



RP - Sanjiv Goenka  
Group

Growing Legacies



Investing  
in the Future  
People. Platforms. Purpose.



ANNUAL REPORT  
2022-2023

  
firstsource®

# Investing in the Future: People. Platforms. Purpose.



In the ever-evolving world we inhabit, where technology advances at a relentless pace and social landscapes undergo swift shifts, investing in the future is paramount.

Firstsource Solutions recognizes this imperative and is steadfast in its commitment to make the world a better place by harnessing the power of technology and people. The Company's focus lies in investing in the future through three core pillars: **People, Platforms, and Purpose.**

**People** are the lifeblood of Firstsource's success story. The Company believes in empowering people, fostering a culture that reveres innovation, and nurtures personal growth. It also cherishes diversity and inclusion, and understands that embracing different perspectives fuels creativity, resilience, and brilliance.

**Platforms** serve as conduits for innovation, collaboration, and progress. The Company ardently invests in transformative platforms that revolutionize how enterprises serve the world. By leveraging cutting-edge technology and visionary solutions, the Company unlocks uncharted possibilities, both for itself and its clients.

**Purpose** lies at the very heart of the Company's transformative journey. It is the driving force that propels Firstsource forward, guiding every action and decision. The Company's investments encompass sustainability, environmental stewardship, and the adoption of renewable energy sources. Firstsource wholeheartedly commits to corporate social responsibility, championing programs and initiatives that address social issues, uplift local communities, and contribute to the greater well-being of society.

These strategic investments form the bedrock of the sustainable and vibrant future Firstsource envisions. As the Company moves forward, it will continue to nurture exceptional teams cultivate cutting-edge platforms, and steadfastly pursue its purpose of serving clients and the world with unwavering dedication.

## Inside this report

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For more information,  
visit our website:  
[www.firstsource.com](http://www.firstsource.com)

## Performance highlights (FY 2022-23)

**₹ 60,223 million**  
Revenue

1.7% YoY growth  
1.1% YoY degrowth in constant currency

**₹ 5,137 million**  
Profit After Tax

8.5% Margin  
4.4% YoY degrowth  
55 bps YoY margin contraction

**₹ 5,633 million**  
Operating Margin

9.4% Margin  
20.7% YoY degrowth  
264 bps YoY margin contraction

**₹ 7.32**  
Earnings Per Share (Diluted)

### Forward looking statement

This document contains forward-looking statements about the expected future of Firstsource Solutions Limited, including financial and operating results. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results, and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications, and risk factors referred to in the Annual Report, FY 2022-23.



# Enabling a digital-first world

Firstsource is a people-first Company at the forefront of the digital era, specializing in providing innovative business process solutions to leading global companies across key sectors for 20+ years.

Through the years, it has established domain expertise, an exceptional team, and invested in cutting-edge technology. Leveraging these and a Digital First, Digital Now philosophy, the Company combines the best of people and technology to deliver game-changing solutions that drive remarkable business outcomes for its clients and enable them to serve the world better.

## Firstsource at a glance

Established in 2001, and a part of the RP-Sanjiv Goenka Group, the Company is a purpose-led, people-first organization creating value for its clients through tech-enabled business process solutions. Firstsource serves as a trusted growth partner to over 150 leading global brands in Healthcare, Banking and Financial Services, Communications, Media and Technology and other diversified industries, including several Fortune 500 and FTSE 100 companies. Operating from 39 centers across the US, Mexico, the UK, India and the Philippines, the team of 23,000+ Firstsourcers is enabling customers to drive efficiency and stay ahead of the curve.

The Company delivers these services through the following core areas of engagement:  
Digitally Empowered Customer Experience;  
Intelligent Back Office;  
Platforms, Automation and Analytics.



Collaborating with global leaders

2 of top 5

Telecom and Broadcasting companies in the US

1,000+

Hospitals in the US

6 of top 15

Mortgage servicers in the US

1 of top 3

Utility companies in the UK

7 of top 10

Health insurance/managed care companies in the US

2 of top 5

Retail banks in the UK

5 of top 10

Credit card issuers in the US

1 of top 2

Broadcasting and Media companies in the UK

## INDUSTRY ASSOCIATIONS

NASSCOM

HYSEA  
Hyderabad Software Exporters Association

csa

AMERICAN  
LAND TITLE  
ASSOCIATION

# Enabling a digital-first world



In a highly competitive digital-first landscape, REACCH serves as the guiding principle to accomplish Firstsource's goals, while fulfilling the needs of customers and investors for commercial success and social responsibility.



**Risk-taking**

Dare to go beyond. Challenge status quo every day. Be strategic. Be ambitious. Be resilient.



**Execution Excellence**

Strive to be the best to collaborate co-create and drive excellence.



**Agility**

Move ahead of time quickly. Stay nimble, adapt fast and learn constantly with a 'Digital First' mindset.



**Customer First**

Keep customers at the heart of every action.



**Credibility**

Instill trust, confidence and accountability. Seek answers rooted in 'what's right' and not 'who's right'.



**Humaneness**

Be fair, respectful, transparent and sensitive. Care for your community; act responsibly towards environment.



**RP-Sanjiv Goenka Group:  
A legacy of excellence**

One of the most reputable and fast-growing business conglomerates of India, RP-Sanjiv Goenka Group's business areas have a wide level of expertise. This includes Power, Performance and Speciality Chemicals, IT Enabled Services, Consumer and Retail, Media and Entertainment, Sports, Education, Infrastructure, and Plantations. Consistently adopting and leveraging cutting-edge technologies, the group companies have positioned themselves as frontrunners in their fields. Over the years, the group has built a significant global presence.

**Group highlights**  
(as on March 31, 2023)

**₹ 528 billion**  
Asset base

**45,000+**  
Employees

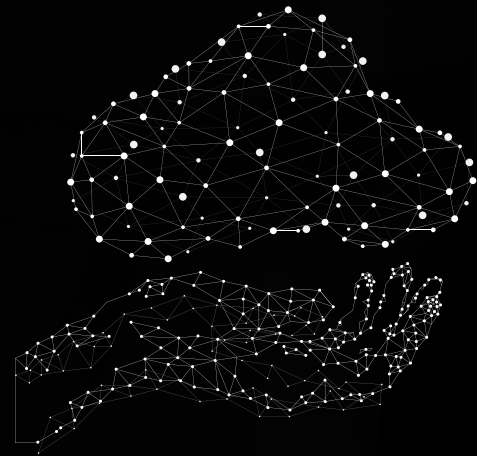
**₹ 345 billion**  
Consolidated revenue

**10,00,000+**  
Shareholders





# Intelligent digital solutions for transformative outcomes



Firstsource empowers businesses to achieve more by harnessing a powerful blend of latest technologies, human capabilities and industry expertise. By simplifying complex business processes the Company creates exceptional value for its global clients, helping them operate with increased efficiency, realize significant cost savings, and achieve unparalleled execution.

1

Digitally Empowered  
Customer Experience  
(DECX)

2

Intelligent  
Back Office

3

Platform,  
Automation and  
Analytics

# Intelligent digital solutions for transformative outcomes



## Digitally Empowered Customer Experience (DECX)

DECX empowers clients with bespoke solutions that shape their customer experiences across every touchpoint. This demands a redefined set of KPIs for customer services, blending traditional metrics like efficiency and cost with newer ones like perception and NPS. Firstsource assists in crafting a practical CX strategy that aligns seamlessly with clients business goals and supports product, sales, and marketing efforts. Leveraging CX data, the Company provides comprehensive insights into end-to-end customer journeys.

Revenue contribution  
(IN %)

49.4%  
FY 2022-23

45.8%  
FY 2021-22

48.3%  
FY 2020-21

### Sector-wise DECX solution offering



#### Media

Sales conversion, order fulfilment, repairs, resolutions and other offerings like savings and reduction in service time, frictionless omnichannel CX and process improvement



#### Healthcare

Claims status, benefits, general enquiries, remote patient monitoring, scheduling, booking and receivables management



#### Mortgage

Lead generation, loan servicing, contingency and first party collections



#### Banking and financial services

New client acquisition, onboarding and loan processing, and other offerings like personalized customer solutions, customer behavior prediction and quality control feedback

## Intelligent Back Office

Intelligent Back Office solution streamlines administrative functions, such as procurement, finance, payroll, and supply chain, by integrating intelligent workflows and automation. It seamlessly synchronizes front and back offices, enabling clients to expedite processes, cut costs, accelerate decision-making, forecast outcomes accurately, and exceed customer expectations.

