Customer credit risk	This risk is the possible inability to collect from clients or delays in collection of the Company's dues. This is likely to happen in FY21 particularly post COVID-19 impact due to adverse impact on overall liquidity situation and, clients' business undergoing challenges, among others. This could have an impact on the Company's cash receivables and the Company may be required to enhance its short-term line of credit temporarily, to continue its operations. The Company addresses this risk through a well-defined governance mechanism to ensure adequate liquidity and solvency.
Expiry of certain tax benefits available in India	The Special Economic Zones Act, 2005, or the SEZ legislation, has introduced an Income Tax holiday scheme for operations established in designated 'special economic zones' or SEZs. The tax exemption for SEZ units is 100% of export profits for first five years, 50% of export profits for the next five years and 50% exempt subject to fulfilling other conditions. These tax benefits are available only for the specified period of time and post their expiry, there may be an impact on the tax incidence for the Company. The Company has operation 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 endeavor to try to grow existing client businesses, as well as add new clients to its portfolio. The contracts with clients are of varying duration, and between one upto ten years. Once the term expires, contracts are tendered through a procurement process. Non-renewal may significantly affect the Company's revenues. The Company recognises that providing excellent services and constant value 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 favorably position the Company's services.
Cyber Security / Data Privacy Risk	As part of the services offered to its clients, the Company handles confidential data and proprietary information. Any leakage of this information has an adverse impact on the Company's reputation. In addition, GDPR (Global Data Protection Regulation) which has become effective last fiscal which governs the possession, processing, movement and storage of data/information of EU citizens. In India, similar law around Data Protection is expected to be effective this fiscal. Entire regime is continue to evolve and may require heightened governance around the same. The company also faces heightened Cyber Security risk with regards to the possible attacks on data centre and technology infrastructure. 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 centre 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 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 scrutinised by many constituents including the media. In past we have not been impacted by any event which can jeopardise 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 programmes; • 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 organisational 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 programmes, which contribute to more than one third of the overall hiring requirements; • Establishing Firstsource as an employer of choice and participating in several career events in order to strengthen the Firstsource brand and getting access to talent; • Affiliations with colleges at Graduate and Undergraduate level to be the preferred employer in tier 2 and 3 cities.
Risk related to leadership team & succession planning	The leadership team drives the Company's vision, mission and inculcates values within the Company to meet its goals. The Company's business continuity, client relations, employee engagement gets affected, in case there is a change in the leadership or if a key resource leaves. Our integrated approach to Talent Management ensures that the Company has the desired leadership and management capability to meet the demands of the business. The integrated approach comprises of the following: • A total rewards philosophy, which ensures that the compensation is in-line with the market standards and it attracts and retains right talent and rewards high performance. • Succession planning for business critical roles and people growth opportunities in line with their career aspirations.
Risk of Unethical business practices / Mis-conduct	The BPM industry is people centric with large employee base across culture and geographies. It also has client drive incentive programmes in many businesses, which may lead to acts of potential mis-conduct cases and resultant client or reputational issues. The company has well defined Code of Conduct which every employee is trained on and certifies to comply with. The company also has robust whistle blowing mechanism which enables employees to report any mis-conduct case, which is independently investigated and remediated. The Company also runs variety of training / refresh programmes throughout the year. Additionally, the company also has very strong background check verification programme (for employees) and due diligence process (for Vendor/Third party) appointment stage. The Company demonstrates zero tolerance towards the cases of any unethical business practice or mis-conduct.
F. Compliance	
Compliance & regulatory risks in various geographies	As the Company has grown in size, geographic presence and customer base, exposure to various regulatory and compliance risks has also increased. The Company has relatively high proportion of regulated businesses in overall portfolio which enhances the regulatory risk. The Company's operations and clients are spread across multiple geographies and are governed by various regulations and government guidelines. Breach of any of these regulatory provisions can attract regulatory inspection, notices, penalty, and revocation of permits or licenses, among others. The Company has implemented a robust Regulatory & Contractual Compliance framework to identify, assess, monitor, control, and report compliance status with respect to laws and regulations specific to the country, it operates in, and the client specific work in a consistent manner, for its businesses across the globe. The framework ensures that compliance ownerships are aligned, responsible personnel are aware, compliance status is reported and necessary actions are taken to comply. All laws and regulations are verified for applicability, detailed at the provision level and tracked for compliance at the function and location level.
G. Technology	
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 Digital Solutions across areas of Robotics Process Automation, Digital and Analytics as part of its Productisation 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, 2020, the Board comprised of ten (10) experts drawn from diverse fields/ professions of which nine (9 i.e. 90 percent) are Non-Executive Directors and one (1) is Executive Director. Five (5 i.e. 50 percent) out of ten (10) Directors are Independent Directors.

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.

In view of amended Listing Regulations following Directors are nominated on the Board of Company's three (3) material subsidiaries:

- Mr. Pratip Chaudhuri, Director of the Company was nominated on the Board of Firstsource Group USA, Inc., USA and MedAssist Holding LLC, USA;
- Mr. Charles Richard Vernon Stagg, Director of the Company was nominated on the Board of Firstsource Solutions UK Limited, UK.

Agenda papers of the Board and its Committee meetings are circulated to the Directors/ Members at least seven (7) days before the meetings, supported with significant information including that as enumerated in Part A of Schedule II of the Listing Regulations for an effective and well-informed decision making during the meetings.

The Board meets at regular intervals to discuss and decide on Company's business policy and strategy apart from other normal business, the maximum interval between any two meetings did not exceed one hundred twenty (120) days. The Company adheres to the Secretarial Standards on the Board and Committee Meetings as prescribed by the Institute of Company Secretaries of India. The Board has complete access to any information within the Company. Agenda papers containing all necessary information/ documents are made available to the Board/ Committee Members in advance to enable them to discharge their responsibilities effectively and take informed decisions. The information as specified in the Listing Regulations is regularly made available to the Board, whenever applicable, for discussion and consideration. During the year ended March 31, 2020 the Company had four (4) Board Meetings. These were held on:

1. May 6, 2019
2. August 2, 2019
3. November 6, 2019
4. February 4, 2020

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, 2020	Attendance at previous AGM held on August 2, 2019 (Y-Yes, N-No)	Directorships in other Public Companies as on March 31, 2020*	Committee Chairmanships/ Memberships/ in other Public Companies as on March 31, 2020**		Directorship in other listed entity (Category of Directorship)
						Chairmanships	Memberships	
Dr. Sanjiv Goenka, Chairman +	NI- NED	3	-	N	8	4	6	1. Saregama India Limited (Non-Executive, Non Independent Director-Chairman) 2. Phillips Carbon Black Limited (Non-Executive, Non Independent Director-Chairman) 3. CESC Limited (Non-Executive, Non Independent Director-Chairman) 4. CESC Ventures Limited (Non-Executive, Non Independent Director-Chairman) 5. Spencer's Retail Limited (Non-Executive, Non Independent Director-Chairman)
Mr. Vipul Khanna Managing Director & CEO #	ED	3	103,000	Y	1	0	1	-
Mr. Rajesh Subramaniam Managing Director & CEO #	ED	1	NA	Y	NA	NA	NA	NA
Ms. Grace Koshie	I-NED	4	-	Y	2	0	2	1. CESC Ventures Limited (Non-Executive, Independent Director) 2. Federal Bank Limited (Non-Executive, Independent Director, Chairperson)
Mr. Pradip Roy	I-NED	4	-	Y	5	0	4	1. Precision Wires India Limited (Non-Executive, Independent Director) 2. Phillips Carbon Black Limited (Non-Executive, Independent Director)
Mr. Pradip Kumar Khaitan	NI-NED	3	-	N	7	2	6	1. Electrosteel Castings Limited (Non-Executive, Independent Director-Chairman) 2. Dalmia Bharat Limited (Non-Executive, Independent Director-Chairman) 3. India Glycols Limited (Non-Executive, Independent Director) 4. Graphite India Limited (Non-Executive, Independent Director) 5. Emami Limited (Non-Executive, Independent Director) 6. CESC Limited (Non-Executive, Non Independent Director)
Mr. Shashwat Goenka +	NI-NED	4	-	Y	5	0	3	1. Phillips Carbon Black Limited (Non-Executive, Non Independent Director) 2. CESC Ltd. (Non-Executive, Non Independent Director) 3. CESC Ventures Limited (Non-Executive, Non Independent Director) 4. Spencer's Retails Limited (Non-Executive, Non Independent Director)
Mr. Subrata Talukdar	NI-NED	4	-	Y	6	1	2	-

Name of the Director	Position/ Status	No. of Board Meetings Attended	No. of Equity Shares held as on March 31, 2020	Attendance at previous AGM held on August 2, 2019 (Y-Yes, N-No)	Directorships in other Public Companies as on March 31, 2020*	Committee Chairmanships/ Memberships/ in other Public Companies as on March 31, 2020**		Directorship in other listed entity (Category of Directorship)
						Chairmanships	Memberships	
Mr. Pratip Chaudhuri##	I-NED	3	NA	N	9	3	8	1. Quess Corp Limited (Non-Executive, Independent Director) 2. Cosmo Films Limited (Non-Executive, Independent Director) 3. CESC Ltd. (Non-Executive, Independent Director) 4. Visa Steel Limited (Non-Executive, Independent Director) 5. Spencer's Retail Limited (Non-Executive, Independent Director) 6. Muthoot Finance Limited (Non-Executive, Independent Director)
Mr. Sunil Mitra##	I-NED	4	NA	Y	9	2	4	1. Texmaco Rail & Engineering Limited (Non-Executive, Independent Director) 2. Dollar Industries Limited (Non-Executive, Independent Director) 3. Century Plyboards (India) Limited (Non-Executive, Independent Director) 4. CESC Limited (Non-Executive, Independent Director)
Mr. Charles Richard Vernon Stagg ^	I-NED	1	NA	N	1	-	-	1. Max Financial Services Limited (Non-Executive, Independent Director)
Mr. V. K. Sharma ^^	I-NED	3	NA	Y	NA	NA	NA	NA

Legends: I-NED: Independent- Non- Executive Director, NI- NED: Non Independent – Non Executive Director, ED: Executive Director

* The Directorships of other Indian Public Limited Companies only have been considered. Directorships of Foreign Companies, Section 8 Companies and Private Limited Companies have not been considered.

**Memberships/Chairmanships in Audit Committee and Stakeholders Relationship Committee only of other Indian Public Limited Companies have been considered.

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

Mr. Vipul Khanna was appointed as Managing Director & CEO w.e.f August 2, 2019 in place of Mr. Rajesh Subramaniam who ceased to be the Managing Director & CEO, on account of expiration of his term on August 1, 2019 by efflux of time.

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

^ Mr. Charles Richard Vernon Stagg was appointed as Non-Executive- Independent Director w.e.f. May 6, 2019.

^^ The five (5) years term of Mr. V. K. Sharma as an Independent Director expired on November 13, 2019 by efflux of time.

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 eligibility of a person to be appointed as a Director of the Company is dependent on whether the person possesses the requisite skill sets identified by the Board as above and whether the person is a proven leader in running a business that is relevant to the Company's business or is a proven academician in the field relevant to the Company's business. The Directors so appointed are drawn from diverse backgrounds and possess special skills with regard to the industries/ fields from where they come.

The Board periodically reviews the compliance report of all laws applicable to the Company. All the Directors have made necessary disclosures about the directorships and committee positions they occupy in other companies.

None of the Directors on the Board is a Member of more than ten (10) Committees and Chairman of more than five (5) Committees across all Companies in which they are Directors and none of the Independent Directors serves as an independent director on more than seven (7) listed entities.

A certificate has been received from Rathi & Associates, Practising Company Secretaries, that none of the Directors on the Board of the Company for the financial year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

The particulars of Directors, who are proposed to be appointed/ re-appointed at the ensuing Annual General Meeting ("AGM"), are given in the notice convening the AGM.

COMMITTEES OF BOARD OF DIRECTORS:

AUDIT COMMITTEE:

The Board has constituted a well-qualified Audit Committee. All the members of the Committee are Non-Executive Directors with majority of them as Independent Directors including the Chairperson. They possess sound knowledge on accounts, audit, finance, taxation, internal controls, etc.

Ms. Pooja Nambiar, the Company Secretary acts as the Secretary to the committee.

During the FY2019-20, following four (4) meetings of the Audit Committee were held on:

1. May 6, 2019
2. August 2, 2019
3. November 6, 2019
4. February 4, 2020

The time gap between any two meetings was not more than one hundred twenty (120) days and the Company has complied with all the requirements as mentioned under the Listing Regulations and the Companies Act, 2013 ("the Act").

Details of the composition of the committee and the status of attendance during the year are as under:

Name of the Director/ Member	Category	No. of Meetings Attended
Ms. Grace Koshie, Chairperson*	I-NED	4
Mr. Subrata Talukdar	NI-NED	4
Mr. Pradip Roy**	I-NED	4
Mr. Sunil Mitra**	I-NED	4

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

*Appointed as Chairperson 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 utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the agency monitoring the utilisation of proceeds of a public or rights issue

and making appropriate recommendations to the Board to take up steps in this matter;

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 (particularly the CFO) to be present at the meetings of the Committee, but on occasions it may also meet without the presence of any executives of the Company. The Managing Director & CEO, CFO, Head of Internal Audit and a representative of the Statutory Auditors may be present as invitees to the meetings of the Audit Committee;
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 Chairperson 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 & REMUNERATION COMMITTEE:

The Nomination & Remuneration Committee's constitution, its role and terms of reference are in compliance with provisions of Section 178 of the Act, Regulation 19 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 FY2019-20, following four (4) meetings of the Committee were held on:

1. May 6, 2019
2. August 2, 2019
3. November 6, 2019
4. February 4, 2020

Details of composition of the Committee and attendance during the year are as under:

Name of the Director/ Member	Category	No. of Meetings Attended
Mr. Pradip Roy, Chairman*	I-NED	4
Mr. Subrata Talukdar	NI-NED	4
Mr. Pratip Chaudhuri**	I-NED	3

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

*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 & Remuneration Committee has framed a policy relating to appointment of the Directors (Executive/ Non-Executive) on the Board and the Managing Director & CEO and their remuneration. The details of the said Policy are given hereunder:

a) The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in various fields namely marketing, finance, taxation, law, governance and general management;

b) In case of appointment of Independent Directors, the Nomination & Remuneration Committee shall satisfy itself with regards to the experience, expertise and independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its functions and duties effectively;

c) The Nomination & Remuneration Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Act;

d) The Nomination & Remuneration Committee shall consider the qualification, expertise and experience of the Directors in their respective fields whilst recommending to the Board the candidature for appointment as a Director;

e) In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his/ her engagement level.

Remuneration Policy for Non-Executive Directors:
The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fee and reimbursement of expenses for participation in the Board/ Committee meetings. The details of Remuneration Policy for Non-Executive Directors and Independent Directors are given in Annexure IIIA to the Directors' Report forming part of this Annual Report.

Details of sitting fee paid to Non-Executive Directors during FY2019-20:
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 FY2019-20 are as under:

(Amount in ₹)

Name of the Director	Sitting Fee		
	Board Meetings	Committee Meetings#	Total
Dr. Sanjiv Goenka, Chairman	300,000	-	300,000
Mr. Charles Richard Vernon Stagg*	100,000	50,000	150,000
Ms. Grace Koshie	400,000	300,000	700,000
Mr. Pradip Kumar Khaitan	300,000	-	300,000
Mr. Pradip Roy	400,000	600,000	1,000,000
Mr. Pratip Chaudhuri	300,000	200,000	500,000
Mr. Shashwat Goenka	400,000	150,000	550,000
Mr. Subrata Talukdar	400,000	550,000	950,000
Mr. Sunil Mitra	400,000	250,000	650,000
Mr. V. K. Sharma**	300,000	-	300,000
TOTAL	**3,300,000**	**2,100,000**	**5,400,000**

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

* Mr. Charles Richard Vernon Stagg was appointed as an Independent Director w.e.f. May 6, 2019.

** The five (5) year term of Mr. V. K. Sharma as an Independent Director expired on November 13, 2019 by efflux of time.

Remuneration Policy for Key Managerial Personnel and other Employees of the Company:

The Company's Remuneration Policy for Key Managerial Personnel and other employees is driven by the success and the performance of the Company and the individual and industry benchmarks and is decided by the Nomination & Remuneration Committee. Through its compensation programme, the Company endeavors' to attract, retain, develop and motivate a high performance workforce. The Company follows a mix of fixed/ variable pay, benefits and performance related pay. The Company also grants stock options to senior management and deserving employees of the Company. The details of Remuneration Policy for Key Managerial Personnel and other Employees of the Company are given in Annexure III-B to the Directors' Report forming part of this Annual Report.

Remuneration of the Managing Director & CEO:

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

The details of remuneration of the Managing Director & CEO for the year ended March 31, 2020 are as under:

(Amount in ₹)

Name	Salary & Allowances	Performance Bonus	Retirals*	Perquisites#	Total
Mr. Vipul Khanna	10,411,811	NA	NA	NA	10,411,811
Mr. Rajesh Subramaniam	24,904,037	58,641,000	465,600	193,791	84,204,428

* 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 Mr. Rajesh Subramaniam, erstwhile Managing Director & CEO during the year was ₹ 9,067,500.

The performance bonus as stated in the table above represents the variable component of the remuneration availed by the Managing Director & CEO and was decided by the Nomination & Remuneration Committee based on the performance of the Company and the individual performance of the Managing Director & CEO during the previous financial year. This was in line with the Remuneration Policy as approved by the Board.

During FY2019-20, Mr. Vipul Khanna, Managing Director & CEO was granted 10,066,204 Stock Options under the Company's Employees Stock Option Scheme at an exercise price of ₹ 10/-per share. Further, the Stock Options granted to him shall vest in the following manner:

A. Grants under Tenure Based Structure :

No. of Stock Options	Vesting Date	Vesting Conditions
1,186,624	October 1, 2021	Continued employment
719,966	October 1, 2023	Continued employment

B. Grants under Performance Based Structure:

No. of Stock Options	Vesting Date	Vesting Conditions
8,159,614	October 1, 2023	Achievement of Profits Before Tax **

** Performance period may be further defined in consultation with the Nomination & Remuneration Committee.

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

STAKEHOLDERS RELATIONSHIP COMMITTEE:

One (1) meeting of the Committee was held during FY 2019-20 on August 2, 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. Subrata Talukdar, Chairman	NI-NED	1
Mr. Rajesh Subramaniam*	NI-ED	NA
Mr. Vipul Khanna*	NI-ED	1
Mr. Pradip Roy**	I-NED	1

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

* Inducted as a member of the Committee by the Board w.e.f. August 2, 2019 in place of Mr. Rajesh Subramaniam who ceased to be the Managing Director & CEO, on account of expiration of his term on August 1, 2019 by efflux of time.

**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 (100) all of which were resolved and there was no pending complaint as on March 31, 2020. The Company didn't receive any transfer request.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Board had constituted Corporate Social Responsibility Committee as per terms of Section 135 of the Act. The Committee is entrusted with the following powers:

a) To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;

b) To recommend the amount of expenditure to be incurred on the activities referred in clause (a) above; and

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

Two (2) meetings of the Committee were held during the year on November 6, 2019 and February 4, 2020.

The details of composition of the Committee and attendance during the year are as under:

Name of the Director/ Member	Category	No. of Meetings Attended
Mr. Shashwat Goenka, Chairman	NI-NED	2
Mr. Rajesh Subramaniam*	NI-ED	NA
Mr. Vipul Khanna*	NI-ED	2
Mr. Pradip Roy	I-NED	2
Mr. Subrata Talukdar	NI-NED	2

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

* Inducted as a member of the Committee by the Board w.e.f. August 2, 2019 in place of Mr. Rajesh Subramaniam who ceased to be the Managing Director & CEO, on account of expiration of his term on August 1, 2019 by efflux of time.

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.

One (1) meeting of the Committee was held during the year on February 4, 2020.

The details of composition of the Committee and attendance during the year are as under:

Name of the Director/ Member	Category	No. of Meetings Attended
Mr. Shashwat Goenka, Chairman	NI-NED	1
Mr. Vipul Khanna*	NI-ED	1
Ms. Grace Koshie	I-NED	1
Mr. Dinesh Jain	President & CFO	1
Mr. Arun Tyagi	EVP- Operational Excellence COE, Finance	1

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

* Inducted as a member of the Committee by the Board w.e.f. August 2, 2019 in place of Mr. Rajesh Subramaniam who ceased to be the Managing Director & CEO, on account of expiration of his term on August 1, 2019 by efflux of time.

OTHER COMMITTEES OF THE BOARD:

Investment Committee:

The Committee comprises of Mr. Shashwat Goenka as Chairman (in place of Mr. Y. H. Malegam, erstwhile Chairman who ceased to be a Director w.e.f. April 1, 2019), Mr. Vipul Khanna (in place of Mr. Rajesh Subramaniam who ceased to be the Managing Director & CEO, on account of expiration of his term on August 1, 2019 by efflux of time) and Mr. Subrata Talukdar as Members. It reviews the investment decisions made by the Management, ensures adherence to the 'Investment Policy' of the Company and approves modifications to the Investment Policy as may be required from time to time.

During the year under review, no meeting of the Investment Committee was held.

Strategy Committee:

The Committee comprises of members viz. Mr. Shashwat Goenka, as Chairman, Mr. Vipul Khanna (in place of Mr. Rajesh Subramaniam who ceased to be the Managing Director & CEO, on account of expiration of his term on August 1, 2019 by efflux of time) and Mr. Subrata Talukdar as Members. It deliberates on various strategic initiatives from time to time. During the year under review, no meeting of the Strategy Committee was held.

GENERAL BODY MEETINGS:

Venue, day, date and time of last three (3) Annual General Meetings (AGM):

Meeting and Venue	Day & Date and Time
18th Annual General Meeting Rangsharda Auditorium, Krishna Chandra Marg, Near Lilavati Hospital, Nityanand Nagar, ONGC Colony, Bandra West, Mumbai 400 050	Monday, August 2, 2019 3.30 p.m.
17th Annual General Meeting Ravindra Natya Mandir, Sayani Road, Prabhadevi, Mumbai- 400 025	Monday, August 6, 2018 3.30 p.m.
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.

Details of Special Resolutions passed:

a) 18th AGM held on August 2, 2019

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

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

b) 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.

c) 16th AGM held on August 8, 2017

No special resolution was passed.

During the said period no EGM was held.

POSTAL BALLOT:

During the financial year ended March 31, 2020, the Company had sought the approval of the shareholders by way of a Special Resolution through notice of postal ballot dated November 6, 2019 for appointment of Mr. Vipul Khanna as Managing Director & CEO of the Company, which was duly passed on January 11, 2020 and the results of which were announced on January 13, 2020. Mr. Jayesh Shah (Membership No. FCS 5637) of Rathi & Associates, Practising Company Secretaries, was appointed as the Scrutinizer to scrutinize the postal ballot and remote e-voting process in a fair and transparent manner.

Details of Voting Pattern were as under:

Date of passing of Special Resolution	Purpose	Votes in favor of the resolution			Votes against the resolution			Invalid Votes	
		No. of Voters	No. of shares voted	% of total valid votes	No. of Voters	No. of shares voted	% of total valid votes	No. of Voters	No. of shares voted
January 11, 2020	Approval of appointment of Mr. Vipul Khanna as Managing Director & CEO of the Company	285	440,373,045	92.99	88	33,194,601	7.01	21	162,560

*One of the shareholders holding Equity Shares in the Company has voted part of its voting in favour of the resolution and part of its voting against the resolution. Thus, the number of e-voting confirmation received has been increased by 1.

In compliance with the Sections 108 and 110 and other applicable provisions of the Act, read with the related Rules, the Company had provided electronic voting (e-voting) facility, in addition to physical ballot, to all its members. For this purpose, the Company had engaged the service of Central Depository Service (India) Limited ("CDSL"). The Company had completed the dispatch of the Postal Ballot Notice dated November 6, 2019 along with the Explanatory Statement, postal ballot form and self-addressed business reply envelopes on December 12, 2019 to the shareholders who had not registered their e-mail IDs with the Depositories and also sent by e-mail the said documents to shareholders whose e-mail IDs were registered with the Depositories. The Company also published a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

The voting under the postal ballot was kept open from Friday, December 13, 2019 from 9.00 a.m. IST to January 11, 2020 upto 5.00 p.m. IST (both days inclusive). Upon completion of scrutiny of the postal ballot forms and votes cast through evoting in a fair and transparent manner, the scrutinizer i.e. Mr. Jayesh Shah submitted his report to the Company and the results of the postal ballot were announced by the Company on January 13, 2020. The voting results were sent to the Stock Exchanges and also displayed on the Company's website www.firstsource.com and on the website of CDSL www.evoting.com.

