

## **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 2024, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended on that date, and notes to the financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as the "Consolidated Financial Statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act ("Ind AS"), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2024, and their consolidated profit, their consolidated total comprehensive income, their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act ("SA's"). Our responsibilities under those Standards are further described in the Auditor's responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associates in accordance with the Code of Ethics issued by the Institute of

Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us 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 year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

<i>Sr. No.</i>	<i>Key Audit Matter</i>	<i>Auditor's Response</i>
1.	<b>Revenue recognition and measurement in respect of un-invoiced amounts</b>  (Refer Note 9 of the Consolidated Financial Statements)  The Group, in its contracts with customers, promises to transfer distinct services ("performance obligations") to its customers which may be rendered in the form of customer management, transaction processing (including revenue cycle management in the healthcare industry) and debt collection services. Revenue is recognised based on the pattern of benefits from the performance obligations to the customer in an amount that reflects the consideration received or expected to be received in exchange for the services ("transaction price"). The agreed contractual terms for service deliveries that are based on unit-of-work, time and material	<b>Principal audit procedures performed included the following:</b>  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

<i>Sr. No.</i>	<i>Key Audit Matter</i>	<i>Auditor's Response</i>
	<p>or a specified contingency (such as recovery of dues or disbursement of loans) adjusted for rebates, volume discounts, incentives or penalties ("variable consideration"). At each reporting date, revenue is accrued for work performed that may not have been invoiced. Identifying whether the Group's performance has resulted in a billable service that is collectable where the service deliveries have not been acknowledged by customers as of the reporting date involves a fair amount of judgment.</p> <p>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.</p>	<p>management controls exercised in respect of related accounting information system.</p> <p>c) We have tested a sample of un-invoiced revenue entries with reference to the manual records used for tracking 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.</p> <p>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</p>

Sr. No.	Key Audit Matter	Auditor's Response
		<p>appropriately disaggregated data.</p> <p>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.</p> <p>f) We evaluated the delivery and collection history of customers against whose contracts un-invoiced revenue relating to period more than a month is recognized.</p> <p>g) For the samples selected, we tested cut-offs for revenue recognized against un-invoiced amounts by matching the revenue accrual against accruals for corresponding cost.</p>
2.	<p><b>Impairment of the carrying value of goodwill on consolidation</b></p> <p><u>(Refer Note 5 of the Consolidated Financial Statements)</u></p> <p>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</p>	<p><b>Principal audit procedures performed</b></p> <p>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:</p> <p>a) We tested the effectiveness of controls over the forecasts of</p>

Sr. No.	Key Audit Matter	Auditor's Response
	<p>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 ₹29,884.90 million as at 31 March 2024 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.</p> <p>We identified this as a key audit matter basis the nature of the Group's operations, the method used to determine the recoverable amount of the CGUs, and the difference between its recoverable amount and carrying value, and because forecasts of future revenue, operating margin, free cash flows and selection of the discount rate for each CGU involved subjective judgment.</p>	<p>future revenue, operating margin and free cash flows and the selection of the discount rate.</p> <p>b) We evaluated management's ability to accurately forecast future revenues and operating margins by comparing actual results to management's historical forecasts.</p> <p>c) We evaluated the reasonableness of management's revenue and operating margin forecasts by comparing the forecasts to historical revenues and operating margins.</p> <p>d) 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.</p> <p>e) We performed through sensitivity analysis on the key assumptions to ascertain the extent of change in those assumptions that would be required for the goodwill to be impaired.</p>

Sr. No.	Key Audit Matter	Auditor's Response
3.	<p><b>Assessment of recoverability of Minimum Alternate Tax ("MAT") Credit for Special Economic Zone ("SEZ") units</b></p> <p>(Refer Note 18 of the Consolidated Financial Statements)</p> <p>Under the provisions of the Income Tax Act, 1961, (the "Income Tax Act") Minimum Alternate Tax ("MAT") is payable by companies where 15% (plus applicable surcharge and cess) of its 'book profit' as defined under section 115JB of the Income Tax Act exceeds the income tax payable on the 'total taxable income' computed in accordance with the Income Tax Act. A credit equal to the excess of MAT paid on book profit over the normal income tax payable on the total taxable income is allowed as a credit ("MAT credit"). The MAT credit is allowed to be carried forward for a period of fifteen succeeding assessment years following the assessment year in which the MAT credit becomes allowable. MAT credit can be set off only in the year in which the Company is liable to pay normal income tax on the total taxable income to the extent such tax is in excess of MAT for that year. The Company has recognised deferred tax asset in respect of MAT credit to the extent of ₹2,332.09 million. The Company's evaluation of the recoverability of deferred tax asset in respect of MAT credit requires</p>	<p><b>Principal audit procedures performed</b></p> <p>We obtained the projections compiled by the management and performed audit procedures related to forecasts of future taxable profits and operating margin:</p> <p>a) We evaluated the design of internal controls and tested the operating effectiveness of internal controls over the forecasts of future revenue, operating margin, taxable profits and the key assumptions used at the year end</p> <p>b) We evaluated management's ability to accurately forecast future revenues, operating margins and taxable profits by comparing the actual results to management's historical forecast by delivery centres (including the ratio of deliveries from SEZs and Non-SEZ centres) to arrive at forecast tax liabilities.</p> <p>c) We performed sensitivity analysis on the key assumptions to assess their impact on the Company's determination that the MAT was realizable.</p>



<i>Sr. No.</i>	<i>Key Audit Matter</i>	<i>Auditor's Response</i>
	<p>Management to make significant estimates and assumptions related to forecasts of future taxable profits. Also, a significant portion of the Company's profits in the past have arisen from export of services from delivery centers set up in Special Economic Zones ("SEZ"s). 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).</p> <p>We identified this as a key audit matter after considering, the proportion of export profits and the tax benefits attached to export profits from SEZs and forecast of future total taxable income involves significant subjective judgement.'</p>	

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

- The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Director's report including Annexures thereto, Management Discussion and Analysis Report, Business Responsibility Report and report of Corporate Governance, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the unaudited financial information of the associate, to the extent it relates to it's

associate, and in doing so, place reliance on the unaudited financial information certified by the Board of Directors of the Company and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to its associate, is traced from their unaudited financial information certified by the Board of Directors of the Company.

- If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associate in accordance with the other accounting principles generally accepted in India, including Ind AS. The respective Boards 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 Managements and 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 Boards of Directors either intend to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.



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

### **Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls 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 with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

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

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

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

### **Other Matters**

The consolidated financial statements also include the Group's share of net profit of ₹Nil million (less than ₹0.01 million) for the year ended 31 March 2024, as considered in the consolidated financial statements, in respect of an associate, whose financial information has not been audited by us. The financial information is unaudited and has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid associate is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Board of Directors of the Company, this financial information is not material to the Group.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the financial information certified by the Board of Directors of the Company.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the unaudited financial information of the associate referred to in the Other Matters section above, we report, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law maintained by the Group including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books except for not complying with the requirements of audit trail as stated in paragraph (i)(vi) below.

In respect of one associate where the accounts are unaudited, we are unable to comment on the reporting requirement mentioned in para above.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

- e) On the basis of the written representations received from the directors of the Company as on 31 March 2024 taken on record by the Board of Directors of the Company and its reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the company and its subsidiary company incorporated in India is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) The modifications relating to the maintenance of accounts and other matters connected therewith, are as stated in paragraph (b) above.
- g) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A' which is based on the reports of the Statutory auditors of the Company and its subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to consolidated financial statements of those companies.
- h) 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.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate;
  - (ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company and its subsidiary company incorporated in India.
  - (iv) a. The respective Managements of the Company and its subsidiary company which is incorporated in India, whose financial statements have been audited under the Act have represented to us that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or

share premium or any other sources or kind of funds) by the Company or any of such subsidiary to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or the subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b. The respective Managements of the Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds have been received by the Company or by the subsidiary from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or the subsidiary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- c. Based on the audit procedures that has been considered reasonable and appropriate in the circumstances performed by us for the Company and its subsidiary which is company incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) , as provided under (a) and (b) above, contain any material misstatement.

In respect of one associate where the accounts are unaudited, we are unable to comment on the reporting requirement under Rule 11 (e).

- (v) The amount of dividend is in accordance with Section 123 of the Act and:
  - a. The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with section 123 of the Act.
  - b. The Company has not proposed final dividend for the year.
- (vi) Based on our examination which included test checks, the Company and its subsidiary company incorporated in India have used accounting software systems for maintaining their respective books of account for the financial year ended 31 March 2024 which has a



feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that no audit trail was enabled at the database level for accounting software to log any direct data changes.

Further, during the course of audit, we have not come across any instance of the audit trail feature being tampered with, in respect of accounting software for the period for which the audit trail feature was enabled and operating.

In respect of one associate where the accounts are unaudited, we are unable to comment on the reporting requirement under Rule 11 (g).

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the year ended 31 March 2024.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO report issued by the auditor of the subsidiary included in the consolidated financial statements to which reporting under CARO is applicable, provided to us by the Management of the Company and based on the identification of matters of qualifications or adverse remarks in their CARO report by the subsidiary auditor and provided to us, we report that in respect of the company where audit has been completed under section 143 of the Act, the auditor of such company has not reported any qualifications or adverse remarks.

In respect of the following company included in the consolidated financial statements of the Company, whose audit under section 143 of the Act has not yet been completed, the CARO report as applicable in respect of that entity is not available and consequently has not been provided to us as on the date of this audit report:

1.



<i>Name of the company</i>	<i>CIN</i>	<i>Nature of relationship</i>
Nanobi Data and Analytics Private Limited	U72200KA2012PTC062235	Associate

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



**SANJIV V. PILGAONKAR**  
Partner  
(Membership No. 39826)  
(UDIN: 24039826BKCOEE9918 )

Mumbai, 3 May 2024

## **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 with reference to Consolidated Financial Statements 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 with reference to consolidated financial statements 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 2024.

#### **Management's Responsibility for Internal Financial Controls**

The respective Boards of Directors of the Company, its subsidiary company and its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal control with reference to consolidated financial statements 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements. 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 with reference to consolidated financial reporting

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

We believe that the audit evidence we have obtained, including the unaudited financial information of an associate, which is a company incorporated in India, referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Company, its subsidiary company and its associate company, which are companies incorporated in India.

### **Meaning of Internal Financial Controls with reference to consolidated financial statements**

A company's internal financial control with reference to consolidated financial statements 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements**

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the report of the unaudited financial information of an associate referred to in the Other Matters paragraph below, the Company, its subsidiary company and its associate company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at 31 March 2024, based on the criteria for internal financial control with reference to consolidated financial statements 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 with reference to consolidated financial statements in so far as it relates to an associate company, which is a company incorporated in India, is based solely on the unaudited financial information certified by the Board of Directors of the Company.