Revenue contribution  
(IN %)

29.9%  
FY 2022-23

43.4%  
FY 2021-22

45.1%  
FY 2020-21

### Sector-wise solution offerings include



#### Banking and Financial Services

Customer life cycle, receivable, relationship management



#### Communications, Media and Technology

Communication – CX, agent of the future, customer and sales analytics, conversational messaging; Media – customer acquisition and servicing, tech support, social media, forum and community management; Technology – AI/ML data integrity, revenue and advertising operation, CX



#### Healthcare Providers

Pre-service solutions, eligibility & enrollment services, receivables management



#### Health Plans and Healthcare Services

Claims operations, member enrollment and billing, member and provider services, credentialing and provider data management, appeals and grievances, broker management, benefits configuration, risk adjustment, process mining





# Intelligent digital solutions for transformative outcomes

## Platforms, Automation, and Analytics

Platforms, Automation, and Analytics solutions are purpose-built, ensuring a seamless integration with existing technologies that amplify their value with high-quality security. These solutions blend domain-focused workflows with AI and automation, infusing intelligence into business processes, and efficiently synthesizing vast volumes of structured and unstructured data. The result is a remarkable boost in efficiency, quality, speed, and customer experience. Firstsource provides mobile-first, cloud-based services, designed to streamline processes and achieve scalability while effectively reducing costs.




Revenue contribution  
(IN %)

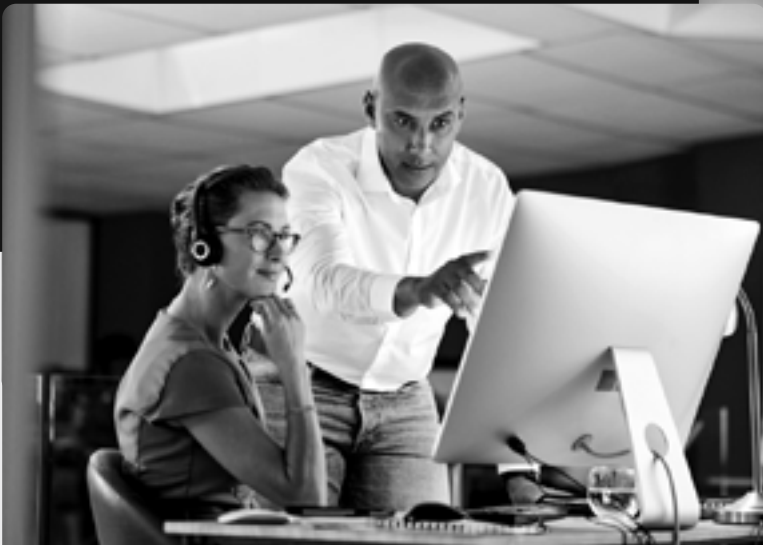
**20.7%**  
FY 2022-23

**10.8%**  
FY 2021-22

**6.6%**  
FY 2020-21

### Sector-wise service offerings

-  **Provider**  
Automation offering for patient care funding and servicing, end-to-end BPaaS in Healthcare for digital intake, digitizing and updating claims data to client adjudication platforms, automated data extraction, profile creation, and electronic invoice generation
-  **Mortgage**  
Origination, underwriting, title, post-closing, servicing lifecycle and platform-based quality control and investor due diligence services
-  **Banking**  
Analytics services for improving collections rates for banking and collections processes, reducing Provider denial rates, mitigating Provider underpayment and enabling prediction modeling
-  **Finance and accounting**  
Automation to optimize operational cost and drive faster cycle times with zero touch processing
-  **Telco and media**  
Analytics for better decisions and elevating customer experiences, revenue realization and savings



# £ 130 million reduction in risk exposure at UK bank's invoice finance division

## The business impact

**£ 130 million**  
Annual reduction in risk exposure

**3 days**  
Monthly risk analysis reduced from 20 days

**100%**  
Increase in contra-check completion

**87%**  
Reduction in customer complaints over 5 years

**25%**  
Reduction in cost-to-serve

## The challenge

One of the leading banks in the UK faced challenges in providing cost-effective and low-risk services to its clients. The bank's invoice finance division, responsible for thousands of lending transactions daily, operated on outdated platforms and mainframes, causing process bottlenecks, limited risk visibility, and operational inefficiencies.

## The solution

Firstsource collaborated with the bank and implemented an Intelligent Automation solution. This initiative aimed to integrate and standardize systems, simplify processes, and leverage technologies such as Robotic Process Automation (RPA), Artificial Intelligence (AI), Machine Learning (ML), and workflow improvement. Notable enhancements included:

- Automated extraction and integration of unstructured data from emails and PDFs throughout the process.
- Streamlined debt verification through automated email campaigns in the factoring division.
- Automation of sales ledger reconciliation in invoice discounting.
- Automated risk management activities, such as aged and over-credit limit calculations.
- Automated month-end risk analysis of sales ledgers and creditors, utilizing client-specific funding decision rules.
- Streamlined activity flows based on case management and workflow solutions.
- Comprehensive and granular operational performance data available to leaders.

## The result

The implemented automation initiatives resulted in significant improvements, benefiting the bank and its customers. Key outcomes included improved risk analysis, reduced turnaround time for reconciliation processes, increased payment accuracy rate, enhanced cash allocation accuracy, improved Net Promoter Score (NPS), and reduced customer complaints.



# A trusted transformation partner across industries



Firstsource uses its deep expertise in various domains and technologies to develop Digital-First solutions tailored to its core industries, helping clients reimagine their business processes and dramatically improve performance.

- 1

Banking and Financial Services (BFS)
- 2

Healthcare
- 3

Communications, Media & Technology (CMT)
- 4

Diversified Industries



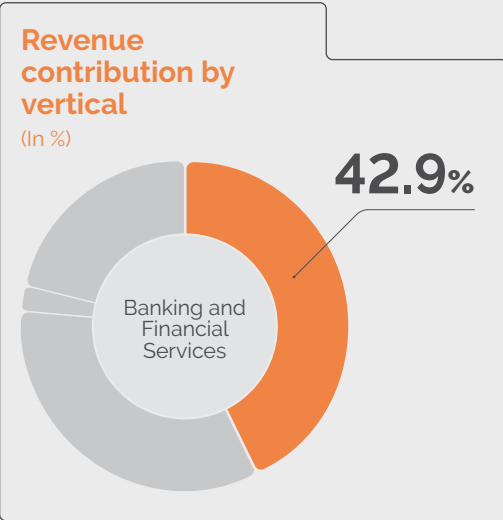
# A trusted transformation partner across industries

## Banking and Financial Services (BFS)

Firstsource leverages its deep knowledge of the financial services industry, advanced technologies and skilled resources to build unique solutions that meet today's needs and tomorrow's challenges. The Company's digital-first solutions help leading banks and disruptive start-ups reduce costs, reap more revenue, increase compliance and elevate the customer experience across the lifecycle.

Within the Mortgage industry, the Company takes pride in offering tailored solutions that cater to the specific needs of clients throughout the entire value chain. Its expertise lies in streamlining business processes, amplifying efficiencies, and propelling revenue growth.

The Company's Digital Collections solution revolutionizes the way collections processes are conducted. With a focus on intelligence, empathy, and customization, it completely transforms the customer experience while simultaneously optimizing recovery rates.