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/2020/06/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 & Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. The details of the performance evaluation process are given in the Directors' Report under the heading "Board Evaluation" which forms part of the Annual Report.

STATUTORY AUDITORS:

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

Particulars	Amount (₹ In Million)
Auditors remuneration and expenses	
- Audit fees	16.00
- Other services	5.01
- Reimbursement of expenses	0.95
Total	**21.96**

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:// https://www.firstsource.com/wp-content/uploads/2020/06/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 victimization of persons who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. All complaints received under the said policy are reviewed by the Audit Committee at its meeting held every quarter.

In staying true to our values of Strength, Performance and Passion and in line with Company's vision of being one of the most respected companies in India, the Company is committed to the high standards of Corporate Governance and Stakeholder Responsibility.

v. Corporate Social Responsibility Activities:

In compliance with Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has established Corporate Social Responsibility (CSR) Committee, details of which are given earlier in this Report. An Annual Report on CSR Activities forms part of Directors' Report. The Company has also formulated Corporate Social Responsibility Policy and same is available at the website of the Company viz. https://www.firstsource.com/wp-content/uploads/2020/06/CSR-Policy-2020-V1.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/2020/06/Code-of-conduct-for-Executive-Directors-and-Senior-Management.pdf.

ix. Code of Conduct for Prohibition of Insider Trading:

The Company has framed 'Firstsource Solutions Code of conduct for prohibition of Insider Trading' pursuant to the SEBI (Prohibition of Insider Trading) Regulations 2015 ("the Code"), as amended from time to time which is applicable to its Directors, Officers, and Designated Employees. The Code includes provisions relating to disclosures, opening and closure of Trading Window and Pre-Clearance of trades procedure. In compliance with SEBI Regulations, the Company sends intimations to Stock Exchanges from time to time.

x. Compliance Reports:

The Board reviews the compliance reports on all laws applicable to the Company on a quarterly basis. The 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, 2020, the Company had one (1) domestic subsidiary and thirteen (13) foreign subsidiaries. One (1) domestic subsidiary and eleven (11) out of thirteen (13) foreign subsidiaries are wholly owned by the Company or its subsidiary companies. The Company has no material non-listed Indian Subsidiary Company as defined in Regulation 16 of the Listing Regulations. The Company has a policy for determining 'material subsidiary' which is available on website of the Company viz.

https://www.firstsource.com/wp-content/uploads/2020/06/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 Listing Regulations, effective April 1, 2019, the Board constituted a Risk Management Committee on February 4, 2019 to monitor and mitigate potential risks associated with the Company and its business.

The Company has a competent in-house Internal Audit team which prepares and executes a vigorous Audit Plan covering various functions such as operations, finance, human resources, administration, legal and business development etc. across different geographies. The team presents their key audit findings of every quarter to the Audit Committee and the Management updates the members about the remedial actions taken or proposed for the same. The suggestions and comments from the Committee members are vigilantly incorporated and executed by the Company.

xiv. Prevention of Sexual Harassment Policy:

The Company has Prevention of Sexual Harassment policy to promote a protective and healthy work environment. The complaints received are investigated by a Committee instituted within the policy framework. Details of actions recommended by the Committee and implemented by the Company are reviewed by the Audit Committee at its meeting held every quarter. The Company has a zero-tolerance policy towards such sexual harassment. Employees are trained and made aware of the policy requirements at the time of induction and once every year during their employment. Vendor staff compliances are ensured through agreement and regular monitoring. As on March 31, 2020, there were overall 23 cases of sexual harassment reported for India in FY2019-20, out of which 22 are closed and 1 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, 2020.

c) Separate posts of Chairman and CEO:

There are separate posts of the Chairman and the Managing Director & CEO and there is a clear demarcation of the roles and responsibilities of the Chairman and the Managing Director & CEO of the Company.

MEANS OF COMMUNICATION:

The announcement of quarterly and annual financial results to the Stock Exchanges is followed by media call and earnings conference calls subject to directives issued by Government from time to time.

The 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	Tuesday, July 21, 2020 at 11.00 a.m.
Venue	AGM through Video Conferencing / Other Audio Visual Means (VC/OAVM) Facility [Deemed Venue for meeting : Registered Office: 5th Floor, Paradigm 'B' Wing, Mindspace, Link Road, Malad (West), Mumbai – 400 064]

II. Financial Year:

April 1, 2019 to March 31, 2020

Financial Calendar (Tentative): FY2020-21***

Q1 ending June 30, 2020	Last week of July 2020 or in the month of August 2020
Q2 ending September 30, 2020	Last week of October 2020 or First/ Second week of November 2020
Q3 ending December 31, 2020	Last week of January 2021 or First/ Second week of February 2021
Q4 and financial year ending March 31, 2021	First/ Second week of May 2021
Annual General Meeting (Financial Year 2020-21)	In the month of July 2021 or August 2021

*** The same shall vary as per the directives by the Government from time to time in the prevailing COVID-19 situations.

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

The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, July 15, 2020 to Tuesday, July 21, 2020 (both days inclusive) for the purpose of the Annual General Meeting.

IV. Dividend:

The Board vide the resolution passed through circulation on February 17, 2020 declared an interim dividend at the rate of 25% i.e. ₹ 2.50 per share of ₹ 10/- each.

V. Listing on Stock Exchanges and Payment of Listing Fee:

The equity shares of the Company are listed on the National Stock Exchange of India Ltd. (NSE) and the BSE Limited (BSE). Annual Listing fee for FY2019-20 were paid by the Company to NSE and BSE on time.

VI. Custodian Fee to Depositories:

The Company has paid fee for FY 2019-20 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) on time.

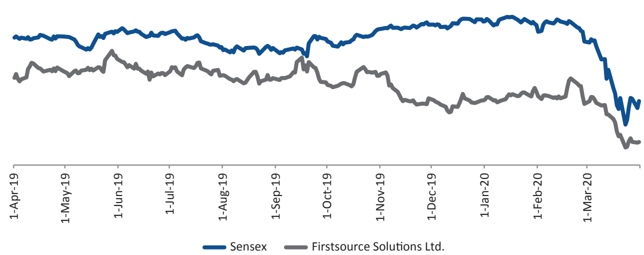
VII. (a) Stock Code / Symbol:

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 – 2019	54.10	47.10	61,766,269	54.20	47.00	8,787,116
May – 2019	57.85	47.65	53,267,997	57.85	47.85	9,171,416
Jun – 2019	54.95	47.15	25,280,529	55.45	47.20	4,775,233
Jul – 2019	54.00	48.10	31,642,191	54.50	48.10	5,756,597
Aug – 2019	50.90	45.40	23,824,794	50.80	45.40	2,384,944
Sep – 2019	55.35	45.95	37,201,195	55.30	45.95	4,425,712
Oct – 2019	53.00	44.65	33,730,909	52.95	44.80	2,432,485
Nov – 2019	50.80	39.40	32,209,722	50.80	39.35	2,927,623
Dec – 2019	43.90	36.50	28,192,622	43.90	36.55	2,111,556
Jan – 2020	45.95	40.15	29,962,547	46.10	40.20	2,235,056
Feb – 2020	48.65	38.50	29,986,842	48.65	38.65	2,896,146
Mar – 2020	42.70	20.10	33,019,578	42.45	20.65	5,137,281

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

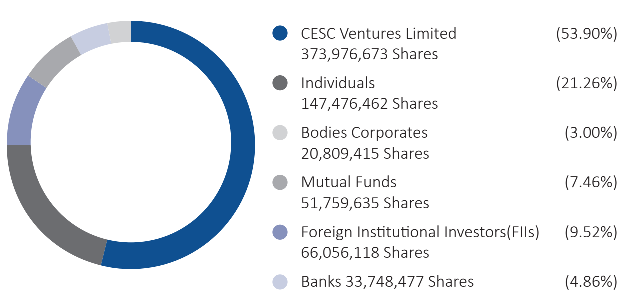
XI. Share Transfer System:

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, 2020:

Share Holding (Nominal Value)	Shareholders		Nominal Capital	
₹	No.	%	₹	%
Upto 5,000	165,064	97.86	638,474,670	9.20
5,001-10,000	1,901	1.13	143,397,760	2.07
10,001-20,000	815	0.48	116,222,070	1.68
20,001-30,000	316	0.19	79,619,760	1.15
30,001-40,000	142	0.08	49,971,800	0.72
40,001-50,000	94	0.06	43,335,310	0.62
50,001-1,00,000	163	0.10	116,318,590	1.68
100,001 and above	182	0.11	5,750,927,840	82.89
Total	**16,8677**	**100.00**	**6,938,267,800**	**100.00**

The Shareholding pattern as on March 31, 2020 is given as under:



Top 10 Shareholders as on March 31, 2020:

Sr. No.	Name of the Shareholders	Category of Shareholder	No of Shares	%
1	CESC Ventures Limited	Promoters	373,976,673	53.90
2	HDFC Small Cap Fund	Mutual Funds	50,259,612	7.24
3	ICICI Bank Ltd	Bank	32,878,036	4.74
4	Jhunjhunwala Rakesh Radheshyam	Resident Indian	14,300,000	2.06
5	Steinberg India Emerging Opportunities Fund Limited	Foreign Institutional Investor	12,589,081	1.81
6	Bernstein Fund, Inc.-International Small Cap Portfolio	Foreign Institutional Investor	6,990,742	1.01
7	Aditya Birla Money Limited	Body Corporate	5,000,000	0.72
8	LSV Emerging Markets Small Cap Equity Fund, LP	Foreign Institutional Investor	3,818,400	0.55
9	Mercer QIF Fund PLC - Mercer Investment Fund 1- Firth Investment Management PTE Ltd	Foreign Institutional Investor	3,215,966	0.46
10	Firstsource Employee Benefit Trust	Resident Indian	3,156,000	0.45
Total			506,184,510	72.94

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, 2020:

	Shareholders		Shareholders	
	No. of Shareholders	% to Total Sharehold-ers	No. of Shares	% to Total share Capital
Dematerialised Form				
NSDL	95,625	56.69	644,354,290	92.87
CDSL	73,043	43.29	49,471,206	7.13
Total in dematerialised from	**168,668**	**99.99**	**693,825,496**	**100.00**
Physical Form	9	0.01	1,284	Negligible
Total	**168,677**	**100.00**	**693,826,780**	**100.00**

As on March 31, 2020, 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, 2020 are as under:

Particulars	No. of shareholders	No. of shares
Outstanding shares in the Escrow Account with ICICI Bank Ltd. as on April 1, 2019	49	5,521
Investors who have approached the Company for transfer of shares from Escrow Account during the FY 2019-20	0	0
Investors to whom shares were transferred from Escrow Account during the FY 2019-20	0	0
Outstanding shares in the Escrow Account as on March 31, 2020	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, 2020.

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 14 subsidiaries has 36 global delivery centers of which 11 are located in India, 17 in the USA, 6 in the UK and 2 in the Philippines as per the details given below:

India (11): Chennai (2), Mumbai (2), Bangalore (3), and 1 each in Pondicherry, Vijayawada, Indore and Trichy.

USA (17): Louisville in Kentucky, Kingston & Amherst in New York, Rockford and Belleville in Illinois, Salt Lake City in Utah, Colorado Springs in Colorado, Eugene in Oregon, Palm Bay in Florida, Rocky Hill in Connecticut and 7 operational hubs of MedAssist.

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

Philippines (2): Manila, Cebu

XVI. Address for Correspondence:

Ms. Pooja Nambiar
Company Secretary & Compliance Officer
Firstsource Solutions Ltd.
5th Floor, Paradigm 'B' wing, Mindspace, Link Road,
Malad-(W), Mumbai 400 064
Tel. No.: 91 (22) 6666 0888
Fax: 91 (22) 6666 0887

Dedicated e-mail Id for redressal of Investors grievances: complianceofficer@firstsource.com.

Mumbai
May 26, 2020

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 CIN: L64202MH2001PLC134147 and 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, 2020, 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)

Himanshu S. Kamdar
Partner
FCS 5171
C.P. No. 3030
UDIN: F005171B000277311

Mumbai
May 25, 2020

CERTIFICATION FROM THE MANAGING DIRECTOR & CEO AND THE CFO:

In terms of Regulation 17(8) read with Part B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 ("Listing Regulations"), we hereby certify as under:

A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

   (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. The Company have indicated to the Auditors and the Audit Committee:

   (1) significant changes in internal control over financial reporting during the year;

   (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and;

   (3) instances of significant fraud of which the Company have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Firstsource Solutions Limited

Vipul Khanna
Managing Director & CEO

Dinesh Jain
President & CFO

Mumbai
May 26, 2020

DECLARATION BY THE MANAGING DIRECTOR & CEO ON 'CODE OF CONDUCT'

I hereby confirm that:

The Company has obtained from all the members of the Board and senior management, affirmation that they have complied with the Code of Conduct as applicable to them.

Vipul Khanna
Managing Director & CEO

Mumbai
May 26, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FIRSTSOURCE SOLUTIONS LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying Consolidated Financial Statements of Firstsource Solutions Limited (the 'Company') and its subsidiaries, (the Company and its subsidiaries together referred to as the 'Group') which includes the Group's share of profit in its associate, which comprise the Consolidated Balance Sheet as at 31 March 2020, 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 reports of other auditor on separate financial statements of an 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 2020, and their consolidated profit, their consolidated total comprehensive income, their consolidated changes in equity and their consolidated cash flows and for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act ('SAs'). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associate 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 obtained by and the audit evidence obtained by other auditor is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated 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 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 7(ii) of the Consolidated Financial Statements) The Group, in its contracts with customers, promises to transfer distinct services ('performance obligations') to its customers which may be rendered in the form of customer management, transaction processing (including revenue cycle management in the healthcare industry) and debt collection services. Revenue is recognised based on the pattern of benefits from the performance obligations to the customer in an amount that reflects the consideration received or expected to be received in exchange for the services ('transaction price'). The agreed contractual terms for service deliveries that are based on unit-of-work, time and material or a specified contingency (such as recovery of dues or disbursement of loans) adjusted for rebates, volume discounts, incentives or penalties ('variable consideration'). At each reporting date, revenue is accrued for work performed that may not have been invoiced. Identifying whether	**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
	the Group's performance have resulted in a billable service that is collectable where the service deliveries have not been acknowledged by customers as of the reporting date involves a fair amount of judgment. Recognition of revenue before acknowledgment of receipt of services by customer could lead to an over or understatement of revenue and profit, whether intentionally or in error.	d) We have performed substantive analytical procedures to evaluate the reasonableness of un-invoiced revenues recognised. Un-invoiced revenues from fixed fee based service contracts were not significant resulting in lower risk relating to cut off and accuracy. Therefore, we focused our attention on time and unit priced based service contracts in performing substantive analytical procedures. These procedures involved developing sufficiently precise expectations using a plausible and predictable relationship among appropriately disaggregated data. e) We also extended our testing upto the date of approval of the consolidated financial statements by the Board of Directors of the Company to verify adjustments, if any, that may have been necessary upon receipt of approvals from customers for services delivered prior to the reporting date and / or collections against those. f) We have reviewed the delivery and collection history of customers against whose contracts un-invoiced revenue is recognized. g) We tested cut-offs for revenue recognized against un-invoiced amounts by matching the revenue accrual against accruals for corresponding cost.
2.	**Impairment of the carrying value of goodwill on consolidation** (Refer Note 5(i) of the Consolidated Financial Statements) The Group's evaluation of goodwill for impairment involves the comparison of the recoverable amount of each cash generating unit ('CGU') to its carrying value. The recoverable amount (determined to be value in use) of a CGU is the higher of its fair value less cost to sell and its value in use. The Group used the discounted cash flow model to determine the value in use, which requires management to make significant estimates and assumptions related to forecasts of future revenues, operating margins, discount rates and terminal growth rates. Changes in these assumptions could have a significant impact on either the recoverable amount, the amount of goodwill impairment charge, if any, or both. The goodwill balance was ₹ 22,323.56 Million as at 31 March 2020 which is allocated to Healthcare, Collection, Customer Management and Mortgage as CGUs. The recoverable amount of each reporting unit exceeds its carrying value as of the measurement date and, therefore, no impairment was recognized. 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 judgments regarding forecasts of future revenue, operating margin and free cash flows and selection of the discount rate for each CGU involved subjective judgment.	**Principal audit procedures performed** Our audit procedures related to forecasts of future revenue, operating margin and free cash flows and selection of the discount rate for the Group included the following, among others: a) We tested the effectiveness of controls over the forecasts of future revenue, operating margin and free cash flows and the selection of the discount rate. b) We evaluated management's ability to accurately forecast future revenues and operating margins by comparing actual results to management's historical forecasts. c) We evaluated the reasonableness of management's revenue and operating margin forecasts by comparing the forecasts to historical revenues and operating margins. d) We evaluated the impact of changes in management's forecasts from those provided for the year ended 31 March 2019 to those provided for the year ended 31 March 2020 (annual measurement date). e) With the assistance of our fair value specialists, who has specialised skill and knowledge, we evaluated the reasonableness of the valuation methodology and discount rate by testing the source information underlying the determination of the discount rate and the mathematical accuracy of the calculation for significant CGUs. f) We performed through sensitivity analysis on the key assumptions to ascertain the extent of change in those assumptions that would be required for the goodwill to be impaired. g) Our procedures included evaluation of the impact of current economic conditions on account of COVID -19 pandemic on the assumptions used in the Group's last annual impairment assessment of fair value for the CGUs; and how those anticipated changes impacted the amount of value in use.
3.	**Assessment of recoverability of Minimum Alternate Tax ('MAT') Credit for Special Economic Zone ('SEZ') units** (Refer Note 16 of the Consolidated Financial Statements) Under the provisions of the Income Tax Act, 1961, (the 'Income Tax Act') Minimum Alternate Tax ('MAT') is payable by companies where 15% (plus applicable surcharge and cess) of its 'book profit' as defined under section 115JB of the Income Tax Act exceeds the income tax payable on the 'total taxable income' computed in accordance with the Income Tax Act. A credit equal to the excess of MAT paid on book profit over the normal income tax payable on the total taxable income	**Principal audit procedures performed** We obtained the projections compiled by the management and performed audit procedures related to forecasts of future taxable profits and operating margin : a) We evaluated management's ability to accurately forecast future revenues, operating margins and taxable profits by comparing the actual results to management's historical forecast by delivery centres (including the ratio of 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.

Sr. no.	Key Audit Matter	Auditor's Response
	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 MAT for that year. The Company has recognised deferred tax asset in respect of MAT credit to the extent of ₹ 2,143.70 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 judgment.	c) We performed sensitivity analysis on the key assumptions to assess their impact on the Company's determination that the MAT was realisable the extent of change in those assumptions that would impact any impairment to the MAT Credit. d) Our procedures included evaluation of the impact of current economic conditions on account of COVID -19 pandemic on the assumptions used in forecast of future tax liabilities and operating margin.

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

- Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Directors' report, Management Discussion and Analysis Report, Business Responsibility Report and report of Corporate Governance, but does not include the Consolidated Financial Statements, standalone financial statements and our auditor's reports 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 the associate audited by the other auditor, to the extent it relates to its 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 its 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 and of the Group including its associate in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group and its associate to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements entities included in the consolidated financial statements of which we are the independent auditors. For the associate included in the consolidated financial statements, which have been audited by other auditor, such other auditor remains responsible for the direction, supervision and performance of the audits 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 work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

We communicate with those charged with governance of the Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the Key Audit Matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

The consolidated financial statements also include the Group's share of net profit of ₹ 0.01 Million for the year ended 31 March, 2020, 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 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 subsection (3) of Section 143 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 the above matters with respect to our reliance on the work done and the report 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 on the consideration of the report of the other auditor on the separate financial statement of the associate referred to in the Other Matters section above, we report, to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and report of the 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 Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the Directors of the Company as on 31 March 2020 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of subsidiary company and associate company incorporated in India, none of the directors of the Company, its subsidiary company and its associate company incorporated in India is disqualified as on 31 March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A' which is based on the reports of the statutory auditors of the Company, subsidiary company and associate company, which are companies incorporated in India . Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i) The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate;

      ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

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

Mumbai, 26 May 2020
(UDIN: 20039826AAAACN1844)

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ('THE ACT') OF FIRSTSOURCE SOLUTIONS LIMITED

We have audited the internal financial controls over financial reporting of Firstsource Solutions Limited (the 'Company'), its subsidiary company and its associate company incorporated in India as of that date in conjunction with our audit of the Consolidated Financial Statements of the Group as at and for the year ended 31 March 2020.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Company, its subsidiary company, its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company, its subsidiary company and its associate company, which are companies incorporated in India, based on our audit.

We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. The Guidance Note and those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditor of the associate company in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company, its subsidiary company and its associate company, which are companies incorporated in India.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor referred to in the Other Matters paragraph below, the Company, its subsidiary company and its associate company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note.

OTHER MATTERS

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to a subsidiary company and an associate company, which are companies incorporated in India, is based solely on the corresponding reports of the 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)
Mumbai, 26 May 2020 (UDIN: 20039826AAAACN1844)

Consolidated Balance Sheet

as at 31 March 2020

(Currency: In ₹ Millions)

	Note	31 March 2020	31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	**1,411.73**	1,143.16
Capital work-in-progress		**-**	20.20
Right-of-use assets	4	**4,472.92**	-
Goodwill on consolidation	5(i)	**22,323.56**	20,451.72
Other intangible assets	5(ii)	**500.35**	632.07
Investment in associate accounted for using the equity method		**0.07**	0.06
Financial assets			
Investments	6(i)	**122.09**	121.59
Other financial assets	7(i)	**724.71**	718.79
Deferred tax assets	16	**2,511.30**	2,314.68
Income tax assets (net)	16	**783.64**	776.51
Others non-current assets	8(i)	**1,976.90**	2,068.98
Total non-current assets		**34,827.27**	28,247.76
Current assets			
Financial assets			
Investments	6(ii)	**-**	1,217.50
Trade receivables	9	**5,567.18**	3,871.89
Cash and cash equivalents	10	**1,907.49**	473.84
Other financial assets	7(ii)	**2,158.28**	1,707.08
Other current assets	8(ii)	**1,410.29**	1,239.40
Total current assets		**11,043.24**	8,509.71
Total assets		**45,870.51**	36,757.47
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	11	**6,938.27**	6,910.65
Other equity	11A	**20,715.55**	20,296.61
Total equity attributable to equity holders of the Company		**27,653.82**	27,207.26
Non- controlling interest		**5.88**	5.89
Total equity		**27,659.70**	27,213.15
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Long term borrowings	12(i)	**27.76**	69.48
Lease liabilities		**4,053.38**	-
Provisions for employee benefits	14(i)	**85.88**	67.55
Deferred tax liabilities	16	**734.95**	460.70
Total non-current liabilities		**4,901.97**	597.73
Current liabilities			
Financial liabilities			
Short-term and other borrowings	12(ii)	**8,341.42**	5,389.86
Trade payables		**952.81**	901.75
Lease liabilities		**1,069.77**	-
Other financial liabilities	13	**1,964.52**	1,532.91
Other current liabilities	15	**519.54**	515.37
Provisions for employee benefits	14(ii)	**401.40**	384.07
Provision for tax (net)	16	**59.38**	222.63
Total current liabilities		**13,308.84**	8,946.59
Total equity and liabilities		**45,870.51**	36,757.47
Significant accounting policies			

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

As per our report of even date attached.