Our opinion is not modified in respect of the above matter.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)



**SANJIV V. PILGAONKAR**

Partner

(Membership No. 39826)

(UDIN: 24039826BKCOEE9918 )

Mumbai, 3 May 2024

**Firstsource Solutions Limited  
and its subsidiaries**

Consolidated financial statements  
together with the Independent Auditor's Report  
as at and for the year ended March 31, 2024

# Firstsource Solutions Limited and its subsidiaries

## **Consolidated financial statements together with the Independent Auditor's Report**

*as at and for the year ended March 31, 2024*

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Firstsource Solutions Limited and its subsidiaries  
**Consolidated balance sheet**  
as at March 31, 2024  
(Currency: In millions of Indian rupees)

Particulars	Note	March 31, 2024	March 31, 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3(i)	1,641.02	1,739.26
Capital work-in-progress	3(ii)	170.91	34.24
Right-of-use assets	4	6,355.29	4,958.29
Goodwill on consolidation	5(i)	29,884.90	29,449.76
Other intangible assets	5(ii)	648.98	1,015.09
Investment in associate accounted for using the equity method		0.07	0.07
<b>Financial assets</b>			
Investments	6(i)	115.05	115.59
Other financial assets	7(i)	824.96	488.40
Deferred tax assets	18	2,920.61	2,948.06
Income tax assets (net)	18	808.79	786.49
Others non-current assets	8(i)	2,086.10	1,025.95
<b>Total non-current assets</b>		<b>45,456.68</b>	<b>42,561.20</b>
<b>Current assets</b>			
<b>Financial assets</b>			
Investments	6(ii)	300.27	595.50
Trade receivables	9		
- Billed		8,606.78	6,800.47
- Unbilled		3,001.40	3,584.40
Cash and cash equivalents	10	1,747.74	1,515.40
Other balances with banks	11	136.86	40.14
Other financial assets	7(ii)	94.48	39.80
Other current assets	8(ii)	1,486.16	1,506.78
<b>Total current assets</b>		<b>15,373.69</b>	<b>14,082.49</b>
<b>Total assets</b>		<b>60,830.37</b>	<b>56,643.69</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	6,969.91	6,969.91
Other equity	12A	30,034.12	26,698.54
<b>Total equity attributable to equity holders of the Company</b>		<b>37,004.03</b>	<b>33,668.45</b>
Non - controlling interest		3.84	3.50
<b>Total equity</b>		<b>37,007.87</b>	<b>33,671.95</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Long term borrowings	13(i)	42.17	1,393.66
Lease liabilities		5,713.63	4,467.15
Other financial liabilities	15(i)	-	181.38
Provisions	16(i)	187.79	137.03
Deferred tax liabilities	18	1,470.38	1,195.98
<b>Total non-current liabilities</b>		<b>7,413.97</b>	<b>7,375.20</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Short-term and other borrowings	13(ii)	8,080.92	6,876.10
Trade payables	14	3,055.81	2,314.46
Lease liabilities		1,495.56	1,194.69
Other financial liabilities	15(ii)	2,047.30	3,555.99
Other current liabilities	17	1,056.96	828.87
Provisions	16(ii)	466.89	826.43
Provision for tax (net)	18	205.09	-
<b>Total current liabilities</b>		<b>16,408.53</b>	<b>15,596.54</b>
<b>Total equity and liabilities</b>		<b>60,830.37</b>	<b>56,643.69</b>

**Material accounting policies**

The accompanying notes from 1 to 35 are an integral part of these consolidated financial statements.  
As per our report of even date attached.

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

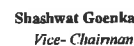


Sanjiv V. Pilgaonkar  
Partner  
Membership No: 39826

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

  
Dr Sanjiv Goenka  
Chairman

  
Ritesh Mahan Idnani  
Managing Director and CEO

  
Shashwat Goenka  
Vice- Chairman

  
Subrata Talukdar  
Director

  
Sunil Mitra  
Director

  
Utsav Parekh  
Director

  
Anjani K. Agrawal  
Director

Mumbai  
May 3, 2024

Mumbai  
May 3, 2024

  
Pooja Nambiar  
Company Secretary

  
Disha Jain  
President and CFO

Firstsource Solutions Limited and its subsidiaries

**Consolidated statement of profit and loss**

for the year ended March 31, 2024

(Currency: In millions of Indian rupees except equity share and per equity share data)

	Note	Year ended March 31, 2024	March 31, 2023
<b>INCOME</b>			
Revenue from operations	19	63,362.45	60,223.18
Other income, net	20	368.44	1,308.50
<b>Total income</b>		<b>63,730.89</b>	<b>61,531.68</b>
<b>EXPENSES</b>			
Employee benefit expenses	21	39,093.25	38,680.41
Finance costs	22	1,033.85	789.70
Depreciation and amortization expenses	3, 4 & 5(ii)	2,602.24	2,631.70
Other expenses	23	14,704.80	13,277.72
<b>Total expenses</b>		<b>57,434.14</b>	<b>55,379.53</b>
<b>Profit before tax and share in net profit / (loss) of associate</b>		<b>6,296.75</b>	<b>6,152.15</b>
Share in net profit of associate		-	-
<b>Profit before tax</b>		<b>6,296.75</b>	<b>6,152.15</b>
<b>Tax expenses</b>			
Current tax		900.54	657.63
Deferred tax		248.96	357.40
<b>Profit for the year</b>		<b>5,147.25</b>	<b>5,137.12</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to the statement of profit and loss</b>			
Remeasurement of the net defined benefit liability / asset		6.46	36.34
<b>Items that will be reclassified subsequently to the statement of profit and loss</b>			
Net changes in fair value on derivatives designated as cash flow hedges		223.17	(464.28)
Deferred tax on items that will be reclassified to statement of profit and loss		(37.10)	75.58
Exchange difference on translation of foreign operations		311.89	1,633.58
<b>Total other comprehensive income, net of taxes</b>		<b>504.42</b>	<b>1,281.22</b>
<b>Total comprehensive income for the year</b>		<b>5,651.67</b>	<b>6,418.34</b>
<b>Profit attributable to:</b>			
Owners of the Company		5,147.29	5,137.20
Non - controlling interest		(0.04)	(0.08)
		<b>5,147.25</b>	<b>5,137.12</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		5,651.33	6,418.53
Non - controlling interest		0.34	(0.19)
		<b>5,651.67</b>	<b>6,418.34</b>
<b>Earning per equity share</b>			
Weighted average number of equity shares outstanding during the year			
- Basic	30	684,300,932	680,585,300
- Diluted	30	701,621,410	701,660,739
<b>Earning per equity share</b>			
- Basic	30	7.52	7.55
- Diluted	30	7.34	7.32

**Material accounting policies**

The accompanying notes from 1 to 35 are an integral part of these consolidated financial statements.

As per our report of even date attached.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

Firm's Registration No: 117366W/W-100018



Sanjiv V. Pilgaonkar

Partner

Membership No: 39826

Dr Sanjiv Goenka  
Chairman

Shashwat Goenka  
Vice-chairman

Sunil Mitra  
Director

Utsav Parekh  
Director

Anjani K. Agrawal  
Director

Mumbai  
May 3, 2024

Mumbai  
May 3, 2024

Pooja Nambiar  
Company Secretary

Dinesh Jain  
President and CFO



Ritesh Mohan Idnani  
Managing Director and CEO

Subrata Talukdar  
Director

Firstsource Solutions Limited and its subsidiaries  
Consolidated statement of changes in equity  
as at and for the year ended March 31, 2024  
(Currency: in millions of Indian rupees)

	Equity share capital	Attributable to owners of the Company						Items of other comprehensive income		Total	Attributable to Non-controlling interest	Total equity
		Treasury shares	Special Economic Zone re-investment reserve	Securities premium	Other reserves	Retained earnings	Employee stock option reserve	Effective portion of cash flow hedges	Exchange differences on translating the financial statements of a foreign operation/subsidiaries			
Balance as at April 1, 2023	6,969.91	(1,158.14)	15.28	2,251.22	30.41	17,425.98	651.66	(89.08)	7,571.21	33,668.45	3.50	33,671.95
Other comprehensive income for the year (Net of tax)	-	-	-	-	-	6.46	-	186.07	311.51	504.04	0.38	504.42
Profit for the year	-	-	-	-	-	5,147.29	-	-	-	5,147.29	(0.04)	5,147.25
Dividend (net)	-	-	-	-	-	(2,405.94)	-	-	-	(2,405.94)	-	(2,405.94)
Share based payment	-	-	-	-	-	-	31.34	-	-	31.34	-	31.34
Treasury shares	-	450.41	-	-	-	(188.31)	(203.25)	-	-	58.85	-	58.85
Utilised from Special Economic Zone re-investment reserve	-	-	(15.28)	-	-	15.28	-	-	-	-	-	-
Transfer to retained earning for options forfeited	-	-	-	-	-	9.16	(9.16)	-	-	-	-	-
<b>Balance at the end of March 31, 2024</b>	<b>6,969.91</b>	<b>(707.73)</b>	<b>-</b>	<b>2,251.22</b>	<b>30.41</b>	<b>20,009.92</b>	<b>470.59</b>	<b>96.99</b>	<b>7,882.72</b>	<b>37,004.03</b>	<b>3.84</b>	<b>37,007.87</b>

Firstsource Solutions Limited and its subsidiaries  
**Consolidated statement of changes in equity (Continued)**  
as at and for the year ended 31 March 31, 2024  
(Currency: In millions of Indian rupees)

	Attributable to owners of the Company								Total	Attributable to Non-controlling interest	Total equity
	Equity share capital	Treasury shares	Special Economic Zone re-investment reserve	Securities premium reserve	Other reserves	Retained earnings	Employee stock option reserve	Items of other comprehensive income Effective portion of cash flow hedges Exchange differences on translating the financial statements of a foreign operation/subsidiaries			
Balance as at April 1, 2022	6,969.91	(1,198.25)	-	2,251.22	30.41	15,524.68	514.33	299.62	5,937.52	3.69	30,333.13
Adoption of amendment to Ind AS 37 (Net of deferred tax) (refer note 33)	-	-	-	-	-	(783.41)	-	-	(783.41)	-	(783.41)
	6,969.91	(1,198.25)	-	2,251.22	30.41	14,741.27	514.33	299.62	5,937.52	3.69	29,549.72
Other comprehensive income for the year (Net of tax)	-	-	-	-	-	36.34	-	(388.70)	1,633.69	(0.11)	1,281.22
Profit for the year	-	-	-	-	-	5,137.20	-	-	5,137.20	(0.08)	5,137.12
Dividend (including tax on dividend)	-	-	-	-	-	(2,384.45)	-	-	(2,384.45)	-	(2,384.45)
Share based payment	-	-	-	-	-	-	227.92	-	227.92	-	227.92
Treasury shares	-	40.11	-	-	-	(99.69)	(80.00)	-	(139.58)	-	(139.58)
Transfer to Special Economic Zone re-investment reserve	-	-	32.74	-	-	(32.74)	-	-	-	-	-
Utilised from Special Economic Zone re-investment reserve	-	-	(17.46)	-	-	17.46	-	-	-	-	-
Transfer to retained earning for options forfeited	-	-	-	-	-	10.59	(10.59)	-	-	-	-
<b>Balance at the end of March 31, 2023</b>	<b>6,969.91</b>	<b>(1,158.14)</b>	<b>15.28</b>	<b>2,251.22</b>	<b>30.41</b>	<b>17,425.98</b>	<b>651.66</b>	<b>(89.08)</b>	<b>7,571.21</b>	<b>3.50</b>	<b>33,671.95</b>

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

1

Mumbai  
May 3, 2024

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

Dr Sanjiv Goenka  
Chairman

  
Ritesh Mangal Idnani  
Managing Director and CEO

Shashwat Goenka  
Vice-Chairman

  
Subrata Talukdar  
Director

Usha Parekh  
Director

Sunil Mitra  
Director

Anjani K. Agrawal  
Director

Mumbai  
May 3, 2024

  
Pooja Namthar  
Company Secretary

  
Dinesh Jain  
resident and CFO

Firstsource Solutions Limited and its subsidiaries

**Consolidated statement of cash flows**

as at and for the year ended March 31, 2024

(Currency: In millions of Indian rupees)