### Offerings

#### Customer Lifecycle Management

- Origination
- Underwriting
- Compliance and Risk Management
- Servicing

#### Receivables Management

- Digital Collections
- Legal Collections

#### Relationship Management / Customer Support

- Complaints handling
- Disputes and fraud resolution

### Industry Solutions

Asset Finance

Credit Cards

Mortgage

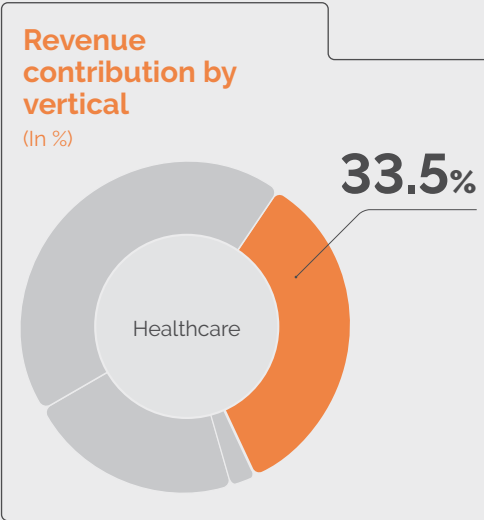
Retail & SME Banking

FinTech



## Healthcare

Firstsource excels in the hospital industry with platform-based services and digital patient access solutions that optimize patient engagement, financial experience, and overall financial performance. In Health Plans and Healthcare Services, the Company leads the way in digital transformation through initiatives like Digital Intake, Telehealth, and Remote Patient Monitoring, revolutionizing healthcare technology. Its digitally enabled customer engagement solutions are essential in the Lifesciences industry that prioritizes consumer involvement, personalized therapies, and product development. By seamlessly integrating digital advancements, the Company enhances patient experiences and coordinate care, empowering healthcare providers to meet evolving expectations and achieve successful therapeutic outcomes - ultimately contributing to a healthier and more connected world.



### Offerings

Healthcare Cloud

Pre-service Solutions

Eligibility & Enrollment Services

Receivables Management

Hospital Business Office Management

Collections Services

Denial Management Services

#### Consulting

- Intelligent Back Office
- Clinical Services
- Platform-Based Services
- Medical Devices

### Industry Solutions

Healthcare Providers

Health Plans

Life Sciences

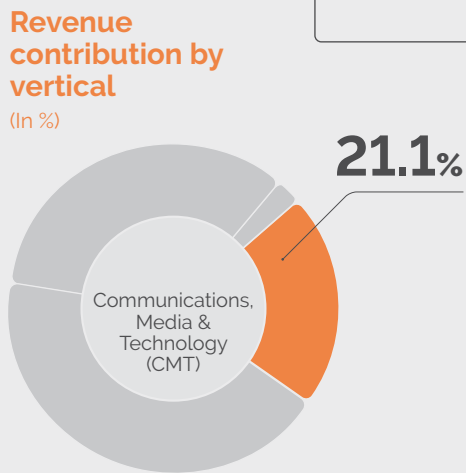


# A trusted transformation partner across industries

## Communications, Media & Technology (CMT)

Delivering exceptional engagement and enriched customer experiences is vital in the CMT industry. The Company's Customer Experience Management and Digitally Empowered Customer Experience solutions, powered by intelligent workflows, AI, and analytics, enable CMT businesses to thrive. The Company helps re-engineer processes, develop new business models, and create unforgettable customer experiences.

With its DECX solutions, Firstsource empowers clients by providing deep insights into customer needs, enabling them to exceed expectations. Leveraging AI-driven customer intelligence tools, advanced analytics, omnichannel strategies, and design thinking, businesses revolutionize their operations. The Company is dedicated to transforming customer interactions into memorable experiences, recognizing the value of each interaction for collective growth in the CMT industry.



### Offerings

- Customer Acquisition & Servicing
- Merchant Onboarding
- Social Media, Forum & Community Management
- Technical Support
- Digital Collections & Recoveries
- Billing & Payment Processing
- Complaints Management

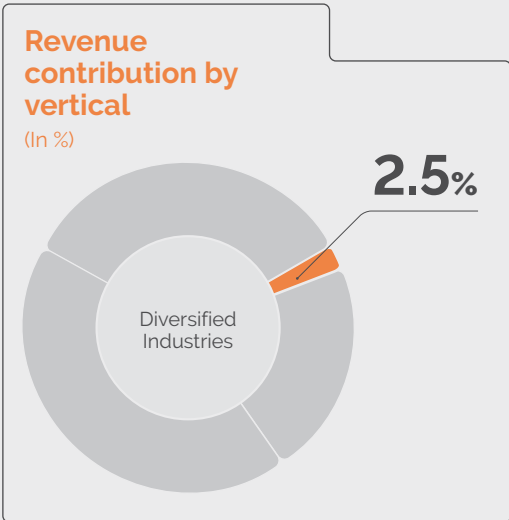
### Industry Solutions

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

## Diversified Industries

With the rising trend of digitalization and the growing demand for simplified one-click experiences from tech-savvy customers and citizens, public utility and government entities are keen on enhancing their engagements. The Company specializes in assisting Utilities & Public Services by providing a holistic view of the customer journey and delivering personalized experiences across multiple channels.

The revolutionary Digitally Enabled Customer Experience (DECX) solution is designed to adapt swiftly to evolving customer needs, driving improved customer acquisition, satisfaction, and retention rates. Through the utilization of advanced AI-powered tools and platforms, the Company's clients achieve cost efficiencies and strengthened customer relationships, ultimately leading to enhanced profitability.



### Offerings

- Meter 2 Cash Operations
- Inbound Sales and Outbound Sales & Service
- Level 1 & Level 2 Customer Support
- Retention and Loyalty
- Self - Service / Digital Deflection
- Customer Insights / Automation
- Complaints Handling
- Debt Management

### Industry Solutions

- Utilities
- Government Entities



# Clinical trials organization recruits patients in record time

## The business impact

**14,500**

Patients recruited in just four months

**97%+**

Average patient-volunteer call satisfaction rates

**43%**

Reduction in cost per acquisition

**40%**

Reduction in appointment cancellations

**3 day**

Reduction in call-to-clinic-appointment timeframe

## The challenge

Recruiting patients for clinical trials is a complex and time-consuming process critical to advancing healthcare. A private-equity-owned clinical trials organization partnered with Firstsource to develop a more efficient and engaging recruitment strategy. The urgency increased when they needed to accelerate recruitment for a COVID-19 vaccine within a limited budget.

## The solution

Firstsource provided an end-to-end digital solution to streamline patient recruitment and screening for clinical trials. The approach included recruiting associates, providing training to build patient-volunteer relationships, and utilizing a technology solution encompassing email, SMS, and voice call support. Key initiatives included:

- Proactively cleansing and strengthening the patient-volunteer database.
- Interviewing high-quality candidates who had previously dropped out to identify and address pain points.
- Testing new approaches to generate interest and accelerate onboarding.
- Leveraging real-time analytics to continuously improve the recruitment process.
- Implementing a blend of digital communications, sensitive telephone screening, and a web portal to engage patient-volunteers effectively.

## The result

The comprehensive approach delivered outstanding results, exceeding recruitment targets within a specified timeframe. Key outcomes included increased patient recruitment, reduced costs per acquisition, minimized appointment cancellations, and high patient satisfaction.



# Innovative solutions that transcend borders

Through a customer-centric approach and global reach, the Company strives to empower its customers with the tools and talent they need to thrive in their respective industries.

As part of its growth journey, Firstsource expanded its presence across key global markets, ensuring closer proximity to its customers. This strategic expansion grants access to the finest talent, both locally and internationally.

By bringing together the best resources from onshore and offshore locations, the Company is able to provide unparalleled support and expertise to meet its customers' needs.

