

28th October 2020

To:

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

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

Dear Madam/ Sir,

Sub: Declaration of Audited Standalone and Consolidated financial results for the quarter and half year ended 30th September 2020 (Q2 FY2020-21) and Outcome of the Board Meeting

We wish to inform you that the Board of Directors of the Company have, at their meeting held today i.e. 28th October 2020, inter-alia approved the following:

1. The Audited Standalone and Consolidated financial Results for the quarter and half year ended 30th September 2020, copies of which are enclosed herewith along with copies of Auditors' Reports thereon. We are also enclosing herewith copy of Press release relating to the financial results.

The Meeting commenced at 11.30 a.m. and concluded at 12.45 p.m..

We request you to take the above on record.

Thanking you,

For **Firstsource Solutions Limited**

Pooja Nambiar
Company Secretary & Compliance Officer
Encl.: A/a

FIRSTSOURCE SOLUTIONS LTD.,

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

INDEPENDENT AUDITOR’S REPORT ON AUDIT OF INTERIM CONSOLIDATED FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF FIRSTSOURCE SOLUTIONS LIMITED

Opinion

We have audited the Consolidated Financial Results for the quarter and six months ended 30 September 2020 included in the accompanying ‘Statement of Audited Consolidated Financial Results for the Quarter and Six Months Ended 30 September 2020’ of **FIRSTSOURCE SOLUTIONS LIMITED** (the ‘Company’) and its subsidiaries (the Company and its subsidiaries together referred to as the ‘Group’), and its share of the net profit after tax and total comprehensive income of its associate for the quarter and six months then ended 30 September 2020 (the ‘Statement’), being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the ‘Listing Regulations’).

In our opinion and to the best of our information and according to the explanations given to us, the Consolidated Financial Results for the quarter and six months ended 30 September 2020:

(i) includes the results of the following entities:

Subsidiaries:

1. Firstsource Group USA, Inc.
2. Firstsource Solutions UK Limited
3. Firstsource Solutions S.A.
4. Firstsource Advantage LLC
5. Firstsource Business Process Services, LLC
6. Firstsource Health Plans and Healthcare Services, LLC (formerly Firstsource Transaction Services LLC ('FTS'))
7. Firstsource Process Management Services Limited
8. Firstsource BPO Ireland Limited
9. Firstsource Dialog Solutions (Private) Limited
10. One Advantage LLC
11. MedAssist Holdings LLC
12. Firstsource Solutions USA, LLC
13. Sourcepoint, Inc.
14. Sourcepoint Fulfillment Services, Inc.
15. Firstsource Employee Benefit Trust

Associate:

16. Nanobi Data and Analytics Private Limited

(ii) is presented in accordance with the requirements of Regulation 33 of the Listing Regulations; and

(iii) gives a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standard 34 ‘Interim Financial Reporting’ (‘Ind AS 34’) and



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other accounting principles generally accepted in India of the consolidated net profit and consolidated total comprehensive income and other financial information of the Group for the quarter and six months ended 30 September 2020.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ('SA's) specified under Section 143(10) of the Companies Act, 2013 (the 'Act'). Our responsibilities under those Standards are further described in Auditor's Responsibilities for audit of the Consolidated Financial Results for the quarter and six months ended 30 September 2020 section of our report. We are independent of the Group and its associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Consolidated Financial Results for the quarter and six months ended 30 September 2020 under the provisions of the Act and the Rules 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.

Management's Responsibilities for the Statement

This Statement, which includes the Consolidated Financial Results is the responsibility of the Company's Board of Directors and has been approved by them for the issuance. The Statement has been compiled from the related audited condensed consolidated financial statements as at and for the quarter and six months ended 30 September 2020. This responsibility includes the preparation and presentation of the Consolidated Financial Results for the quarter and six months ended 30 September 2020 that give a true and fair view of the consolidated net profit and consolidated other comprehensive income and other financial information of the Group including its associate in accordance with the recognition and measurement principles laid down in the Ind AS 34, prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

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 the 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 respective financial results 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 Results by the Directors of the Company, as aforesaid.