	March 31, 2024	March 31, 2023
<b><u>Cash flow from operating activities</u></b>		
Net profit before taxation and non controlling interest	6,296.75	6,152.15
<b>Adjustments for</b>		
Depreciation and amortization	2,602.24	2,631.70
Allowance for expected credit loss/ bad debts written-off, net	322.64	185.36
Loss on disposal of property, plant and equipment, net	55.91	7.20
Foreign exchange gain, net unrealized	(31.33)	(51.44)
Finance costs	1,033.85	789.70
Interest income	(9.88)	(10.34)
Adoption of amendment to Ind AS 37	(334.45)	(758.51)
Profit on sale/redemption of investments	(62.11)	(47.54)
Fair value and other adjustments, net	(335.28)	(1,285.03)
Employee stock compensation expense	31.34	227.92
<b>Operating cash flow before changes in working capital</b>	<b>9,569.68</b>	<b>7,841.17</b>
<b>Changes in working capital</b>		
Increase in trade receivables	(1,545.95)	(964.92)
(Increase) / decrease in loans and advances and other assets	(1,266.75)	708.07
Increase in liabilities and provisions	408.68	1,021.83
<b>Net changes in working capital</b>	<b>(2,404.02)</b>	<b>764.98</b>
Income taxes paid	(717.75)	(655.92)
<b>Net cash generated from operating activities (A)</b>	<b>6,447.91</b>	<b>7,950.23</b>
<b><u>Cash flow from investing activities</u></b>		
Purchase of current investments	(16,877.00)	(14,556.92)
Proceeds from sale of investment in mutual funds	17,234.34	15,194.34
Interest income received	9.88	10.34
Purchase of property, plant and equipment	(851.04)	(536.22)
Proceeds from sale of property, plant and equipment	0.61	21.99
Investment in short term fixed deposits	(33.00)	-
Earmarked balances with banks	(63.72)	30.00
<b>Net cash (used in) / generated from investing activities (B)</b>	<b>(579.93)</b>	<b>163.53</b>
<b><u>Cash flow from financing activities</u></b>		
Proceeds from / (Repayment of) short term borrowings	1,277.99	(1,976.69)
Proceeds from long term borrowings	41.16	50.49
Repayment of long term borrowings	(1,609.77)	(424.96)
Interest paid on lease liabilities and others	(1,010.70)	(787.42)
Purchase of treasury shares, net	58.85	(139.58)
Purchase of non controlling interest in subsidiary	(583.32)	(276.40)
Payment of lease liabilities	(1,410.14)	(1,494.81)
Dividend paid (net)	(2,405.94)	(2,384.45)
<b>Net cash used in financing activities (C)</b>	<b>(5,641.87)</b>	<b>(7,433.82)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>226.11</b>	<b>679.94</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,515.40</b>	<b>828.20</b>
<b>Foreign exchange gain on translating Cash and cash equivalents</b>	<b>6.23</b>	<b>7.26</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,747.74</b>	<b>1,515.40</b>
<b>Other bank balances - short term fixed deposits</b>	<b>33.00</b>	<b>-</b>
<b>Cash and bank balances at the end of the year</b>	<b>1,780.74</b>	<b>1,515.40</b>

**Firstsource Solutions Limited and its subsidiaries**

**Consolidated statement of cash flows**

as at and for the year ended March 31, 2024

(Currency: In millions of Indian rupees)

**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:

	March 31, 2024	March 31, 2023
Balances with banks	2,348.21	1,648.53
- in current accounts	457.86	-
Remittance in transit	2,806.07	1,648.53
	1,058.33	133.13
Less: Current account balances held in trust for customers	1,747.74	1,515.40
Cash and cash equivalents	33.00	-
Other bank balances - short term fixed deposits	1,780.74	1,515.40
Cash and bank balances at the end of the year		

**Reconciliation of liabilities from financing activities for the year ended March 31, 2024**

Particulars	As at March 31, 2023	Proceeds	Repayment	Effects of change in Foreign exchange	As at March 31, 2024
Long Term Borrowings	2,998.74	41.16	(1,609.77)	20.38	1,450.51
Short Term Borrowings	5,271.02	1,277.99	-	123.57	6,672.58
Total Liabilities from financing activities	8,269.76	1,319.15	(1,609.77)	143.95	8,123.09

**Reconciliation of liabilities from financing activities for the year ended March 31, 2023**

Particulars	As at Mar 31, 2022	Proceeds	Repayment	Effects of change in Foreign exchange	As at March 31, 2023
Long Term Borrowings	3,146.81	50.49	(424.96)	226.40	2,998.74
Short Term Borrowings	6,949.81	-	(1,976.69)	297.90	5,271.02
Total Liabilities from financing activities	10,096.62	50.49	(2,401.65)	524.30	8,269.76

As per our report of even date attached.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

Firm's Registration No: 117366W/W-100018

**Sanjiv V. Pilgaonkar**

Partner

Membership No: 39826

Mumbai

May 3, 2024

For and on behalf of the Board of Directors of

Firstsource Solutions Limited

**Dr Sanjiv Goenka**

Chairman

**Shashwat Goenka**

Vice-Chairman

**Sunil Mitra**

Director

Mumbai

May 3, 2024

**Ritesh Mohan Idnani**

Managing Director and CEO

**Subrata Talukdar**

Director

**Utsav Parekh**

Director

**Anjani K. Agrawal**

Director

**Pooja Nambiar**

Company Secretary

**Dinesh Jain**

President and CFO



## Firstsource Solutions Limited and its subsidiaries

### Notes to the Consolidated financial statements

as at and for the year ended March 31, 2024

(Currency: In millions of Indian rupees)

#### 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 May 3, 2024.

#### Basis of Preparation and Statement of compliance

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

The list of entities with percentage holding is as below:

Entities	Country of incorporation and other particulars	Percentage of holding by voting rights	Year of consolidation
Firstsource Solutions UK Limited (FSL UK)	A subsidiary of Firstsource Solutions Limited, incorporated under the laws of United Kingdom.	100%	2002-2003
Firstsource Solutions S.A. (FSL-Arg)	A subsidiary of Firstsource Solutions UK Limited, incorporated under the laws of Argentina.	99.98%	2006-2007
Firstsource BPO Ireland Limited (FSL Ireland)	A subsidiary of Firstsource Solutions UK Limited, incorporated under the laws of Ireland.	100%	2011-2012
Firstsource Dialog Solutions (Private) Limited (FDS)	A subsidiary of Firstsource Solutions Limited, incorporated under the laws of Sri Lanka.	74%	2011-2012
Firstsource Process Management Services Limited (FPMSL)	A subsidiary of Firstsource Solutions Limited, incorporated under the laws of India.	100%	2010-2011
Firstsource Group USA, Inc. (FG US)	A subsidiary of Firstsource Solutions Limited, incorporated in the State of Delaware, USA.	100%	2009-2010
Firstsource Business Process Services, LLC (FBPS)	A subsidiary of FG US, incorporated in the State of Delaware, USA.	100%	2009-2010
Firstsource Advantage LLC (FAL)	A subsidiary of FBPS, incorporated under the laws of the State of New York, USA.	100%	2004-2005
One Advantage LLC (OAL)	A subsidiary of FBPS, incorporated in the state of Delaware, USA.	100%	2014-2015
Medassist Holding LLC (MedAssist)	A subsidiary of FG US, incorporated under the laws of the State of Delaware, USA.	100%	2014-2015
Firstsource Solutions USA LLC	A subsidiary of MedAssist, incorporated in the State of Delaware, USA.	100%	2009-2010
Firstsource Health Plans and Healthcare Services, LLC	A subsidiary of Firstsource Solutions USA LLC, incorporated under the laws of the State of Delaware, USA.	100%	2011-2012
Sourcepoint, Inc.	A subsidiary of FG US, incorporated in the State of Delaware, USA.	100%	2016-2017
Sourcepoint Fulfillment Services, Inc. (Sourcepoint FFS)	A subsidiary of Sourcepoint, Inc.	100%	2016-2017
PatientMatters, LLC (PM)	A subsidiary of Firstsource Solutions USA LLC incorporated in the state of Delaware, USA.	100%	2020-2021
Medical Advocacy Services for Healthcare, Inc (MASH)	A subsidiary of PatientMatters, LLC, incorporated in the state of Texas, USA.	100%	2020-2021
Kramer Technologies LLC (KT)	A subsidiary of PatientMatters, LLC, incorporated in the state of Delaware, USA.	100%	2020-2021
The StoneHill Group, Inc	A subsidiary of Sourcepoint, Inc., incorporated in the state of Georgia, USA.	100%	2021-2022
American Recovery Service Incorporated	A subsidiary of FBPS, incorporated in the state of California, USA.	100%	2021-2022
Firstsource Solutions México, S. de R.L. de C.V	A subsidiary of FG US, incorporated in the city of Monterrey, Mexico	100%	2021-2022
Firstsource Employee Benefit Trust	A trust of Firstsource Solutions Limited, incorporated under the laws of India.	100%	2019-2020
Firstsource Solutions Jamaica Limited	A subsidiary of FG US, incorporated in the state of Jamaica	100%	2022-2023
Firstsource BPO South Africa (Pty) Limited	A subsidiary of Firstsource Solutions UK Limited, incorporated under the laws of South Africa (incorporated w.e.f. September 27, 2023).	100%	2023-2024
Firstsource Solutions Australia Pty Limited	A subsidiary of Firstsource Solutions Limited, incorporated under the laws of Australia (incorporated w.e.f. February 13, 2024).	100%	2023-2024
Nanobi Data and Analytics Private Limited (Nanobi)	Associate of the Company.	21.79%	2016-2017

Firstsource Solutions Limited and its subsidiaries

**Notes to the Consolidated financial statements**

as at and for the year ended March 31, 2024

(Currency: In millions of Indian rupees)

**2 Material accounting policies**

**2.1 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.

**2.2 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 2.2.1.

**2.2.1 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 2.11.

**b. Business combinations and intangible assets**

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued at the date of acquisition in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts. These measurements are based on the information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by the Management.

**c. Property, plant and equipment**

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by management at the time the asset is acquired, and are reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

Firstsource Solutions Limited and its subsidiaries

**Notes to the Consolidated financial statements**

as at and for the year ended March 31, 2024

(Currency: In millions of Indian rupees)

**2 Material accounting policies (Continued)**

**2.2 Use of estimates (Continued)**

**2.2.1 Critical accounting estimates (Continued)**

**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.

**2.3 Revenue recognition**

The Group, in its contracts with customers, promises to transfer distinct services rendered. Each distinct service, results in as simultaneous benefit to the corresponding customer. Also, the Group has an enforceable 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.

**2.4 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.

**2.5 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.

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Firstsource Solutions Limited and its subsidiaries

**Notes to the Consolidated financial statements**

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(Currency: In millions of Indian rupees)

**2 Material accounting policies (Continued)**

**2.6 Property, plant and equipment**

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

Asset category	Useful life (in years)
<b>Tangible assets</b>	
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.

**2.7 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)
<b>Intangible assets</b>	
Goodwill on acquired assets	5 years or estimated useful life, whichever is shorter
Process know-how	4
Domain name	3
Software*	2 – 4
Customer contracts	3 – 4
* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II to the Act.	

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.

**2.8 Exceptional Items**

Exceptional items refer to items of income or expense within the statement of profit and loss from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company.

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Firstsource Solutions Limited and its subsidiaries

**Notes to the Consolidated financial statements**

as at and for the year ended March 31, 2024

(Currency: In millions of Indian rupees)

**2 Material accounting policies (Continued)**

**2.9 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 initial recognition.

**b. Non-financial assets**

**i Goodwill**

Goodwill is tested for impairment at each reporting period and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash generating units ('CGU') or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in use is the present value of future cash flows expected to be derived from the CGU.

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

**ii Intangible assets and property, plant and equipment**

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

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

**2.10 Employee benefits**

**a) Post employment benefits**

**Gratuity**

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

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

**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.



Firstsource Solutions Limited and its subsidiaries

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(Currency: In millions of Indian rupees)

**2 Material accounting policies (Continued)**

**2.10 Employee benefits (Continued)**

**c) Other long-term employee benefits**

**Compensated absences**

Provision for compensated absences cost is made based on actuarial valuation by an independent actuary.

Where employees of the Group are entitled to compensated absences, the employees can carry-forward a portion of the unutilised accrued compensated absence and utilise it in future periods or receive cash compensation at termination of employment for the unutilised accrued compensated absence. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement.

The Group measures the expected cost of compensated absences as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

**d) Share-based compensation**

The Group operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the granting of the options and the discount on the shares granted are recognised as an expense, together with a corresponding increase in equity, over the period in which the performance and / or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (i.e. the vesting date). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. On each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. The impact of the revision of original estimates, if any, is recognised immediately in the Statement of Profit and Loss, with a corresponding adjustment to equity.

**2.11 Income taxes**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the period. Current tax and deferred tax are recognised in the consolidated statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**Current income taxes**

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

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

**Deferred income taxes**

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

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

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

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

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

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

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

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



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**2 Material accounting policies (Continued)**

**2.12 Leases**

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

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

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

**2.13 Foreign currency**

**Functional currency**

**Functional currency and presentation currency**

The consolidated financial statements of the Group are presented in the Indian Rupee ('INR') which is also the functional currency of the Company (excluding its foreign branch) and its Indian subsidiary whereas the functional currency of foreign subsidiaries and foreign branch is the currency of their country of domicile.