**Extensive global network**  
(as on March 31, 2023)

**05**  
Countries

**39**  
Centers

**23,018**  
Employees

**US**

- Amherst, NY
- Atlanta, GA
- Colorado Springs, CO
- Chatanooga, TN
- Dallas, TX
- Kingston, NY
- Laporte, IN
- Louisville, KY
- Palm Bay, FL
- Salt lake city, UT
- Sunrise, FL
- Thousand Oak, CA
- York, PA

**Mexico**

- Mexico City

**Location-wise revenue contribution**  
(as on March 31, 2023)

**65.9%**

Revenue contribution from US

**33.0%**

Revenue contribution from UK

**1.1%**

Revenue contribution from rest of the world

**UK**

- Belfast
- Birmingham
- Derby
- London
- Londonderry
- Manchester
- Middlesbrough
- Pontypridd
- Warrington

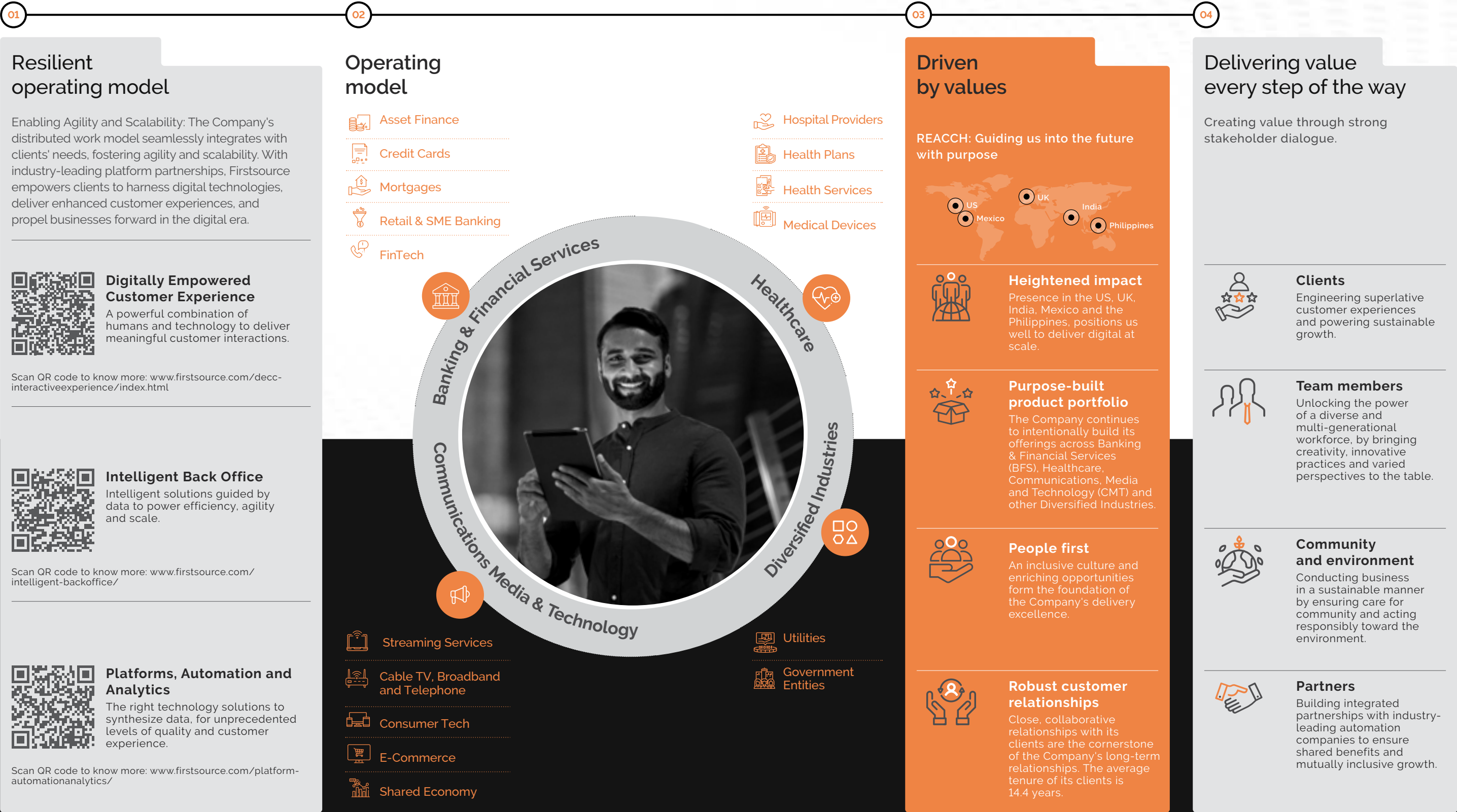
**Philippines**

- Cebu
- Makati

**India**

- Bangalore
- Chennai
- Hyderabad
- Indore
- Mumbai
- Pondicherry
- Trichy
- Vijayawada

# The groundwork for a promising future





# A future invested in purpose



## Dear Shareholders,

In FY 2022-23, our industry faced a dynamic macro environment, presenting both opportunities and challenges. Technological advancements drove change, requiring continuous upskilling and integration of AI, RPA, and data analytics. Regulatory changes emphasized data privacy and compliance, while intensified market competition demanded differentiation and customer-centricity. The remote work and digital transformation that came as a result of the pandemic became a staple for all businesses, and Sustainability and ESG considerations have gained prominence. Geopolitical factors required agility and adaptability.

Amidst these challenges and opportunities, Firstsource made remarkable progress in enhancing our long-term strategy, growing our global footprint, and optimizing our business mix for sustained growth. We expanded our delivery footprint to new geographies like Mexico and further strengthened our Philippines operations.

Our geographic footprint puts us in a unique place to build opportunities and face diverse macroeconomic challenges, reflecting the complex interplay of domestic and global factors. In FY 2022-23, while India's economy was experiencing growth, driven by a young workforce and expanding digital infrastructure, the UK faced post-

*Our industry is undergoing a transformative change, with artificial intelligence (AI) and new technologies revolutionizing every aspect of business. I believe the depth and breadth of our services have never been more relevant.*

Brexit challenges, striving to secure trade deals and manage economic uncertainty. The US exhibited a mixed economic landscape, with a robust tech sector and rising inflation. The Philippines showcased resilience despite political uncertainties and Mexico confronted economic inequality and security concerns while benefiting from trade agreements and a strong manufacturing sector.

Despite the macroeconomic cyclicality and external variabilities we faced, we delivered a notable 13.7% year-on-year increase in continuous currency growth, excluding Mortgage and acquisitions. Our revenues amounted to ₹ 60,223 million, with an operating margin of ₹ 5,633 million. Furthermore, we recorded a PAT of ₹ 5,137 million, solidifying our financial success during this period and allowing us to return ₹ 2,384 million to shareholders as dividends.

We are delighted to report an impressive organic, constant currency growth rate of 18.3% in our BFS portfolio, excluding Mortgage. In the CMT segment, our portfolio, excluding the top client, achieved strong year-on-year growth of 44%, driven by advancements in EdTech, Technology, and Communications Collections. The utility segment also performed well, with a commendable growth rate of 43%, thanks to our mature and digitally connected DECX offering. Our client acquisition efforts were successful, adding 73 new clients to our portfolio.

Like most other industries, our industry is undergoing a transformative change, with artificial intelligence (AI) and new technologies revolutionizing every aspect of business. I believe the depth and breadth of our services have never been more relevant. We believe every part of every business must be transformed by technology, data, and AI, with new ways of working and engaging with customers, employees, and partners, and new business models, products, and services.

I am proud to share that Firstsource is well-positioned to leverage these advancements - remaining committed to creating value, capitalizing on new opportunities, and delivering on the promise of technology and human

ingenuity. We are helping clients build their digital core, optimize operations, and accelerate growth. In the future, we will continue to be agile and pivot to enable operating our business with operational excellence. We are confident that our commitment to excellence and our drive to continually innovate will help us achieve our goals.

As we look ahead, we're thrilled by the exciting projects in the pipeline and remain vigilant about emerging trends. At the core of our business, we prioritize lean processes and channel investments into new ventures, with a continued focus on harnessing AI and other emerging technologies to better serve our customers. Above all, we maintain a balanced approach by prioritizing the well-being of our people, who lie at the heart of everything we do.

We strongly believe that the future of our company is intricately linked to the caliber of our people and recognize the significance of creating meaningful work and a harmonious workplace. A new generation of talent is emerging, one that is energized by challenges and seeks inspiration from businesses. We welcome and embrace this spirit with sustained investments in our people, platforms, and purpose.

A profound shift is underway, reshaping the way individuals perceive the role of businesses in molding the fabric of our economy. Consumers are increasingly gravitating towards organizations that evoke genuine emotions and positively impact not only their own lives but also our planet. In this era, the future belongs to companies that embrace purpose and strive to fulfill it.

As a responsible corporate citizen, we place our commitments to society and the planet on an equal footing with profitability. We actively seek opportunities to integrate the material aspects of Environmental, Social, and Governance (ESG) factors into our day-to-day operations, putting us on the path to becoming a sustainable and purpose-driven business. This year, we delved deeper, ensuring that this strategy permeates every aspect of our organization, providing clear guidance and purpose to our people and processes.

I express my deepest appreciation to our dedicated team for their unflinching commitment to bringing value to all our stakeholders. I also extend heartfelt gratitude to all our stakeholders for their unwavering support. Your trust has been instrumental in our growth and success.