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

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



Auditor's Responsibilities for audit of the Consolidated Financial Results for the quarter and six month ended 30 September 2020

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Results for the quarter and six months ended 30 September 2020 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 Results.

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 Results, 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors.
- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 33 of the Listing Regulations.
- Conclude on the appropriateness of the Board of Directors' 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 Results 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 Results, including the disclosures, and whether the Consolidated Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations to the extent applicable.
- Obtain sufficient appropriate audit evidence regarding the Standalone Financial Results, entities within the Group and its associate to express an opinion on the Consolidated Financial Results. We are responsible for the direction, supervision and performance of the audit of financial information of entities within the Group included in the Consolidated Financial Results of which we are the independent auditors. We have evaluated the materiality of revenue, net profit and total assets of an associate whose unaudited interim financial information was included in the Condensed Consolidated Financial Results of the Group and have concluded that those were not material to the Group. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Consolidated Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Results 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

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work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Results.

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

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

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



Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)
(UDIN: 20039826AAAAHJ7204)

Mumbai, 28 October 2020

Firstsource Solutions Limited

AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2020

CIN: L64202MH2001PLC134147

Registered office: 5th Floor, Paradigm 'B' wing, Mindspace, Link Road, Malad (West), Mumbai 400 064

Tel: + 91 22 66660888 Fax: + 91 22 6666 0887 web: www.firstsource.com, email:complianceofficer@firstsource.com

(Rs. in millions, except per share data and per equity data)

Particulars	Quarter ended			Six months ended		Year ended
	September 30	June 30	September 30	September 30	September 30	March 31
	2020	2020	2019	2020	2019	2020
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Income						
Revenue from operations	11,783.30	10,537.16	9,714.65	22,320.46	19,383.45	40,501.92
Other operating income, net	93.72	84.73	134.43	178.45	263.43	484.22
Other income	20.86	(1.25)	84.53	19.61	70.13	88.43
Total income	11,897.88	10,620.64	9,933.61	22,518.52	19,717.01	41,074.57
Expenses						
Employee benefits expense	7,984.85	7,128.23	6,721.51	15,113.08	13,332.83	27,735.33
Depreciation and amortisation	518.50	498.45	454.64	1,016.95	893.97	1,852.00
Finance costs	124.36	133.56	148.10	257.92	282.13	583.21
Other expenses	2,015.85	1,825.61	1,803.05	3,841.46	3,332.77	6,961.93
Total expenses	10,643.56	9,585.85	9,127.30	20,229.41	17,841.70	37,132.47
Profit before tax and share in net profit / (loss) of associate	1,254.32	1,034.79	806.31	2,289.11	1,875.31	3,942.10
Share in net profit / (loss) of associate	-	-	-	-	0.01	0.01
Profit before tax	1,254.32	1,034.79	806.31	2,289.11	1,875.32	3,942.11
Tax expense						
Current tax	107.01	63.86	70.53	170.87	141.07	282.35
Deferred tax	94.51	84.18	61.89	178.69	148.60	262.91
Net profit after tax	1,052.80	886.75	673.89	1,939.55	1,585.65	3,396.85
Other comprehensive income, net of taxes	(519.67)	142.37	278.56	(377.30)	269.69	1,190.47
Total comprehensive income	533.13	1,029.12	952.45	1,562.25	1,855.34	4,587.32
Profit attributable to:						
Owners of the equity	1,052.87	886.75	673.90	1,939.62	1,585.69	3,396.86
Non - controlling interest	(0.07)	-	(0.01)	(0.07)	(0.04)	(0.01)
Total comprehensive income attributable to:	1,052.80	886.75	673.89	1,939.55	1,585.65	3,396.85
Owners of the equity	533.28	1,029.00	952.43	1,562.28	1,855.51	4,587.33
Non - controlling interest	(0.15)	0.12	0.02	(0.03)	(0.17)	(0.01)
Total comprehensive income attributable to:	533.13	1,029.12	952.45	1,562.25	1,855.34	4,587.32
Paid-up equity share capital (Face value per share of Rs 10)	6,948.20	6,940.08	6,932.01	6,948.20	6,932.01	6,938.27
Other Equity						20,715.55
Earning per share (Rs) : (Face value per share of Rs 10)						
-Basic	1.55	1.29	0.97	2.83	2.29	4.90
-Diluted	1.50	1.27	0.97	2.77	2.28	4.89