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

Sanjiv V. Pilgaonkar
Partner
Membership No: 39826

Mumbai
26 May 2020

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

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
Director

Charles Richard Vernon Stagg
Director

Grace Koshie
Director

Pradip Roy
Director

Sunil Mitra
Director

Pratip Chaudhuri
Director

Mumbai
26 May 2020

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

Consolidated Statement of Profit and Loss

for the year ended 31 March 2020

(Currency: In ₹ Millions)

	Note	31 March 2020	31 March 2019
INCOME			
Revenue from operations	17	**40,986.14**	38,262.77
Other income, net	18	**88.43**	38.87
Total income		**41,074.57**	38,301.64
EXPENSES			
Employee benefit expenses	19	**27,735.33**	25,572.59
Finance costs	20	**583.21**	290.00
Depreciation and amortization expense	3,4&5(ii)	**1,852.00**	744.35
Other expenses	21	**6,961.93**	7,335.51
Total expenses		**37,132.47**	33,942.45
Profit before tax and share in net profit / (loss) of associate		**3,942.10**	4,359.19
Share in net profit / (loss) of associate		**0.01**	(0.01)
Profit before tax		**3,942.11**	4,359.18
Tax expenses			
Current tax	16	**282.35**	343.63
Deferred tax	16	**262.91**	237.78
Profit for the year		**3,396.85**	3,777.77
Other comprehensive income			
Items that will not be reclassified subsequently to the statement of profit and loss			
Remeasurement of the net defined benefit liability / asset		**(15.64)**	(21.52)
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		**(61.00)**	585.85
Deferred tax on items that will be reclassified to statement of profit and loss		**22.02**	(87.69)
Exchange difference on translation of foreign operations		**1,245.09**	490.37
Total other comprehensive income, net of taxes		**1,190.47**	967.01
Total comprehensive income for the year		**4,587.32**	4,744.78
Profit attributable to:			
Owners of the Company		**3,396.86**	3,777.86
Non- controlling interest		**(0.01)**	(0.09)
		3,396.85	3,777.77
Total comprehensive income attributable to:			
Owners of the Company		**4,587.33**	4,745.45
Non- controlling interest		**(0.01)**	(0.67)
		4,587.32	4,744.78
Earning per equity share			
Weighted average number of equity shares outstanding during the year			
- Basic	29	**692,858,333**	689,710,908
- Diluted	29	**694,943,616**	693,100,125
Earning per equity share			
- Basic	29	**4.90**	5.48
- Diluted	29	**4.89**	5.45
Significant accounting policies			

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

As per our report of even date attached.

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

Sanjiv V. Pilgaonkar
Partner
Membership No: 39826

Mumbai
26 May 2020

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

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
Director

Charles Richard Vernon Stagg
Director

Grace Koshie
Director

Pradip Roy
Director

Sunil Mitra
Director

Pratip Chaudhuri
Director

Mumbai
26 May 2020

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

Consolidated statement of changes in equity

for the year ended 31 March 2020

(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	Treasury shares	Special Economic Zone re-investment reserve	Securities premium	Other reserves	Retained earnings	Employee stock option reserve	Effective portion of cash flow hedges	Exchange differences on translating the financial statements of a foreign operation/ subsidiaries	Total	Attributable to Non-controlling interest	Total equity
Balance as at 1 April 2019	6,910.65	0.30	-	-	2,034.66	30.41	13,004.03	122.39	437.38	4,667.44	27,207.26	5.89	27,213.15
Other comprehensive income for the year (Net of tax)	-	-	-	-	-	-	(15.64)	-	(38.98)	1,245.09	1,190.47	-	1,190.47
Transition impact on adoption of Ind AS 116	-	-	-	-	-	-	(395.10)	-	-	-	(395.10)	-	(395.10)
Profit for the year	-	-	-	-	-	-	3,396.86	-	-	-	3,396.86	(0.01)	3,396.85
Dividend (including tax on dividend)	-	-	-	-	-	-	(3,762.03)	-	-	-	(3,762.03)	-	(3,762.03)
Share based payment	-	-	-	-	-	-	-	29.03	-	-	29.03	-	29.03
Issue of equity share on excercise of option	27.62	(0.30)	-	-	73.70	-	-	(24.34)	-	-	76.68	-	76.68
Treasury shares	-	-	(89.35)	-	-	-	-	-	-	-	(89.35)	-	(89.35)
Transfer to Special Economic Zone re-investment reserve	-	-	-	158.78	-	-	(158.78)	-	-	-	-		-
Transfer to retained earning for options forfeited	-	-	-	-	-	-	7.12	(7.12)	-	-	-	-	-
Balance at the end of 31 March 2020	**6,938.27**	**-**	**(89.35)**	**158.78**	**2,108.36**	**30.41**	**12,076.46**	**119.96**	**398.40**	**5,912.53**	**27,653.82**	**5.88**	**27,659.70**

Consolidated statement of changes in equity

for the year ended 31 March 2020

(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	Treasury shares	Special Economic Zone re-investment reserve	Securities premium reserve	Other reserves	Retained earnings	Employee stock option reserve	Effective portion of cash flow hedges	Exchange differences on translating the financial statements of a foreign operation/ subsidiaries	Total	Attributable to Non-controlling interest	Total equity
Balance as at 1 April 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 year (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 exercise 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 Special Economic Zone re-investment reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
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**

As per our report of even date attached.

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

Sanjiv V. Pilgaonkar
Partner
Membership No: 39826

Mumbai
26 May 2020

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

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
Director

Charles Richard Vernon Stagg
Director

Grace Koshie
Director

Pradip Roy
Director

Sunil Mitra
Director

Pratip Chaudhuri
Director

Mumbai
26 May 2020

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

Consolidated statement of cash flows

for the year ended 31 March 2020

(Currency: In ₹ Millions)

	31 March 2020	31 March 2019
Net profit before taxation and non controlling interest	3,942.11	4,359.18
Adjustments for		
Depreciation and amortization	1,852.00	744.35
Provision for doubtful debts / written off, net	58.98	17.83
Loss on sale of property,plant and equipment,net	3.04	7.16
Foreign exchange (gain), net unrealized	(404.25)	(123.45)
Finance costs	583.21	290.00
Interest income	(11.36)	(27.30)
Profit on sale/redemption of investments	(59.64)	(46.40)
Employee stock compensation expense	29.03	49.59
Operating cash flow before changes in working capital	5,993.12	5,270.96
Changes in working capital		
Increase in trade receivables	(1,574.29)	(381.02)
Increase in loans and advances and other assets	(410.63)	(314.66)
Increase in liabilities and provisions	631.03	54.32
Net changes in working capital	(1,353.89)	(641.36)
Income taxes paid	(535.19)	(629.50)
Net cash generated from operating activities (A)	4,104.04	4,000.10
Cash flow from investing activities		
Purchase of current investments	(19,405.10)	(14,502.50)
Proceeds from sale of investment in mutual funds	20,682.24	13,542.60
Interest income received	11.42	5.34
Purchase of property, plant and equipment	(947.63)	(1,087.52)
Proceeds from sale of property, plant and equipment	1.93	6.79
Capital advances given for land and others	(186.38)	-
Earmarked balances with banks	(15.26)	(5.41)
Proceeds from redemption of debentures	2.00	-
Net cash generated from / (used in) investing activities (B)	143.22	(2,040.70)
Cash flow from financing activities		
Proceeds from short term borrowings	2,605.66	1,755.66
Repayment of long term borrowings	(78.38)	(3,089.66)
Proceeds from issuance of equity shares and share application money	76.68	142.35
Interest paid	(584.49)	(280.48)
Purchase of treasury shares	(89.35)	-
Buyback of non controlling interest in subsidiary	-	(5.97)
Dividend paid	(3,762.03)	(1,247.73)
Payment of lease liabilities	(936.11)	-
Net cash used in financing activities (C)	(2,768.02)	(2,725.83)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	1,479.24	(766.43)
Cash and cash equivalents at the beginning of the year	473.84	1,230.00
Earmarked balances with banks	15.26	5.41
Foreign exchange (gain)/loss on translating Cash and cash equivalents	(60.85)	4.86
Cash and cash equivalents at the end of the year	1,907.49	473.84

Consolidated statement of cash flows

for the year ended 31 March 2020

(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 2020	31 March 2019
Cash on hand	-	0.09
Balances with banks		
- in current accounts	1,739.08	557.88
- in deposit accounts	282.50	-
Earmarked balances with banks	15.26	5.41
	2,036.84	563.38
Less: Current account balances held in trust for customers	129.35	89.54
Cash and cash equivalents	1,907.49	473.84

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

Particulars	As at 31 March 2019	Proceeds	Repayment	Effects of change in Foreign exchange	As at 31 March 2020
Long Term Borrowings	168.67	-	(78.38)	1.66	91.95
Short Term Borrowings	5,389.86	2,605.66	-	345.90	8,341.42
Total Liabilities from financing activities	5,558.53	2,605.66	(78.38)	347.56	8,433.37

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	1,755.66	-	144.01	5,389.86
Total Liabilities from financing activities	6,641.95	1,755.66	(3,089.66)	250.58	5,558.53

As per our report of even date attached.

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

Sanjiv V. Pilgaonkar
Partner
Membership No: 39826

Mumbai
26 May 2020

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

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
Director

Charles Richard Vernon Stagg
Director

Grace Koshie
Director

Pradip Roy
Director

Sunil Mitra
Director

Pratip Chaudhuri
Director

Mumbai
26 May 2020

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(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 26 May 2020.

Basis of Preparation

These consolidated financial statements are prepared in accordance with Indian Accounting Standards, under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereunder.

The list of entities with percentage holding is as below:

Entities	Country of incorporation and other particulars	Percentage of holding by voting rights	Year of consolidation
Firstsource Solutions UK Limited (FSL UK)	A subsidiary of Firstsource Solutions Limited, incorporated under the laws of United Kingdom.	100%	2002-2003
Firstsource Solutions S.A. (FSL-Arg)	A subsidiary of Firstsource Solutions UK Limited, incorporated under the laws of Argentina.	99.98%	2006-2007
Firstsource BPO Ireland Limited (FSL Ireland)	A subsidiary of Firstsource Solutions UK Limited, incorporated under the laws of Ireland.	100%	2011-2012
Firstsource Dialog Solutions (Private) Limited (FDS)	A subsidiary of Firstsource Solutions Limited, incorporated under the laws of Sri Lanka.	74%	2011-2012
Firstsource Process Management Services Limited (FPMSL)	A subsidiary of Firstsource Solutions Limited, incorporated under the laws of India.	100%	2010-2011
Firstsource Group USA, Inc. (FG US)	A subsidiary of Firstsource Solutions Limited, incorporated in the State of Delaware, USA.	100%	2009-2010
Firstsource Business Process Services, LLC (FBPS)	A subsidiary of FG US, incorporated in the State of Delaware, USA.	100%	2009-2010
Firstsource Advantage LLC (FAL)	A subsidiary of FBPS, incorporated under the laws of the State of New York, USA.	100%	2004-2005
One Advantage LLC (OAL)	A subsidiary of FBPS, incorporated in the state of Delaware, USA.	100%	2014-2015
Medassist Holding LLC (MedAssist)	A subsidiary of FG US, incorporated under the laws of the State of Delaware, USA.	100%	2014-2015
Firstsource Solutions USA LLC	A subsidiary of MedAssist, incorporated in the State of Delaware, USA.	100%	2009-2010
Firstsource 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.(Ceased on 24 June 2019)	100%	2016-2017
Firstsource Employee Benefit Trust	A trust of Firstsource Solutions Limited, incorporated under the laws of India.	100%	2019-2020
Nanobi Data and Analytics Private Limited (Nanobi)	Associate of the Company.	21.79%	2016-2017

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(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 2020

(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.

e. Leases

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116 and identification of lease requires significant judgement. Ind AS 116 additionally requires lessees to determine the lease term as the non-cancellable period of lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in the future periods is reassessed to ensure the lease term reflects the current economic circumstances.

2.5 Revenue recognition

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:

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

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

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

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

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Group in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those property, plant and equipment which necessarily take a substantial period of time to get ready for their intended use are recognised as a part of the cost of such asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

2.9 Other intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

Asset category	Useful life (in years)
Intangible assets	
Goodwill on acquired assets	5 years or estimated useful life, whichever is shorter
Process know-how	4
Domain name	3
Software*	2 – 4
Customer contracts	3

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

Process know-how relates to process design and is amortized on a straight line basis over a period of four years. Software purchased is capitalised together with the related hardware and amortised over the best estimate of the useful life from the date the asset is available for use. Software product development costs are expensed as incurred during the research phase until technological feasibility is established. Software development costs incurred subsequent to the achievement of technological feasibility are capitalised and amortised over the estimated useful life of the products as determined by the management. This capitalisation is done only if there is an intention and ability to complete the product, the product is likely to generate future economic benefits, adequate resources to complete the product are available and such expenses can be accurately measured. Such software development costs comprise expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to the development of the product. The amortisation of software development costs is allocated on a systematic basis over the best estimate of its useful life after the product is ready for use. The factors considered for identifying the basis include obsolescence, product lifecycle and actions of competitors.

2.10 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

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in use is the present value of future cash flows expected to be derived from the CGU.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised in the consolidated statement of profit and loss and is not reversed in the subsequent period.

ii Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

2.11 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

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

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. 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,

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

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

Transition:

Effective 1 April 2019 (date of initial application), the Group has adopted the Indian Accounting Standard 116 on Leases ('Ind AS 116'), notified by the Ministry of Corporate Affairs, which replaces the existing lease standard Indian Accounting Standard 17 on Leases ('Ind AS 17'). The Group has applied the standard to all lease contracts existing on 1 April 2019 retrospectively with the cumulative effect of initially applying the standard recognised as an adjustment to Retained Earnings at the date of initial application. On transition for operating leases, the Group recognised a lease liability of ₹ 4,460.11 Million measured at the present value of the remaining lease payments and a Right-of-use asset of ₹ 3,928.41 Million at its carrying value, as if the standard had been applied since commencement of respective lease, discounted using the incremental borrowing rate as at 1 April 2019 (India: 7 % ; UK: 5 %; USA: 5 %). The cumulative effect on transition adjusted in retained earnings is ₹ 395.10 Million (net of deferred tax of ₹ 136.60 Million). On transition for finance leases, the Group has identified the carrying amount of the lease asset of ₹ 20.85 Million included in property, plant and equipment as the carrying amount of the Right-of-use asset and the liability of ₹ 9.16 Million and ₹ 9.14 Million accounted in Borrowings and Other Financial Liabilities (current) respectively as the lease liability under Ind AS 116. The Group has elected certain practical expedients on initial transition: (a) to apply Ind AS 116 to contracts that were previously identified as leases under Ind AS 17 on the date of initial application without any reassessment; (b) apply a single discount rate to a portfolio of leases with reasonably similar characteristics and in similar environment; (c) relied on its assessment whether leases are onerous applying Indian Accounting Standard 37 Provisions, Contingent Liabilities and Contingent Assets (Ind AS 37) immediately before the date of initial application as an alternate to performing an impairment review; (d) excluded initial direct costs from measurement of right-of-use asset at the date of initial application (e) elected not to apply the requirements of the standard to leases for which the lease term end within twelve months of the date of initial application and accounted for those as short term leases (f) used hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

The Group has accordingly modified its accounting policy on Leases as follows:

The Group enters into contract as a lessee for assets taken on lease. The Group at the inception of a contract assesses whether the contract contains a lease by conveying the right to control the use of an identified asset for a period of time in exchange for consideration. A Right-of-use asset is recognised representing its right to use the underlying asset for the lease term at the lease commencement date except in case of short term leases with a term of twelve months or less and low value leases which are accounted as an operating expense on a straight line basis over the lease term. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the conditions required by the terms and conditions of the lease, a provision for costs are included in the related Right-of-use asset. The Right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The Right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease and if that rate cannot be readily determined the Group uses the incremental borrowing rate in the country of domicile of the leases. The lease payments shall include fixed payments, variable lease payments, where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. Obligation under finance lease are secured by way of hypothecation of underlying fixed assets taken on lease. Lease payments have been disclosed under cash flow from financing activities.

Certain lease arrangements includes the option to extend or terminate the lease before the end of the lease term. Right-of-use assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The lease liabilities are remeasured with a corresponding adjustment to the related Right-of-use asset if the Group changes its assessment whether it will exercise an extension or a termination option.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

2.14 Foreign currency

Functional 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

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

ii) Financial assets at amortised cost

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

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

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

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

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

v) Financial liabilities

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

vi) Equity instruments

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

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

b) Derivative financial instruments

Cash flow hedge

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

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

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

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

c) Share capital

Ordinary shares

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

2.17.3 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,

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

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

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues, goodwill and intangible assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts and consensus estimates from market sources on the expected future performance of the Group. The Group has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered, net of provisions established.

Notes to the Consolidated Financial Statements

as at 31 March 2020

(Currency: In ₹ Millions)

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

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 year	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

Notes to the Consolidated Financial Statements

as at 31 March 2020

(Currency: In ₹ Millions)

4 LEASES

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

	As at 1 April 2019	Addition during the year	Deletions during the year	Depreciation for the year	Foreign exchange on translation	Net Carrying value as at 31 March 2020
Leasehold properties	3,840.95	1,418.15	(43.85)	(992.52)	183.24	4,405.97
Service equipment	102.91	16.74	(30.13)	(46.04)	9.54	53.02
Vehicles	-	13.50	-	(3.00)	-	10.50
Software	5.40	-	-	(2.08)	0.11	3.43
	3,949.26	**1,448.39**	**(73.98)**	**(1,043.64)**	**192.89**	**4,472.92**

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

5 (I) GOODWILL ON CONSOLIDATION

Particulars	Healthcare	Collection	Customer management	Mortgage	Total
Gross carrying value as on 1 April 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
Addition during the year	-	-	-	-	-
Effect of translation adjustment	1,530.25	195.09	90.28	56.22	1,871.84
Gross carrying value as on 31 March 2020	**17,800.47**	**2,267.54**	**1,561.95**	**693.60**	**22,323.56**

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

Notes to the Consolidated Financial Statements

as at 31 March 2020

(Currency: In ₹ Millions)

	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 year	-	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

6 INVESTMENTS

		31 March 2020	31 March 2019
(i)	**Non-current**		
	Unquoted		
	-at cost		
	838,705 (31 March 2019 : 838,705) fully paid compulsorily convertible cumulative preference shares of Rs 10 each of Nanobi Data and Analytics Private Limited	**87.92**	87.92
	-at amortised cost		
	80,000 (31 March 2019 : 100,000) fully paid Optionally Convertible Debentures of ₹ 100 each of Nanobi Data and Analytics Private Limited	**8.00**	10.00
	At amortised cost		
	Philippines treasury bills*	**26.17**	23.67
		122.09	121.59
	* These securities have been earmarked in favor of SEC, Philippines in compliance with Corporation Code of Philippines.		
(ii)	**Investments - Current**		
	Investments carried at fair value through statement of profit and loss		
	Mutual and other funds (unquoted)	**-**	1,217.50
		-	1,217.50

7 OTHER FINANCIAL ASSETS

		31 March 2020	31 March 2019
	(Unsecured, considered good)		
(i)	**Other non-current financial assets**		
	Deposits	**356.46**	298.67
	Foreign currency forward contracts (net)	**341.21**	391.56
	Lease rentals receivable	**27.04**	28.56
		724.71	718.79
(ii)	**Other current financial assets**		
	Unbilled revenues	**1,972.81**	1,553.27
	Accrued interest	**0.24**	0.30
	Foreign currency forward contracts (net)	**107.30**	77.56
	Loans and advances to employees	**13.47**	9.54
	Recoverable on sale of subsidiary	**49.05**	49.05
	Lease rentals receivable	**15.41**	17.36
		2,158.28	1,707.08

Notes to the Consolidated Financial Statements

as at 31 March 2020

(Currency: In ₹ Millions)

8 OTHER ASSETS

		31 March 2020	31 March 2019
	(Unsecured, considered good)		
(i)	**Other non-current assets**		
	Capital advances	**236.13**	49.75
	Deferred contract cost	**1,219.04**	1,441.74
	Unexpired rebate from customer	**369.46**	492.22
	Prepaid expenses	**152.27**	85.27
		1,976.90	2,068.98
(ii)	**Other current assets**		
	Prepaid expenses	**623.77**	476.30
	Unexpired rebate from customer	**138.95**	105.48
	Deferred contract cost	**232.36**	253.01
	Indirect tax recoverable	**374.83**	303.60
	Other advances	**40.38**	101.01
		1,410.29	1,239.40

9 TRADE RECEIVABLES

	31 March 2020	31 March 2019
(Unsecured)		
Considered doubtful	**216.23**	166.24
Less: Allowance for doubtful debts	**216.23**	166.24
	-	-
Considered good	**5,567.18**	3,871.89
	5,567.18	3,871.89
	5,567.18	3,871.89

a) Trade receivables are non-interest bearing.

b) No trade or other receivables are due from directors or other officers of the Group either severally or jointly.

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

10 CASH AND CASH EQUIVALENTS

	31 March 2020	31 March 2019
Cash on hand	**-**	0.09
Balances with banks		
- in current accounts	**1,739.08**	557.88
- in deposit accounts	**282.50**	-
Earmarked balances with banks*	**15.26**	5.41
	2,036.84	563.38
Less: Current account balance held in trust for customers	**129.35**	89.54
	1,907.49	473.84

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

11 SHARE CAPITAL

	31 March 2020	31 March 2019
Authorised		
872,000,000 (31 March 2019: 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		
693,826,780 (31 March 2019: 691,065,030) equity shares of ₹ 10 each, fully paid-up	**6,938.27**	6,910.65
	6,938.27	6,910.65

Notes to the Consolidated Financial Statements

as at 31 March 2020

(Currency: In ₹ Millions)

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

	31 March 2020		31 March 2019	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	**691,065,030**	**6,910.65**	686,522,819	6,865.23
Shares allotted during the year- employee stock option scheme	**2,761,750**	**27.62**	4,542,211	45.42
At the end of the year	**693,826,780**	**6,938.27**	691,065,030	6,910.65

b Particulars of shareholders holding more than 5% equity shares

	31 March 2020		31 March 2019	
	Number of shares	% of total shares	Number of shares	% of total shares
CESC Ventures Limited	**373,976,673**	**53.90%**	373,976,673	54.12%

c Shares held by holding company

	31 March 2020		31 March 2019	
	Number of shares	Amount	Number of shares	Amount
CESC Ventures Limited	**373,976,673**	**3,739.77**	373,976,673	3,739.77

d Employee stock options

During the year ended 31 March 2020, the Company granted 10,784,204 (31 March 2019: 2,500,000) options at an exercise price of ₹ 10 (31 March 2019: ₹ 73.00).

e Shares reserved for issue under options

17,700,014 (31 March 2019: 12,186,631) number of shares are reserved for employees for issue under the employee stock options plan (ESOP) amounting to ₹ 177.00 (31 March 2019: ₹ 121.87).

f Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shareholders are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder are in proportion to its share of the paid-up equity capital of the Company.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

g Share application money received under ESOP scheme

The Company received ₹ 76.68 (31 March 2019: ₹ 142.35) as share application money under ESOP scheme during the year ended 31 March 2020 in respect of which 2,761,750 (31 March 2019: 4,542,211) shares were allotted during the year.