**Transactions and translations**

Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the consolidated statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

Gains or losses on Revenue from operations including gains or losses on derivative transactions are accounted in other operating income and gains or losses other than on Revenue from operations are accounted in Other Income.

The translation of financial statements of the foreign subsidiaries to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the balance sheet date and for revenue, expense and cash flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under other components of equity.

When a subsidiary is disposed off in full, the relevant amount of Foreign currency translation reserves is transferred to the statement of profit and loss. However, when a change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate in effect at the balance sheet date.

**2.14 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.

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**2 Material accounting policies (Continued)**

**2.15 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.

**2.16 Financial instruments**

**2.16.1 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.

**2.16.2 Classification and subsequent measurement**

**a) Non-derivative financial instruments**

**i) Cash and cash equivalents**

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

**ii) Financial assets at amortised cost**

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

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

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

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

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

**v) Financial liabilities**

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

**vi) Equity instruments**

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

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

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Firstsource Solutions Limited and its subsidiaries

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**2 Material accounting policies (Continued)**

**2.16 Financial instruments(Continued)**

**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.

**2.16.3 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.

**2.16.4 Fair value of financial instrument**

In determining the fair value of its financial instrument, the Group uses the methods and assumptions based on market conditions and risk existing at each reporting date. Methods of assessing fair value result in general approximation of value, and such value may never actually be realized. For all other financial instruments, the carrying amounts approximate the fair value due to short maturity of those instruments.

**2.17 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.

**2.18 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.

**2.19 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.

**2.20 The Code on Social Security 2020**

The Code on Social Security, 2020 (the 'Code') relating to employee benefits during employment and post-employment benefits has been notified on September 28, 2020. The effective date on which the Code becomes effective is yet to be notified. The Group will assess the impact of the Code when it becomes effective and will record any related impact in the period in which the Code becomes effective.

**2.21 Recent accounting pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Group.

Firstsource Solutions Limited and its subsidiaries  
**Notes to the consolidated financial statements (Continued)**  
as at March 31, 2024  
(Currency: In millions of Indian rupees)

**3 Property, plant and equipment**

(i)	Tangible assets				
	Leasehold improvements	Computers	Service equipment	Office equipment	Furniture and fixture
<b>Gross block</b>					
As at April 1, 2023	2,270.85	2,474.30	623.63	1,304.20	368.83
Additions / adjustments during the year	301.04	406.80	35.36	114.90	21.03
Deletions during the year	(302.88)	(252.93)	(14.45)	(101.39)	(39.90)
Foreign exchange on translation	32.64	30.90	1.73	16.23	5.09
As at March 31, 2024	<b>2,301.65</b>	<b>2,659.07</b>	<b>646.27</b>	<b>1,333.94</b>	<b>355.05</b>
<b>Accumulated depreciation / amortization</b>					
As at April 1, 2023	1,451.68	2,056.34	476.51	1,010.08	307.94
Charge for the year	325.53	251.91	31.74	112.76	24.54
On deletions / adjustments during the year	(247.95)	(65.86)	(12.70)	(89.50)	(38.80)
Foreign exchange on translation	20.07	23.54	1.14	11.53	4.46
As at March 31, 2024	<b>1,549.33</b>	<b>2,265.93</b>	<b>496.69</b>	<b>1,044.87</b>	<b>298.14</b>
<b>Net block</b>					
As at March 31, 2024	<b>752.32</b>	<b>393.14</b>	<b>149.58</b>	<b>289.07</b>	<b>56.91</b>
As at March 31, 2023	819.17	417.96	147.12	294.12	60.89

(ii)	Tangible assets				
	Leasehold improvements	Computers	Service equipment	Office equipment	Furniture and fixture
<b>Gross block</b>					
As at April 1, 2022	2,498.09	2,507.40	868.70	1,208.98	404.57
Additions / adjustments during the year	138.43	64.91	12.59	117.02	17.32
Deletions during the year	(414.14)	(192.75)	(260.71)	(51.79)	(67.93)
Foreign exchange on translation	48.47	94.74	3.05	29.99	14.87
As at March 31, 2023	<b>2,270.85</b>	<b>2,474.30</b>	<b>623.63</b>	<b>1,304.20</b>	<b>368.83</b>
<b>Accumulated depreciation / amortization</b>					
As at April 1, 2022	1,359.12	1,880.77	690.77	926.92	345.43
Charge for the year	422.69	294.84	39.77	115.41	16.23
On deletions / adjustments during the year	(354.83)	(188.41)	(254.46)	(48.66)	(67.21)
Foreign exchange on translation	24.70	69.14	0.43	16.41	13.49
As at March 31, 2023	<b>1,451.68</b>	<b>2,056.34</b>	<b>476.51</b>	<b>1,010.08</b>	<b>307.94</b>
<b>Net block</b>					
As at March 31, 2023	<b>819.17</b>	<b>417.96</b>	<b>147.12</b>	<b>294.12</b>	<b>60.89</b>
As at March 31, 2022	1,138.97	626.63	177.93	282.06	59.14

**Capital work-in-progress**

Capital work-in-progress	March 31, 2024	March 31, 2023
	<b>170.91</b>	34.24
	<b>170.91</b>	34.24

All Capital work-in-progress have ageing of less than 6 months and completion is not due.

**Leases**

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

	As at April 1, 2023	Addition during the year	Deletions during the year	Depreciation for the year	Foreign exchange on translation	Net Carrying value as at March 31, 2024
Leasehold properties	4,865.79	2,814.12	(126.29)	(1,336.44)	71.38	6,288.56
Service equipment	80.02	32.24	-	(52.20)	(0.65)	59.41
Vehicles	12.48	-	-	(5.16)	-	7.32
	<b>4,958.29</b>	<b>2,846.36</b>	<b>(126.29)</b>	<b>(1,393.80)</b>	<b>70.73</b>	<b>6,355.29</b>

	As at April 1, 2022	Addition during the year	Deletions during the year	Depreciation for the year	Foreign exchange on translation	Net carrying value as at March 31, 2023
Leasehold properties	6,674.05	231.19	(963.94)	(1,232.19)	156.68	4,865.79
Service equipment	82.24	36.27	-	(41.70)	3.21	80.02
Vehicles	1.50	15.49	-	(4.51)	-	12.48
	<b>6,757.79</b>	<b>282.95</b>	<b>(963.94)</b>	<b>(1,278.40)</b>	<b>159.89</b>	<b>4,958.29</b>

Rent includes expense towards short term lease payments amounting to Rs 200.44 (March 31, 2023: Rs 119.65), expense towards low value leases assets amounting to Rs 752.71 (March 31, 2023: Rs 682.39) and common area maintenance charges for leased properties amounting to Rs 266.96 (March 31, 2023: Rs 240.29) during the year ended March 31, 2024.

5 (i) **Goodwill on consolidation**

Particulars	Healthcare	Banking and Financial Services	Communication, Media and Technology	Total
Gross carrying value as on April 1, 2022	18,198.51	7,445.73	1,563.71	27,207.95
Addition during the year	-	-	-	-
Effect of translation adjustment	1,529.25	624.12	88.44	2,241.81
Gross carrying value as on March 31, 2023	19,727.76	8,069.85	1,652.15	29,449.76
Effect of translation adjustment	298.31	119.70	17.13	435.14
Gross carrying value as on March 31, 2024	20,026.07	8,189.55	1,669.28	29,884.90

During the current year, internal re-organization, has led to reallocating of Cash Generating Units (CGU's) thereby resulting in reallocation of goodwill based on classification of customers by the Management.

The estimated value-in-use of the CGUs is based on the future cash flows using a long-term average growth rate of 2%-10% and discount rate of 13.5%-19%. An analysis of the sensitivity of the computation to a change in key parameters (operating margin, discount rates and long term average growth rate), based on reasonable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount.

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

(ii) **Other intangible assets**

	Domain name	Software	Process know-how	Customer contracts	Total
<b>Gross block</b>					
As at April 1, 2023	6.72	1,870.33	54.95	1,212.78	3,144.78
Additions / adjustments during the year	-	87.99	-	-	87.99
Deletions during the year	-	(29.67)	-	-	(29.67)
Foreign exchange on translation	-	19.85	1.83	29.13	50.81
As at March 31, 2024	6.72	1,948.50	56.78	1,241.91	3,253.91
<b>Accumulated depreciation / amortization</b>					
As at April 1, 2023	6.72	1,542.79	54.95	525.23	2,129.69
Charge for the year	-	189.97	-	271.99	461.96
On deletions / adjustments during the year	-	(26.78)	-	-	(26.78)
Foreign exchange on translation	-	17.40	1.83	20.83	40.06
As at March 31, 2024	6.72	1,723.38	56.78	818.05	2,604.93
<b>Net block</b>					
As at March 31, 2024	-	225.12	-	423.86	648.98
As at March 31, 2023	-	327.54	-	687.55	1,015.09

	Domain name	Software	Process know-how	Customer contracts	Total
<b>Gross block</b>					
As at April 1, 2022	6.72	1,790.08	53.77	1,118.13	2,968.70
Additions / adjustments during the year	-	200.36	-	-	200.36
Deletions during the year	-	(180.27)	-	-	(180.27)
Foreign exchange on translation	-	60.16	1.18	94.65	155.99
As at March 31, 2023	6.72	1,870.33	54.95	1,212.78	3,144.78
<b>Accumulated depreciation / amortization</b>					
As at April 1, 2022	6.72	1,487.35	53.77	234.92	1,782.76
Charge for the year	-	200.62	-	263.74	464.36
On deletions / adjustments during the year	-	(180.27)	-	-	(180.27)
Foreign exchange on translation	-	35.09	1.18	26.57	62.84
As at March 31, 2023	6.72	1,542.79	54.95	525.23	2,129.69
<b>Net block</b>					
As at March 31, 2023	-	327.54	-	687.55	1,015.09
As at March 31, 2022	-	302.73	-	883.21	1,185.94

h.

Firstsource Solutions Limited and its subsidiaries  
**Notes to the consolidated financial statements (Continued)**  
*as at March 31, 2024*  
 (Currency: In millions of Indian rupees)

March 31, 2024      March 31, 2023

**6 Investments**

**(i) Non-current  
Unquoted**

**Investment in associate**

**-Equity accounting**

838,705 (March 31, 2023 : 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**

Philippines treasury bills\*

**27.13**

27.67

**115.05**

115.59

\* These securities have been earmarked in favor of Securities and exchange commission,  
 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 (quoted)

**300.27**

595.50

**300.27**

595.50

1.



Firstsource Solutions Limited and its subsidiaries  
**Notes to the consolidated financial statements (Continued)**  
as at March 31, 2024  
(Currency: In millions of Indian rupees)

	March 31, 2024	March 31, 2023
<b>7 Other financial assets</b>		
(Unsecured, considered good)		
<b>(i) Other non-current financial assets</b>		
Deposits	680.12	445.41
Foreign currency forward contracts (net)	96.89	-
Lease rentals receivable	47.95	42.99
	<u>824.96</u>	<u>488.40</u>
<b>(ii) Other current financial assets</b>		
Foreign currency forward contracts (net)	31.45	-
Loans and advances to employees	36.22	18.56
Lease rentals receivable	26.81	21.24
	<u>94.48</u>	<u>39.80</u>
<b>8 Other assets</b>		
(Unsecured, considered good)		
<b>(i) Other non-current assets</b>		
Capital advances	38.02	0.59
Deferred contract cost	1,930.95	791.94
Unexpired rebate from customer	64.34	124.03
Prepaid expenses	52.79	109.39
	<u>2,086.10</u>	<u>1,025.95</u>
<b>(ii) Other current assets</b>		
Prepaid expenses	776.46	849.14
Unexpired rebate from customer	85.10	82.36
Deferred contract cost	280.08	113.58
Indirect tax recoverable	272.61	275.21
Other advances	71.91	186.49
	<u>1,486.16</u>	<u>1,506.78</u>

Firstsource Solutions Limited and its subsidiaries  
**Notes to the consolidated financial statements (Continued)**  
as at March 31, 2024  
(Currency: In millions of Indian rupees)

March 31, 2024 March 31, 2023

**9 Trade receivables**  
(Unsecured)

Considered doubtful	848.22	515.50
Less: Allowance for expected credit loss	848.22	515.50
	-	-
Considered good	8,606.78	6,800.47
	8,606.78	6,800.47
	8,606.78	6,800.47
Unbilled revenues	3,001.40	3,584.40
	3,001.40	3,584.40

- a) Trade receivables are non-interest bearing and there are no trade receivables with a significant increase in credit risk as well as disputed trade receivables.  
b) No trade or other receivables are due from directors or other officers of the Group either severally or jointly.