Notes to financial results :

- The audited consolidated financial statements for the quarter and six months ended September 30, 2020 have been taken on record by the Board of Directors at its meeting held on October 28, 2020. The statutory auditors have expressed an unmodified audit opinion. The information presented above is extracted from the audited consolidated financial statements. These financial statements are prepared in accordance with the Indian Accounting Standard 34 ('Ind AS 34') 'Interim Financial Reporting' as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant rules issued thereunder.
- During the six months ended September 30, 2020, 992,751 equity shares were issued pursuant to exercise of stock options under the Employee Stock Option Scheme of the Company.
- The Group has considered the possible effects that may result from the pandemic relating to COVID-19, including but not limited to its assessment of liquidity and going concern assumption, carrying amounts of receivables, unbilled revenues, goodwill and intangible assets, impact on leases and effectiveness of its hedging relationships. Based on current indicators of future global economic conditions and internal sources of available information, the Group expects the carrying amount of the assets will be recovered, net of provisions established. The impact of the pandemic related to COVID-19 may be different from that presently estimated and would be recognised in the financial statements when material changes to economic conditions arise or are anticipated.
- 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.
- Consolidated statement of cash flows is attached in Annexure I.

(Rs in millions)

6. Standalone Information (Audited)

Particulars	Quarter ended			Six months ended		Year ended
	September 30	June 30	September 30	September 30	September 30	March 31
	2020	2020	2019	2020	2019	2020
Total income	3,067.11	2,562.24	2,252.13	5,629.35	4,375.06	9,707.12
Net profit before taxation	938.86	669.00	341.49	1,607.86	887.46	2,119.92
Net profit after taxation and before other comprehensive income	839.09	607.68	300.17	1,446.77	785.77	1,820.15

Firstsource Solutions Limited

AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2020

7. Statement of assets and liabilities (Consolidated - Audited)

(Rs in millions)

Particulars	As at	As at
	September 30	March 31
	2020	2020
ASSETS		
Non-current assets		
Property, plant and equipment	1,426.08	1,411.73
Right-of-use assets	4,567.07	4,472.92
Goodwill on consolidation	21,778.78	22,323.56
Other Intangible assets	470.38	500.35
Investment in associates accounted for using the equity method	0.07	0.07
Financial assets		
Investments	121.54	122.09
Other financial assets	741.14	724.71
Deferred tax assets	2,677.87	2,511.30
Income tax assets (net)	792.97	783.64
Others non-current assets	1,893.66	1,976.90
Total non-current assets	34,469.56	34,827.27
Current assets		
Financial assets		
Investments	706.25	-
Trade receivables	4,881.52	5,567.18
Cash and cash equivalents	1,453.22	1,907.49
Other financial assets	2,345.90	2,158.28
Other current assets	1,408.71	1,410.29
Total current assets	10,795.60	11,043.24
Total assets	45,265.16	45,870.51
EQUITY AND LIABILITIES		
Equity		
Equity share capital	6,948.20	6,938.27
Other equity	21,883.06	20,715.55
Total equity attributable to equity holders of the Company	28,831.26	27,653.82
Non - controlling interest	5.85	5.88
Total equity	28,837.11	27,659.70
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Long term borrowings	106.36	27.76
Lease liabilities	4,201.27	4,053.38
Provisions for employee benefits	97.88	85.88
Deferred tax liabilities	901.85	734.95
Total non-current liabilities	5,307.36	4,901.97
Current liabilities		
Financial liabilities		
Short-term and other borrowings	5,885.20	8,341.42
Trade payables	1,284.63	952.81
Lease liabilities	1,036.12	1,069.77
Other financial liabilities	1,236.60	1,828.07
Other current liabilities	1,040.60	655.99
Provisions for employee benefits	556.15	401.40
Provision for tax (net)	81.39	59.38
Total current liabilities	11,120.69	13,308.84
Total equity and liabilities	45,265.16	45,870.51