As we continue to navigate the ever-evolving business landscape and seize the opportunities that lie ahead, I'm confident that Firstsource will continue to thrive – investing in the people and platforms that deliver value to stakeholders and make a positive impact on people and the planet.

**Dr Sanjiv Goenka**

CHAIRMAN



# From purpose to meaningful impact



Dear Shareholders,

The past few years have been a period of increased uncertainties. Even as we navigated through a global pandemic and supply chain disruptions, FY 2022-23 presented new challenges with heightened geopolitical tensions, rising interest rates, elevated inflation, and volatile financial markets. We also saw significant advancements in artificial intelligence (AI) - particularly Generative AI - which, along with analytics and cloud should accelerate the transformation of enterprises and create disruptive business models globally. As I reflect on these challenges and opportunities, I am confident in the strength of our diverse business portfolio in effectively leading us through the turbulence and delighted by the remarkable progress we made during FY 2022-23 in refining our long-term strategy, optimizing our business mix, and positioning ourselves for sustainable growth.

To set things in context, the global mortgage industry faced an unprecedented slowdown in FY 2022-23 due to rising interest rates and geopolitical factors. In the US, the Mortgage refinance activity shrunk by nearly 75% and new home purchases declined as the Federal Reserve implemented multiple rate hikes to curb decadal high inflation caused by multiple global and localized factors. Meanwhile, the healthcare industry encountered challenges affecting operations and patient care, besides the impact of the impending wind down of the US Public Health Emergency program - key among them being access to healthcare, rising costs, and

significantly, digital health integration - which has the potential to leverage digital technology in addressing access and costs. The CMT sector faced a unique scenario of integrating diverse platforms and systems, meeting personalized consumer expectations, aligning with regulations, protecting data, and adapting to new technologies.

Our resilience and momentum through these challenges were fueled by the key elements of our purpose-driven strategy. We drove diversification within the banking and financial services (BFS) and communications, media, and technology (CMT) sectors. Expanding into select healthcare and CMT sub-segments, we have successfully reduced our exposure to macroeconomic cyclicity while driving growth in promising areas. Additionally, we focused on building adjacent capabilities, acquiring new clients in a systematic manner, and nurturing our existing strategic accounts. These calculated moves have resulted in noteworthy gains within our chosen verticals, enabling us to forge stronger relationships and expand our market reach.

We continue to use digital tools and services strategically to drive cost efficiency and innovation in our execution. At Firstsource, we fully recognize the transformative potential of Generative AI in reshaping human interactions with technology and revolutionizing job roles across industries. We are enthusiastic about the possibilities it presents, to enhance both employee and customer experiences. As a result, we are actively exploring and experimenting with AI applications across different aspects of our business. Our commitment to embracing AI reflects our dedication to staying at the forefront of technological advancements and continuously improving our services for the benefit of our clients and stakeholders.

I'm thrilled to be shaping the future of our purpose-driven organization alongside an extraordinary team of 23,000+ Firstsourcers, as we strive to make a lasting impact not only on our stakeholders but also on the world at large - by reducing our environmental footprint, supporting our communities, and fostering inclusive and safe workspaces.

**FY 2022-23 Performance**

For FY 2022-23, our revenues amounted to ₹ 60,223 million or \$ 750 million, reflecting a 1.1% decline in constant currency compared to the previous financial year. However, excluding mortgage and acquisitions, we achieved a constant currency growth of 13.7% year-on-year. Our operating margin for the year stood at ₹ 5,633 million or 9.4%, and we recorded a profit after tax (PAT) of ₹ 5,137 million or 8.5%. Our net debt recorded a significant reduction, declining to ₹ 6,159 million or \$ 75 million, marking a 26% decrease from the preceding year's debt of ₹ 8,013 million or \$ 106 million.

We achieved several milestones during FY 2022-23. In the BFS sector, we made significant strides in expanding the collections and UK BFS segments to advance our diversification agenda. This resulted in an impressive organic, constant currency growth rate of 18.3% in our BFS portfolio, excluding Mortgage. In the CMT segment, we proactively focused on multiple areas to successfully reduce our dependency on a single top client, decreasing their contribution from 80% of CMT revenues in FY 2021-22 to 70% in Q4 of FY 2022-23. As a result, our portfolio, excluding the top client, experienced robust year-on-year growth of 44%, driven by growth in EdTech,

Technology, and the Communications Collections verticals.

Additionally, we expanded our capabilities in complementary domains, such as Financial Crime Ops in BFS and DECX (digitally empowered customer experience) solutions for the EdTech sector to drive better learner experiences. We also successfully launched a consulting practice - Insights, Design Experience and Advisory (IDEA) - leveraging our deep expertise in customer experience to introduce innovative ideas and solutions to our clients and address the market gap in experience design customized to client-specific needs. Given the speed of digital advancements and the possibilities that emerge, fostering sustainable growth means prioritizing trust and safety concerns. Understanding this crucial factor, we launched a Data Integrity practice that aims to help clients ensure safe, secure, and reliable online environments by harnessing the synergy of top-tier talent and cutting-edge technology.

In our diverse verticals business, the utility segment achieved a commendable year-on-year growth rate of 43%, propelled by the maturity and digital capabilities of our DECX offering.

We are further invigorated by the successful expansion of our delivery ecosystem into new geographies - namely, Mexico, while further strengthening our operations in the Philippines. This strategic move has enabled us to effectively address the increasing challenges of talent sourcing and deliver greater value to our clients. Our robust presence in five countries positions us well to deliver exceptional outcomes and meet the evolving needs of our clients around the world.

**Navigating uncertainty and change**

**BFS**

- **Mortgage**

The mortgage industry has witnessed significant fluctuations over the past 12-18 months. Having successfully weathered the storm, we are focused on the future and believe that the worst of the volatility now lies behind us. The industry is poised for a gradual recovery, with a modest uptick in volume anticipated in the coming year. The mortgage segment now contributes less than 9% to our overall revenue, and we maintain a strong sense of confidence in our ability to navigate any future volatility without any substantial impact on our overall performance. Our strategic focus remains centered on diversifying beyond origination, placing particular emphasis on servicing and capital markets.

- **Collections**

The collections segment continued to gradually recover from the previous year's record low volumes, benefiting from favorable trends in consumer credit metrics. We observed an increase in US card debt delinquencies and charge-offs, which presented a growing demand for our collection services. With our robust sales activity and the addition of multiple new clients in FY 2022-23, we are strategically positioned to capitalize on market opportunities. In FY 2023-24, our key priorities encompass diversifying collections as a multi-industry offering, expanding our geographical reach to the UK, enhancing our digital collections platform, and driving revenue and margin growth in our legal collection segment.

- **UK BFS**

Our UK BFS segment exhibited strong growth, driven by our strategic focus on expanding key banking relationships, penetrating new divisions, and expanding our offshore operations. The successful digitization of contact centers, particularly through the implementation of call deflection and self-service options, played a pivotal role in our achievements. Looking ahead to FY 2023-24, we expect this positive momentum to continue as we prioritize client acquisition and further expand our offshore business activities.

**Healthcare**

Our healthcare business demonstrated consistent growth, achieving a year-on-year increase of 8.7% in constant currency FY 2022-23.

Although the provider segment faced challenges due to the US government's implementation of a public health emergency (PHE), we anticipate promising growth opportunities in the second half of FY 2023-24. With PHE ending on May 11, 2023, and Medicaid coverage undergoing changes, our eligibility services and patient access practice are ideally positioned to cater to the needs of the uninsured population. Additionally, we are actively engaging with our health plan clients to leverage our offshore capabilities and drive transformative initiatives. Moving into FY 2023-24, our primary focus will be on reversing the revenue decline in the provider segment, scaling offshore operations in both provider and HPHS (Health Plan and Health System), and capitalizing on opportunities in the market.

**CMT**

The CMT segment exhibited a robust growth trajectory, achieving a 14% year-on-year increase in constant currency. Our US Communications Media (CM) business played a pivotal role in driving this growth, supported by successful expansions into the EdTech, digital media, and tech verticals. Our relationship with our top client remained strong, and we actively explored new avenues for growth within their ecosystem. Looking ahead to FY 2023-24, our strategic focus will continue to prioritize the expansion of our US CM business, while simultaneously fostering the development of new capabilities and exploring untapped markets.