**Trade receivables Ageing Schedule**

As on March 31, 2024		Outstanding for following periods from due date of payment					Total
	Not due	Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivable – considered good	3,966.30	4,427.46	189.93	23.09	-	-	8,606.78
Undisputed Trade receivable – considered doubtful	-	11.92	271.49	321.84	60.11	182.86	848.22
	3,966.30	4,439.38	461.42	344.93	60.11	182.86	9,455.00

As on March 31, 2023		Outstanding for following periods from due date of payment					Total
	Not due	Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivable – considered good	2,842.09	3,958.38	-	-	-	-	6,800.47
Undisputed Trade receivable – considered doubtful	-	-	264.70	54.89	7.70	188.21	515.50
	2,842.09	3,958.38	264.70	54.89	7.70	188.21	7,315.97

**10 Cash and cash equivalents**

Balances with banks		
- in current accounts	2,348.21	1,648.53
Remittances-in-transit	457.86	-
	2,806.07	1,648.53
Less: Current account balance held in trust for customers	1,058.33	133.13
	1,747.74	1,515.40

**11 Other balances with banks**

Short term fixed deposits	33.00	-
Earmarked balances with banks towards		
- unclaimed dividend	39.56	40.14
- corporate social responsibility - unspent	64.30	-
	103.86	40.14
	136.86	40.14

**Notes to the consolidated financial statements (Continued)**

as at March 31, 2024

(Currency: In millions of Indian rupees)

**March 31, 2024**

March 31, 2023

**12 Share capital****Authorised**

872,000,000 (March 31, 2023: 872,000,000) equity shares of Rs 10 each

**8,720.00**

8,720.00

**Issued, subscribed and paid-up**

696,099,216 (March 31, 2023: 696,099,216) equity shares of Rs 10 each, fully paid-up

**6,969.91**

6,969.91

**6,969.91**

6,969.91

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

	March 31, 2024		March 31, 2023	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	696,990,826	6,969.91	696,990,826	6,969.91
At the end of the year	696,990,826	6,969.91	696,990,826	6,969.91

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

	March 31, 2024		March 31, 2023	
	Number of shares	% of total shares	Number of shares	% of total shares
RPSG Ventures Limited	373,976,673	53.66%	373,976,673	53.66%
HDFC Small Cap Fund	58,322,707	8.37%	47,400,000	6.80%

**c Shares held by holding company**

	March 31, 2024		March 31, 2023	
	Number of shares	Amount	Number of shares	Amount
RPSG Ventures Limited	373,976,673	3,739.77	373,976,673	3,739.77

**d Employee stock options**

During the year ended March 31, 2024, the Company granted 5,709,000 (March 31, 2023: 3,338,242) options at an exercise price of Rs 10 (March 31, 2023: Rs 10.00).

**e Shares reserved for issue under options**

13,391,679 (March 31, 2023: 22,309,467) number of shares are reserved for employees for issue under the employee stock options plan (ESOP) amounting to Rs 133.92 (March 31, 2023: Rs 223.09).

**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 Dividend**

During the year ended March 31, 2024, the Company has declared interim dividend of Rs 3.50 per share (March 31, 2023: Rs 3.50), the Company has incurred a net cash outflow of Rs 2,405.94 (March 31, 2023: Rs 2,384.45) (excluding dividend paid on treasury shares).

**h Treasury Shares**

	March 31, 2024		March 31, 2023	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	15,589,182	1,158.14	17,011,351	1,198.25
Purchased during the year	100,000	18.54	1,930,000	203.07
Allotted during the year	(6,312,282)	(468.95)	(3,352,169)	(243.18)
At the end of the year	9,376,900	707.73	15,589,182	1,158.14

As per Ind AS 32, the consideration paid for treasury shares including any directly attributable incremental costs is presented as a deduction from total equity, until they are cancelled, sold or reissued.



Firstsource Solutions Limited and its subsidiaries  
**Notes to the consolidated financial statements (Continued)**

as at March 31, 2024

(Currency: In millions of Indian rupees)

	March 31, 2024	March 31, 2023
<b>12A Other equity</b>		
<b>Securities premium</b>		
At the commencement of the year	2,251.22	2,251.22
At the end of the year	2,251.22	2,251.22
<b>Treasury shares</b>		
At the commencement of the year	(1,158.14)	(1,198.25)
Add : Movement during the year	450.41	40.11
At the end of the year	(707.73)	(1,158.14)
<b>Special Economic Zone re-investment reserve</b>		
At the commencement of the year	15.28	-
Add : Transfer from retained earnings	-	32.74
Less : Transfer to retained earnings on utilisation	(15.28)	(17.46)
At the end of the year	-	15.28
<b>Other Reserve</b>		
At the commencement of the year	30.41	30.41
At the end of the year	30.41	30.41
<b>Employee stock option reserve</b>		
At the commencement of the year	651.66	514.33
Add : Share based payments	31.34	227.92
Less : Treasury shares	(203.25)	(80.00)
Less : Transfer to retained earning for options forfeited	(9.16)	(10.59)
At the end of the year	470.59	651.66
<b>Effective portion of cash flow hedges (Other comprehensive income)</b>		
At the commencement of the year	(89.08)	299.62
Add : Movement during the year	186.07	(388.70)
At the end of the year	96.99	(89.08)
<b>Exchange differences on translating the financial statements of a foreign operation / subsidiaries (Other comprehensive income)</b>		
At the commencement of the year	7,571.21	5,937.52
Add : Movement during the year	311.51	1,633.69
At the end of the year	7,882.72	7,571.21
<b>Retained earnings</b>		
At the commencement of the year	17,425.98	15,524.68
Add: Adoption of amendment to Ind AS 37 (Net of deferred tax)	-	(783.41)
Add: Net profit for the year	5,147.29	5,137.20
Add: Treasury shares	(188.31)	(99.69)
Add: Transfer to retained earning for options forfeited	9.16	10.59
Add: Other comprehensive income for the year	6.46	36.34
Less: Transfer to Special Economic Zone re-investment reserve	-	(32.74)
Add: Utilised from Special Economic Zone re-investment reserve	15.28	17.46
Less: Dividend (net)	(2,405.94)	(2,384.45)
At the end of the year	20,009.92	17,425.98
<b>Total other equity</b>	<b>30,034.12</b>	<b>26,698.54</b>

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Firstsource Solutions Limited and its subsidiaries  
**Notes to the consolidated financial statements (Continued)**

as at March 31, 2024

(Currency: In millions of Indian rupees)

	March 31, 2024	March 31, 2023
<b>13 Borrowings</b>		
<b>(i) Non-current borrowings</b>		
<i>Unsecured</i>		
Loan from banks (refer note 'a' and 'b')	42.17	1,393.66
	<u>42.17</u>	<u>1,393.66</u>
<b>(ii) Short-term and other borrowings</b>		
<i>Unsecured</i>		
Line of credit from banks - (refer note 'c')	6,672.58	5,271.02
	<u>6,672.58</u>	<u>5,271.02</u>
<b>Current maturities of long-term borrowings</b>		
-Loan from Banks	1,408.34	1,586.93
-Loan from other parties	-	18.15
	<u>1,408.34</u>	<u>1,605.08</u>
	<u>8,080.92</u>	<u>6,876.10</u>

**Note:**

- a Term Loan carry interest in the range of 2%- 7% for a period of 3 years repayable in equal quarterly instalments starting from September 2021.
- b Loans carry interest in the range of 3.03% - 10.14% for a period of 3 - 4 years, repayable in quarterly instalments from the date of its origination. These loans are for equipment and asset financing.
- c Line of credit from bank carries floating interest rate in the range of 1.00% to 7.50%., these are working capital lines.

Firstsource Solutions Limited and its subsidiaries

Notes to the consolidated financial statements (Continued)

as at March 31, 2024

(Currency: In millions of Indian rupees)

March 31, 2024

March 31, 2023

14 Trade Payables

Trade Payables	3,055.81	2,314.46
	<u>3,055.81</u>	<u>2,314.46</u>

As at March 31, 2024	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,485.51	570.30	-	-	-	3,055.81
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
	<u>2,485.51</u>	<u>570.30</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,055.81</u>

As at March 31, 2023	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,054.73	259.73	-	-	-	2,314.46
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
	<u>2,054.73</u>	<u>259.73</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,314.46</u>

15 Other financial liabilities

(i) Other non current financial liabilities

Foreign currency forward contracts (net)	-	32.10
Liability for Purchase of Non-controlling Interest	-	149.28
	<u>-</u>	<u>181.38</u>

(ii) Other current financial liabilities

Book credit in bank account	153.84	477.75
Foreign currency forward contracts	-	105.77
Interest accrued but not due	158.02	118.92
Employee benefits payable	1,416.56	1,898.64
Creditors for capital goods	74.74	5.27
Unclaimed dividends	39.66	40.21
Liability for Purchase of Non-controlling Interest	204.48	909.43
	<u>2,047.30</u>	<u>3,555.99</u>

16 Provisions

(i) Non-current

Provisions for employee benefits	187.79	137.03
	<u>187.79</u>	<u>137.03</u>

(ii) Current

Provisions for employee benefits	466.89	494.45
Provision for onerous contracts	-	331.98
	<u>466.89</u>	<u>826.43</u>

17 Other liabilities

Other current liabilities

Value added tax	376.34	563.32
Tax deducted at source	95.78	80.11
Advance from customer	175.38	31.32
Statutory Dues	190.09	137.16
Liabilities towards customer contracts	219.37	-
Unearned Income	-	16.96
	<u>1,056.96</u>	<u>828.87</u>

# Firstsource Solutions Limited and its subsidiaries

## Notes to the consolidated financial statements (Continued)

as at March 31, 2024

(Currency: In millions of Indian rupees)

### 18 Taxation

As at March 31, 2024

Taxation	Opening Balance	Additions	Recognised in Profit and loss	Recognised in Other Comprehensive Income	Exchange	Closing Balance
<b>Deferred tax assets on account of:</b>						
Property, plant and equipment and intangibles	258.48	-	128.92	-	(1.36)	386.04
Other employee benefits payable	58.80	-	6.81	-	-	65.61
Lease liabilities	82.16	-	20.67	-	0.72	103.55
Unused tax losses	6.85	-	-	-	-	6.85
Minimum alternate tax credit carried forward	2,348.93	-	(16.84)	-	-	2,332.09
Employee stock options	72.85	-	(27.45)	-	-	45.40
Accrued expenses / allowance for doubtful debts	101.82	-	(106.48)	-	4.66	-
Foreign currency forward contracts	18.17	-	-	(37.10)	-	(18.93)
	<b>2,948.06</b>	<b>-</b>	<b>5.63</b>	<b>(37.10)</b>	<b>4.02</b>	<b>2,920.61</b>
<b>Deferred tax liability on account of:</b>						
Cash flow hedges						
Goodwill	2,373.74	-	-	-	35.68	2,409.42
Business losses carried forward	(864.29)	-	226.77	-	(10.02)	(647.54)
Property, plant and equipment and intangibles	80.57	-	(34.16)	-	0.96	47.37
Other employee benefits payable	(54.81)	-	(7.44)	-	(0.88)	(63.13)
Lease liabilities	(78.94)	-	1.69	-	(1.18)	(78.43)
Accrued expenses / allowance for doubtful debts	(183.54)	-	(9.61)	-	(4.16)	(197.31)
Provision for onerous contracts	(76.75)	-	77.34	-	(0.59)	-
	<b>1,195.98</b>	<b>-</b>	<b>254.59</b>	<b>-</b>	<b>19.81</b>	<b>1,470.38</b>