Firstsource Solutions Limited

AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2020

8. Segment Reporting - Consolidated audited

(Rs in millions)

Particulars	Quarter ended			Six months ended		Year ended
	September 30	June 30	September 30	September 30	September 30	March 31
	2020	2020	2019	2020	2019	2020
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Segment revenue						
a) Banking and Financial Services	6,115.89	5,394.80	3,921.96	11,510.69	7,362.84	16,418.06
b) Healthcare	3,186.77	3,155.68	3,346.88	6,342.45	6,584.51	13,310.56
c) Communication, Media and Technology	2,219.30	1,705.30	2,139.44	3,924.60	4,766.72	9,493.90
d) Diverse Industries	261.34	281.38	306.37	542.72	669.38	1,279.40
Total	11,783.30	10,537.16	9,714.65	22,320.46	19,383.45	40,501.92
Less: Inter-segment revenue	-	-	-	-	-	-
Net segment revenue	11,783.30	10,537.16	9,714.65	22,320.46	19,383.45	40,501.92
Segment results before tax and finance costs						
a) Banking and Financial Services	1,035.63	1,004.85	580.80	2,040.48	1,121.72	2,419.42
b) Healthcare	495.04	463.13	596.15	958.17	1,251.56	2,693.98
c) Communication, Media and Technology	358.63	130.03	211.42	488.66	405.15	915.42
d) Diverse Industries	10.48	9.00	21.59	19.48	50.65	44.07
Total	1,899.78	1,607.01	1,409.96	3,506.79	2,829.08	6,072.89
i) Finance costs	(124.36)	(133.56)	(148.10)	(257.92)	(282.13)	(583.21)
ii) Other unallocable expenditure net of unallocable income	(521.10)	(438.66)	(455.55)	(959.76)	(671.64)	(1,547.58)
iii) Share in net profit / (loss) of associate	-	-	-	-	0.01	0.01
Profit before tax and other comprehensive income	1,254.32	1,034.79	806.31	2,289.11	1,875.32	3,942.11

Note on segment information

Business segments

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the Chief Operating Decision Maker ('CODM'), in deciding how to allocate resources and in assessing performance. Operating segments are identified based on the internal organization at the Balance Sheet date. With the objective of internal financial reporting and decision making of the Group, the CODM has reviewed and revised the manner in which the Group views the business risks and returns and monitors its operations. Accordingly, the Group has identified the reorganised business segments as reportable segments, which comprise: Banking and Financial Services (BFS), Healthcare, Communication, Media and Technology and Diverse Industries. Following the change of the reportable segment, the Group has restated the segment information for the earlier periods reported as required by Ind AS 108 'Operating Segments'.

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

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

By order of the Board
For Firstsource Solutions Limited


Vipul Khanna

Managing Director and CEO

Mumbai, India

October 28, 2020

Firstsource Solutions Limited

Condensed consolidated statement of cash flows

Annexure I

(Rs in millions)