11A OTHER EQUITY

	31 March 2020	31 March 2019
Securities premium		
At the commencement of the year	**2,034.66**	1,892.13
Add : Issue of equity shares on exercise of options	**73.70**	142.53
At the end of the year	**2,108.36**	2,034.66
Share application money pending allotment		
At the commencement of the year	**0.30**	-
Add : Movement during the year	**(0.30)**	0.30
At the end of the year	**-**	0.30
Treasury shares		
At the commencement of the year	**-**	-
Add : Movement during the year	**(89.35)**	-
At the end of the year	**(89.35)**	-

Notes to the Consolidated Financial Statements

as at 31 March 2020

(Currency: In ₹ Millions)

	31 March 2020	31 March 2019
Special Economic Zone re-investment reserve		
At the commencement of the year	-	-
Add : Movement during the year	158.78	-
At the end of the year	158.78	-
Other Reserve		
At the commencement of the year	30.41	30.41
Add : Movement during the year	-	-
At the end of the year	30.41	30.41
Employee stock option reserve		
At the commencement of the year	122.39	120.40
Add : Share based payments	29.03	49.59
Less : Issue of equity shares on exercise of options	(24.34)	(45.90)
Less : Transfer to retained earning for options forfeited	(7.12)	(1.70)
At the end of the year	119.96	122.39
Effective portion of cash flow hedges (Other comprehensive income)		
At the commencement of the year	437.38	(60.78)
Movement during the year	(38.98)	498.16
At the end of the year	398.40	437.38
Exchange differences on translating the financial statements of a foreign operation / subsidiaries (Other comprehensive income)		
At the commencement of the year	4,667.44	4,176.49
Movement during the year	1,245.09	490.95
At the end of the year	5,912.53	4,667.44
Retained earnings		
At the commencement of the year	13,004.03	10,493.72
Add: Transition impact on adoption of Ind AS 116	(395.10)	-
Add: Net profit for the year	3,396.86	3,777.86
Add: Transfer to retained earning for options forfeited	7.12	1.70
Add: Other comprehensive income for the year	(15.64)	(21.52)
Less: Transfer to Special Economic Zone re-investment reserve	(158.78)	-
Less: Dividend (including tax on dividend)	(3,762.03)	(1,247.73)
At the end of the year	12,076.46	13,004.03
Total other equity	20,715.55	20,296.61

12 BORROWINGS

		31 March 2020	31 March 2019
(i)	**Non-current borrowings**		
	Secured		
	Long term maturities of lease obligations	-	9.16
	Unsecured		
	Loan from banks (refer note 'a')	21.58	19.38
	Loan from other parties (refer note 'a')	6.18	40.94
		27.76	69.48
(ii)	**Short-term and other borrowings**		
	Unsecured		
	Line of credit from banks- (refer note ‘b’)	8,341.42	5,389.86
		8,341.42	5,389.86

Note:

a Loans carry interest in the range of 3.03% - 10.14% for a period of 3 - 4 years from January 2016 to January 2024, repayable in quarterly instalments from the date of its origination. These loans are for equipment and asset financing.

b Line of credit from bank carries floating interest rate in the range of 1.00% to 5.50%., These are working capital lines.

Notes to the Consolidated Financial Statements

as at 31 March 2020

(Currency: In ₹ Millions)

13 OTHER FINANCIAL LIABILITIES

	31 March 2020	31 March 2019
Other current financial liabilities		
Book credit in bank account	169.36	99.25
Interest accrued but not due on borrowings	12.06	13.34
Employee benefits payable	1,546.15	1,228.54
Creditors for capital goods	11.67	56.37
Unclaimed dividends	15.26	5.42
Advance from customers	145.83	12.50
Current maturities of long term borrowings:		
-Loan from Banks	15.59	14.03
-Loan from other parties	48.60	94.32
- Finance lease obligation	-	9.14
	1,964.52	1,532.91

14 PROVISIONS FOR EMPLOYEE BENEFITS

	31 March 2020	31 March 2019
(i) Non-current		
Gratuity	85.88	67.55
	85.88	67.55
(ii) Current		
Compensated absences	401.40	384.07
	401.40	384.07

15 OTHER LIABILITIES

	31 March 2020	31 March 2019
Other current liabilities		
Value added tax	410.07	421.97
Tax deducted at source	36.17	41.18
Statutory Dues	73.30	52.22
	519.54	515.37

16 TAXATION

As at 31 March 2020

Taxation	Opening Balance	Transition impact on adoption of Ind As 116	Recognised in Profit and loss	Recognised in Other Comprehensive Income	Exchange	Closing Balance
Deferred tax assets on account of:						
Property, plant and equipment and intangibles	257.54	-	(21.25)	-	0.34	236.63
Other employee benefits payable	31.09	-	5.05	-	-	36.14
Lease liabilities	-	92.67	12.70	-	0.80	106.17
Unused tax losses	9.09	-	(2.24)	-	-	6.85
Minimum alternate tax credit carried forward	2,061.29	-	82.41	-	-	2,143.70
Employee stock options	30.35	-	3.95	-	0.01	34.31
Accrued expenses / allowance for doubtful debts	4.87	-	-	-	0.16	5.03
Foreign currency forward contracts	(79.55)	-	-	22.02	-	(57.53)
	2,314.68	92.67	80.62	22.02	1.31	2,511.30

Notes to the Consolidated Financial Statements

as at 31 March 2020

(Currency: In ₹ Millions)

Taxation	Opening Balance	Transition impact on adoption of Ind As 116	Recognised in Profit and loss	Recognised in Other Comprehensive Income	Exchange	Closing Balance
Deferred tax liability on account of:						
Goodwill	**1,935.97**	**-**	**49.62**	**-**	**185.61**	**2,171.20**
Business losses carried forward	**(1,393.81)**	**-**	**205.44**	**-**	**(117.27)**	**(1,305.64)**
Property, plant and equipment and intangibles	**(0.87)**	**-**	**33.5**	**-**	**2.18**	**34.81**
Other employee benefits payable	**(41.91)**	**-**	**(12.53)**	**-**	**(4.79)**	**(59.23)**
Lease liabilities	**-**	**(43.93)**	**(7.27)**	**-**	**(4.51)**	**(55.71)**
Accrued expenses / allowance for doubtful debts	**(38.68)**	**-**	**(7.64)**	**-**	**(4.16)**	**(50.48)**
	460.70	**(43.93)**	**261.12**	**-**	**57.06**	**734.95**

As at 31 March 2019

Taxation	Opening Balance	Transition impact on adoption of Ind As 116	Recognised in Profit and loss	Recognised in Other Comprehensive Income	Exchange	Closing Balance
Deferred tax assets on account of:						
Property, plant and equipment and intangibles	332.66	-	(74.85)	-	(0.27)	257.54
Other employee benefits payable	30.15	-	0.94	-	-	31.09
Business losses and unabsorbed depreciation carried forward	-	-	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
Deferred tax liability on account of:						
Goodwill	1,888.71	-	(67.25)	-	114.51	1,935.97
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

	31 March 2020	31 March 2019
Income tax assets (net)	**783.64**	776.51
Provision for tax (net)	**(59.38)**	(222.63)
	724.26	553.88

Income tax expense

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

	Year ended	
	31 March 2020	31 March 2019
Current taxes	**282.35**	343.63
Deferred taxes	**262.91**	237.78
Income tax expense	**545.26**	581.41

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(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 2020	**31 March 2019**
Profit before income taxes	**3,942.11**	4,359.18
Enacted tax rates in India	**34.94%**	34.94%
Computed expected tax expense	**1,377.53**	1,523.27
Income Exempt from Tax and Tax Holidays	**(432.56)**	(439.20)
Expenses not deductible for tax purposes	**34.97**	29.67
Effect of change in tax rates	**(0.11)**	(126.12)
Effect of differential overseas tax rate	**(207.26)**	(317.19)
ESOP cost allowed for tax purpose	**(13.43)**	(36.01)
Previous years tax adjustments	**(6.76)**	(81.75)
Impact of Tax losses utilised in excess of carrying value of corresponding deferred tax assets	**(205.43)**	(32.02)
Others	**(1.69)**	60.76
Income tax expense	**545.26**	581.41

17 REVENUE FROM OPERATIONS

	Year ended	
	31 March 2020	**31 March 2019**
Sale of services	**40,501.92**	37,867.07
Other operating income, net	**484.22**	395.70
	40,986.14	38,262.77

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

Particulars	**Customer management**	**Healthcare**	**Collections**	**Mortgage**	**Total**
UK	**15,025.12**	**-**	**-**	**-**	**15,025.12**
USA	**620.56**	**13,310.56**	**4,409.67**	**6,566.80**	**24,907.59**
ASIA	**569.21**	**-**	**-**	**-**	**569.21**
Total	**16,214.89**	**13,310.56**	**4,409.67**	**6,566.80**	**40,501.92**

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

Particulars	**Customer management**	**Healthcare**	**Collections**	**Mortgage**	**Total**
UK	16,617.46	-	-	-	16,617.46
USA	893.96	13,094.80	3,536.29	3,324.95	20,850.00
ASIA	399.61	-	-	-	399.61
Total	17,911.03	13,094.80	3,536.29	3,324.95	37,867.07

Revenues is excess of invoicing are classified as contract assets (which is referred as unbilled revenues). Changes in contract assets are directly attributable to revenues recognised based on the accounting policy defined and the invoicing done during the period. Applying the practical expedient as given in Ind AS 115, the group has not disclosed the remaining performance obligation related disclosures as the revenue recognised corresponds directly with the value to the customer of the group's performance completed to date.

18 OTHER INCOME, NET

	Year ended	
	31 March 2020	**31 March 2019**
Profit on sale / redemption of current investments, net	**59.64**	46.40
Loss on dimunition in value of investment in subsidiary	**-**	(5.69)
Foreign exchange gain/(loss), net	**17.78**	(27.62)
Interest income	**11.36**	27.30
Gain/(loss) on sale of fixed assets, net	**(3.04)**	(7.16)
Miscellaneous income	**2.69**	5.64
	88.43	38.87

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

19 EMPLOYEE BENEFITS EXPENSE

	Year ended	
	31 March 2020	31 March 2019
Salaries and wages	**25,536.86**	23,391.48
Contribution to provident and other funds	**1,077.86**	1,088.22
Staff welfare expenses	**1,091.58**	1,043.30
Employee stock compensation expense	**29.03**	49.59
	27,735.33	25,572.59

20 FINANCE COSTS

	Year ended	
	31 March 2020	31 March 2019
Interest expense		
- on term loan	**-**	135.89
- on working capital demand loan and others	**297.69**	151.79
Interest expense on leased liabilities	**285.52**	2.32
	583.21	290.00

21 OTHER EXPENSES

	Year ended	
	31 March 2020	31 March 2019
Connectivity, Information and communication expenses	**1,405.85**	1,316.01
Computer expenses	**680.79**	534.82
Legal and professional fees	**756.50**	660.25
Repairs, maintenance and upkeep	**545.67**	600.25
Travel and conveyance	**638.88**	528.25
Car and other hire charges	**214.92**	458.32
Marketing and support fees	**379.57**	345.17
Title and valuation expenses for the mortgage business	**274.49**	274.55
Electricity, water and power consumption	**284.96**	280.74
Recruitment and training expenses	**405.82**	271.23
Bank administration charges	**247.34**	169.58
Rates and taxes	**207.71**	182.37
Rent, net (Refer note 4)	**423.43**	1,268.40
Insurance	**145.37**	140.77
Printing and stationery	**67.23**	62.47
Contribution to Corporate Social Responsibility	**40.94**	37.71
Allowance for doubtful debts/ bad debts written-off, net	**58.98**	17.83
Services rendered by business associates and others	**26.81**	25.49
Auditors remuneration and expenses		
-for audit fees	**16.00**	14.00
-for other services	**5.01**	5.60
-for reimbursement of expenses	**0.95**	0.80
Membership fees and registration fees	**7.98**	16.24
Directors' sitting fees	**5.50**	5.40
Miscellaneous expenses	**121.23**	119.26
	6,961.93	7,335.51

Notes to the Consolidated Financial Statements

as at 31 March 2020

(Currency: In ₹ Millions)

22 FINANCIAL INSTRUMENTS:

I. Financial instruments by category:

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

	Amortized cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Investments	34.17	-	-	34.17	34.17
Trade receivables	5,567.18	-	-	5,567.18	5,567.18
Cash and cash equivalents	1,907.49	-	-	1,907.49	1,907.49
Other financial assets	2,434.48	(15.75)	464.26	2,882.99	2,882.99
Total	9,943.32	(15.75)	464.26	10,391.83	10,391.83
Financial liabilities					
Borrowings	8,369.18	-	-	8,369.18	8,369.18
Lease Liabilities	5,123.15	-	-	5,123.15	5,123.15
Other financial liabilities	1,964.52	-	-	1,964.52	1,964.52
Trade payables	952.81	-	-	952.81	952.81
Total	16,409.66	-	-	16,409.66	16,409.66

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

	Amortized 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	1,532.91	-	-	1,532.91	1,532.91
Trade payables	901.75	-	-	901.75	901.75
Total	7,894.00	-	-	7,894.00	7,894.00

II. Fair value hierarchy:

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

Notes to the Consolidated Financial Statements

as at 31 March 2020

(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 2019:

	31 March 2019	Fair value measurement at end of the reporting year using		
		Level 1	Level 2	Level 3
Investments				
Investment in mutual and other funds	1,217.50	1,217.50	-	-
Total	1,217.50	1,217.50	-	-
Derivative financial instruments- foreign currency forward contract	469.12	-	469.12	-

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 2020:

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

* Others includes LKR, Euro, etc.

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.

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 ₹ 233.85 for the year ended 31 March 2020 (31 March 2019: ₹ 70.65).

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.

Notes to the Consolidated Financial Statements

as at 31 March 2020

(Currency: In ₹ Millions)

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

	31 March 2020		31 March 2019	
	Foreign Currency in Millions	In ₹ Millions	Foreign Currency in Millions	In ₹ Millions
Forward contracts				
in USD	**63.15**	**4,772.87**	182.30	12,841.74
in GBP	**81.93**	**8,122.60**	117.30	11,559.25
Total		**12,895.47**		24,400.99

The foreign exchange forward contracts mature within sixty months.

The table below analyses the derivative financial instruments into relevant maturity grouping based on the remaining period as of the balance sheet date:

	31 March 2020	31 March 2019
Forward contracts in USD		
Not later than one month	**1,923.88**	2,650.51
Later than one month and not later than three months	**1,629.28**	4,078.81
Later than three months	**1,219.71**	6,112.42
Total	**4,772.87**	12,841.74
Forward contracts in GBP		
Not later than one month	**882.07**	1,777.51
Later than one month and not later than three months	**498.89**	480.86
Later than three months	**6,741.64**	9,300.88
Total	**8,122.60**	11,559.25

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

Particulars	31 March 2020	31 March 2019
Balance at the beginning of the year	**437.38**	(60.78)
Changes in the fair value of effective portion of cash flow hedges	**(36.34)**	631.71
Deferred tax movement	**22.02**	(87.69)
(Gains)/Losses transferred to statement of profit and loss on occurrence of forecasted hedge transaction	**(24.66)**	(45.86)
Balance at the end of the year	**398.40**	437.38

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 2020	31 March 2019
5% Appreciation of the underlying foreign currencies	**(418.68)**	(893.09)
5% Depreciation of the underlying foreign currencies	**340.00**	768.14

b) Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 5,567.18 and ₹ 3,871.89 as of 31 March 2020 and 31 March 2019 respectively and unbilled revenue amounting to ₹ 1,972.81 and ₹ 1,553.27 as of 31 March 2020 and 31 March 2019 respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States, United Kingdom, Philippines and other locations. Credit risk has always been managed by the Group by continuously monitoring the credit worthiness of customers to which the Group grants credit terms in the normal course of business.

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

	Year ended	
	31 March 2020	31 March 2019
Revenue from top five customers	**41.14%**	41.44%

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

c) Liquidity risk:

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Group's reputation.

The following are contractual maturities of Lease Liabilities on an undiscounted basis as at 31 March 2020:

Particulars	31 March 2020
Less than one year	1,329.20
One to five years	3,098.16
More than five years	1,779.56
Total	**6,206.92**

Future cash outflows in respect of certain leasehold properties to which the Group is potentially exposed as a lessee that are not reflected in the measurement of the lease liabilities include exposures from options of extension and termination. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Management has considered all relevant facts and circumstances that create an economic incentive for the Group as a lessee to exercise the option to extend the lease or not to exercise the option to terminate the lease as at 31 March 2020. The Group shall revise the lease term when there is a change in the facts and circumstances.

The table below provides details regarding the contractual maturities of other significant financial liabilities as at 31 March 2020 and 31 March 2019:

	31 March 2020		31 March 2019	
	Less than 1 Year	More than 1 year	Less than 1 Year	More than 1 year
Trade payables	952.81	-	901.75	-
Export finance, Line of credit, and working capital demand loan	8,341.42	-	5,389.86	-
Other borrowings	-	27.76	-	69.48
Lease Liabilities	1,069.77	4,053.38	-	-
Other financial liabilities	1,964.52	-	1,532.91	-

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

23 RELATED PARTY TRANSACTIONS

Details of related parties including summary of transactions entered into during the year ended 31 March 2020 are summarized below:

Holding Company	CESC Ventures Limited (formerly known as RP-SG Business Process Services Limited)
Fellow Subsidiary Company	Kolkata Games and Sports Pvt Ltd
	Herbolab India Private Limited
	Quest Properties India Limited (QPIL)
	Metromark Green Commodities Pvt. Ltd
	Guiltfree Industries Limited
	Bowlopedia Restaurants India Limited
	Accurate Commodeal Private 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)
Trust controlled by Ultimate Holding Company	RP-Sanjiv Goenka Group CSR Trust (RPSG CSR Trust)
Key Managerial Personnel	Vipul Khanna (appointed w.e.f. 02 August 2019)
	Rajesh Subramaniam (resigned w.e.f. 31 July 2019)
	Dinesh Jain

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

Non- executive Directors	Dr. Sanjiv Goenka
	Pradip Roy
	Subrata Talukdar
	Shashwat Goenka
	V.K. Sharma (Ceased to be director w.e.f. 13 November 2019)
	Pradip Kumar Khaitan
	Grace Koshie
	Pratip Chaudhuri
	Sunil Mitra
	Charles Richard Vernon Stagg

Particulars of related party transactions

Name of the related party	Description	Transaction value during the year ended		Receivable / (Payable) as at	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
Nanobi	Redemption of debentures	**2.00**	-	-	-
	Interest Income	**1.02**	1.20	-	0.30
	Receipt of services from Nanobi	**2.80**	6.58	-	-
CESC Ventures Limited	Dividend paid	**1,682.90**	-	-	-
Kolkata Games and Sports Pvt Ltd	Recovery of expenses from Kolkata Games and Sports Pvt Ltd	**1.32**	1.14	-	-
Guiltfree Industries Limited	Receipt of services	**0.27**	-	-	-
Accurate Commodeal Private Limited	Receipt of services	**200.02**	-	-	-
Non executive directors	Sitting fees	**5.50**	5.40	-	-
Key Management Personnel and relatives	Remuneration	**292.53**	101.00	-	-
	Dividend paid	**0.33**	2.18	-	-

Description	Year ended	
	31 March 2020	31 March 2019
Rajesh Subramaniam	**115.16**	78.25
Dinesh Jain*	**30.29**	22.75
Vipul Khanna*	**147.08**	-

*Excludes ESOP, gratuity and compensated absences. -

24 SEGMENT REPORTING

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the Chief Operating Decision Maker ('CODM'), in deciding how to allocate resources and in assessing performance. Operating segments are identified based on the internal organization at the Balance Sheet date. The Group has identified the business segments as reportable segments, which comprise: Customer Management, Healthcare, Collections and Mortgage. With the growth in the mortgage revenues, during the current period, 'Mortgage' has been separated from 'Customer Management' and disclosed as a new reportable segment for the CODM. Following the change in the composition of the reportable segment, the Company has restated the corresponding amounts. Revenues and expenses directly attributable to the segments are reported under each reportable segment. The accounting principles used in the preparation of the segment information are consistently applied to record revenue and expenditure in individual business segments.

Assets and liabilities 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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

	Year ended	
	31 March 2020	31 March 2019
Business segment		
Segment revenue		
Customer management	16,214.89	17,911.03
Healthcare	13,310.56	13,094.80
Collections	4,409.67	3,536.29
Mortgage	6,566.80	3,324.95
Less: Inter Segment Revenue	-	-
Net segment revenue	40,501.92	37,867.07
Segment results before tax and finance costs		
Customer management	1,666.68	2,405.76
Healthcare	2,693.98	2,501.27
Collections	736.03	617.83
Mortgage	976.20	360.06
Total	6,072.89	5,884.92
Finance costs	(583.21)	(290.00)
Other un-allocable expenditure, net of un-allocable income	(1,547.58)	(1,235.73)
Share in net profit / (loss) of associate	0.01	(0.01)
Profit before taxation, minority interest and other comprehensive income	3,942.11	4,359.18
Taxation	545.26	581.41
Non- controlling interest	(0.01)	(0.09)
Profit for the year	3,396.86	3,777.86

	Year ended	
	31 March 2020	31 March 2019
Segment assets		
Customer management	9,831.77	6,563.37
Healthcare	22,657.81	19,063.83
Collections	4,231.36	3,069.14
Mortgage	3,919.45	1,636.69
Unallocated	5,230.12	6,424.44
	45,870.51	36,757.47
Segment liabilities		
Customer management	11,880.93	7,349.10
Healthcare	2,965.55	801.88
Collections	768.17	287.54
Mortgage	1,612.59	180.02
Unallocated	983.57	925.78
	18,210.81	9,544.32

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 2020	31 March 2019
Geographical information		
Segment revenue		
UK	15,025.12	16,617.46
US	24,907.59	20,850.00
Asia	569.21	399.61
Less: Inter Segment Revenue	-	-
	40,501.92	37,867.07

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

Geographical information: Other non-current assets

	Year ended	
	31 March 2020	31 March 2019
Geographical information		
Other non-current assets		
UK	**1,560.92**	1,826.18
US	**145.61**	117.40
Asia	**270.37**	125.40
	1,976.90	2,068.98

25 EMPLOYEE STOCK OPTION PLAN

Employee stock option Scheme 2003 ('Scheme 2003')

The Employee Stock Option Scheme 2003 ('the Scheme') approved by the Board of Directors and the members of the Company and administered by the Nomination & Remuneration Committee ('the Committee') is effective 11 October, 2003. The key terms and conditions included in the scheme are in line with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (as amended by SEBI (shared based employee benefits) Regulations, 2014).

As per the Scheme, the Committee issued stock options to the identified employees at an exercise price equal to the fair value on the date of grant and there stock options would vest in tranches over a period of four years as stated below and shall be exercised within a period of ten years from the date of the grant of the options.

Period within which options will vest unto the eligible employee	% of options that will vest
End of 12 months from the date of grant of options	25.00%
End of 18 months from the date of grant of options	12.50%
End of 24 months from the date of grant of options	12.50%
End of 30 months from the date of grant of options	12.50%
End of 36 months from the date of grant of options	12.50%
End of 42 months from the date of grant of options	12.50%
End of 48 months from the date of grant of options	12.50%

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

The Company established ESOP 2019 Plan, pursuant to approval of the Board of Directors and the shareholders at the Annual General Meeting on August 2, 2019 and administered by the Committee.. The key terms and conditions included in the ESOP 2019 Plan are in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended.

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

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

Vesting Schedule in the given structure is:

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

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

Under both the above structures grants will be issued at face value of the shares or any higher price which may be decided by the Committee and will have an exercise period upto ten years as per the Scheme and as determined by the Committee.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

Under the ESOP 2019 Plan, as on March 31, 2020, the Committee has approved grant of 10,784,204 options which are a mix of tenure based and performance based structure to its senior leadership team and employees.

The ESOP 2019 Plan shall be implemented by the Firstsource Employee Benefit Trust ('the Trust') which will be administered by the Committee. The Company shall provide financial assistance to the Trust for secondary acquisition of equity shares of the Company for the purpose of implementation of ESOP 2019 Plan. The terms and conditions for the financial assistance provided shall be in Compliance with the Companies Act, 2013 read with Companies (Share Capital and Debenture) Rules, 2014 and SEBI regulations.

During the year ended March 31, 2020, the Trust has purchased 3,156,000 equity shares through secondary acquisition.