### 18 Taxation (continued)

As at March 31, 2023

Taxation	Opening Balance	Additions	Recognised in Profit and loss	Recognised in Other Comprehensive Income	Exchange	Closing Balance
<b>Deferred tax assets on account of:</b>						
Property, plant and equipment and intangibles	213.45	-	32.22	-	12.81	258.48
Other employee benefits payable	57.73	-	1.06	-	0.01	58.80
Lease liabilities	122.53	-	(40.90)	-	0.53	82.16
Unused tax losses	6.85	-	-	-	-	6.85
Minimum alternate tax credit carried forward	2,361.57	-	(12.64)	-	-	2,348.93
Employee stock options	113.12	-	(40.28)	-	0.01	72.85
Accrued expenses / allowance for doubtful debts	-	-	108.66	-	(6.84)	101.82
Foreign currency forward contracts	(57.41)	-	-	75.58	-	18.17
	<b>2,817.84</b>	<b>-</b>	<b>48.12</b>	<b>75.58</b>	<b>6.52</b>	<b>2,948.06</b>
<b>Deferred tax liability on account of:</b>						
Goodwill	2,189.51	-	-	-	184.23	2,373.74
Business losses carried forward	(800.02)	-	2.66	-	(66.93)	(864.29)
Property, plant and equipment and intangibles	68.49	-	6.17	-	5.91	80.57
Other employee benefits payable	(70.31)	-	20.92	-	(5.42)	(54.81)
Lease liabilities	(81.70)	-	9.41	-	(6.65)	(78.94)
Accrued expenses / allowance for doubtful debts	(346.95)	-	188.16	-	(24.75)	(183.54)
Provision for onerous contracts	-	(238.92)	178.20	-	(16.03)	(76.75)
	<b>959.02</b>	<b>(238.92)</b>	<b>405.52</b>	<b>-</b>	<b>70.36</b>	<b>1,195.98</b>

Income tax assets (net)  
Provision for tax (net)

March 31, 2024	March 31, 2023
808.79	786.49
(205.09)	-
<b>603.70</b>	<b>786.49</b>



Firstsource Solutions Limited and its subsidiaries  
**Notes to the consolidated financial statements (Continued)**

as at March 31, 2024

(Currency: In millions of Indian rupees)

**18 Taxation (continued)**

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	
	March 31, 2024	March 31, 2023
<b>Profit before income taxes</b>	<b>6,296.75</b>	6,152.15
Enacted tax rates in India	34.94%	34.94%
Computed expected tax expense	2,200.34	2,149.81
Income Exempt from Tax and Tax Holidays	(770.36)	(757.49)
Expenses not deductible for tax purposes	63.44	(6.54)
Effect of differential overseas tax rate	(281.24)	(370.13)
ESOP cost allowed for tax purpose	(54.11)	18.70
Previous years tax adjustments	-	(14.44)
Others	(8.57)	(4.88)
<b>Income tax expense</b>	<b>1,149.50</b>	1,015.03

Firstsource Solutions Limited and its subsidiaries  
**Notes to the consolidated financial statements (Continued)**

for the year ended March 31, 2024  
(Currency: In millions of Indian rupees)

	Year ended	
	March 31, 2024	March 31, 2023
<b>19 Revenue from operations</b>		
Sale of services	63,325.28	59,859.27
Other operating income, net	37.17	363.91
	<b>63,362.45</b>	<b>60,223.18</b>

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2024 by geography.

	BFS*	Healthcare	CMT**	Diverse	Total
UK	8,522.60	83.57	10,426.85	3,206.19	22,239.21
USA	16,296.25	20,780.20	3,688.28	247.30	41,012.03
Asia and Rest of World	37.78	10.27	(1.74)	27.73	74.04
<b>Total</b>	<b>24,856.63</b>	<b>20,874.04</b>	<b>14,113.39</b>	<b>3,481.22</b>	<b>63,325.28</b>

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2023 by geography.

	BFS*	Healthcare	CMT**	Diverse Industries	Total
UK	7,729.12	188.37	10,490.82	1,365.52	19,773.83
USA	17,439.04	19,765.15	2,134.96	122.64	39,461.79
Asia and Rest of World	484.65	109.62	18.75	10.63	623.65
<b>Total</b>	<b>25,652.81</b>	<b>20,063.14</b>	<b>12,644.53</b>	<b>1,498.79</b>	<b>59,859.27</b>

\*BFS - Banking and Financial Services

\*\*CMT - Communication, Media and Technology

Revenues in excess of invoicing are classified as contract assets (which is referred as unbilled revenues). Changes in contract assets are directly attributable to 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

**20 Other income, net**

Profit on sale / redemption of current investments, net	62.11	47.54
Foreign exchange gain / (loss), net	17.08	(27.21)
Interest income	9.88	10.34
Loss on sale of fixed assets, net	(55.91)	(7.20)
Miscellaneous income, net*	335.28	1,285.03
	<b>368.44</b>	<b>1,308.50</b>

\* Miscellaneous income includes Rs. 335.28 and Rs. 386.91 for the year ended March 31, 2024 and March 31, 2023 respectively relating to the fair value of the liability towards purchase of non-controlling interest and Rs. 955.24 for the year ended March 31, 2023 relating to the fair value of the liability for contingent consideration.

**21 Employee benefits expense**

Salaries and wages	35,922.47	35,485.81
Contribution to provident and other funds	1,675.12	1,547.34
Staff welfare expenses	1,457.57	1,413.74
Employee stock compensation expense	31.34	227.92
Directors' sitting fees	6.75	5.60
	<b>39,093.25</b>	<b>38,680.41</b>

Firstsource Solutions Limited and its subsidiaries

**Notes to the consolidated financial statements (Continued)**

for the year ended March 31, 2024

(Currency: In millions of Indian rupees)

		Year ended	
		March 31, 2024	March 31, 2023
<b>22</b>	<b>Finance costs</b>		
	Interest expense		
	- on working capital demand loan and others	716.01	501.05
	Interest expense on leased liabilities	317.84	288.65
		<b>1,033.85</b>	<b>789.70</b>
<b>23</b>	<b>Other expenses</b>		
	Connectivity expenses	506.84	545.58
	Communication expenses	1,561.50	1,388.25
	Technology and applications support cost	1,549.90	1,482.67
	Legal and professional fees	1,366.65	1,163.49
	Repairs, maintenance and upkeep	676.60	663.38
	Travel and conveyance	629.37	493.86
	Car hire charges	379.86	235.08
	Marketing and support fees	683.44	407.46
	Electricity, water and power consumption	309.24	333.74
	Recruitment and training expenses	511.61	515.26
	Bank administration charges	382.02	312.82
	Rates and taxes	281.79	270.54
	Rent, net	1,220.11	1,042.33
	Insurance	288.72	328.33
	Contribution to Corporate Social Responsibility	75.30	68.36
	Allowance for expected credit loss/ bad debts written-off, net	322.64	185.36
	Services rendered by business associates and others	3,614.04	3,730.89
	Auditors remuneration and expenses		
	-for audit fees	20.00	19.00
	-for taxation matters	0.60	0.60
	-for other services	5.00	5.00
	-for reimbursement of expenses	0.60	0.60
	Miscellaneous expenses, net	318.97	85.12
		<b>14,704.80</b>	<b>13,277.72</b>

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Firstsource Solutions Limited and its subsidiaries  
**Notes to the consolidated financial statements (Continued)**  
as at and for the year ended March 31, 2024  
(Currency: In millions of Indian rupees)

**24 FINANCIAL INSTRUMENTS:**

**I. Financial instruments by category:**

The carrying value and fair value of financial instruments by categories as at March 31, 2024 were as follows:

	Amortized cost	FVTPL	FVOCI	Total carrying amount	Total fair value
<b>Financial assets</b>					
Investments	27.13	300.27	-	327.40	327.40
Trade receivables	11,608.18	-	-	11,608.18	11,608.18
Cash and cash equivalents	1,747.74	-	-	1,747.74	1,747.74
Other balances with banks	136.86	-	-	136.86	136.86
Other financial assets	791.10	12.41	115.93	919.44	919.44
<b>Total</b>	<b>14,311.01</b>	<b>312.68</b>	<b>115.93</b>	<b>14,739.62</b>	<b>14,739.62</b>
<b>Financial liabilities</b>					
Borrowings	8,123.09	-	-	8,123.09	8,123.09
Lease Liabilities	7,209.19	-	-	7,209.19	7,209.19
Other financial liabilities	1,842.82	204.48	-	2,047.30	2,047.30
Trade payables	3,055.81	-	-	3,055.81	3,055.81
<b>Total</b>	<b>20,230.91</b>	<b>204.48</b>	<b>-</b>	<b>20,435.39</b>	<b>20,435.39</b>

The carrying value and fair value of financial instruments by categories as at March 31, 2023 were as follows:

	Amortized cost	FVTPL	FVOCI	Total carrying amount	Total fair value
<b>Financial assets</b>					
Investments	27.67	595.50	-	623.17	623.17
Trade receivables	10,384.87	-	-	10,384.87	10,384.87
Cash and cash equivalents	1,515.40	-	-	1,515.40	1,515.40
Other balances with banks	40.14	-	-	40.14	40.14
Other financial assets	528.20	-	-	528.20	528.20
<b>Total</b>	<b>12,496.28</b>	<b>595.50</b>	<b>-</b>	<b>13,091.78</b>	<b>13,091.78</b>
<b>Financial liabilities</b>					
Borrowings	8,269.76	-	-	8,269.76	8,269.76
Lease Liabilities	5,661.84	-	-	5,661.84	5,661.84
Other financial liabilities	2,540.79	1,068.82	127.76	3,737.37	3,737.37
Trade payables	2,314.46	-	-	2,314.46	2,314.46
<b>Total</b>	<b>18,786.85</b>	<b>1,068.82</b>	<b>127.76</b>	<b>19,983.43</b>	<b>19,983.43</b>

**II. Fair value hierarchy:**

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

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

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

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

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2024:

	March 31, 2024	Fair value measurement at end of the reporting year using		
		Level 1	Level 2	Level 3
<b>Investments</b>				
Investment in mutual and other funds	300.27	300.27	-	-
<b>Other financial assets</b>				
Foreign currency forward contracts	128.34	-	128.34	-
<b>Other financial liabilities</b>				
Liability for Purchase of Non-controlling Interest	(204.48)	-	-	(204.48)
<b>Total</b>	<b>224.13</b>	<b>300.27</b>	<b>128.34</b>	<b>(204.48)</b>

Firstsource Solutions Limited and its subsidiaries  
**Notes to the consolidated financial statements (Continued)**  
as at and for the year ended March 31, 2024  
(Currency: In millions of Indian rupees)

**24 FINANCIAL INSTRUMENTS: (Continued)**  
**II. Fair value hierarchy: (Continued)**

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as March 31, 2023:

	March 31, 2023	Fair value measurement at end of the reporting year using		
		Level 1	Level 2	Level 3
<b>Investments</b>				
Investment in mutual and other funds	595.50	595.50	-	-
<b>Other financial liabilities</b>				
Liability for Purchase of Non-controlling Interest	(1,058.71)	-	-	(1,058.71)
Foreign currency forward contracts	(137.87)	-	(137.87)	-
<b>Total</b>	<b>(601.08)</b>	<b>595.50</b>	<b>(137.87)</b>	<b>(1,058.71)</b>

The fair value of other financial assets and liabilities approximate the carrying value.

The fair value of Mutual and other funds is based on quoted price. Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace. The fair value of equity instruments and preference instruments is based on inputs that are not based on observable market data.

**III. Financial risk management:**

**Financial risk factors:**

The Group's activities are exposed to a variety of financial risks: market risk, credit risk, and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

**a) Market risk**

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its services from India for contracts in the overseas geographies, primarily in the United States of America and United Kingdom, and purchases from overseas suppliers in foreign currencies. The Group holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of operations may be affected as the Rupee fluctuates against these currencies.

The following table analyzes foreign currency risk as of March 31, 2024:

	USD	GBP	PHP	Others*	Total
<b>Total financial assets</b>	<b>106.73</b>	<b>237.25</b>	<b>55.04</b>	<b>75.97</b>	<b>474.99</b>
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>234.72</b>	<b>-</b>	<b>234.72</b>

The following table analyzes foreign currency risk as of March 31, 2023:

	USD	GBP	PHP	Others*	Total
<b>Total financial assets</b>	<b>69.13</b>	<b>250.34</b>	<b>41.33</b>	<b>1.18</b>	<b>361.98</b>
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>122.88</b>	<b>-</b>	<b>122.88</b>

\* 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 Rs 218.08 for the year ended March 31, 2024 (March 31, 2023: Rs 296.24).