Particulars	Six months ended	
	September 30	September 30
	2020	2019
<u>Cash flow from operating activities</u>		
Net profit before taxation and non controlling interest	2,289.11	1,875.32
Operating cash flow before changes in working capital	3,948.72	2,628.62
Net cash generated from operating activities (A)	4,363.13	1,182.77
<u>Cash flow from investing activities</u>		
Purchase of current investments	(4,547.44)	(12,443.50)
Proceeds from sale of investment in mutual funds	3,847.77	12,962.31
Interest income received	4.07	5.59
Purchase of property, plant and equipment	(462.88)	(445.97)
Proceeds from sale of property, plant and equipment	1.47	1.60
Capital advances	-	(138.82)
Earmarked balances with banks	(14.77)	(5.05)
Proceeds from redemption of debentures	2.00	2.00
Net cash used in investing activities (B)	(1,169.78)	(61.84)
<u>Cash flow from financing activities</u>		
(Repayment of) / Proceeds from short term borrowings	(2,456.22)	1,334.73
Proceeds from / (Repayment of) long term borrowings	92.73	(37.00)
Proceeds from issuance of equity shares and share application money	30.18	67.93
Interest paid	(260.91)	(278.92)
Purchase of treasury shares	(508.62)	-
Repayment of lease liabilities	(560.57)	(441.91)
Dividend paid	-	(1,670.92)
Net cash used in financing activities (C)	(3,663.41)	(1,026.09)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(470.06)	94.84
Cash and cash equivalents at the beginning of the period	1,907.49	473.84
Earmarked balances with banks	14.77	5.05
Foreign exchange loss / (gain) on translating Cash and cash equivalents	1.02	(2.61)
Cash and cash equivalents at the end of the period	1,453.22	571.12

INDEPENDENT AUDITOR'S REPORT ON AUDIT OF INTERIM STANDALONE FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF FIRSTSOURCE SOLUTIONS LIMITED

Opinion

We have audited the Standalone Financial Results for the quarter and six months ended 30 September 2020 ('Standalone Financial Results') included in the accompanying 'Statement of Standalone Audited Financial Results for the Quarter and Six Months Ended 30 September 2020' of **FIRSTSOURCE SOLUTIONS LIMITED** (the 'Company'), (the 'Statement'), being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the 'Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us, the Standalone Financial Results for the quarter and six months ended 30 September 2020:

- i. is presented in accordance with the requirements of Regulation 33 of the Listing Regulations; and
- ii. gives a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standard 34 'Interim Financial Reporting' ('Ind AS 34') and other accounting principles generally accepted in India of the net profit and total comprehensive income and other financial information of the Company for the quarter and six months then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under Section 143(10) of the Companies Act, 2013 (the 'Act'). Our responsibilities under those Standards are further described in Auditor's Responsibilities for Audit of the Standalone Financial Results for the quarter and six months ended 30 September 2020 section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (the 'ICAI') together with the ethical requirements that are relevant to our audit of the Standalone Financial Results for the quarter and six months ended 30 September 2020 under the provisions of the Act and the Rules 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.

Management's Responsibilities for the Statement

This Statement, which includes the Standalone Financial Results is the responsibility of the Company's Board of Directors, and has been approved by them for the issuance. The Statement has been compiled from the related audited condensed standalone financial statements as at and for the quarter and six months ended 30 September 2020. This responsibility includes the preparation and presentation of the

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Standalone Financial Results for the quarter and six months ended 30 September 2020 that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in the Ind AS 34, prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Results that give a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Results, the Board of Directors are responsible for assessing the Company's ability, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for audit of the Standalone Financial Results for the quarter and six months ended 30 September 2020

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Results for the quarter and six months ended 30 September 2020 as a whole is 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 the Standalone Financial Results.

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

- Identify and assess the risks of material misstatement of the Standalone Financial Results, 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors.