**Diverse**

Our diverse verticals business segment, which encompasses utilities and other industries, made significant strides during the year. Our strong partnership with a top utility provider in the UK solidified our position as one of their key outsourcing partners. Building upon recent successes and with strategic expansion plans in place, we are poised for substantial growth in this segment in FY 2023-24. Also, we are actively capitalizing on our anchor client, and scaling our offshore capabilities.

**Leading into the future**

As we set our sights on FY 2023-24, we do so with unwavering confidence in our ability to refine and strengthen the solid foundation we have built. Despite the heightened uncertainty prevailing in the global economic landscape, we have successfully navigated cyclical fluctuations within our business. Our ongoing efforts to streamline costs and safeguard margins will play a pivotal role in ensuring sustained operating margin performance and we expect to return to our historical margin range.

We measure our success both by our financial results as well as the broader impact we create on our people, our communities, and the environment. To this end, we have proactively developed an organization that is driven by purpose. Whether it's upskilling and reskilling employees in cutting-edge digital technologies, monitoring and analyzing data to reduce our environmental impact, or leveraging our vast enterprise resources for CSR initiatives, we leave no stone unturned to exemplify good corporate citizenship.

I am honored to lead an exceptional team of dedicated and passionate individuals. Their staunch commitment has played a pivotal role in our progress throughout the year. We are driven by a common purpose to nurture a diverse and inclusive culture that supports and empowers our people, fostering continuous growth and enabling us to deliver exceptional outcomes.

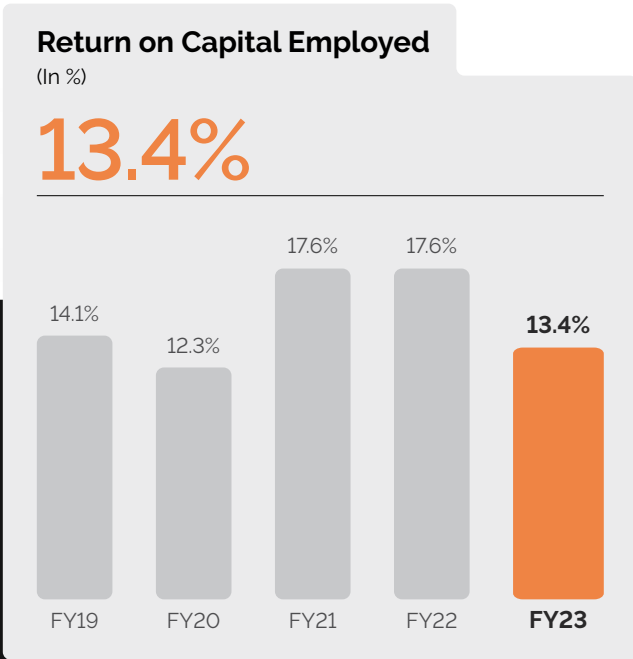
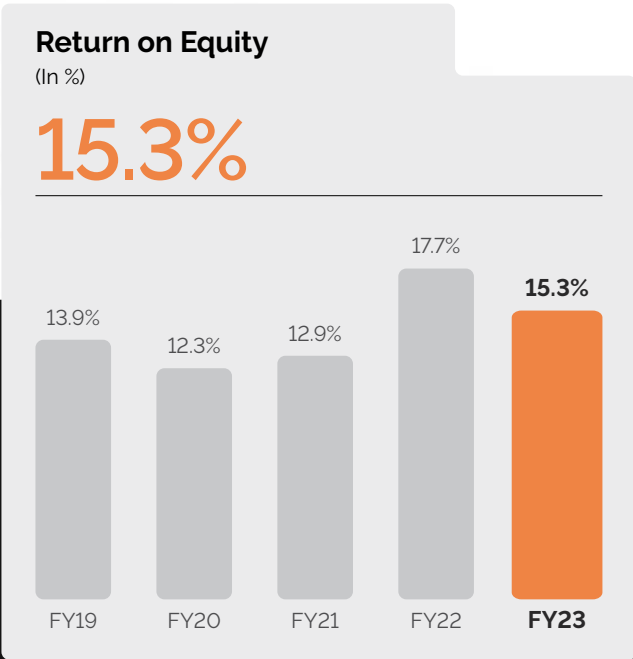
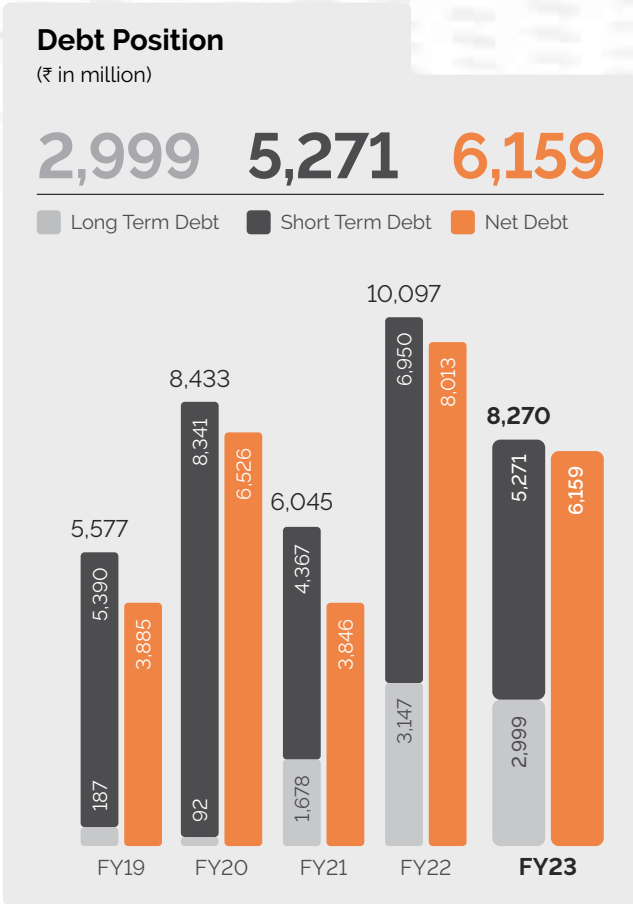
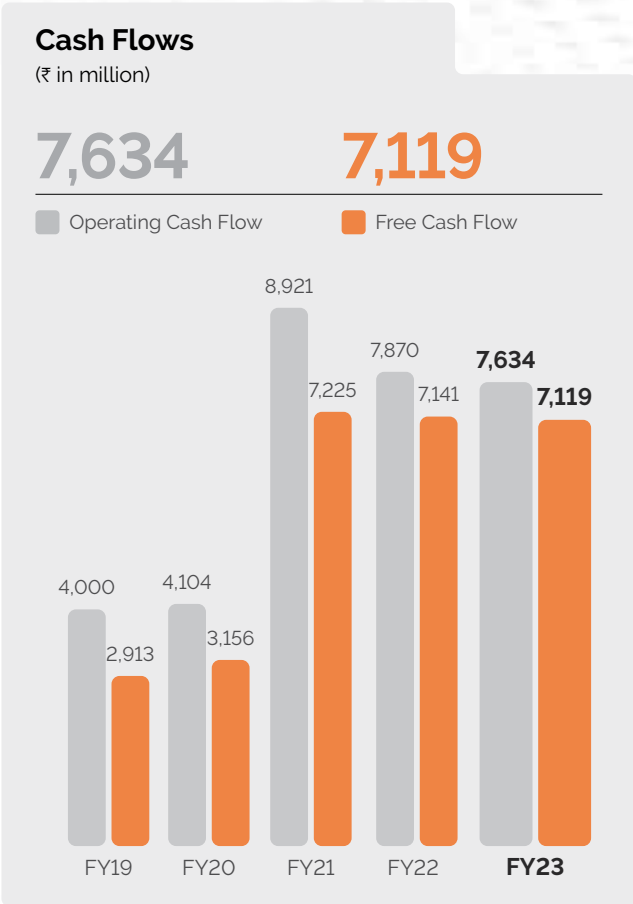
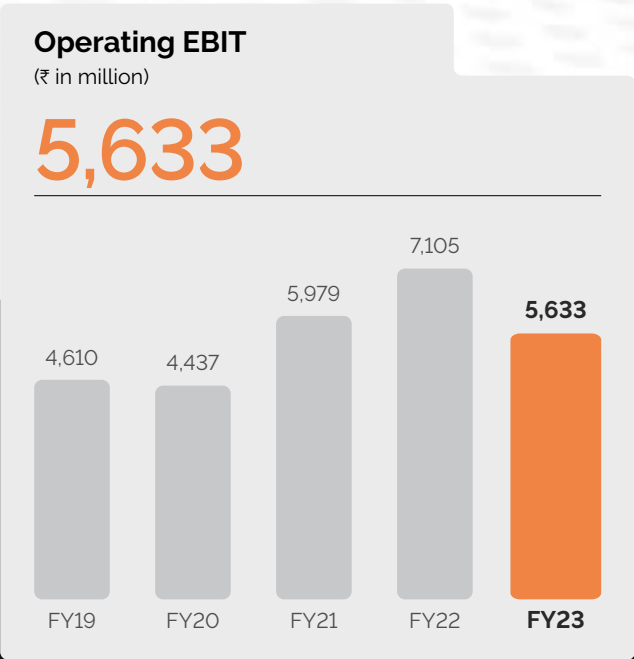
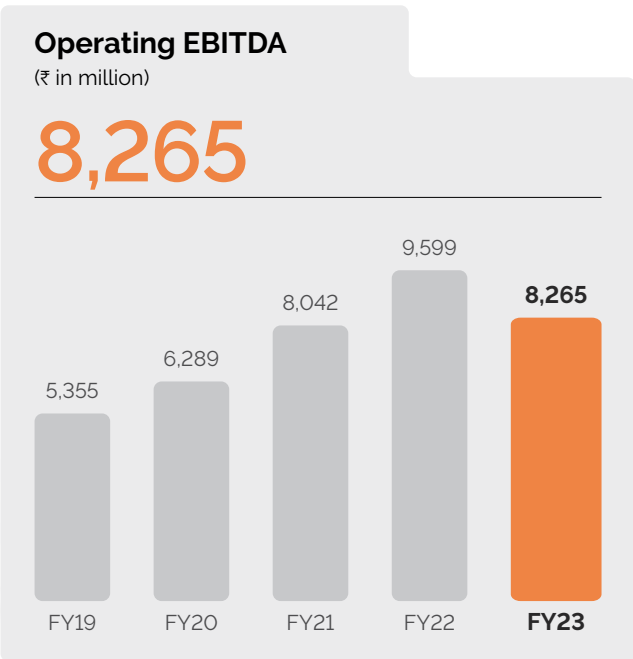
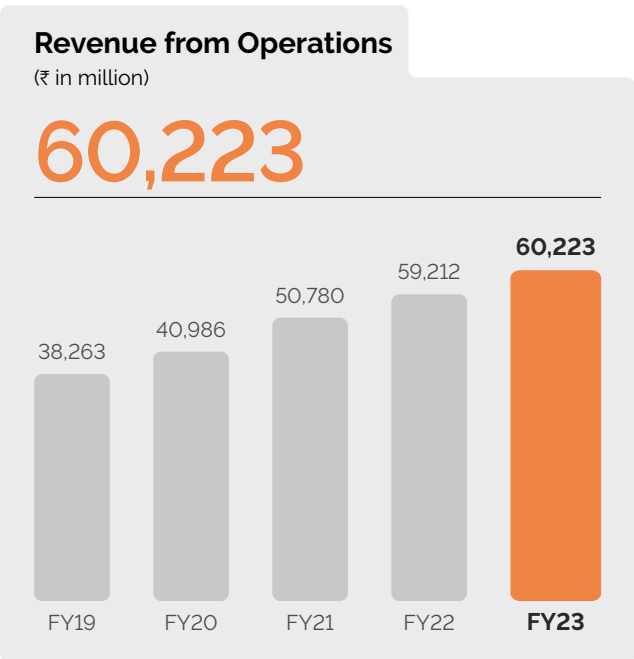
In closing, I want to express my heartfelt gratitude to all our stakeholders - our clients, partners, Firstsourcers, and shareholders - for your continued trust and support. As we push towards a better future, I'm confident that, together, we'll make a meaningful impact on the planet we call home.