1.

Firstsource Solutions Limited and its subsidiaries  
**Notes to the consolidated financial statements (Continued)**  
as at and for the year ended March 31, 2024  
(Currency: In millions of Indian rupees)

**24 FINANCIAL INSTRUMENTS: (Continued)**

**III. Financial risk management: (Continued)**

**a) Market risk (Continued)**

**Derivative financial instruments**

The Group holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

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

	March 31, 2024		March 31, 2023	
	Foreign Currency in millions	In Rs millions	Foreign Currency in millions	In Rs millions
<b>Forward and option contracts</b>				
in USD	102.00	8,581.56	137.35	11,369.49
in GBP	223.32	24,218.36	111.11	11,587.20
<b>Total</b>		<u>32,799.92</u>		<u>22,956.69</u>

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:

	March 31, 2024	March 31, 2023
<b>Forward and option contracts in USD</b>		
Not later than one month	1,670.33	2,991.71
Later than one month and not later than three months	2,126.09	1,648.22
Later than three months	4,785.14	6,729.56
<b>Total</b>	<u>8,581.56</u>	<u>11,369.49</u>
<b>Forward and option contracts in GBP</b>		
Not later than one month	1,921.09	1,629.32
Later than one month and not later than three months	2,694.84	1,317.48
Later than three months	19,602.43	8,640.40
<b>Total</b>	<u>24,218.36</u>	<u>11,587.20</u>

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

Particulars	March 31, 2024	March 31, 2023
Balance at the beginning of the year	(89.08)	299.62
Changes in the fair value of effective portion of cash flow hedges	223.17	(464.28)
Deferred tax movement	(37.10)	75.58
<b>Balance at the end of the year</b>	<u>96.99</u>	<u>(89.08)</u>

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

	March 31, 2024	March 31, 2023
5% Appreciation of the underlying foreign currencies	(1,322.08)	(1,094.35)
5% Depreciation of the underlying foreign currencies	1,286.22	1,111.30



Firstsource Solutions Limited and its subsidiaries  
**Notes to the consolidated financial statements (Continued)**  
as at and for the year ended March 31, 2024  
(Currency: In millions of Indian rupees)

**24 FINANCIAL INSTRUMENTS: (Continued)**

**III. Financial risk management: (Continued)**

**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 Rs 8,606.78 and Rs 6,800.47 as of March 31, 2024 and March 31, 2023 respectively and unbilled revenue amounting to Rs 3,001.40 and Rs 3,584.40 as of March 31, 2024 and March 31, 2023 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	
	March 31, 2024	March 31, 2023
Revenue from top five customers	36.22%	37.21%

**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 2024 and 31 March 2023:

Particulars	March 31, 2024	March 31, 2023
Less than one year	1,908.63	1,530.61
One to five years	5,448.33	3,911.17
More than five years	1,012.97	1,075.18
<b>Total</b>	<b>8,369.93</b>	<b>6,516.96</b>

Future cash outflows in respect of certain leasehold properties to which the Group is potentially exposed as a lessee that are not reflected in the measurement of the lease liabilities include exposures from options of extension and termination. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Management has considered all relevant facts and circumstances that create an economic incentive for the Group as a lessee to exercise the option to extend the lease or not to exercise the option to terminate the lease as at March 31, 2024. The Group shall revise the lease term when there is a change in the facts and circumstances.

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2024 and March 31, 2023:

	March 31, 2024		March 31, 2023	
	Less than	More than	Less than	More than
	1 Year	1 year	1 Year	1 Year
Trade payables	3,055.81	-	2,314.46	-
Borrowings	8,080.92	42.17	6,876.10	1,393.66
Lease Liabilities	1,495.56	5,713.63	1,194.69	4,467.15
Other financial liabilities	2,047.30	-	3,555.99	181.38

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.

Firstsource Solutions Limited and its subsidiaries  
**Notes to the condensed interim consolidated financial statements (Continued)**  
for the year ended March 31, 2024  
(Currency: In millions of Indian rupees)

**25 Related party transactions**

Details of related parties including summary of transactions entered into during the year ended March 31, 2024 are summarized below:

Holding Company	RPSG Ventures Limited
Subsidiaries	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
Key Managerial Personnel	Ritesh Mohan Idnani (appointed w.e.f. September 1, 2023) Vipul Khanna (resigned w.e.f. August 31, 2023) Dinesh Jain
Non - executive Directors	Dr Sanjiv Goenka Subrata Talukdar Shashwat Goenka Pradip Kumar Khaitan Pratip Chaudhuri (ceases to be director w.e.f. March 31, 2024) Sunil Mitra Anjani K. Agrawal Vanita Uppal Rekha Sethi (appointed w.e.f. September 1, 2023) T. C. Suseel Kumar (appointed w.e.f. September 1, 2023) Utsav Parekh
Companies under common control (where transactions exists)	RPSG Resources Private Limited CESC Ltd PCBL Limited

**Particulars of related party transactions**

Name of the related party	Description	Transaction value during the year ended		Receivable / (Payable) as at	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Nanobi	Receipt of services from Nanobi	-	1.00	-	-
RPSG Ventures Limited	Dividend paid	1,308.92	1,308.92	-	-
CESC Limited	Receipt of services	-	0.10	-	-
	Recovery of expenses	0.01	-	(0.01)	-
Spencer's Retail Limited	Income from services	-	1.22	-	-
APA Services Private Limited	Recovery of expenses from APA Services Private Limited	-	0.59	-	-
PCBL Limited	Recovery of expenses	1.18	-	(0.30)	-
RPSG Resources Private Limited	Receipt of services	103.88	105.22	(40.66)	(32.13)
	Brand equity	108.20	101.35	(35.86)	(1.46)
Non executive directors	Sitting fees	6.75	5.60	-	-
Key Management Personnel and relatives	Remuneration*	355.50	307.24	-	-
	Dividend paid	1.05	3.51	-	-

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

	March 31, 2024	March 31, 2023
Short-term employee benefits	275.14	240.51
Share based payments	80.36	66.73
Dividend paid	1.05	3.51

\*Transactions with key management personnel excludes gratuity and compensated absences.

**26 Segment reporting**

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the Chief Operating Decision Maker ('CODM'), in deciding how to allocate resources and in assessing performance. Operating segments are identified based on the internal organization at the Balance Sheet date. With the objective of internal financial reporting and decision making of the Group, the CODM has reviewed the manner in which the Group views the business risks and returns and monitors its operations. Accordingly, the group has identified business segment which comprises of Banking and Financial Services ('BFS'), Healthcare, Communication Media and Technology ('CMT') and Diverse Industries.

Revenues and expenses directly attributable to the segments are reported under each reportable segment. The accounting principles used in the preparation of the segment information are consistently applied to record revenue and expenditure in individual business segments.

Assets and liabilities used in the Group's business are not directly identified to any of the operating segments, as these are used interchangeably between segments. Allocation of such assets and liabilities is not practicable and any forced allocation would not result in any meaningful segregation. Hence assets and liabilities have not been identified to any of the reportable segments by the Group.

Firstsource Solutions Limited and its subsidiaries  
**Notes to the consolidated financial statements (Continued)**  
for the year ended March 31, 2024  
(Currency: In millions of Indian rupees)

**26 Segment reporting (Continued)**

	Year ended	
	March 31, 2024	March 31, 2023
<b>Business segment</b>		
<b>Segment revenue</b>		
Banking and Financial Services	24,856.63	25,652.81
Healthcare	20,874.04	20,063.14
Communication, Media and Technology	14,113.39	12,644.53
Diverse Industries	3,481.22	1,498.79
Less: Inter Segment Revenue	-	-
Net segment revenue	63,325.28	59,859.27
<b>Segment results before tax and finance costs</b>		
Banking and Financial Services	3,490.02	2,477.39
Healthcare	2,721.81	3,537.03
Communication, Media and Technology	2,879.00	2,312.97
Diverse Industries	659.38	253.97
Total	9,750.21	8,581.36
Finance costs	(1,033.85)	(789.70)
Other un-allocable expenditure, net of un-allocable income	(2,419.61)	(1,639.51)
Share in net profit / (loss) of associate	-	-
<b>Profit before taxation, minority interest and other comprehensive income</b>	6,296.75	6,152.15
Taxation	1,149.50	1,015.03
Non - controlling interest	(0.04)	(0.08)
<b>Profit attributable to owners of the company</b>	5,147.29	5,137.20

**Entity wide disclosure**

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

	Year ended	
	31 March 2024	March 31, 2023
<b>Geographical information</b>		
<b>Segment revenue</b>		
UK	22,239.21	19,773.83
USA	41,012.03	39,461.79
Asia and Rest of World	74.04	623.65
	63,325.28	59,859.27

Geographical information: Other non-current assets

	Year ended	
	March 31, 2024	March 31, 2023
<b>Geographical information</b>		
<b>Other non-current assets</b>		
UK	1,978.59	893.31
USA	84.10	92.60
Asia and Rest of World	23.41	40.04
	2,086.10	1,025.95

Firstsource Solutions Limited and its subsidiaries  
**Notes to the consolidated financial statements (Continued)**  
as at and for the year ended March 31, 2024  
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**27 Employee stock option plan**

**Employee stock option Scheme 2003 ('Scheme 2003')**

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

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

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

**Firstsource Solutions Limited Employee Stock Option Plan 2019 ('ESOP 2019 PLAN')**

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

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

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

Period within which options will vest unto the participant	% of options that will vest	
	Tenure based	Performance based*
End of 12 months from the date of grant of options	25.00	25.00
At the end of every quarter after year 1, till end of year 4 from date of grant	6.25	-
At the end of every year after year1, till end of year 4 from date of grant	-	25.00

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

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

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

During the year ended March 31, 2024, the Trust has purchased 100,000 (31 March 2023: 1,930,000) equity shares through secondary acquisition. As on 31 March 2024, the trust holds 9,376,900 (31 March 2023: 15,589,182) number of equity shares .

Firstsource Solutions Limited and its subsidiaries  
**Notes to the consolidated financial statements (Continued)**  
as at and for the year ended March 31, 2024  
(Currency: In millions of Indian rupees)

**27 Employee stock option plan (Continued)**

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

In view of the Shareholder's approval via postal ballot on October 30, 2023 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. The Committee on September 1, 2023 has approved the grant of 4,500,000 options under ESOP Plan 2019 at the face value of Rs. 10/- of the shares to the MD and CEO which is performance based structure. The brief details of these grants are mentioned herein below:

**A. Grants under Performance Based Structure :**

No. of Stock Options	Vesting Date	Vesting Conditions
4,500,000	May 15, 2028	Continued employment and increase in the Company's compound annual growth rate revenue (CAGR) and earnings before interest and taxes margin (EBIT)**

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

**Employee stock option activity during the year ended March 31, 2024**

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

Description	Exercise Range	March 31, 2024		March 31, 2023	
		Shares arising out of options	Weighted Average period in months	Shares arising out of options	Weighted Average period in months
Outstanding at the beginning of the year	10.00	20,812,287	104.17	23,441,255	101.11
	10.01 - 60.00	1,046,875	45.71	1,514,988	48.19
	60.01 - 75.00	450,305	77.23	781,712	77.23
		<b>22,309,467</b>		<b>25,737,955</b>	
Granted during the year	10.00	5,709,000		3,338,242	
	10.01 - 60.00	-		-	
	60.01 - 75.00	-		-	
		<b>5,709,000</b>		<b>3,338,242</b>	
Forfeited during the year	10.00	8,093,101		3,307,251	
	10.01 - 60.00	67,500		34,500	
	60.01 - 75.00	73,905		47,810	
		<b>8,234,506</b>		<b>3,389,561</b>	
Exercised during the year*	10.00	5,874,182		2,634,959	
	10.01 - 60.00	333,725		433,613	
	60.01 - 75.00	104,375		283,597	
		<b>6,312,282</b>		<b>3,352,169</b>	
Expired during the year	10.00	-		25,000	
	10.01 - 60.00	80,000		-	
	60.01 - 75.00	-		-	
		<b>80,000</b>		<b>25,000</b>	
Outstanding at the end of the year	10.00	12,554,004	98.60	20,812,287	104.17
	10.01 - 60.00	565,650	24.44	1,046,875	45.71
	60.01 - 75.00	272,025	52.87	450,305	77.23
		<b>13,391,679</b>		<b>22,309,467</b>	
Exercisable at the end of the year	10.00	4,188,151	81.85	3,766,359	102.68
	10.01 - 60.00	565,650	24.44	1,046,875	45.71
	60.01 - 75.00	272,025	52.87	450,305	77.23
		<b>5,025,826</b>		<b>5,263,539</b>	

\* The weighted average share price of these options was Rs 12.26 and Rs 18.94 for the year ended March 31, 2024 and March 31, 2023 respectively.