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Deloitte Haskins & Sells LLP

- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 33 of the Listing Regulations.
- Conclude on the appropriateness of the Board of Directors' 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 Company 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 Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Results, including the disclosures, and whether the Standalone Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Standalone Financial Results of the Company to express an opinion on the Standalone Financial Results.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

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

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



Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)
(UDIN: 20039826AAAAHK9051)

Mumbai, 28 October 2020

Firstsource Solutions Limited

AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2020

CIN: L64202MH2001PLC134147

Registered office: 5th Floor, Paradigm 'B' wing, Mindspace, Link Road, Malad (West), Mumbai 400 064

Tel: + 91 22 66660888 Fax: + 91 22 6666 0887 web: www.firstsource.com, email: complianceofficer@firstsource.com

(Rs in millions, except per share data and per equity data)

Particulars	Quarter ended			Six months ended		Year ended
	September 30	June 30	September 30	September 30	September 30	March 31
	2020 (Audited)	2020 (Audited)	2019 (Audited)	2020 (Audited)	2019 (Audited)	2020 (Audited)
Income						
Revenue from operations	2,902.62	2,418.35	2,068.08	5,320.97	4,003.45	8,962.37
Other operating income, net	93.36	91.23	138.05	184.59	278.26	436.73
Other income	71.13	52.66	46.00	123.79	93.35	308.02
Total income	3,067.11	2,562.24	2,252.13	5,629.35	4,375.06	9,707.12
Expenses						
Employee benefits expense	1,419.63	1,259.22	1,214.96	2,678.85	2,235.71	4,808.59
Depreciation and amortisation	202.62	191.05	170.68	393.67	332.71	705.84
Finance costs	36.94	37.35	38.41	74.29	73.25	156.77
Other expenses	469.06	405.62	486.59	874.68	845.93	1,916.00
Total expenses	2,128.25	1,893.24	1,910.64	4,021.49	3,487.60	7,587.20
Profit before tax	938.86	669.00	341.49	1,607.86	887.46	2,119.92
Tax expense						
Current tax	97.63	54.38	49.75	152.01	111.06	302.22
Deferred tax	2.14	6.94	(8.43)	9.08	(9.37)	(2.45)
Net profit after tax	839.09	607.68	300.17	1,446.77	785.77	1,820.15
Other comprehensive income, net of taxes	(62.62)	158.80	39.10	96.18	191.77	(40.52)
Total comprehensive income	776.47	766.48	339.27	1,542.95	977.54	1,779.63
Equity						
Paid-up equity share capital (Face value per share of Rs 10)	6,948.20	6,940.08	6,932.01	6,948.20	6,932.01	6,938.27
Other equity						13,713.91
Earning per share (Rs): (Face value per share of Rs 10)						
-Basic	1.23	0.88	0.43	2.11	1.13	2.63
-Diluted	1.20	0.87	0.43	2.06	1.13	2.62

Notes to financial results :

- The audited standalone financial statements for the quarter and six months ended September 30, 2020 have been taken on record by the Board of Directors at its meeting held on October 28, 2020. The statutory auditors have expressed an unmodified audit opinion. The information presented above is extracted from the audited standalone financial statements. These financial statements are prepared in accordance with the Indian Accounting Standard 34 ('Ind AS 34') 'Interim Financial Reporting' as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant rules issued thereunder.
- During the six months ended September 30, 2020, 992,751 equity shares were issued pursuant to exercise of stock options under the Employee Stock Option Scheme of the Company.
- The Company has considered the possible effects that may result from the pandemic relating to COVID-19, including but not limited to its assessment of liquidity and going concern assumption, carrying amounts of receivables, unbilled revenues, goodwill and intangible assets, impact on leases and effectiveness of its hedging relationships. Based on current indicators of future global economic conditions and internal sources of available information, the Company expects the carrying amount of the assets will be recovered, net of provisions established. The impact of the pandemic related to COVID-19 may be different from that presently estimated and would be recognised in the financial statements when material changes to economic conditions arise or are anticipated.
- The Code on Social Security, 2020 (the 'Code') relating to employee benefits during employment and post-employment benefits has been notified on September 28, 2020. The effective date on which the Code becomes effective is yet to be notified. The Company will assess the impact of the Code when it becomes effective and will record any related impact in the period in which the Code becomes effective.
- As per Ind AS 108 - Operating Segment ('Ind AS 108'), if a financial report contains both consolidated financial statements of a parent that is within the scope of this Ind AS as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements. Accordingly, information required to be presented under Ind AS 108 - Operating Segment has been given in the consolidated financial results.
- Statement of cash flows is attached in Annexure I.