**Mr Vipul Khanna**  
**MD & CEO**



# Demonstrating resilience in action

Demonstrating commitment to sustainable growth, the Company's diligent execution of growth strategies, stringent risk management practices, and a robust business model have fueled a resilient performance in FY 2022-23.



# Experienced and enriching guidance



**Dr Sanjiv Goenka**  
Chairman



**Shashwat Goenka**  
Vice - Chairman




**Vipul Khanna**  
MD & CEO



**Pradip Kumar Khaitan**  
Non - Executive  
Non - Independent Director



**Subrata Talukdar**  
Non - Executive  
Non - Independent Director



**Utsav Parekh**  
Non - Executive  
Independent Director




**Anjani K. Agrawal**  
Non - Executive  
Independent Director



**Pratip Chaudhuri**  
Non - Executive  
Independent Director




**Sunil Mitra**  
Non - Executive  
Independent Director




**Vanita Uppal**  
Non - Executive  
Independent Director


# Leading from the front




**Vipul Khanna**  
MD & CEO




**Dinesh Jain**  
Chief Financial Officer




**Prashanth Nandella**  
Chief Operating Officer



**Venkatgiri Vandali**  
Head - Healthcare  
& Lifesciences




**Rajiv Malhotra**  
Head - Europe




**Arjun Mitra**  
Head - Collections



**Ashish Chawla**  
Head - CX, IDEA, EdTech & Digital Media



**Sameer Ahluwalia**  
Head - BFS



**Sundara Sukavanam**  
Chief Digital Officer



# Building a future-ready workforce by enabling a Digital-First mindset

Delivering a great experience to clients starts on the inside – by connecting every Firstsourcer to their purpose and empowering them with the skills and technology needed to deliver on our commitment to being Digital First. By fostering a culture of lifelong learning, the Company empowers its workforce to adapt to emerging technologies and navigate the ever-changing digital landscape effectively. Through targeted skilling initiatives and comprehensive training programs, Firstsource nurtures a workforce that is not only equipped to thrive in the digital era but is also motivated to drive innovation and deliver exceptional results for its clients.

### Enabling a Digital-First mindset

The Company understand that the success of any digital transformation lies in the mindset and capabilities of its workforce. The Company instill a digital-first mindset among its people by offering them a multitude of initiatives that encourage them to embrace digitization fully. For instance, the digital transformation efforts have led to the creation of over 700 hours of digital learning content, impacting a significant portion of training curricula. By leveraging gamification, The Company successfully integrated engaging assessments into its learning programs, with over 98,649 games completed globally. Additionally, The in-the-flow-of-work learning approach has revolutionized the way healthcare associates learn from simulated call videos, resulting in improved accuracy for both new hire and tenured agents.



### Investing in employee experiences

At the core of the people strategy is the commitment to providing a rich, meaningful, technology-driven employee experience. Firstsource leverages HR technology to provide its employees with a digitally enabled, integrated experience throughout their lifecycles.

In FY 2022-23, the Company undertook the initiative to consolidate and simplify the employee experience with HR platforms, through the implementation of:

## FIRSTPLACE

### FirstPlace

Human Capital Management (HCM) solution. This digital platform is built on SAP SuccessFactors. It's designed to improve efficiency and foster a seamless employee experience. It achieves this by bridging business units and geographies and in doing so, it provides employees an opportunity to do more. The platform offers a simpler, independent, and more intuitive way of accessing information and insights. By transforming HR practices into engaging experiences, it enhances efficiency and helps everyone perform at their best.



### Facilitating continuous learning and upskilling

The Company understands the correlation between the rapid pace of the digital landscape and the importance of continuous learning. Through Firstsource Academy, the Company fosters a culture of ongoing development, offering a range of learning opportunities including webinars, simulations, peer learning sessions, and external resources. Firstsource believes in empowering employees to take charge of their own learning and career paths, ensuring they stay abreast of the latest digital trends and technologies. Moreover, investments in talent development programs, such as the RISE leadership program, equips frontline leaders with the necessary skills to effectively guide their teams in a digital world.