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

	31 March 2024	31 March 2023
Dividend yield	0% to 4%	0% to 4%
Expected Life	2-7 years	2-7 years
Risk free interest rate	6.50% to 9.06%	6.50% to 9.06%
Volatility	0% to 75%	0% to 75%
Model Used	Black & Scholes	Black & Scholes

The expense arises from equity settled share based payment transaction amounting to Rs 31.34 and Rs 227.92 for the year ended March 31, 2024 and March 31, 2023 respectively.

## 28 Employee benefits

The Group has a defined benefit gratuity plan in India (funded). The Group's defined benefit gratuity plan is a final salary plan for India employees, which requires contributions to be made to a separately administered fund.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, Indian employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the form of a trust and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

Each year, the Board of Trustees reviews the level of funding in the India gratuity plan. Such a review includes the asset-liability matching strategy and investment risk management policy. This includes employing the use of annuities and longevity swaps to manage the risks. The Board of Trustees decides its contribution based on the results of this annual review. Generally, investments are in debt mutual funds. Annual contributions at a level such that no plan deficits (based on valuation performed) will arise.

### Gratuity plan

The following table sets out the status of the gratuity plan:

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

Particulars	31 March 2024	31 March 2023
<b>Change in present value of obligations</b>		
Obligations at beginning of the year	183.91	166.13
Service cost	62.83	77.08
Interest cost	12.34	10.13
Actuarial (gain)/loss	(6.49)	(36.89)
Benefits paid	(25.51)	(32.54)
Obligations at the end of the year	227.08	183.91
<b>Change in plan assets</b>		
Fair value of plan assets at beginning of the year	46.88	28.67
Return on Plan Assets excluding interest income	(0.03)	(0.55)
Interest income	2.51	2.15
Contributions	15.11	48.81
Benefits paid	(25.18)	(32.20)
Fair value of plan assets at end of the year,	39.29	46.88
<b>Reconciliation of present value of the obligation and the fair value of plan assets</b>		
Present value of the defined benefit obligations at the end of the year	227.08	183.91
Fair value of plan assets at the end of year	(39.29)	(46.88)
Funded status being amount of liability recognised in the balance sheet	187.79	137.03
<b>Gratuity cost for the year</b>		
Service cost	62.83	77.08
Interest cost	9.83	7.98
Net gratuity cost	72.66	85.06
<b>Remeasurements of the net defined benefit liability/ (asset)</b>		
Actuarial (gains) / losses	(6.49)	(36.89)
(Return)/loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	0.03	0.55
Total actuarial (gain)/loss recognized in (OCI)	(6.46)	(36.34)
<b>Category of Assets</b>	<b>Total Amount</b>	<b>Target Allocation %</b>
Gratuity Fund (LIC of India and Birla Sunlife Insurance Co. Ltd)	34.36	100.00%
Total Itemized Assets	34.36	100.00%
<b>Assumptions</b>		
Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Interest rate	7.08%	7.29%
Rate of growth in salary levels	6.00%	6.00%



Firstsource Solutions Limited and its subsidiaries  
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**28 Employee benefits (continued)**

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 Rs 285.10 (March 31, 2023: Rs 246.10).

**b) Compensated absences**

Actuarial assumptions	March 31, 2024	March 31, 2023
Interest rate	7.08%	7.29%
Rate of growth in salary levels	6.00%	6.00%



Firstsource Solutions Limited and its subsidiaries  
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**29 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	25.77%	24,107.27	62.11%	3,196.99	36.18%	182.51	59.80%	3,379.50
	<b>Subsidiaries - Indian</b>								
1	Firstsource Process Management Services Limited	0.04%	37.61	0.03%	1.69	0.00%	-	0.03%	1.69
	<b>Subsidiaries - Foreign</b>								
1	Firstsource Solutions UK Limited	5.64%	5,275.59	11.01%	566.50	31.04%	156.59	12.79%	723.09
2	Firstsource BPO Ireland Limited	0.01%	13.23	-0.04%	(1.97)	0.01%	0.07	-0.03%	(1.90)
3	Firstsource Dialog Solutions (Private) Limited	0.02%	14.76	0.15%	7.85	0.22%	1.10	0.16%	8.95
4	Firstsource Solutions S.A.	0.00%	-	-	-	0.00%	-	0.00%	-
5	Firstsource Group USA, Inc.	32.15%	30,077.70	-16.83%	(866.40)	28.43%	143.40	-12.79%	(723.00)
6	Firstsource Advantage LLC	1.40%	1,312.15	8.05%	414.18	-0.13%	(0.67)	7.32%	413.51
7	Firstsource Business Process Services, LLC	7.74%	7,239.57	-0.01%	(0.38)	18.88%	95.22	1.68%	94.84
8	MedAssist Holding LLC	16.97%	15,875.10	37.04%	1,906.36	-8.04%	(40.55)	33.01%	1,865.81
9	Firstsource Health Plans and Healthcare Services, LLC	1.02%	955.04	4.35%	224.05	2.47%	12.48	4.19%	236.53
10	One Advantage LLC	0.36%	336.26	6.18%	317.93	0.51%	2.59	5.67%	320.52
11	Sourcepoint Fulfillment Services, Inc	0.35%	326.52	2.19%	112.74	-0.69%	(3.47)	1.93%	109.27
12	Sourcepoint, Inc.	7.39%	6,916.38	-6.61%	(340.25)	-6.36%	(32.09)	-6.59%	(372.34)
13	PatientMatters, LLC	-4.37%	(4,091.67)	-2.33%	(119.96)	-2.67%	(13.49)	-2.36%	(133.45)
14	Medical Advocacy Services for Healthcare, Inc	2.75%	2,577.37	-9.46%	(486.74)	1.20%	6.03	-8.51%	(480.71)
15	Kramer Technologies LLC	1.49%	1,394.67	-0.01%	(0.34)	0.04%	0.22	0.00%	(0.12)
16	The StoneHill Group, Inc	0.36%	338.88	2.14%	110.02	-0.02%	(0.10)	1.94%	109.92
17	American Recovery Service Incorporated	1.07%	1,003.85	3.48%	179.18	0.97%	4.91	3.26%	184.09
18	Firstsource Solutions México, S. de R.L. de C.V	-0.16%	(145.68)	-1.43%	(73.79)	-2.05%	(10.33)	-1.49%	(84.12)
19	Firstsource Solutions Jamaica Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
20	Firstsource BPO South Africa (Pty) Limited	0.00%	(0.41)	-0.01%	(0.41)	0.00%	-	-0.01%	(0.41)
21	Firstsource Solutions Australia Pty Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
	<b>Total</b>	<b>100.00%</b>	<b>93,564.19</b>	<b>100.00%</b>	<b>5,147.25</b>	<b>100.00%</b>	<b>504.42</b>	<b>100.00%</b>	<b>5,651.67</b>
	Less: Minority Interests in all subsidiaries		(3.84)		(0.04)		0.38		0.34
	Add: Adjustments		(56,564.00)		-		-		0.00
	<b>Total</b>		<b>37,004.03</b>		<b>5,147.29</b>		<b>504.04</b>		<b>5,651.33</b>

Firstsource Solutions Limited and its subsidiaries  
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**30 Computation for calculating diluted earning per share**

	Year ended	
	March 31 2024	March 31 2023
Number of shares considered as basic weighted average shares outstanding	684,300,932	680,585,300
Add: Effect of potential issue of shares/ stock options *	17,320,478	21,075,439
Number of shares considered as weighted average shares and potential shares outstanding	701,621,410	701,660,739
Net profit after tax attributable to shareholders	5,147.29	5,137.20
Net profit after tax for diluted earnings per share	5,147.29	5,137.20
* 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.		

**31 Capital and other commitments and contingent liabilities**

	March 31, 2024	March 31, 2023
a) The estimated amount of contracts remaining to be executed on capital account and not provided for (net), against which advances paid are Rs 38.02 (March 31, 2023: Rs 0.59)	495.36	599.62
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 Rs. 100 per unit of 120,000 units.	12.00	12.00

*Direct tax matters*

Income tax demands amounting to Rs.1,917.41 (March 31, 2023: Rs 1,872.94) 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 Rs 10.38 (March 31, 2023: Rs 10.38) tax under protest against the demand raised for the assessment year 2004-05, Rs 12.50 (March 31, 2023: Rs 12.50) tax under protest against the demand raised for the assessment year 2009-10, Rs 80.00 (March 31, 2023: Rs 80.00) tax under protest against the demand raised for the assessment year 2011-12, Rs 5.00 (March 31, 2023: Rs 5.00) tax under protest against the demand raised for the assessment year 2014-15, Rs 2.50 (March 31, 2023: Rs 2.50) tax under protest against the demand raised for the assessment year 2015-16.

*Indirect tax matters*

Service tax demands amounting to Rs 192.52 (March 31, 2023: Rs 192.52) 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.

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**Firstsource Solutions Limited and its subsidiaries**  
**Notes to the consolidated financial statements (Continued)**  
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**32 Long-term contracts**

The Group has a process whereby yearly all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group has reviewed and ensured that adequate provision as required under any law / Accounting Standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of account.

**33 Adoption of amendment to Ind AS 37**

On March 23, 2022, the Ministry of Company Affairs notified amendments to certain Indian Accounting Standards vide the Companies (Indian Accounting Standards) Amendment Rules, 2022 ('Rules 2022') effective for annual periods beginning on or after April 1, 2022. The Rules 2022 notified an amendment to Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets ('Ind AS 37') – "Onerous Contracts – Cost of Fulfilling a Contract" regarding costs a Company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendment extends the definition of cost of fulfilling a contract to include allocation of other costs that relate directly to fulfilling a contract. The adoption of this amendment as at April 1, 2022 has resulted in a reduction of Rs. 783.41 mn (net of deferred tax) in the opening Retained Earnings with a corresponding provision for onerous contracts as prescribed in the Rules 2022.

**34 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 ('RPSG 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 an ongoing project to set up school which will offer IB and IGCSE courses.

Gross amount required to be spent by the Company during the year is Rs. 75.30 (March 31, 2023: Rs. 68.36)

	March 31, 2024	March 31, 2023
Opening balance	-	40.16
Contribution accrued for the year	75.30	68.36
Contribution to RPSG CSR Trust during the year	-	(90.84)
Amount spent by the Company during the year	(11.00)	(17.68)
<b>Closing balance payable*</b>	<b>64.30</b>	<b>-</b>


\*Unspent amount of Rs. 64.30 and Rs Nil has been transferred to a earmarked special bank account on March 28, 2024 and March 31, 2023 for the year ended March 31, 2024 and March 31, 2023 respectively.

**35 Subsequent events**

The Board of directors at its meeting held on May 3, 2024 has approved the consolidated financial statements as at and for the year ended March 31, 2024.

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

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

**Dr Sanjiv Goenka**  
Chairman

**Ritesh Mohan Idnani**  
Managing Director and CEO

**Shashwat Goenka**  
Vice- Chairman

**Subrata Talukdar**  
Director

**Utsav Parekh**  
Director

**Sunil Mitra**  
Director

**Anjani K. Agrawal**  
Director

Mumbai  
May 3, 2024

Mumbai  
May 3, 2024

**Pooja Nambiar**  
Company Secretary

**Dinesh Jain**  
President and CFO