Firstsource Solutions Limited

AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2020

7. Statement of Assets and liabilities (Audited)

(Rs in millions)

Particulars	As at	As at
	September 30	March 31
	2020	2020
ASSETS		
Non-current assets		
Property, plant and equipment	531.88	525.77
Right-of-use assets	1,879.83	1,775.61
Goodwill	40.14	40.14
Other Intangible assets	173.82	145.37
Financial assets		
Investments	12,021.81	11,986.91
Other financial assets	675.88	655.72
Other non-current assets	317.46	270.37
Deferred tax assets (net)	2,627.58	2,479.80
Income tax assets (net)	716.45	722.23
Total non-current assets	18,984.85	18,601.92
Current assets		
Financial assets		
Investments	706.25	-
Trade receivables	4,517.70	3,735.52
Cash and cash equivalents	106.70	460.93
Other financial assets	436.55	334.54
Other current assets	505.40	523.43
Total current assets	6,272.60	5,054.42
Total assets	25,257.45	23,656.34
EQUITY AND LIABILITIES		
Equity		
Equity share capital	6,948.20	6,938.27
Other equity	14,862.09	13,713.91
Total equity	21,810.29	20,652.18
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Long term borrowings	106.36	27.76
Lease liabilities	1,792.13	1,685.86
Provisions for employee benefits	97.88	85.88
Total non-current liabilities	1,996.37	1,799.50
Current liabilities		
Financial liabilities		
Trade payables	348.27	308.55
Lease liabilities	429.11	403.96
Other financial liabilities	444.53	288.65
Provisions for employee benefits	84.72	75.43
Other current liabilities	62.77	68.69
Provision for tax (net)	81.39	59.38
Total current liabilities	1,450.79	1,204.66
Total equity and liabilities	25,257.45	23,656.34

By order of the Board
For Firstsource Solutions Limited



Vipul Khanna
Managing Director and CEO

Mumbai, India
October 28, 2020

Firstsource Solutions Limited

Condensed statement of cash flows

Annexure I

(Rs in millions)

Particulars	Six months ended	
	September 30	September 30
	2020	2019
<u>Cash flow from operating activities</u>		
Net Profit before taxation	1,607.86	887.46
Operating cash flow before changes in working capital	2,228.18	1,193.53
Net cash generated from operating activities (A)	1,195.67	1,515.55
<u>Cash flow from investing activities</u>		
Purchase of current investments	(4,547.44)	(12,257.50)
Proceeds from sale of current investments	3,847.77	12,776.76
Proceeds from redemption of debentures	2.00	2.00
Interest income received	3.46	6.36
Purchase of property plant and equipment	(211.59)	(108.07)
Proceeds from sale of property plant and equipment	-	1.71
Earmarked funds placed with banks	(14.77)	(5.05)
Capital advances	-	(138.82)
Net cash (used in) / generated from investing activities (B)	(920.57)	277.39
<u>Cash flow from financing activities</u>		
Proceeds from issuance of equity shares and share application money	30.18	67.93
Proceeds from / (Repayment of) long term borrowings	112.45	(22.17)
Interest paid	(74.29)	(73.65)
Purchase of treasury shares	(508.62)	-
Repayment of lease liabilities	(205.41)	(161.73)
Dividend Paid	-	(1,670.92)
Net cash used in financing activities (C)	(645.69)	(1,860.54)
Net decrease in cash and cash equivalents at the end of the year (A+B+C)	(370.59)	(67.60)
Cash and cash equivalents at the beginning of the period	460.93	131.26
Foreign exchange loss on translating Cash and cash equivalents	1.59	0.17
Earmarked Balances with Banks	14.77	5.05
Cash and cash equivalents at the end of the period	106.70	68.88

Firstsource Solutions Reports Second Quarter Fiscal 2021 Results

Revenues of Rs. 11,877 million; Y-o-Y growth of 20.6%

Operating Margin of Rs. 1,358 million; 11.4% of Revenues

PAT of Rs. 1,053 million; 8.9% of Revenues

Mumbai, October 28, 2020: Firstsource Solutions Limited (NSE: FSL, BSE:532809), a global provider of Business Process Management (BPM) services and a RP-Sanjiv Goenka Group company, reported its consolidated financial results for the quarter ended September 30, 2020 according to IndAS.