GRANTS TO THE MANAGING DIRECTOR & CEO (MD & CEO) UNDER ESOP 2019 PLAN

In view of the Shareholder's approval via postal ballot on 11 January 2020 through a special resolution wherein it was approved that the MD & CEO shall be entitled to participate in the equity based LTI of the Company. Accordingly the Committee on February 28, 2020 has approved the grant of 10,066,204 options under ESOP Plan 2019 at the face value of ₹ 10/- of the shares to the MD & CEO which are a mix of tenure based and performance based structures. The brief details of these grants are mentioned herein below:

A. Grants under Tenure Based Structure :

No. of Stock Options	Vesting Date	Vesting Conditions
1,186,624	1 October, 2021	Continued employment
719,966	1 October, 2023	Continued employment

B. Grants under Performance Based Structure :

No. of Stock Options	Vesting Date	Vesting Conditions
8,159,614	1 October, 2023	Achievement of Profits Before Tax **

** Performance period may be further defined in consultation with the Nomination & Remuneration Committee

Employee stock option activity during the year ended March 31, 2020

A) Under ESOS Scheme 2003 are as follows:

Description	31 March 2020			31 March, 2019	
	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	**00-30.00**	**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	
Granted during the year	**00-30.00**	**-**		-	
	30.01-60.00	**-**		-	
	60.01-90.00	**-**		2,500,000	
		-		2,500,000	
Forfeited during the year	**00-30.00**	**291,010**		-	
	30.01-60.00	**1,254,061**		593,470	
	60.01-90.00	**745,000**		147,500	
		2,290,071		740,970	
Exercised during the year*	**00-30.00**	**1,636,250**		2,447,250	
	30.01-60.00	**1,125,500**		2,094,961	
	60.01-90.00	**-**		-	
		2,761,750		4,542,211	
Expired during the year	**00-30.00**	**-**		-	
	30.01-60.00	**219,000**		555,000	
	60.01-90.00	**-**		-	
		219,000		555,000	

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

Description	31 March 2020			31 March, 2019	
	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 end of the year	**00-30.00**	**1,399,125**	**39.25**	3,326,385	41.75
	30.01-60.00	**3,909,185**	**78.38**	6,507,746	87.58
	60.01-90.00	**1,607,500**	**101.57**	2,352,500	113.77
		6,915,810		12,186,631	
Exercisable at the end of the year	**00-30.00**	**1,399,125**	**39.25**	3,326,385	41.75
	30.01-60.00	**2,901,901**	**76.35**	3,267,988	80.75
	60.01-90.00	**602,825**	**101.57**	-	-
		4,903,851		6,594,373	

* The weighted average share price of these options was ₹ 27.87 and ₹ 31.27 for the year ended 31 March 2020 and 31 March 2019 respectively

B) Under ESOP 2019 Plan is as follows:

i) Grants under Tenure Based Structure

Description	31 March 2020	
	Exercise Price (₹)	Options Granted
Granted and Outstanding during the year	**10**	**2,256,590**

ii) Grants under Performance Based Structure

Description	31 March 2020	
	Exercise Price (₹)	Options Granted
Granted and Outstanding during the year	**10**	**8,527,614**

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

	31 March 2020	31 March 2019
Dividend yield	**0% to 4%**	0% to 3%
Expected Life	**2-7 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 ₹ 29.03 and ₹ 49.59 for the year ended 31 March 2020 and 31 March 2019 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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

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 2020	31 March 2019
Change in present value of obligations		
Obligations at beginning of the year	**118.38**	97.82
Service cost	**12.59**	10.65
Interest cost	**7.93**	6.76
Actuarial (gain)/loss	**15.10**	21.26
Benefits paid	**(24.38)**	(18.11)
Obligations at the end of the year	**129.62**	118.38
Change in plan assets		
Fair value of plan assets at beginning of the year	**50.83**	46.09
Adjustments to Opening Fair Value of Plan Assets	**(0.45)**	0.51
Return on Plan Assets excluding interest income	**(0.54)**	(0.26)
Interest income	**2.52**	2.52
Contributions	**15.76**	20.08
Benefits paid	**(24.38)**	(18.11)
Fair value of plan assets at end of the year	**43.74**	50.83
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	**129.62**	118.38
Fair value of plan assets at the end of year	**(43.74)**	(50.83)
Funded status being amount of liability recognised in the balance sheet	**85.88**	67.55
Gratuity cost for the year		
Service cost	**12.59**	10.65
Interest cost	**5.41**	4.24
Net gratuity cost	**18.00**	14.89
Remeasurements of the net defined benefit liability/ (asset)		
Actuarial (gains) / losses	**15.10**	21.26
(Return)/loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/ (asset)	**0.54**	0.26
Total actuarial (gain)/loss recognized in (OCI)	**15.64**	21.52
Category of Assets	**Total Amount**	Target Allocation %
Gratuity Fund (LIC of India and Birla Sunlife Insurance Co. Ltd)	**33.50**	100%
Total Itemized Assets	**33.50**	100%
Assumptions		
Mortality	**IALM (2006-08) Ult.**	IALM (2006-08) Ult.
Interest rate	**6.55%**	7.47%
Rate of growth in salary levels	**6.00%**	7.00%

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

The Company continues to fund to the trust in next year by reimbursing the actual payouts.

Gratuity cost, as disclosed above, is included under 'Employee benefit expense'.

a) Contribution to Provident fund

The provident fund charge during the year amounts to ₹ 146.40 (31 March 2019: ₹ 117.99).

b) Compensated absences

Actuarial assumptions	31 March 2020	31 March 2019
Interest rate	**6.55%**	7.47%
Rate of growth in salary levels	**6.00%**	7.00%

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

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	74.99%	20,741.53	53.58%	1,820.15	-3.40%	(40.52)	38.79%	1,779.63
	Subsidiaries - Indian								
1	Firstsource Process Management Services Limited	0.12%	33.79	0.03%	1.11	0.00%	-	0.02%	1.11
	Subsidiaries - Foreign								
1	Firstsource Solutions UK Limited	16.83%	4,654.99	1.10%	37.28	12.47%	148.41	4.05%	185.69
2	Firstsource BPO Ireland Limited	0.07%	18.40	-0.05%	(1.54)	0.10%	1.17	-0.01%	(0.37)
3	Firstsource Dialog Solutions (Private) Limited	0.08%	22.61	0.00%	(0.03)	0.00%	(0.02)	0.00%	(0.05)
4	Firstsource Solutions S.A.	-	-	-	-	-	-	-	-
5	Firstsource Group USA, Inc.	77.45%	21,422.65	-17.89%	(607.64)	121.08%	1,441.45	18.18%	833.81
6	Firstsource Advantage LLC	6.29%	1,739.89	12.66%	430.19	4.15%	49.45	10.46%	479.64
7	Firstsource Business Process Services, LLC	9.52%	2,634.26	0.00%	(0.01)	19.04%	226.65	4.94%	226.64
8	MedAssist Holding LLC	87.24%	24,130.14	52.53%	1,784.37	-56.29%	(670.17)	24.29%	1,114.20
9	Firstsource Transaction Services LLC	0.29%	80.71	-0.60%	(20.31)	0.62%	7.43	-0.28%	(12.88)
10	One Advantage LLC	2.11%	584.92	9.49%	322.21	3.57%	42.55	7.95%	364.76
11	Sourcepoint Fulfillment Services, Inc	-0.20%	(55.30)	1.12%	37.89	-0.27%	(3.27)	0.75%	34.62
12	Sourcepoint, Inc.	13.26%	3,668.04	-3.03%	(102.96)	-1.06%	(12.66)	-2.52%	(115.62)
	Minority Interests in all subsidiaries	-0.02%	(5.88)	0.00%	0.01	0.00%	-	0.00%	0.01
	Adjustments	-188.04%	(52,011.05)	-8.95%	(303.86)	-	-	-6.62%	(303.86)
	Total	100%	27,659.70	100%	3,396.86	100%	1,190.47	100%	4,587.33

28 OTHER OPERATING INCOME

Other operating income includes gain of ₹ 484.22 for the year ended 31 March 2020 (31 March 2019: ₹ 395.70) 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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

29 COMPUTATION FOR CALCULATING DILUTED EARNING PER SHARE

	Year ended	
	31 March 2020	**31 March 2019**
Number of shares considered as basic weighted average shares outstanding	**692,858,333**	689,710,908
Add: Effect of potential issue of shares/ stock options *	**2,085,283**	3,389,217
Number of shares considered as weighted average shares and potential shares outstanding	**694,943,616**	693,100,125
Net profit after tax attributable to shareholders	**3,396.86**	3,777.86
Net profit after tax for diluted earnings per share	**3,396.86**	3,777.86
* not considered when anti-dilutive		
Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year, excluding equity shares purchased by the Group and held as treasury shares.		
Diluted earnings per share is calculated by adjusting the weighted average number of equity shares outstanding during the year for assumed conversion of all dilutive potential equity shares. Employee share options are dilutive potential equity shares for the Group.		

30 CAPITAL AND OTHER COMMITMENTS AND CONTINGENT LIABILITIES

		31 March 2020	**31 March 2019**
a)	The estimated amount of contracts remaining to be executed on capital account and not provided for (net), against which advances paid are ₹ 47.71 (31 March 2019: ₹ 49.75)	**851.71**	511.38
b)	Claims not acknowledged as debts	**1.35**	1.35
c)	Guarantees given to the customer and others*	**10.00**	10.00
d)	Outstanding in respect of the Company has a purchase commitment towards Nanobi Data and Analytics Private Limited for the Optionally Convertible Debentures of ₹ 100 per unit of 120,000 units.	**12.00**	12.00

Direct tax matters

Income tax demands amounting to ₹ 983.41 (31 March 2019: ₹ 959.72) 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 2019: ₹ 10.38) tax under protest against the demand raised for the assessment year 2004-05, ₹ 12.50 (31 March 2019: ₹ 12.50) tax under protest against the demand raised for the assessment year 2009-10, ₹ 80.00 (31 March 2019: ₹ 80.00) tax under protest against the demand raised for the assessment year 2011-12, ₹ 5.00 (31 March 2019: ₹ Nil) tax under protest against the demand raised for the assessment year 2014-15, ₹ 2.50 (31 March 2019: ₹ Nil) tax under protest against the demand raised for the assessment year 2015-16.

Indirect tax matters

Service tax demands amounting to ₹ 151.76 (31 March 2019: ₹ 174.85) 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 2020

(Currency: In ₹ Millions)

32 CORPORATE SOCIAL RESPONSIBILITY (CSR)

As per Section 135 of the Companies Act, 2013, funds have been contributed by the Company to the RP-Sanjiv Goenka Group CSR Trust and are to be utilized on the activities which are specified in Schedule VII to the Act. The areas identified by the CSR trust includes activities for promoting healthcare, art / culture, sports and education as the four priority areas to be pursued in phases and in a manner aligned with the CSR rules and regulations.The trust has informed that they are working on a project to set up school which will offer IB and IGCSE courses. The amount paid towards our contribution is being utlized to purchase land for setting up this school.

a) Gross amount required to be spent by the Company during the year is ₹ 40.94 (31 March 2019: ₹ 37.71)

b) Amount spent by Firstsource during the year on:

Particulars	Amount paid
Construction/ acquisition of any asset	-
On purposes other than above	**40.94**

33 SUBSEQUENT EVENTS

The Board of directors at its meeting held on 26 May 2020 has approved these Consolidated financial statements as at and for the year ended 31 March 2020.

As per our report of even date attached.

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

Sanjiv V. Pilgaonkar
Partner
Membership No: 39826

Mumbai
26 May 2020

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

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
Director

Charles Richard Vernon Stagg
Director

Grace Koshie
Director

Pradip Roy
Director

Sunil Mitra
Director

Pratip Chaudhuri
Director

Mumbai
26 May 2020

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 containig 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	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020
2	Reporting currency	₹	Dollar	Dollar	Dollar	Dollar	Pound	Dollar	Dollar	Dollar	Euro	LKR	-	Dollar	Dollar
3	Exchange rate	1	75.67	75.67	75.67	75.67	93.50	75.67	75.67	75.67	79.10	0.40	0.00	75.67	75.67
4	Paid-up Share Capital	10.50	19.45	-	0.76	-	265.05	-	-	-	-	1.82	-	30.33	5.55
5	Reserves & Surplus	23.29	21,402.30	2,634.26	1,739.18	584.92	4,399.42	-	24,130.14	80.71	18.40	20.79	-	(79.13)	3,656.20
6	Total Assets	34.52	30,738.91	3,009.77	2,609.12	910.15	12,990.25	-	26,479.61	2,083.85	19.83	22.85	-	288.42	6,158.85
7	Total Liabilities (excluding Capital and Reserves)	0.73	9,317.16	375.51	869.18	325.23	8,325.78	-	2,349.47	2,003.14	1.43	0.24	-	337.22	2,497.10
8	Investments (excluding Investments in Subsidiaries)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Total Income *	1.84	662.59	-	4,708.68	1,187.12	15,082.14	-	7,803.74	5,222.09	0.77	0.61	-	569.75	6,442.34
10	Profit / (Loss) Before Tax*	1.52	(331.48)	(0.01)	459.90	344.06	(9.05)	-	1,914.65	(21.47)	(2.20)	(0.02)	-	41.24	(110.04)
11	Provision for Tax	0.41	317.36	-	-	-	(53.43)	-	-	-	(0.65)	-	-	-	-
12	Profit / (Loss) After Tax*	1.11	(648.84)	(0.01)	459.90	344.06	44.38	-	1,914.65	(21.47)	(1.55)	(0.02)	-	41.24	(110.04)
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:

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 containig 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	01-04-2019 to 31-03-2020
2	Reporting currency	₹
3	Exchange rate	1
4	Paid-up Share Capital	36.58
5	Reserves & Surplus	(52.30)
6	Total Assets	29.23
7	Total Liabilities (excluding Capital and Reserves)	44.95
8	Investments (excluding Investments in Subsidiaries)	-
9	Total Income	24.87
10	Profit / (Loss) Before Tax	2.82
11	Provision for Tax	0.09
12	Profit / (Loss) After Tax	2.73
13	Proposed Dividend (including Tax thereon)	-
14	% of Shareholding	21.79%

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

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
Director

Charles Richard Vernon Stagg
Director

Grace Koshie
Director

Pradip Roy
Director

Sunil Mitra
Director

Pratip Chaudhuri
Director

Mumbai
26 May 2020

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 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows and 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 2020, 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 ('SA's). 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

KEY AUDIT MATTERS

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current financial year. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the Key Audit Matters to be communicated in our report.

Sr. no.	Key Audit Matter	Auditor's Response
1.	**Revenue recognition and measurement in respect of un-invoiced amounts** (Refer Note 6(ii) and 17 of the Standalone Financial Statements) The Company, in its contracts with customers, promises to transfer distinct services ('performance obligations') to its customers which may be rendered in the form of customer management, transaction processing (including revenue cycle management in the healthcare industry) and debt collection services. Revenue is recognised based on the pattern of benefits from the performance obligations to the customer in an amount that reflects the consideration received or expected to be received in exchange for the services ('transaction price'). The agreed contractual terms for service deliveries that are based on unit-of-work, time and material or a specified contingency (such as recovery of dues or disbursement of loans) adjusted for rebates, volume discounts, incentives or penalties ('variable consideration'). At each reporting date, revenue is accrued for work performed that may not have been 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.	**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.

Sr. no.	Key Audit Matter	Auditor's Response
	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.	Therefore, we focused our attention on time and unit priced based service contracts in performing substantive analytical procedures. These procedures involved developing sufficiently precise expectations using a plausible and predictable relationship among appropriately disaggregated data. e) We also extended our testing upto the date of approval of financial statements by the Board of Directors of the Company to verify adjustments, if any, that may have been necessary upon receipt of approvals from customers for services delivered prior to the reporting date and / or collections against those. f) We have reviewed the delivery and collection history of customers against whose contracts un-invoiced revenue is recognized. g) We tested cut-offs for revenue recognized against un-invoiced amounts by matching the revenue accrual against accruals for corresponding cost.
2.	**<u>Assessment of recoverability of Minimum Alternate Tax ('MAT') Credit for Special Economic Zone ('SEZ') units</u>** <u>(Refer Note 10 of the Standalone Financial Statements)</u> Under the provisions of the Income Tax Act, 1961, (the 'Income Tax Act') Minimum Alternate Tax ('MAT') is payable by companies where 15% (plus applicable surcharge and cess) of its 'book profit' as defined under section 115JB of the Income Tax Act exceeds the income tax payable on the 'total taxable income' computed in accordance with the Income Tax Act. A credit equal to the excess of MAT paid on book profit over the normal income tax payable on the total taxable income is allowed as a credit ('MAT credit').	**<u>Principal audit procedures performed</u>** We obtained the projections compiled by the management and performed audit procedures related to forecasts of future taxable profits and operating margin: a) We evaluated management's ability to accurately forecast future revenues, operating margins and taxable profits by comparing the actual results to management's historical forecast by delivery centres (including the ratio of deliveries from SEZs and Non-SEZ centres) to arrive at forecast tax liabilities. 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.
	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 ₹ 2,143.70 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 taxable income involves significant subjective judgment.	c) We performed sensitivity analysis on the key assumptions to assess their impact on the Company's determination that the MAT was realisable; the extent of change in those assumptions that would impact any impairment to the MAT Credit. d) Our procedures included evaluation of the impact of current economic conditions on account of COVID -19 pandemic on the assumptions used in forecast of future tax liabilities and operating margin.

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 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 the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the Key Audit Matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the 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 Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements.

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

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

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

SANJIV V. PILGAONKAR
Partner
(Membership No. 39826)
(UDIN: 20039826AAAACO7602)

Mumbai, 26 May 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ('THE ACT') OF FIRSTSOURCE SOLUTIONS LIMITED

We have audited the internal financial controls over financial reporting of Firstsource Solutions Limited ('the Company') as of 31 March 2020 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit.

We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls. The Guidance Note and those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note.

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

SANJIV V. PILGAONKAR
Partner
(Membership No. 39826)
(UDIN: 20039826AAAACO7602)

Mumbai, 26 May 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

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

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 2020 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 2020 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 2020 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, 2015-16, 2016-17	283.19
	Income Tax Appellate Tribunal	2008-09, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15	699.16
Service Tax	Demand Notice	2006 to 2012	151.76

There were no dues of Goods and Service Tax, duty of Customs, duty of Excise and Cess which have not been deposited as at 31 March 2020 on account of dispute.

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

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

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

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

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

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

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

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

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

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

SANJIV V. PILGAONKAR
Partner
(Membership No. 39826)
(UDIN: 20039826AAAACO7602)

Mumbai, 26 May 2020

Balance Sheet

as at 31 March 2020

(Currency: In ₹ Millions)

	Note	31 March 2020	31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	**525.77**	454.60
Capital work-in-progress		**-**	0.69
Right-of-use assets	4	**1,775.61**	-
Goodwill		**40.14**	40.14
Other intangible assets	5	**145.37**	221.05
Financial assets			
Investments	6(i)	**11,986.91**	11,970.89
Other financial assets	7(i)	**655.72**	668.04
Other non-current assets	8(i)	**270.37**	135.96
Deferred tax assets (net)	11	**2,479.80**	2,292.81
Income tax assets (net)	11	**722.23**	780.99
Total non-current assets		**18,601.92**	16,565.17
Current assets			
Financial assets			
Investments	6(ii)	**-**	1,187.50
Trade receivables	9	**3,735.52**	4,328.85
Cash and cash equivalents	10	**460.93**	131.26
Other financial assets	7(ii)	**334.54**	1,036.53
Other current assets	8(ii)	**523.43**	468.28
Total current assets		**5,054.42**	7,152.42
Total assets		**23,656.34**	23,717.59
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	**6,938.27**	6,910.65
Other equity	13	**13,713.91**	15,882.37
Total equity		**20,652.18**	22,793.02
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Long-term borrowings	14	**27.76**	34.88
Lease liabilities		**1,685.86**	-
Provisions for employee benefits	16(i)	**85.88**	67.55
Total non-current liabilities		**1,799.50**	102.43
Current liabilities			
Financial liabilities			
Trade payables		**308.55**	289.29
Lease liabilities		**403.96**	-
Other financial liabilities	15	**288.65**	361.60
Provisions for employee benefits	16(ii)	**75.43**	59.51
Other current liabilities	17	**68.69**	50.21
Provision for tax (net)	11	**59.38**	61.53
Total current liabilities		**1,204.66**	822.14
Total equity and liabilities		**23,656.34**	23,717.59
Significant accounting policies			

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

As per our report of even date attached.

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

Sanjiv V. Pilgaonkar
Partner
Membership No: 39826

Mumbai
26 May 2020

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

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
Director

Charles Richard Vernon Stagg
Director

Grace Koshie
Director

Pradip Roy
Director

Sunil Mitra
Director

Pratip Chaudhuri
Director

Mumbai
26 May 2020

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

Statement of Profit and Loss

for the year ended 31 March 2020

(Currency: In ₹ Millions)

	Note	31 March 2020	31 March 2019
INCOME			
Revenue from operations	18	**9,399.10**	7,681.06
Other income, net	19	**308.02**	619.23
Total income		**9,707.12**	8,300.29
EXPENSES			
Employee benefits expenses	20	**4,808.59**	3,833.33
Finance costs	21	**156.77**	15.45
Depreciation and amortization expense	3,4, 5	**705.84**	243.19
Other expenses	22	**1,916.00**	1,979.59
Total expenses		**7,587.20**	6,071.56
Profit before tax		**2,119.92**	2,228.73
Tax expenses			
Current tax	11	**302.22**	168.94
Deferred tax	11	**(2.45)**	69.58
Profit for the year		**1,820.15**	1,990.21
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		**(15.64)**	(21.52)
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		**(61.00)**	585.85
Deferred tax on items that will be reclassified to statement of profit and loss		**22.02**	(87.69)
Exchange difference on translation of foreign operations		**14.10**	36.45
Total other comprehensive income, net of taxes		**(40.52)**	513.09
Total comprehensive income for the year		**1,779.63**	2,503.30
Weighted average number of equity shares outstanding during the year			
Basic	28	**692,858,333**	689,710,908
Diluted	28	**694,943,616**	693,100,125
Earnings per equity share			
Basic	28	**2.63**	2.89
Diluted	28	**2.62**	2.87
Significant accounting policies			

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

As per our report of even date attached.

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

Sanjiv V. Pilgaonkar
Partner
Membership No: 39826

Mumbai
26 May 2020

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

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
Director

Charles Richard Vernon Stagg
Director

Grace Koshie
Director

Pradip Roy
Director

Sunil Mitra
Director

Pratip Chaudhuri
Director

Mumbai
26 May 2020

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

Statement of Changes in Equity

for the year ended 31 March 2020

(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	Treasury shares	Amalgamation deficit reserve	Special Economic Zone re-investment reserve	Securities premium	Other reserves	Retained earnings	Employee stock option reserve	Effective portion of cash flow hedges	Exchange differences on translating the financial statements of a foreign operation	Total
Balance as at 1 April 2019	6,910.65	0.30	-	(1,136.72)	-	2,073.92	30.68	14,170.47	122.39	437.38	183.95	22,793.02
Other comprehensive income for the year (Net of tax)	-	-	-	-	-	-	-	(15.64)	-	(38.98)	14.10	(40.52)
Transition impact on adoption of Ind AS 116	-	-	-	-	-	-	-	(174.80)	-	-	-	(174.80)
Profit for the year	-	-	-	-	-	-	-	1,820.15	-	-	-	1,820.15
Dividend (including tax on dividend)	-	-	-	-	-	-	-	(3,762.03)	-	-	-	(3,762.03)
Share based payments	-	-	-	-	-	-	-	-	29.03	-	-	29.03
Issue of equity shares on exercise of options	27.62	(0.30)	-	-	-	73.70	-	-	(24.34)	-	-	76.68
Treasury shares	-	-	(89.35)	-	-	-	-	-	-	-	-	(89.35)
Transfer to Special Economic Zone re-investment reserve	-	-	-	-	158.78	-	-	(158.78)	-	-	-	-
Transfer to retained earning for options forfeited	-	-	-	-	-	-	-	7.12	(7.12)	-	-	-
Balance at the end of the 31 March 2020	**6,938.27**	**-**	**(89.35)**	**(1,136.72)**	**158.78**	**2,147.62**	**30.68**	**11,886.49**	**119.96**	**398.40**	**198.05**	**20,652.18**

Statement of Changes in Equity

for the year ended 31 March 2020

(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	Special Economic Zone re-investment reserve	Securities premium	Other reserves	Retained earnings	Employee stock option reserve	Effective portion of cash flow hedges	Exchange differences on translating the financial statements of a foreign operation	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 year (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 Special Economic Zone re-investment reserve	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earning for options forfeited	-	-	-	-	-	-	1.70	(1.70)	-	-	-
Balance at the end of the 31 March 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**

As per our report of even date attached.

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

Sanjiv V. Pilgaonkar
Partner
Membership No: 39826

Mumbai
26 May 2020

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

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
Director

Charles Richard Vernon Stagg
Director

Grace Koshie
Director

Pradip Roy
Director

Sunil Mitra
Director

Pratip Chaudhuri
Director

Mumbai
26 May 2020

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

Statement of cash flows

for the year ended 31 March 2020

(Currency: In ₹ Millions)

	31 March 2020	31 March 2019
Net Profit before taxation	2,119.92	2,228.73
Adjustments for		
Depreciation and amortisation	705.84	243.19
Provision for doubtful debts / written off, net	21.75	0.05
(Gain)/ Loss on sale of fixed assets, net	(1.08)	3.80
Foreign exchange (gain)/ loss, net unrealised	(172.88)	309.88
Finance costs	156.77	15.45
Provision for impairment of investment in subsidiary	-	10.62
Interest income	(11.96)	(26.33)
Profit on sale / redemption of investments	(57.81)	(35.41)
Gain on sale of subsidiary	-	(286.03)
Employee stock compensation expense	13.51	27.46
Operating cash flow before changes in working capital	2,774.06	2,491.41
Changes in working capital		
Decrease in trade receivables	773.31	1,042.41
Decrease / (increase) in loans and advances and other assets	586.64	(752.88)
Increase / (decrease) in liabilities and provisions	70.48	(118.27)
Net changes in working capital	1,430.43	171.26
Income taxes paid	(328.02)	(445.20)
Net cash generated from operating activities (A)	3,876.47	2,217.47
Cash flow from investing activities		
Purchase of current investments	(19,186.60)	(14,082.50)
Proceeds from sale of current investments	20,431.91	13,120.40
Proceeds from sale of investment in FSL Ireland	-	303.39
Proceeds from buyback by FDS	-	17.41
Proceeds from redemption of debentures	2.00	-
Interest income received	11.99	4.37
Purchase of property plant and equipment	(328.86)	(425.78)
Proceeds from sale of property plant and equipment	1.88	5.39
Earmarked funds placed with banks	(15.26)	(5.41)
Capital advances given against land and others	(144.68)	-
Net cash generated from / (used in) investing activities (B)	772.38	(1,062.73)
Cash flow from financing activities		
Repayment of long term borrowings	(47.13)	(52.38)
Proceeds from issuance of equity shares and share application money	76.68	142.35
Interest paid	(157.17)	(15.76)
Purchase of treasury shares	(89.35)	-
Repayment of lease liabilities	(350.92)	-
Dividend paid	(3,762.03)	(1,247.73)
Net cash used in financing activities (C)	(4,329.92)	(1,173.52)
Net increase / (decrease) in cash and cash equivalents at the end of the year (A+B+C)	318.93	(18.78)
Cash and cash equivalents at the beginning of the year	131.26	143.62
Foreign exchange (gain)/loss on translating Cash and cash equivalents	(4.52)	1.01
Earmarked Balances with Banks	15.26	5.41
Cash and cash equivalents at the end of the year	460.93	131.26

Statement of cash flows

for the year ended 31 March 2020

(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 2020	31 March 2019
Cash on hand	-	0.09
Balances with banks		
- in current accounts	195.67	125.76
- in deposit accounts	250.00	-
Earmarked balances with banks	15.26	5.41
	460.93	131.26
Cash and cash equivalents	460.93	131.26

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

Particulars	As at 31 March 2019	Proceeds	Repayment	Effects of change in Foreign exchange	As at 31 March 2020
Long Term Borrowings	110.10	-	(47.13)	-	62.97
Total Liabilities from financing activities	110.10	-	(47.13)	-	62.97

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

As per our report of even date attached.

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

Sanjiv V. Pilgaonkar
Partner
Membership No: 39826

Mumbai
26 May 2020

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

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
Director

Charles Richard Vernon Stagg
Director

Grace Koshie
Director

Pradip Roy
Director

Sunil Mitra
Director

Pratip Chaudhuri
Director

Mumbai
26 May 2020

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

Notes to the Financial Statements

for the year ended 31 March 2020

(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 26 May 2020.

Basis of Preparation

These financial statements are prepared in accordance with Indian Accounting Standards, under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 (‘the Act’) (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereunder.

The list of entities with percentage holding is as below:

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. (Ceased on 24 June 2019)	100%	2016-2017
Firstsource Employee Benefit Trust	A trust of Firstsource Solutions Limited, incorporated under the laws of India.	100%	2019-2020
Nanobi Data and Analytics Private Limited (Nanobi)	Associate of the Company.	21.79%	2016-2017

Notes to the Financial Statements

for the year ended 31 March 2020

(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 Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116 and identification of lease requires significant judgement. Ind AS 116 additionally requires lessees to determine the lease term as the non-cancellable period of lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in the future periods is reassessed to ensure the lease term reflects the current economic circumstances.

e Impairment of goodwill

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

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

2.3 Revenue recognition

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

Notes to the Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

completed to date. Revenue from unit price based contracts is measured by multiplying the units of output delivered with the agreed transaction price per unit while in the case of time and material based contracts, revenue is the product of the efforts expended and the agreed transaction price per unit.

The Company continually reassesses the estimated discounts, rebates, price concessions, refunds, credits, incentives, performance bonuses, etc. (variable consideration) against each performance obligation each reporting period and recognises changes to estimated variable consideration as changes to the transaction price (i.e. revenue) of the applicable performance obligation.

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

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

2.4 Goodwill

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

2.5 Property, plant and equipment

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

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

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

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

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those property, plant and equipment which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

2.6 Other intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

Asset category	Useful life (in years)
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

Notes to the Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

research phase until technological feasibility is established. Software development costs incurred subsequent to the achievement of technological feasibility are capitalised and amortised over the estimated useful life of the products as determined by the management. This capitalisation is done only if there is an intention and ability to complete the product, the product is likely to generate future economic benefits, adequate resources to complete the product are available and such expenses can be accurately measured. Such software development costs comprise expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to the development of the product. The amortisation of software development costs is allocated on a systematic basis over the best estimate of its useful life after the product is ready for use. The factors considered for identifying the basis include obsolescence, product life cycle and actions of competitors.

The amortisation period and the amortisation method are reviewed at the end of each reporting period. If the expected useful life of the product is shorter from previous estimates, the amortisation period is changed accordingly.

2.7 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

b. Non-financial assets

i Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Company's cash generating units ('CGU') or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in use is the present value of future cash flows expected to be derived from the CGU.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised in the statement of profit and loss and is not reversed in the subsequent period.

ii Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

2.8 Employee benefits

a) Post employment benefits

Gratuity

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

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the

Notes to the Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

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.

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

Notes to the Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be recognised. Deferred income tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be recognised.

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

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

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

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

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

2.10 Leases

Transition:

Effective 1 April 2019 (date of initial application), the Company has adopted the Indian Accounting Standard 116 on Leases ('Ind AS 116'), notified by the Ministry of Corporate Affairs, which replaces the existing lease standard Indian Accounting Standard 17 on Leases ('Ind AS 17'). The Company has applied the standard to all lease contracts existing on 1 April 2019 retrospectively with the cumulative effect of initially applying the standard recognised as an adjustment to Retained Earnings at the date of initial application. On transition for operating leases, the Company recognised a lease liability of ₹ 1,910.21 Million measured at the present value of the remaining lease payments and a Right-of-use asset of ₹ 1,655.66 Million at its carrying value, as if the standard had been applied since commencement of respective lease, discounted using the incremental borrowing rate as at 1 April 2019 (India: 7 %). The cumulative effect on transition adjusted in retained earnings is ₹ 174.80 Million (net of deferred tax of ₹ 79.75 Million). The Company has elected certain practical expedients on initial transition: (a) to apply Ind AS 116 to contracts that were previously identified as leases under Ind AS 17 on the date of initial application without any reassessment; (b) apply a single discount rate to a portfolio of leases with reasonably similar characteristics and in similar environment; (c) relied on its assessment whether leases are onerous applying Indian Accounting Standard 37 Provisions, Contingent Liabilities and Contingent Assets (Ind AS 37) immediately before the date of initial application as an alternate to performing an impairment review; (d) excluded initial direct costs from measurement of right-of-use asset at the date of initial application (e) elected not to apply the requirements of the standard to leases for which the lease term end within twelve months of the date of initial application and accounted for those as short term leases (f) used hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

The Company has accordingly modified its accounting policy on Leases as follows:

The Company enters into contract as a lessee for assets taken on lease. The Company at the inception of a contract assesses whether the contract contains a lease by conveying the right to control the use of an identified asset for a period of time in exchange for consideration. A Right-of-use asset is recognised representing its Right-of-use the underlying asset for the lease term at the lease commencement date except in case of short term leases with a term of twelve months or less and low value leases which are accounted as an operating expense on a straight line basis over the lease term. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the

Notes to the Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

conditions required by the terms and conditions of the lease, a provision for costs are included in the related Right-of-use asset. The Right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The Right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease and if that rate cannot be readily determined the Company uses the incremental borrowing rate in the country of domicile of the leases. The lease payments shall include fixed payments, variable lease payments, where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. Obligation under finance lease are secured by way of hypothecation of underlying fixed assets taken on lease. Lease payments have been disclosed under cash flow from financing activities.

Certain lease arrangements includes the option to extend or terminate the lease before the end of the lease term. Right-of-use assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The lease liabilities are remeasured with a corresponding adjustment to the related Right-of-use asset if the Company changes its assessment whether it will exercise an extension or a termination option.

2.11 Foreign currency

Functional currency and peresentation currency

The financial statements of the Company are presented in the Indian Rupee ('₹') which is also the functional currency of the Company (excluding its foreign branch) whereas the functional currency of the foreign branch is the currency of their country of domicile.. The numbers are rounded off to Millions: one Million equals to ten lakhs.

Transactions and translations

Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

Gains or losses on Revenue from operations including gains or losses on derivative transactions are accounted in other operating income and gains or losses other than on Revenue from operations are accounted in Other Income.

The translation of financial statements of the foreign branch to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the balance sheet date and for revenue, expense and cash flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under other components of equity.

2.12 Earnings per equity share

The basic earnings per equity share is computed by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which may be issued on the conversion of all dilutive potential shares, unless the results would be anti-dilutive.

2.13 Provisions and contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources 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

Notes to the Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

pre tax rate that reflects the current market assessment of the time value of money and risk specific to the liability.

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

2.14 Financial instruments

2.14.1 Initial recognition

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

2.14.2 Classification and subsequent measurement

a) Non-derivative financial instruments

i) Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

ii) Financial assets at amortised cost

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

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

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

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

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

v) Financial liabilities

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

vi) Equity instruments

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

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

b) Derivative financial instruments

Cash flow hedge

The Company designates certain foreign exchange forward, option and future contracts as hedge instruments in respect of foreign exchange risks. These hedges are accounted for as cash flow hedges.

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

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

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

Notes to the Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

gain or loss accumulated in statement of changes in equity is transferred to the statement of profit and loss.

c) Share capital

Ordinary shares

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

2.14.3 De-recognition of financial instruments

The Company de-recognises a financial asset when the contractual rights to the cash flows from the financial assets expire or it transfers the financial assets and such transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of financial liability) is de-recognised from the Company's balance sheet when obligation specified in the contract is discharged or cancelled or expired.

2.14.4 Fair value of financial instrument

In determining the fair value of its financial instrument, the Company uses the methods and assumptions based on market conditions and risk existing at each reporting date. Methods of assessing fair value result in general approximation of value, and such value may never actually be realised. For all other financial instruments, the carrying amounts approximate the fair value due to short maturity of those instruments.

2.15 Business combinations

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations.

The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Company. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Business combinations between entities under common control is accounted for at carrying value.

Transaction costs that the Company incurs in connection with a business combination such as finders' fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

2.16 Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.17 Onerous contracts

Provisions for onerous contracts are recognised when the expected benefits to be derived from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

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

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues, goodwill and intangible assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts and consensus estimates from market sources on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered, net of provisions established.

Notes to the Financial Statements

as at 31 March 2020

(Currency: In ₹ Millions)

3. PROPERTY, PLANT AND EQUIPMENT

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

	Leasehold improvements	Computers	Service equipment	Office equipment	Furniture and fixture	Total
Gross block						
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	(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

Notes to the Financial Statements

as at 31 March 2020

(Currency: In ₹ Millions)

4 LEASES

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

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

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

5 OTHER INTANGIBLE ASSETS

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

	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

Notes to the Financial Statements

as at 31 March 2020

(Currency: In ₹ Millions)

6 INVESTMENTS

		31 March 2020	31 March 2019
(i)	**Non-current**		
	Unquoted		
	Investments carried at cost (Investment in equity instruments of subsidiaries)		
	218,483 (31 March 2019: 218,483) fully paid-up common stock of USD 1 each of Firstsource Group USA Inc. #	**11,756.95**	11,746.92
	2,834,672 (31 March 2019: 2,834,672) fully paid up equity shares of GBP 1 each of Firstsource Solutions UK Limited #	**56.64**	51.15
	1,050,000 (31 March 2019: 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 2019: 3,411,785) fully paid-up common stock of LKR 10 each of Firstsource Dialog Solutions (Private) Limited	**23.09**	23.09
		11,937.18	11,921.66
	Provision for impairment of investment in Firstsource Dialog Solutions (Private) Limited and Firstsource Process Management Services Limited	**(72.44)**	(72.44)
		11,864.74	11,849.22
	Investment in associate		
	-at cost		
	1,000 (31 March 2019 : 1,000) fully paid equity shares of ₹ 10 each of Nanobi Data and Analytics Private Limited	**0.08**	0.08
	838,705 (31 March 2019 : 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		
	80,000 (31 March 2019 : 100,000) fully paid Optionally Convertible Debentures of Rs 100 each of Nanobi Data and Analytics Private Limited	**8.00**	10.00
	At amortised cost		
	Philippines treasury bills*	**26.17**	23.67
		122.17	121.67
		11,986.91	11,970.89
	* These securities have been earmarked in favor of SEC, Philippines in compliance with Corporation Code of Philippines.		
	# includes ESOP cost pertaining to employees of the overseas subsidiaries.		
(ii)	**Current**		
	Investments carried at fair value through statement of profit and loss		
	Mutual and other funds (unquoted)	**-**	1,187.50
		-	1,187.50

7 OTHER FINANCIAL ASSETS

		31 March 2020	31 March 2019
	(Unsecured, considered good)		
(i)	**Other non-current financial assets**		
	Deposits	**287.47**	247.92
	Foreign currency forward contracts (net)	**341.21**	391.56
	Lease rentals receivable	**27.04**	28.56
		655.72	668.04
(ii)	**Other current financial assets**		
	Unbilled revenues	**109.65**	147.83
	Accrued interest	**0.27**	0.30
	Advances to subsidiaries	**-**	622.07
	Foreign currency forward contracts (net)	**147.71**	190.97
	Lease rentals receivable	**15.41**	17.36
	Loans and advances to employees	**12.45**	8.95
	Recoverable on sale of subsidiary	**49.05**	49.05
		334.54	1,036.53

Notes to the Financial Statements

as at 31 March 2020

(Currency: In ₹ Millions)

8 OTHER ASSETS

		31 March 2020	31 March 2019
	(Unsecured, considered good)		
(i)	**Other non-current assets**		
	Capital advances	**194.43**	49.75
	Prepaid expenses	**9.86**	7.92
	Deferred contract cost	**66.08**	78.29
		270.37	135.96
(ii)	**Other current assets**		
	Prepaid expenses	**99.19**	83.84
	Indirect tax recoverable	**374.83**	303.22
	Other advances	**37.22**	69.23
	Deferred contract cost	**12.19**	11.99
		523.43	468.28

9 TRADE RECEIVABLES

	31 March 2020	31 March 2019
(Unsecured)		
Considered doubtful	**0.05**	0.05
Less: Allowance for doubtful debts	**0.05**	0.05
	-	-
Considered good	**3,735.52**	4,328.85
	3,735.52	4,328.85
	3,735.52	4,328.85

Trade receivables are non-interest bearing. No trade or other receivables are due from directors or other officers of the Company either severally or jointly. For receivables from related party refer note 25

10 CASH AND CASH EQUIVALENTS

	31 March 2020	31 March 2019
Cash on hand	**-**	0.09
Balances with banks		
-in current accounts	**195.67**	125.76
-in deposit accounts (with original maturity of three months or less)	**250.00**	-
	445.67	125.85
Earmarked balances with banks*	**15.26**	5.41
	460.93	131.26

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

Notes to the Financial Statements

as at 31 March 2020

(Currency: In ₹ Millions)

11 TAXATION

31 March 2020

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

31 March 2019

Taxation	Opening Balance	Transition impact on adoption of Ind As 116	Recognised in Profit and loss	Recognised in Other Comprehensive Income	Closing Balance
Deferred tax assets on account of:					
Property, plant and equipment and intangibles	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
Minimum alternate tax credit carried forward	1,778.38	-	282.91	-	2,061.29
Unused Tax losses	-	-	9.09	-	9.09
Foreign currency forward contracts	8.14	-	-	(87.69)	(79.55)
	2,167.17	-	213.33	(87.69)	2,292.81

	31 March 2020	31 March 2019
Income tax assets (net)	722.23	780.99
Provision for tax (net)	(59.38)	(61.53)
	662.85	719.46

Income tax expense

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

	Year ended	
	31 March 2020	31 March 2019
Current taxes	302.22	168.94
Deferred taxes	(2.45)	69.58
Income tax expense	299.77	238.52

Notes to the Financial Statements

as at 31 March 2020

(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 2020	31 March 2019
Profit before income taxes	**2,119.92**	2,228.73
Enacted tax rates in India	**34.94%**	34.94%
Computed expected tax expense	**740.78**	778.81
Income Exempt from Tax and Tax Holidays	**(432.56)**	(439.20)
Expenses not deductible for tax purposes	**6.87**	25.59
ESOP cost allowed for tax purpose	**(13.43)**	(36.01)
Impact of change in tax rates	**-**	(8.24)
Others	**(1.80)**	(0.76)
Previous years tax adjustments	**(0.09)**	(81.67)
Income tax expense	**299.77**	238.52

12 SHARE CAPITAL

	31 March 2020	31 March 2019
Authorised		
872,000,000 (31 March 2019: 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		
693,826,780 (31 March 2019: 691,065,030) equity shares of ₹ 10 each, fully paid-up	**6,938.27**	6,910.65
	6,938.27	6,910.65

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

	31 March 2020		31 March 2019	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	**691,065,030**	**6,910.65**	686,522,819	6,865.23
Shares allotted during the year - employee stock option scheme	**2,761,750**	**27.62**	4,542,211	45.42
At the end of the year	**693,826,780**	**6,938.27**	691,065,030	6,910.65

b Particulars of shareholders holding more than 5% equity shares

	31 March 2020		31 March 2019	
	Number of shares	% of total shares	Number of shares	% of total shares
CESC Ventures Limited	**373,976,673**	**53.90%**	373,976,673	54.12%

c Shares held by holding company

	31 March 2020		31 March 2019	
	Number of shares	Amount	Number of shares	Amount
CESC Ventures Limited	**373,976,673**	**3,739.77**	373,976,673	3,739.77

d Employee stock options

During the year ended 31 March 2020, the Company granted 10,784,204 (31 March 2019: 2,500,000) options at an exercise price of ₹ 10 (31 March 2019: ₹ 73.00).

e Shares reserved for issue under options

17,700,014 (31 March 2019: 12,186,631) number of shares are reserved for employees for issue under the employee stock options plan (ESOP) amounting to ₹ 177.00 (31 March 2019: ₹ 121.87).

f Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shareholders are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder are in proportion to its share of the paid-up equity capital of the Company.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

Notes to the Financial Statements

as at 31 March 2020

(Currency: In ₹ Millions)

g Share application money received under ESOP scheme

The Company received ₹ 76.68 (31 March 2019: ₹ 142.35) as share application money under ESOP scheme during the year ended 31 March 2020 in respect of which 2,761,750 (31 March 2019: 4,542,211) shares were allotted during the year.

13 OTHER EQUITY

	31 March 2020	31 March 2019
Securities premium		
At the commencement of the year	2,073.92	1,931.39
Add : Issue of equity shares on exercise of options	73.70	142.53
At the end of the year	2,147.62	2,073.92
Amalgamation deficit adjustment reserve	(1,136.72)	(1,136.72)
Share application money pending allotment		
At the commencement of the year	0.30	-
Add : Movement during the year	(0.30)	0.30
At the end of the year	-	0.30
Treasury shares		
At the commencement of the year	-	-
Add : Movement during the year	(89.35)	-
At the end of the year	(89.35)	-
Other reserve		
At the commencement of the year	30.68	30.68
Add : Movement during the year	-	-
At the end of the year	30.68	30.68
Special Economic Zone re-investment reserve		
At the commencement of the year	-	-
Add : Movement during the year	158.78	-
At the end of the year	158.78	-
Employee stock option reserve		
At the commencement of the year	122.39	120.40
Add : Share based payments	29.03	49.59
Less : Issue of equity shares on exercise of options	(24.34)	(45.90)
Less : Transfer to retained earning for options forfeited	(7.12)	(1.70)
At the end of the year	119.96	122.39
Effective portion of cash flow hedges (Other comprehensive income)		
At the commencement of the year	437.38	(60.78)
Movement during the year	(38.98)	498.16
At the end of the year	398.40	437.38
Exchange differences on translating the financial statements of a foreign operation (Other comprehensive income)		
At the commencement of the year	183.95	147.50
Movement during the year	14.10	36.45
At the end of the year	198.05	183.95
Retained earnings		
At the commencement of the year	14,170.47	13,447.81
Add: Transition impact on adoption of Ind AS 116	(174.80)	-
Add: Net profit for the year	1,820.15	1,990.21
Add: Other comprehensive income for the year	(15.64)	(21.52)
Less: Dividend (including tax on dividend)	(3,762.03)	(1,247.73)
Less: Transfer to Special Economic Zone re-investment reserve	(158.78)	-
Add: Transfer to retained earning for options forfeited	7.12	1.70
At the end of the year	11,886.49	14,170.47
Total other equity	13,713.91	15,882.37

Notes to the Financial Statements

as at 31 March 2020

(Currency: In ₹ Millions)

14 BORROWINGS

	31 March 2020	31 March 2019
Long-term borrowings		
Unsecured		
Loan from Banks (refer note 'a')	**21.58**	19.38
Loan from other parties (refer note 'a')	**6.18**	15.50
	27.76	34.88

a Loans carry interest in the range of 3.03% - 10.14% for a period of 3 - 4 years from January 2016 to January 2024, repayable in quarterly instalments from the date of its origination. These loans are for equipment and asset financing.

15 OTHER FINANCIAL LIABILITIES

	31 March 2020	31 March 2019
Other current financial liabilities		
Book credit in bank account	**41.39**	57.34
Interest accrued but not due on borrowings	**-**	0.40
Creditors for capital goods	**4.01**	32.86
Employee benefits payable	**153.95**	180.98
Advances from subsidiaries	**29.45**	-
Unclaimed dividends	**15.26**	5.42
Current Maturities of long-term borrowings :		
-Loan from Banks	**15.59**	14.03
-Loan from other parties	**19.62**	61.19
Advance from customer	**9.38**	9.38
	288.65	361.60

16 PROVISIONS FOR EMPLOYEE BENEFITS

	31 March 2020	31 March 2019
(i) Non-current		
Gratuity	**85.88**	67.55
	85.88	67.55
(ii) Current		
Compensated absences	**75.43**	59.51
	75.43	59.51

17 OTHER LIABILITIES

	31 March 2020	31 March 2019
Other current liabilities		
Tax deducted at source	**36.17**	24.88
Statutory Dues	**32.52**	25.33
	68.69	50.21

Notes to the Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

18 REVENUE FROM OPERATIONS

	Year ended	
	31 March 2020	31 March 2019
Sale of services	**8,962.37**	7,247.52
Other operating income, net	**436.73**	433.54
	9,399.10	7,681.06

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

Particulars	Customer management	Healthcare	Collection	Mortgage	Total
UK	**3,750.19**	**-**	**-**	**-**	**3,750.19**
USA	**390.09**	**977.34**	**716.67**	**2,558.87**	**4,642.97**
ASIA	**569.21**	**-**	**-**	**-**	**569.21**
Total	**4,709.49**	**977.34**	**716.67**	**2,558.87**	**8,962.37**

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

Particulars	Customer management	Healthcare	Collection	Mortgage	Total
UK	3,398.57	-	-	-	3,398.57
USA	803.33	1,029.03	581.15	1,035.83	3,449.34
ASIA	399.61	-	-	-	399.61
Total	4,601.51	1,029.03	581.15	1,035.83	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 disclosures as the revenue recognised corresponds directly with the value to the customer of the company's performance completed to date.