Financial Highlights for Quarter Ended September 30th 2020:

- Revenues at Rs. 11,877 million (US\$ 159.8 Million), 20.6% Y-o-Y and 13.1% in CC
- Operating Margin (OM) at Rs. 1,358 million or 11.4% of revenues
- Profit After Tax (PAT) at Rs. 1,053 million or 8.9% of revenues
- Diluted Earnings Per Share (EPS) of Rs. 1.50
- Added 2,129 employees in the quarter

Speaking on the results, **Dr. Sanjiv Goenka, Chairman, RPSG Group and Firstsource Solutions** said, “We delivered solid results in Q2 with broad-based growth as economies continue to recover. I’m pleased with the strong performance and new client acquisitions across our Financial Services, Healthcare and Born Digital segments. I commend the Firstsource team for their strength and resilience. Looking forward to continued growth momentum steered by our Digital First, Digital Now approach.”

Key Business Highlights:

With the continued strengthening of the macro environment, we delivered a strong performance across our businesses, adding 15 new clients in the quarter.

- Healthcare Provider business added two new clients to its roster in the Medicaid Eligibility and Out-of-State Revenue Cycle Management (RCM) Services space.
- Healthcare Payer business changed its name to ‘Health Plans and Healthcare Services’ (HPHS) to better reflect the scope of the broader healthcare segments we serve. The business continued to make strategic inroads into the burgeoning remote Healthcare market and on-boarded a leading provider of home-based and mobile healthcare services.
- On-boarded a Fintech client to provide Digital Collections services and eventually the broader Digitally Empowered Contact Center (DECC).
- Added nine new clients to our mortgage business and saw increased volumes across the broader BFS client base.
- Healthcare Provider business MedAssist awarded ‘2020 Top Patient Engagement Solutions Provider’ by Healthcare Tech Outlook.

About Firstsource:

Firstsource Solutions Limited, a RP-Sanjiv Goenka Group company (NSE: FSL, BSE: 532809, Reuters: FISO.BO, Bloomberg: FSOL@IN), is a leading provider of transformational solutions and services spanning the customer lifecycle across Healthcare, Banking and Financial Services, Communications, Media and Technology and other industries. The Company's 'Digital First, Digital Now' approach helps organizations reinvent operations and reimagine business models, enabling them to deliver moments that matter and build competitive advantage. With an established presence in the US, the UK, India and the Philippines, Firstsource acts as a trusted growth partner for over 100 leading global brands, including several Fortune 500 and FTSE 100 companies.

(www.firstsource.com)

Media Contact	Investors Contact
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	dpingle@christensenir.com +91 (22) 4215 0210

28th October 2020

To:

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

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

Dear Madam/ Sir,

Sub: Declaration under Regulation 33 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015 read with SEBI circular CIR/CFD/CMD/56/2016 dated 27th May 2016

We hereby declare that as mentioned under the Independent Auditor's Report dated 28th October 2020 for Consolidated and Standalone Financial Results respectively for the quarter and half year ended 30th September 2020, are with unmodified opinion.

Please take the same on your record.

Thanking you,

For **Firstsource Solutions Limited**

Pooja Nambiar
Company Secretary & Compliance Officer

FIRSTSOURCE SOLUTIONS LTD.,

Paradigm B, 5th Floor, Mindspace, New Link Road, Malad (W), Mumbai - 400 064, India.
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