19 OTHER INCOME, NET

	31 March 2020	31 March 2019
Profit on sale / redemption of current investments, net	**57.81**	35.41
Interest income	**11.96**	26.33
Foreign exchange gain/(loss), net	**11.84**	41.13
Provision for impairment of investment in subsidiary	**-**	(10.62)
Gain on sale of subsidiary	**-**	286.03
Gain/(loss) on sale of fixed assets, net	**1.08**	(3.80)
Miscellaneous income	**2.69**	5.07
Guarantee Commission and other recoveries from subsidiaries	**222.64**	239.68
	308.02	619.23

20 EMPLOYEE BENEFITS EXPENSE

	31 March 2020	31 March 2019
Salaries and wages	**4,507.02**	3,542.36
Contribution to provident and other funds	**221.98**	195.56
Staff welfare expenses	**66.08**	67.95
Employee stock compensation expense	**13.51**	27.46
	4,808.59	3,833.33

21 FINANCE COSTS

	31 March 2020	31 March 2019
Interest expense		
- on borrowings	**15.63**	15.45
Interest expense on leased liabilities	**141.14**	-
	156.77	15.45

Notes to the Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

22 OTHER EXPENSES

	Year ended 31 March 2020	Year ended 31 March 2019
Computer expenses	**261.76**	190.43
Repairs, maintenance and upkeep	**255.83**	242.38
Car and other hire charges	**167.94**	258.10
Electricity, water and power consumption	**162.22**	157.96
Connectivity, information and communication expenses	**169.47**	154.64
Legal and professional fees	**155.79**	125.89
Recruitment and training expenses	**148.56**	74.29
Travel and conveyance	**161.75**	42.75
Contribution to Corporate Social Responsibility	**40.94**	37.71
Rent (Refer note 4)	**142.47**	490.32
Insurance	**37.81**	26.80
Printing and stationery	**14.01**	12.17
Meeting and seminar expenses	**9.94**	7.27
Directors' sitting fees	**5.50**	5.40
Auditors remuneration and expenses		
- for audit fees	**16.00**	14.00
- for other services	**5.01**	5.60
- for reimbursement of expenses	**0.95**	0.80
Rates and taxes	**19.58**	3.52
Bank administration charges	**1.68**	4.15
Allowance for doubtful debts / bad debts written off, net	**21.75**	0.05
Miscellaneous expenses	**117.04**	125.36
	1,916.00	1,979.59

23 FINANCIAL INSTRUMENTS:

I. Financial instruments by category:

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

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

Notes to the Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

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

	Amortized 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	361.60	-	-	361.60	361.60
Trade and other payables	289.29	-	-	289.29	289.29
Total	685.77	-	-	685.77	685.77

II. Fair value hierarchy:

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at 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	-	-
Derivative financial instruments- foreign currency forward contract	582.53	-	582.53	-

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

Notes to the Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

a) Market risk

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its services from India for contracts in the overseas geographies, primarily in the United States of America and United Kingdom and purchases from overseas suppliers in foreign currencies. The Company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations may be affected as the Rupee fluctuates against these currencies.

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

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

*Others includes LKR AUD, etc

The following table analyses 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.

5% appreciation/ depreciation of the respective foreign currencies with respect to functional currency Firstsource Solutions Limited would result in increase / decrease in the Company's profit before tax approximately ₹ 180.11 for the year ended 31 March 2020 (31 March 2019: ₹ 246.92).

Derivative financial instruments

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

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

Particulars	31 March 2020		31 March 2019	
	In Millions	In ₹ Millions	In Millions	In ₹ Millions
Forward contracts				
in USD	**48.15**	**3,678.31**	91.30	6,435.22
in GBP	**81.93**	**8,122.60**	117.30	11,559.26
Total		**11,800.91**		17,994.48

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 2020	31 March 2019
Forward contracts in USD		
Not later than one month	**1,559.02**	2,650.51
Later than one month and not later than three months	**899.57**	558.74
Later than three months	**1,219.72**	3,225.97
	3,678.31	6,435.22

Notes to the Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

Particulars	31 March 2020	31 March 2019
Forward contracts in GBP		
Not later than one month	882.07	1,777.51
Later than one month and not later than three months	498.89	480.86
Later than three months	6,741.64	9,300.89
	8,122.60	11,559.26

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

Particulars	31 March 2020	31 March 2019
Balance at the beginning of the year	437.38	(60.78)
Changes in the fair value of effective portion of cash flow hedges	(36.34)	631.71
Deferred tax movement	22.02	(87.69)
(Gains)/Losses transferred to statement of profit and loss on occurrence of forecasted hedge transaction	(24.66)	(45.86)
Balance at the end of the year	398.40	437.38

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

	31 March 2020	31 March 2019
5% appreciation of the underlying foreign currencies	(418.68)	(893.09)
5% depreciation of the underlying foreign currencies	340.00	768.14

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 ₹ 3,735.52 as at 31 March 2020 (31 March 2019: ₹ 4,328.85) and unbilled revenue amounting to ₹ 109.65 as at 31 March 2020 (31 March 2019 : ₹ 147.83). Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States, United Kingdom, Philippines and other locations. Credit risk has always been managed by the Company by continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business.

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The following are contractual maturities of Lease Liabilities on an undiscounted basis as at 31 March 2020:

Particulars	31 March 2020
Less than one year	531.33
One to five years	1,350.27
More than five years	740.09
Total	2,621.69

Future cash outflows in respect of certain leasehold properties to which the Company is potentially exposed as a lessee that are not reflected in the measurement of the lease liabilities include exposures from options of extension and termination. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Management has considered all relevant facts and circumstances that create an economic incentive for the Company as a lessee to exercise the option to extend the lease or not to exercise the option to terminate the lease as at 31 March 2020. The Company shall revise the lease term when there is a change in the facts and circumstances.

The table below provides details regarding the contractual maturities of other significant financial liabilities as at 31 March 2020 and 31 March 2019:

	31 March 2020		31 March 2019	
	Less than 1 Year	More than 1 year	Less than 1 Year	More than 1 year
Trade payables	308.55	-	289.29	-
Other borrowings	-	27.76	-	34.88
Lease liabilities	403.96	1,685.86	-	-
Other financial liabilities	288.65	-	361.60	-

Notes to the Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

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

24 EMPLOYEE STOCK OPTION PLAN

Employee stock option Scheme 2003 ('Scheme 2003')

The Employee Stock Option Scheme 2003 ('the Scheme') approved by the Board of Directors and the members of the Company and administered by the Nomination & Remuneration Committee ('the Committee') is effective 11 October, 2003. The key terms and conditions included in the scheme are in line with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (as amended by SEBI (shared based employee benefits) Regulations, 2014).

As per the Scheme, the Committee issued stock options to the identified employees at an exercise price equal to the fair value on the date of grant and there stock options would vest in tranches over a period of four years as stated below and shall be exercised within a period of ten years from the date of the grant of the options.

Period within which options will vest unto the eligible employee	% of options that will vest
End of 12 months from the date of grant of options	25.00%
End of 18 months from the date of grant of options	12.50%
End of 24 months from the date of grant of options	12.50%
End of 30 months from the date of grant of options	12.50%
End of 36 months from the date of grant of options	12.50%
End of 42 months from the date of grant of options	12.50%
End of 48 months from the date of grant of options	12.50%

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

The Company established ESOP 2019 Plan, pursuant to approval of the Board of Directors and the shareholders at the Annual General Meeting on August 2, 2019 and administered by the Committee.. The key terms and conditions included in the ESOP 2019 Plan are in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended.

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

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

Vesting Schedule in the given structure is:

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

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

Under both the above structures grants will be issued at face value of the shares or any higher price which may be decided by the Committee and will have an exercise period upto ten years as per the Scheme and as determined by the Committee.

Under the ESOP 2019 Plan, as on March 31, 2020, the Committee has approved grant of 10,784,204 options which are a mix of tenure based and performance based structure to its senior leadership team and employees.

The ESOP 2019 Plan shall be implemented by the Firstsource Employee Benefit Trust ('the Trust') which will be administered by the Committee. The Company shall provide financial assistance to the Trust for secondary acquisition of equity shares of the Company for the purpose of implementation of ESOP 2019 Plan. The terms and conditions for the financial assistance provided shall be in Compliance with the Companies Act, 2013 read with Companies (Share Capital and Debenture) Rules, 2014 and SEBI regulations.

Notes to the Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

During the year ended March 31, 2020, the Trust has purchased 3,156,000 equity shares through secondary acquisition.

GRANTS TO THE MANAGING DIRECTOR & CEO (MD & CEO) UNDER ESOP 2019 PLAN

In view of the Shareholder's approval via postal ballot on 11 January 2020 through a special resolution wherein it was approved that the MD & CEO shall be entitled to participate in the equity based LTI of the Company. Accordingly the Committee on February 28, 2020 has approved the grant of 10,066,204 options under ESOP Plan 2019 at the face value of ₹ 10/- of the shares to the MD & CEO which are a mix of tenure based and performance based structures. The brief details of these grants are mentioned herein below:

A. Grants under Tenure Based Structure :

No. of Stock Options	Vesting Date	Vesting Conditions
1,186,624	1 October, 2021	Continued employment
719,966	1 October, 2023	Continued employment

B. Grants under Performance Based Structure :

No. of Stock Options	Vesting Date	Vesting Conditions
8,159,614	1 October, 2023	Achievement of Profits Before Tax **

** Performance period may be further defined in consultation with the Nomination & Remuneration Committee

Employee stock option activity during the year ended March 31, 2020

A) Under ESOS Scheme 2003 are as follows:

Description	31 March 2020			31 March, 2019	
	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	00-30.00	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	
Granted during the year	00-30.00	-		-	
	30.01-60.00	-		-	
	60.01-90.00	-		2,500,000	
		-		2,500,000	
Forfeited during the year	00-30.00	291,010		-	
	30.01-60.00	1,254,061		593,470	
	60.01-90.00	745,000		147,500	
		2,290,071		740,970	
Exercised during the year*	00-30.00	1,636,250		2,447,250	
	30.01-60.00	1,125,500		2,094,961	
	60.01-90.00	-		-	
		2,761,750		4,542,211	
Expired during the year	00-30.00	-		-	
	30.01-60.00	219,000		555,000	
	60.01-90.00	-		-	
		219,000		555,000	
Outstanding at the end of the year	00-30.00	1,399,125	39.25	3,326,385	41.75
	30.01-60.00	3,909,185	78.38	6,507,746	87.58
	60.01-90.00	1,607,500	101.57	2,352,500	113.77
		6,915,810		12,186,631	
Exercisable at the end of the year	00-30.00	1,399,125	39.25	3,326,385	41.75
	30.01-60.00	2,901,901	76.35	3,267,988	80.75
	60.01-90.00	602,825	101.57	-	-
		4,903,851		6,594,373	

* The weighted average share price of these options was ₹ 27.87 and ₹ 31.27 for the year ended 31 March 2020 and 31 March 2019 respectively

Notes to the Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

B) Under ESOP 2019 Plan is as follows:

i) Grants under Tenure Based Structure

Description	31 March 2020	
	Exercise Price (₹)	Options Granted
Granted and Outstanding during the year	**10**	**2,256,590**

ii) Grants under Performance Based Structure

Description	31 March 2020	
	Exercise Price (₹)	Options Granted
Granted and Outstanding during the year	**10**	**8,527,614**

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

	31 March 2020	31 March 2019
Dividend yield	**0% to 4%**	0% to 3%
Expected Life	**2-7 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 ₹ 29.03 and ₹ 49.59 for the year ended 31 March 2020 and 31 March 2019 respectively. The cost related to employee stock options of its subsidiary companies is recognised as addition to investment. Accordingly, the amount of ₹ 5.49 and ₹ 8.62 is recognised as investments in Firstsource Solutions UK Limited for the year 31 March 2020 and 31 March 2019 respectively ₹ 10.03 and ₹ 13.51 is recognised as investment in Firstsource Group USA Inc. for the year 31 March 2020 and 31 March 2019 respectively.

25 RELATED PARTY TRANSACTIONS

Details of related parties including summary of transactions entered into during the year ended 31 March 2020 are summarized below:

Holding Company	CESC Ventures Limited (formerly known as RP-SG Business Process Services Limited)
Fellow Subsidiary Companies	Kolkata Games and Sports Pvt Ltd
	Herbolab India Private Limited
	Quest Properties India Limited (QPIL)
	Metromark Green Commodities Pvt. Ltd
	Guiltfree Industries Limited
	Bowlopedia Restaurants India Limited
	Accurate Commodeal Private 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)
Trust controlled by Ultimate Holding Company	RP-Sanjiv Goenka Group CSR Trust (RPSG CSR Trust)
Key Managerial Personnel	Vipul Khanna (appointed w.e.f. 02 August 2019)
	Rajesh Subramaniam (resigned w.e.f. 31 July 2019)
	Dinesh Jain
Non- executive Directors	Dr. Sanjiv Goenka
	Pradip Roy
	Subrata Talukdar
	Shashwat Goenka
	V. K. Sharma (ceased to be director w.e.f. 13 November 2019)
	Pradip Kumar Khaitan
	Grace Koshie
	Pratip Chaudhuri
	Sunil Mitra
	Charles Richard Vernon Stagg

Notes to the Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

Particulars of related party transactions:

Name of the related party	Description	Transaction value during the year ended		Receivable / (Payable) as at	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
FSL UK	Income from services	**2,941.54**	2,202.59	**1,302.91**	1,823.13
	Reimbursement of expenses to FSL UK	**33.71**	1.96	**-**	-
	Recovery of expense from FSL UK	**50.01**	185.48	**37.37**	264.50
	Parental guarantee commission and others from FSL UK	**50.25**	57.89	**28.59**	57.89
FAL	Income from services	**741.54**	581.15	**289.26**	399.53
	Reimbursement of expenses to FAL	**-**	0.17	**-**	-
	Recovery of expense from FAL	**12.13**	42.83	**9.66**	77.17
	Parental guarantee commission and others from FAL	**7.26**	-	**7.26**	-
MedAssist	Income from services	**143.79**	131.27	**94.46**	36.41
	Reimbursement of expenses to MedAssist	**0.01**	-	**-**	-
	Recovery of expense from MedAssist	**28.69**	67.23	**21.73**	109.75
FG US	Income from services	**413.28**	691.48	**43.09**	259.11
	Reimbursement of expenses to FG US	**8.35**	0.20	**-**	-
	Recovery of expense from FG US	**0.52**	2.32	**35.87**	196.52
	Parental guarantee commission from FG US	**40.80**	181.78	**15.41**	181.78
FTS	Income from services	**904.78**	897.76	**323.67**	610.37
	Recovery of expense from FTS	**7.57**	60.44	**25.72**	137.47
	Reimbursement of expenses to FTS	**0.03**	0.48	**-**	-
	Parental guarantee commission from FTS	**7.44**	-	**7.44**	-
OAL	Income from services	**11.36**	-	**11.95**	-
	Recovery of expense from OAL	**1.69**	-	**1.62**	-
	Parental guarantee commission from OAL	**-**		**-**	
Sourcepoint- FFS	Income from Services	**105.16**	106.64	**46.88**	78.50
	Recovery of expense from Sourcepoint-FFS	**1.33**	1.88	**0.20**	0.11
	Reimbursement of expenses to Sourcepoint-FFS	**1.54**	-	**-**	-
Sourcepoint, Inc	Income from services	**2,469.07**	1,040.40	**1,126.54**	474.39
	Recovery of expense from Sourcepoint, Inc	**14.30**	1.31	**87.25**	196.07
	Reimbursement of expenses to Sourcepoint, Inc	**1.01**	-	**-**	-
Nanobi	Redemption of debentures	**2.00**	-	**-**	-
Nanobi	Interest income	**1.02**	1.20	**-**	0.30
Nanobi	Receipt of services from Nanobi	**2.80**	6.58	**-**	-
CESC Ventures Limited	Dividend paid	**1,682.90**	-	**-**	-
Guiltfree Industries Limited	Receipt of services	**0.27**	-	**-**	-
Accurate Commodeal Private Limited	Receipt of services	**200.02**	-	**-**	-
Kolkata Games and Sports Pvt Ltd	Recovery of expense from Kolkata Games and Sports Pvt Ltd	**1.32**	1.14	**-**	-
Non-executive directors	Sitting fees	**5.50**	5.40	**-**	-
Key Managerial Personnel	Remuneration	**158.59**	101.00	**-**	-
	Dividend paid	**0.33**	2.18	**-**	-

Notes to the Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

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

Description	Year ended	
	31 March 2020	31 March 2019
Rajesh Subramaniam	**115.16**	78.25
Dinesh Jain*	**30.29**	22.75
Vipul Khanna*	**13.14**	-

*Excludes ESOP, gratuity and compensated absences.

26 EMPLOYEE BENEFITS

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, Indian employee who has completed five years or more of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the form of a trust and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

Each year, the Board of Trustees reviews the level of funding in the India gratuity plan. Such a review includes the asset-liability matching strategy and investment risk management policy. This includes employing the use of annuities and longevity swaps to manage the risks. The Board of Trustees decides its contribution based on the results of this annual review. Generally, investments are in debt mutual funds. Annual contributions are at a level such that no plan deficits (based on valuation performed) will arise.

a) Gratuity plan

The following table sets out the status of the gratuity plan:

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

Particulars	31 March 2020	31 March 2019
Change in present value of obligations		
Obligations at beginning of the year	**118.38**	97.82
Service cost	**12.59**	10.65
Interest cost	**7.93**	6.76
Actuarial (gain)/loss	**15.10**	21.26
Benefits paid	**(24.38)**	(18.11)
Obligations at the end of the year	**129.62**	118.38
Change in plan assets		
Fair value of plan assets at beginning of the year	**50.83**	46.09
Adjustments to opening fair value of plan assets	**(0.47)**	0.51
Return on plan assets excluding interest income	**(0.54)**	(0.26)
Interest income	**2.52**	2.52
Contributions	**15.78**	20.08
Benefits paid	**(24.38)**	(18.11)
Fair value of plan assets at end of the year,	**43.74**	50.83
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	**129.62**	118.38
Fair value of plan assets at the end of year	**(43.74)**	(50.83)
Funded status being amount of liability recognised in the balance sheet	**85.88**	67.55

Notes to the Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

Particulars	31 March 2020	31 March 2019
Gratuity cost for the year		
Service cost	**12.59**	10.65
Net Interest cost	**5.41**	4.24
Net gratuity cost	**18.00**	14.89
Remeasurements of the net defined benefit liability/ (asset)		
Actuarial (gains) / losses	**15.10**	21.26
(Return)/loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/ (asset)	**0.54**	0.26
Total actuarial (gain)/loss recognized in (OCI)	**15.64**	21.52
Category of Assets	**Total Amount**	Target Allocation %
Gratuity Fund (LIC of India and Birla Sunlife Insurance Co. Ltd)	**33.50**	100%
Total Itemized Assets	**33.50**	100%
Assumptions		
Mortality	**IALM (2006-08) Ult.**	IALM (2006-08) Ult.
Interest rate	**6.55%**	7.47%
Rate of growth in salary levels	**6.00%**	7.00%

b) Contribution to Provident fund

The provident fund charge during the year amounts to ₹ 146.40 (31 March 2019: ₹ 117.99).

c) Compensated absences

Actuarial assumptions	31 March 2020	31 March 2019
Interest rate	**6.55%**	7.47%
Rate of growth in salary levels	**6.00%**	7.00%

27 SEGMENT REPORTING

As per Ind AS 108 - Operating Segments ('Ind AS 108'), if a financial report contains both consolidated financial statements of a parent that is within the scope of this Ind AS as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements. Accordingly, information required to be presented under Ind AS 108 has been given in the consolidated financial statements of the Company.

28 COMPUTATION FOR CALCULATING DILUTED EARNING PER SHARE

	Year ended	
	31 March 2020	31 March 2019
Number of shares considered as basic weighted average shares outstanding	**692,858,333**	689,710,908
Add: Effect of potential issue of shares/ stock options *	**2,085,283**	3,389,217
Number of shares considered as weighted average shares and potential shares outstanding	**694,943,616**	693,100,125
Net profit after tax attributable to shareholders	**1,820.15**	1,990.21
Net profit after tax for diluted earnings per share	**1,820.15**	1,990.21
* Not considered when anti-dilutive		
Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year, excluding equity shares purchased by the Company and held as treasury shares.		
Diluted earnings per share is calculated by adjusting the weighted average number of equity shares outstanding during the year for assumed conversion of all dilutive potential equity shares. Employee share options are dilutive potential equity shares for the Company.		

Notes to the Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

29 CAPITAL AND OTHER COMMITMENTS AND CONTINGENT LIABILITIES

	31 March 2020	31 March 2019
a) The estimated amount of contracts remaining to be executed on capital account and not provided for (net), against which advances paid are ₹ 6.01 (31 March 2019- ₹ 49.75)	**397.80**	360.55
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)	**12,979.94**	9,412.19
d) The Company has a purchase commitment towards Nanobi Data and Analytics Private Limited for the Optionally Convertible Debentures of ₹ 100 per unit of 1,20,000 units.	**12.00**	12.00

Guarantees

	31 March 2020	31 March 2019
Guarantees given for working capital facilities and finance lease on behalf of Firstsource Solution UK Limited (FSL-UK)	**6,311.42**	6,608.33
Guarantees given for credit facilities and term loans on behalf of Firstsource Group USA, Inc. (FG US)	**6,658.52**	2,793.86
Guarantees given to the customer and others*	**10.00**	10.00
	12,979.94	9,412.19

Direct tax matters

Income tax demands amounting to ₹982.90 (31 March 2019: ₹959.21) 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 2019: ₹ 10.38) tax under protest against the demand raised for the assessment year 2004-05, ₹ 12.50 (31 March 2019: ₹ 12.50) tax under protest against the demand raised for the assessment year 2009-10, ₹ 80.00 (31 March 2019: ₹ 80.00) tax under protest against the demand raised for the assessment year 2011-12. ₹ 5.00 (31 March 2019: ₹ Nil) tax under protest against the demand raised for the assessment year 2014-15, ₹ 2.50 (31 March 2019: ₹ Nil) tax under protest against the demand raised for the assessment year 2015-16.

Indirect tax matters

Service tax demands amounting to ₹ 151.76 (31 March 2019: ₹ 174.85) 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, funds have been contributed by the Company to the RP-Sanjiv Goenka Group CSR Trust and are to be utilized on the activities which are specified in Schedule VII to the Act. The areas identified by the CSR trust includes activities for promoting healthcare, art / culture, sports and education as the four priority areas to be pursued in phases and in a manner aligned with the CSR rules and regulations.The trust has informed that they are working on a project to set up school which will offer IB and IGCSE courses. The amount paid towards our contribution is being utlized to purchase land for setting up this school.

Notes to the Financial Statements

for the year ended 31 March 2020

(Currency: In ₹ Millions)

a) Gross amount required to be spent by the Company during the year is ₹ 40.94 (31 March 2019: ₹ 37.71)

b) Amount spent by Firstsource during the year on:

Particulars	Amount paid	Total
Construction/ acquisition of any asset	-	-
On purposes other than above	**40.94**	**40.94**

32 MICRO, SMALL AND MEDIUM ENTERPRISES

There are no outstanding dues to Micro and Small enterprises as at 31 March 2020 and 31 March 2019 respectively. Micro and Small Enterprises have been identified based on information collected by the Company.

33 SUBSEQUENT EVENTS

The Board of directors at its meeting held on 26 May 2020 has approved these financial statements as at and for the year ended 31 March 2020.

As per our report of even date attached.

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

Sanjiv V. Pilgaonkar
Partner
Membership No: 39826

Mumbai
26 May 2020

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

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
Managing Director & CEO

Shashwat Goenka
Director

Pradip Kumar Khaitan
Director

Subrata Talukdar
Director

Charles Richard Vernon Stagg
Director

Grace Koshie
Director

Pradip Roy
Director

Sunil Mitra
Director

Pratip Chaudhuri
Director

Mumbai
26 May 2020

Pooja Nambiar
Company Secretary

Dinesh Jain
President & CFO

NOTICE

NOTICE is hereby given that the 19th Annual General Meeting (AGM) of the Members of Firstsource Solutions Limited will be held on Tuesday, July 21, 2020 at 11:00 a.m. Indian Standard Time ("IST"), through Video Conferencing/ Other Audio Visual Means ("VC/OAVM") Facility to transact following business:

ORDINARY BUSINESS:

1. To consider and adopt:

    a) the audited financial statements of the Company for the financial year ended March 31, 2020 along with the reports of the Board of Directors and the Auditors thereon; and

    b) the audited consolidated financial statement of the Company and its subsidiaries for the financial year ended March 31, 2020 along with the report of the Auditors thereon.

2. To confirm the payment of Interim Dividend @ 25% (i.e. ₹ 2.50 per share) on Equity Shares already paid for the financial year ended March 31, 2020.

3. To appoint a Director in place of **Mr. Pradip Kumar Khaitan (DIN 00004821)**, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. RE-APPOINTMENT OF MS. GRACE KOSHIE (DIN 06765216), AS AN INDEPENDENT DIRECTOR OF THE COMPANY:

To consider and if thought fit, to pass the following resolution, with or without modification(s), as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, Ms. Grace Koshie (DIN 06765216), who was appointed as an Independent Director at the Fourteenth (14th) Annual General Meeting of the Company for a period of five (5) years and who is being eligible for re-appointment and who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder and who has submitted a declaration to that effect and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing her candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of three (3) consecutive years upto February 8, 2023.

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

5. APPOINTMENT/ CONTINUATION OF MR. PRADIP KUMAR KHAITAN (DIN 00004821), AS A DIRECTOR OF THE COMPANY:

To consider and if thought fit, to pass the following resolution, with or without modification(s), as a **Special Resolution:**

"RESOLVED THAT pursuant to Regulation 17(1A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, effective from April 1, 2019, approval of shareholders of the Company be and is hereby granted to the Company for continuing the directorship of Mr. Pradip Kumar Khaitan (DIN 00004821), in the capacity of a Non-Executive and Non-Independent Director, liable to retire by rotation.

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

6. APPROVAL OF ESOP'S GRANTED EXCEEDING 1% OF ISSUED CAPITAL TO SPECIFIED EMPLOYEE/(S):

To consider and if thought fit, to pass the following resolution, with or without modification(s), as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under and in accordance with the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges, Regulation 6 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), and subject further to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the approval of the members be and is hereby accorded authorising the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Nomination & Remuneration Committee which the Board has constituted or may constitute to exercise its powers, including the powers, conferred by this resolution) to offer and grant from time to time such number of options in one or more tranches as determined by Nomination & Remuneration Committee from time to time and in accordance with the 'Firstsource

Solutions Limited Employee Stock Option Plan 2019' ("ESOP 2019 PLAN") exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of option to the permanent employee/(s) of the Company mentioned in the table below.

RESOLVED FURTHER THAT in view of the Shareholder's approval via postal ballot on January 11, 2020 through a special resolution wherein it was approved that the Managing Director & CEO shall be entitled to participate in the equity based Long Term Incentive Scheme ("LTI") of the Company, the Board on February 28, 2020 had granted options to Mr Vipul Khanna under ESOP 2019 Plan which are in excess of the 1% of the issued capital (excluding outstanding warrants and conversion)as on that date and such options shall be exercisable by him within one (1) year from the date of vesting, details of which are as follows:

A. Grants under Tenure Based Structure :

No. of Stock Options	Vesting Date	Vesting Conditions
1,186,624	October 1, 2021	Continued employment
719,966	October 1, 2023	Continued employment

B. Grants under Performance Based Structure:

No. of Stock Options	Vesting Date	Vesting Conditions
8,159,614	October 1, 2023	Achievement of Profits Before Tax **

** Performance period may be further defined in consultation with the Nomination & Remuneration Committee

RESOLVED FURTHER THAT the any of Directors or Key Managerial Personnel of the Company, be and is hereby authorized to perform and execute all such acts, deeds, matters and things including but not limited to making timely intimation/fillings to stock exchange(s), and to execute all other documents required to be filed in the above connection and to settle all such questions, difficulties or doubts whatsoever which may arise and take all such steps and decisions in this regard to give full effect to the aforesaid 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
Tel : +91-22-66660888
Fax: +91-22-66660887
www.firstsource.com
Email: complianceofficer@firstsource.com

May 26, 2020

NOTES:

1. General instructions for accessing and participating in the 19th AGM through VC/OAVM Facility and voting through electronic means including remote e-voting.

a. In view of the outbreak of the COVID-19 pandemic, social distancing norm to be followed and the continuing restriction on movement of persons at several places in the country and pursuant to General Circular Nos.14/2020, 17/2020 and 20/2020 dated April 8 2020, April 13, 2020 and May 5, 2020, respectively, issued by the Ministry of Corporate Affairs ("MCA Circulars") and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by the Securities and Exchange Board of India ("SEBI Circular") and in compliance with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the 19th AGM of the Company is being conducted through VC/ OAVM Facility, which does not require physical presence of members at a common venue. The deemed venue for the 19th AGM shall be the Registered Office of the Company.

b. In terms of the MCA Circulars since the physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the 19th AGM. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the Members may be appointed for the purpose of voting through remote e-voting, for participation in the 19th AGM through VC/OAVM Facility and e-voting during the 19th AGM.

c. Since the AGM will be held through VC/ OAVM Facility, the Route Map is not annexed in this Notice.

d. Central Depository Services (India) Limited ("CDSL") will be providing facility for voting through remote e-voting, for participation in the 19th AGM through VC/ OAVM Facility and e-voting during the 19th AGM.

e. Members may join the 19th AGM through VC/ OAVM Facility by following the procedure as mentioned below which shall be kept open for the Members from 10:45 a.m. IST i.e. 15 minutes before the time scheduled to start the 19th AGM and the Company may close the window for joining the VC/OAVM facility 15 minutes after the scheduled time to start the 19th AGM.

f. Members may note that the VC/ OAVM Facility, provided by CDSL, allows participation of atleast 1,000 Members on a first-come-first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee, auditors, etc. can attend the 19th AGM without any restriction on account of first-come first-served principle.

g. Attendance of the Members participating in the 19th AGM through VC/ OAVM Facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

h. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India ("ICSI") and Regulation 44 of Listing Regulations read with MCA Circulars and SEBI Circular, the Company is providing remote e-voting facility to its Members in respect of the business to be transacted at the 19th AGM and facility for those Members participating in the 19th AGM to cast vote through e-voting system during the 19th AGM.

i. In line with the MCA Circulars and SEBI Circular, the Notice of the 19th AGM will be available on the website of the Company at www.firstsource.com, on the websites of NSE www.nseindia.com and BSE www.bseindia.com and also on the website of CDSL at www.evotingindia.com.

2. Instructions for Members for Remote e-voting are as under:

(i) The voting period begins on Friday, July 17, 2020 at 9:00 a.m. and ends on Monday, July 20, 2020 at 5:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Tuesday, July 14, 2020 may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting.

(iii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iv) Click on "Shareholders" module.

(v) Now enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

	For Shareholders 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) • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot/ Attendance Slip indicated 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 member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN: 200621002.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) 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.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

a. For Physical shareholders - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to our Registrar & Share Transfer Agent at fsl@3i-infotech.com.

b. For Demat shareholders - please provide Demat account detials (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to our Registrar & Share Transfer Agent at fsl@3i-infotech.com.

c. The Company/ RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE 19TH AGM THROUGH VC/OAVM ARE AS UNDER:

I. Shareholder will be provided with a facility to attend the AGM through VC/ OAVM through the CDSL e-voting system. Shareholders may access the same at www.evotingindia.com under shareholders/members login by using the remote e-voting credentials. The link for VC/ OAVM will be available in shareholder/ members login where the EVSN of Company will be displayed.

II. Shareholders are encouraged to join the Meeting through Laptops/ IPads for better experience.

III. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

IV. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/ Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

V. Shareholders who would like to express their views/ ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 48 hours prior to meeting mentioning their name, demat account number/ folio number, email id, mobile number at fsl@3i-infotech.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in atleast 48 hours prior to meeting mentioning their name, demat account number/ folio number, email id, mobile number at fsl@3i-infotech.com. These queries will be replied to by the Company suitably by email.

VI. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:

a. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.

b. Only those shareholders, who are present in the AGM through VC/ OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.

c. If any votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/ OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

d. Shareholders who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

e. Note for Non – Individual Shareholders and Custodians:

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at the email address viz; scrutinisers@mmjc.in if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

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 or call 1800225533.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, CDSL, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call 1800225533.

Other Guidelines for Members:

a. The voting rights of Members shall be in proportion to their share in the paid up equity share capital of the Company as on the cut-off date of Tuesday, July 14, 2020.

b. Any person, who acquires shares of the Company and becomes Member of the Company after the Company sends the Notice of the 19th AGM by email and holds shares as on the cut-off date i.e. Tuesday, July 14, 2020, may obtain the User ID and password by sending a request to Registrar & Share Transfer Agents at fsl@3i-infotech.com. However, if you are already registered with CDSL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evotingindia.com.

c. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or casting vote through e-voting system during the meeting.

d. Mr. Makarand Joshi (Certificate of Practice No. 3662) , failing him, Ms. Kumudini Bhalerao (Certificate of Practice No. 6690), Partners of M/s. Makarand M. Joshi & Co., Practising Company Secretaries (email: scrutinisers@mmjc.in), has been appointed as the Scrutinizer to scrutinize the remote e-voting process and casting vote through the e-voting system during the meeting in a fair and transparent manner.

e. During the 19th AGM, the Chairman shall, after response to the questions raised by the Members in advance or as a speaker at the 19th AGM, formally propose to the Members participating through VC/OAVM Facility to vote on the resolutions as set out in the Notice of the 19th AGM and announce the start of the casting of vote through the e-voting system. After the Members participating through VC/OAVM Facility, eligible and interested to cast votes, have cast the votes, the e-voting will be closed with the formal announcement of closure of the 19th AGM.

f. The Scrutinizer shall after the conclusion of e-voting at the 19th AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such Report shall then be sent to the Chairman or a person authorized by him, within forty eight (48) hours from the conclusion of the 19th AGM, who shall then countersign and declare the result of the voting forthwith.

g. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company at www.firstsource.com, the websites of NSE at www.nseindia.com and BSE at www.bseindia.com and on the website of CDSL at www.evotingindia.com, immediately after the declaration of Results by the Chairman or a person authorized by him. The results shall also be immediately forwarded to the Stock Exchanges.

3. Pursuant to the MCA Circulars and SEBI Circular, in view of the prevailing situation, owing to the difficulties involved in dispatching of physical copies of the Notice of the 19th AGM and the Annual Report for the financial year ended March 31, 2020 including therein the Audited Financial Statements for the financial year ended March 31, 2020 are being sent only by email to the Members. Therefore, those Members, whose email address is not registered with the Company or with their respective Depository Participant/s, and who wish to receive the Notice of the 19th AGM and the Annual Report for the financial year ended March 31, 2020 and all other communication sent by the Company, from time to time, can get their email address registered by following the steps as given below:

    a. For Members holding shares in physical form, please send scan copy of a signed request letter mentioning your folio number, complete address, email address to be registered along with scanned self-attested copy of the PAN and any document (such as Driving Licence, Passport, Bank Statement, AADHAR) supporting the registered address of the Member, by email to Registrar & Share Transfer Agents at fsl@3i-infotech.com.

    b. For the Members holding shares in demat form, please update your email address through your respective Depository Participant/s.

4. The Notice of the 19th AGM and the Annual Report for the financial year ended March 31, 2020 including therein the Audited Financial Statements for the financial year ended March 31, 2020 will be available on the website of the Company at www.firstsource.com and the websites of NSE at www.nseindia.com and BSE at www.bseindia.com. The Notice of 19th AGM will also be available on the website of CDSL at www.evotingindia.com.

5. Corporate members intending to send their authorized representatives to attend the 19th 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.

i. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, July 15, 2020 to Tuesday, July 21, 2020 (both days inclusive) for the purpose of the Annual General Meeting.

j. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, 3i Infotech Limited for assistance in this regard.

k. 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.

l. 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.

m. 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.

n. Members are requested to note that, dividends, if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members/ Claimants are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/ shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority, in Form No. IEPF-5 available on www.iepf.gov.in. The Members/ Claimants can file only one consolidated claim in a financial year as per the IEPF Rules For details.

o. Members wishing to claim dividends that remain unclaimed are requested to correspond with the Registrar and Share Transfer Agent as mentioned above. Members are requested to note that dividends that are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Act, be transferred to the Investor Education and Protection Fund (IEPF).

p. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of the Special businesses under the Notice is amended hereto. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members. Members seeking to inspect such documents can send an email to complianceofficer@firstsource.com. The Board of Directors of the Company at its meeting held on May 26, 2020 considered that the special business under Item Nos. 4, 5 & 6, being considered unavoidable, be transacted at the 19th AGM of the Company.

q. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.

r. Members holding shares in electronic (dematerialised) form are advised to send the request/(s) for change pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), Mandates, Nomination, Power of Attorney, Change of Address, Change of Name, Email Address, Contact Numbers etc. to their respective Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and its Transfer Agents to provide efficient and better services. The Company or its Registrars cannot act on any such requests received directly from the members holding shares in electronic form.

s. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account/(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participants and holdings should be verified.

t. Pursuant to the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the information/ brief profiles about the Directors proposed to be appointed/ re-appointed at the AGM are given in the Annexure to this Notice.

u. Members desirous of getting any information about the accounts and operations of the Company are requested to write to the Company atleast 7 days before the AGM to enable the Company to keep the information ready at the AGM.

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4

Ms. Grace Koshie was appointed as an Independent Director by the Board of Directors of the Company pursuant to the provisions of Section 149 of the Companies Act, 2013 ("Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014 ("Rules") and SEBI Listing Regulations. Nomination & Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Directors, has recommended re-appointment of Ms. Grace Koshie as an Independent Director for three (3) consecutive years on the Board of the Company upto February 8, 2023.

The Board, based on the performance evaluation of Independent Directors and as per the recommendation of the Nomination & Remuneration Committee, considers that, given her background and experience and contributions made by her during her tenure, the continued association of Ms. Grace Koshie would be beneficial to the Company and, accordingly, it is desirable to continue to avail her service as an Independent Director.

Accordingly, it is proposed to re-appoint Ms. Grace Koshie as an Independent Director of the Company, not liable to retire by rotation and to hold office for three (3) consecutive years on the Board of the Company upto February 8, 2023. Section 149 of the Act and provisions of the SEBI Listing Regulations inter alia prescribe that an Independent Director of a Company shall meet the criteria of independence as provided in Section 149(6) of the Act. Section 149(10) of the Act provides that an independent director shall hold office for a term up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the Company and disclosure of such appointment in its Board's report. Section 149(11) provides that an independent director may hold office up to two consecutive terms. Ms. Grace

Koshie is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as an Independent Director.

Brief resume of Ms. Grace Koshie is given in the Annexure to this Notice. Ms. Grace Koshie has given a declaration to the Board that she meets the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, Ms. Grace Koshie has fulfilled the conditions specified in the Act and the Rules framed thereunder for appointment as an Independent Director and is independent of the management.

Copy of the draft letter of appointment of Ms. Grace Koshie, setting out the terms and conditions of appointment is available for inspection by members at the Registered Office of the Company.

Ms. Grace Koshie may be deemed to be concerned or interested in the resolution for continuing her 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 agenda as set out at Item No. 4 of the Notice for approval of the Members.

Item No. 5

As per the Report submitted by Uday Kotak Committee to Securities and Exchange Board of India (SEBI) on recommendation for amendments to SEBI Listing Regulations 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 SEBI Listing Regulations 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 & 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 agenda as set out at Item No. 5 of the Notice for approval of the Members.

Item No. 6

The Company consistently believes in the philosophy of creating entrepreneurial teams to operate its businesses and create superior shareholder return. It would be implemented keeping in view the incentivization requirements of the key employees through equity based compensation. It is imperative that the current team led by Mr. Vipul Khanna, Managing Director & CEO has substantial interest in the business and for that reason grant of Employee Stock Options exceeding 1% of the issued capital (excluding outstanding warrants and conversions) has been proposed to retain and incentivize driving performance leading to improved corporate growth and profitability and in view of Regulation 6 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 the same requires shareholder’s approval.

Members are requested to note that in view of the Shareholder’s approval via postal ballot on 11th January 2020 through a special resolution wherein it was approved that the Managing Director & CEO shall be entitled to participate in the equity based Long Term Incentive Scheme (“LTI”) of the Company, accordingly the Nomination & Remuneration Committee on February 28, 2020 has granted the below mentioned Employee Stock Options under Firstsource Solutions Limited Employee Stock Option Plan 2019 to Managing Director & CEO, subject to all applicable compliances/ approvals:

A. Grants under Tenure Based Structure :

No. of Stock Options	Vesting Date	Vesting Conditions
1,186,624	October 1, 2021	Continued employment
719,966	October 1, 2023	Continued employment

B. Grants under Performance Based Structure:

No. of Stock Options	Vesting Date	Vesting Conditions
8,159,614	October 1, 2023	Achievement of Profits Before Tax **

** Performance period may be further defined in consultation with the Nomination & Remuneration Committee

In the background above, approval of the members is being sought for the issue of so much of the Employee Stock Options to the aforesaid personnel, in one or more tranches, exercisable into Equity Shares of the Company being equal to or exceeding 1% of the Issued Capital of the Company exercisable within a period of 1 year from the date of vesting.

None of the Directors, Key Managerial Personnel of the Company including their relatives are interested or concerned in the resolution except to the extent and manner set out in the resolution.

The Board recommends the agenda as set out at Item No. 6 of the Notice for approval of the Members.

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

May 26, 2020

ANNEXURE TO THE NOTICE

BRIEF PROFILE OF PERSON PROPOSED TO BE APPOINTED/ REAPPOINTED AS DIRECTOR AT THE ENSUING ANNUAL GENERAL MEETING

Ms. Grace Koshie:

Ms. Grace Koshie (DIN 06765216), 67 years, is a post graduate in Economics with specialisation in Econometrics and Monetary Economics with a Diploma in Higher Education from the Mumbai University.

She was the Chief General Manager & Secretary to the Central Board of the Reserve Bank of India for over eight years. Earlier she was head of the Foreign Exchange Department.

As career central banker for nearly 37 years she was also closely involved with the administration of financial services regulation in a number areas as well as people, technology, and systems related upgrades in the Bank. She was a member of the Task Force entrusted with the RBI's first Strategic Plan in the early '90s. She has also participated in professional seminars and training programmes at leading institutions in India and overseas. She has also served as the RBI nominee Director on the boards of two Public Sector Banks.

Before joining RBI she was a Lecturer in Economics at the Sophia College, Mumbai. After leaving the RBI at end of 2012, she was a speaker at the central banking seminars, UK for a number of years.

Since November 2013 she has been serving as an Independent Director on the Board Federal Bank and in November 2019 was appointed as the Non Executive Chairperson of the Federal Bank for a period of two years. Also, she has been appointed as an Independent Director on the Board of CESC Ventures Limited w.e.f. November 14, 2018.

She is holding Memberships of the following Committees across all Public Limited companies, in which she is Director:

Name of the Company	Name of the Committee	Position held (Chairperson/Member)
The Federal Bank Limited	1. Audit Committee 2. Nomination, Remuneration, Ethics & Compensation Committee 3. Customer Service, Marketing Strategy and Digital Banking Committee 4. Special Committee of the Board for monitoring and follow up of cases of Frauds	Member Member Member Member
Firstsource Solutions Limited	1. Audit Committee 2. Risk Management Committee	Chairperson Member
CESC Ventures Limited	1. Audit Committee 2. Nomination & Remuneration Committee	Member Member

Ms. Koshie does not hold any shares or stock options of the Company. She is not related to any other Director of the Company. She attended four (4) Board Meetings of the Company during the FY2019-20.

Mr. Pradip Kumar Khaitan

Mr. Pradip Kumar Khaitan (DIN 00004821), aged 79 years, is a B.Com, LL.B. and Attorney-at-law (Bell Chambers Gold Medalist). He has professional Affiliations with Bar Council of India, Bar Council of West Bengal, Indian Council of Arbitration, New Delhi and Incorporated Law Society of Calcutta. Mr. Khaitan is the Senior Partner of Khaitan & Co. and is widely regarded as amongst the most influential legal practitioners in India. With over 50 years of experience, Mr. Khaitan has advised on a wide range of transactions.

Mr. Khaitan's practice includes advising domestic business houses and International Corporations, Banks, Development Agencies and Governments on all aspects of commercial and corporate laws, taxation, joint ventures, IPOs, mergers & demergers, corporate governance, restructuring and insolvency issues. He regularly advises on strategic decisions and sensitive commercial and legal issues.

Mr. Khaitan is a Director on the Board of Directors of several public listed Companies in India namely CESC Limited, Dalmia Bharat Limited, Electrosteel Castings Limited, Emami Limited, Graphite India Limited, India Glycols Limited, and Woodlands Multispeciality Hospital Limited.

He is holding Memberships of the following Committees across all Public Limited companies, in which he is Director:

Name of the Company	Name of the Committee	Position held (Chairman/Member)
CESC Limited	Nomination & Remuneration Committee	Member
	Finance & Forex Committee	Member
	Risk Management Committee	Chairman
	Project Management Committee	Member
	Restructuring Committee	Member
Dalmia Bharat Limited (Erstwhile Odisha Cement Limited)	Audit Committee	Member
	Nomination & Remuneration Committee	Member
	Group Governance Committee	Member
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	Chairman
	Risk Management Committee	Member
	Stakeholders Relationship Committee	Chairman
Woodlands Multispeciality Hospital Limited	Share Allotment Committee	Chairman
	Audit Committee	Member
	Nomination & Remuneration Committee	Member

Mr. Khaitan does not hold any shares or stock options of the Company. He is not related to any other Director of the Company. He attended three (3) Board Meetings during the FY2019-20.

Corporate Information

REGISTERED OFFICE

Firstsource Solutions Limited
CIN: L64202MH2001PLC134147
5th Floor, Paradigm 'B' Wing,
Mindspace, Link Road, Malad (West),
Mumbai – 400 064, India.
www.firstsource.com

STATUTORY AUDITORS

Deloitte Haskins & Sells LLP
Chartered Accountants
Tower 3, 32nd Floor, India Bulls Finance Centre,
Elphinstone Mill Compound,
Senapati Bapat Road, Elphinstone Road (West),
Mumbai – 400 013, India.

BOARD OF DIRECTORS

Dr. Sanjiv Goenka, Chairman
Rajesh Subramaniam, MD & CEO (ceased to be a Director w.e.f. August 1, 2019)
Vipul Khanna, Managing Director & CEO (appointed w.e.f. August 2, 2019)
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 (up to November 13, 2019)
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)

COMPANY SECRETARY & COMPLIANCE OFFICER

Pooja Nambiar

COMMITTEE DETAILS

Audit Committee

Grace Koshie, Chairperson
Pradip Roy
Sunil Mitra
Subrata Talukdar

Nomination and Remuneration Committee

Pradip Roy, Chairman
Pratip Chaudhuri
Subrata Talukdar

Stakeholders Relationship Committee

Subrata Talukdar, Chairman
Vipul Khanna
Pradip Roy

Corporate Social Responsibility Committee

Shashwat Goenka, Chairman
Vipul Khanna
Pradip Roy
Subrata Talukdar

Risk Management Committee

Shashwat Goenka, Chairman
Vipul Khanna
Grace Koshie
Dinesh Jain
Arun Tyagi

Investment Committee

Shashwat Goenka, Chairman
Vipul Khanna
Subrata Talukdar

Strategy Committee

Shashwat Goenka, Chairman
Vipul Khanna
Subrata Talukdar

MAJOR BANKERS

1. Bank of Philippines, Islands
2. Barclays Bank Plc
3. Citibank, N.A.
4. DBS Bank India Limited
5. HDFC Bank Limited
6. HSBC Bank Limited
7. ICICI Bank Limited
8. IDFC First Bank
9. Standard Chartered Bank
10. RBL Bank Limited

firstsource®

Stay Ahead

5th Floor, Paradigm 'B' Wing, Mindspace, Link Road,
Malad (West), Mumbai 400 064, India
CIN: L64202MH2001PLC134147
www.firstsource.com

Concept, content and design at AICL (hello@aicl.in)