### Nurturing a culture of innovation and collaboration

Digital transformation is not just about implementing technology; it encompasses creating an environment of innovation and collaboration. The Company actively promotes inclusivity and diversity through initiatives like the Inclusive Language Guide and Discussion Packs, encouraging open dialogues and providing a safe space for employees to share their perspectives and develop solutions. By instilling a digital-first mindset, upskilling employees, and leveraging innovative technologies, the Company is investing in the organization's future. Its commitment to truly enabling a digital mindset goes beyond operational efficiency; it focuses on enhancing employee experiences and empowering them to thrive in a dynamic and ever-evolving business landscape, future-ready to embrace the opportunities of the digital age.



# FirstPlace – unleashing the potential of people and technology

## Employee testimonials



"One of my favorite features is accessing FirstPlace through the Mobile app and it doesn't require much effort as well. We can download the app and activate it through a QR code."

Asha GK  
Process Leader



"The idea of being able to access all the needed information in one place has been a great asset for me. Previously, I had to reach out to different teams or bookmark links for everything from goal setting to travel, but now we have it all in one place. As somebody who has always been looking for a place to engage and communicate with others of similar interest, SAP JAM on the portal has been a true delight. Kudos to the team!!"

Aniket Sharma  
Manager

## The challenge

Prior to the implementation of FirstPlace, the Company relied on multiple platforms for different HR-related tasks, resulting in disintegration and a lack of seamless data flow. This fragmented approach created a less-than-optimal experience for the employees, leading to inefficiencies. Firstsource recognized this as an opportunity to empower people and unleash the potential of technology.

## The solution

FirstPlace emerged as the perfect solution to address the HR challenges. It is a comprehensive Human Capital Management (HCM) platform built on SAP SuccessFactors. With its user-friendly interface, FirstPlace offers a seamless and intuitive experience for employees across business units and geographies. The platform offers the convenience of one-stop, single window access, an integrated approach, and convenient access to information anywhere, anytime, through the self-service option. It enables greater efficiencies and better decision-making with real-time data insights.

By centralizing HR processes and information, FirstPlace promotes self-service and reduces dependency on manual tasks, bringing about a new era of digital efficiency.

## The results

Through the implementation of FirstPlace, the Company has witnessed significant outcomes that have positively impacted the organization and its employees:

- Streamlined HR processes: FirstPlace has eliminated the complexities associated with multiple tools, leading to streamlined and efficient HR operations. From leave management to performance reviews and employee onboarding, all these processes are now seamlessly managed through a single, user-friendly platform.
- Enhanced employee empowerment: With FirstPlace's self-service capabilities, employees have gained greater autonomy and control over their activities. They can easily access information, submit requests, and track their progress, reducing their dependency on HR personnel. This empowerment has resulted in increased employee satisfaction and a sense of ownership.
- Valuable data insights: FirstPlace's robust data analytics capabilities provide the Company with valuable insights into employee engagement, performance, and talent management. The

platform's advanced reporting features enable leaders to make data-driven decisions in real-time, driving organizational success and enabling strategic workforce planning.

- Improved Employee Experiences: By centralizing processes and information, FirstPlace has created a cohesive and user-friendly experience for the employees. They can conveniently access HR-related tasks and information, resulting in an enhanced overall experience and increased engagement with the organization.

## The impact

- High adoption rate: FirstPlace has achieved a remarkable adoption rate of ~80% within the organization. This indicates the successful integration of the platform into the daily operations and the willingness of the employees to embrace its benefits.
- Streamlined HR processes: FirstPlace has played a pivotal role in transforming HR processes, resulting in improved overall efficiency. Tasks that were previously time-consuming and complex, such as leave management and performance reviews, are now streamlined and handled seamlessly through the platform.
- Enhanced employee experience: Employees have reported a more enhanced and streamlined experience with FirstPlace. The platform's user-friendly interface and self-service capabilities have empowered employees to access information, submit requests, and track their progress with ease, resulting in improved satisfaction and productivity.
- Increased engagement and empowerment: The implementation of FirstPlace has fostered increased engagement and empowerment among the workforce. With easy access to HR-related tasks and information, employees feel more involved in their work processes and have the tools to take ownership of their activities.
- Driving digital transformation: FirstPlace has become an integral part of the Company's digital infrastructure, driving digital transformation within the organization. It has become a cornerstone of the efforts to leverage technology and enhance the operational capabilities.

Through FirstPlace, the Company has not only revolutionized its HR operations but also created an environment where employees feel empowered, valued, and supported. These outcomes have further strengthened the Company's commitment to leveraging technology for continuous improvement and delivering exceptional employee experiences.



# Prioritizing ESG practices to enhance sustainable performance



ESG (Environmental, Social, and Governance) has emerged as a vital framework for businesses, recognizing the significance of responsible and sustainable practices in today's world. It goes beyond financial performance, focusing on a company's impact on the environment, society, and its governance structure.

1

Environmental

2

Social

3

Governance



# Prioritizing ESG practices to enhance sustainable performance

Firstsource understands the critical role of ESG in driving long-term success and sustainable performance. The Company has sharpened its focus on improving performance across environmental, social and governance practices. By prioritizing ESG practices, the Company strives to minimize its environmental footprint through efficient resource management, renewable energy adoption, reduction in water consumption, and responsible disposal of electronic waste. The Company is revisiting its vision, policies, frameworks, roadmaps and action plans to deliver solutions towards building a better future.

Firstsource also focuses on social responsibility by empowering employees, fostering diversity and inclusion, and supporting education and healthcare in the community. Firstsource's commitment to strong governance practices ensures transparency, ethics, data protection, and risk management.

By embracing ESG, the Company not only enhances its overall sustainability performance but also strengthens its reputation, attracts socially responsible investors, and builds a resilient and responsible business for the future.

As a purpose-led organization, the Company is committed to creating a significant and measurable impact on the lives of its employees, clients, shareholders, and the community at large.



Firstsource places equal emphasis on meeting the needs of all stakeholders, including Employees, Clients, Vendors, Investors, Shareholders, NGO Partners and the Communities in which it operates.

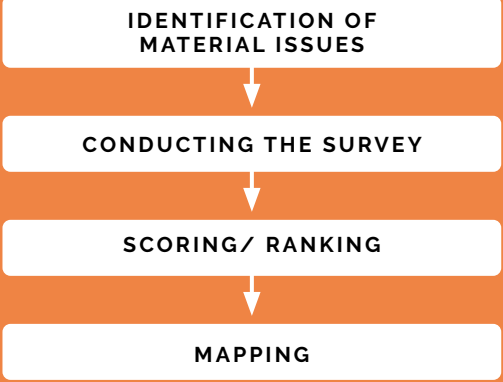


### Materiality assessment

Materiality assessment is the process to identify, prioritize, track and report on ESG issues that are of concern to stakeholders and can impact the business. A matter is material if it is of such relevance and importance that it could substantially influence the assessments of stakeholders regarding the organization's ability to create value over the short, medium and long term.

Firstsource continuously adapts to evolving stakeholder expectations by conducting detailed materiality assessments. These evaluations help in identifying and prioritizing the most crucial issues for its business and stakeholders.

### Process



In FY 2021-22, the Company conducted a comprehensive materiality review, involving a stakeholder survey based on international standards such as GRI and SASB.

Firstsource evaluated over 40 sustainability topics taking into consideration the view of various stakeholders and businesses. Eight broad themes emerged as its material ESG themes or major material issues.

The materiality assessment revealed ESG topics with hidden value potential and identified key stakeholder concerns.

Ethical Governance | Empowering Workplace | Customer Centricity

Economic Performance | Environment and Climate Action |

Sustainable Economic Growth | Community Impact | Responsible Supply Chain

The feedback received from this assessment guides Firstsource's ESG strategy and approach, and the Company customizes its efforts to address the identified key concerns. In FY 2022-23, the Company identified opportunities to further deepen ESG within its strategy, operating model and culture.

### Mitigating ESG risks

ESG risks, prominently highlighted in the World Economic Forum's Global Risk Report, predominantly encompass environmental and societal concerns. Through a comprehensive review of the Enterprise Risk Management framework, the Company has integrated material ESG risks into its risk register. By aligning risk elements with ESG factors, monitoring emerging risks, and complying with regulations, the Company enhances risk awareness and strives for sustained growth and profitability while mitigating ESG risks.



# Protecting the planet

At its core, Firstsource is dedicated to creating shared value for the Environment and its stakeholders. The Company's strategic focus revolves around environmental preservation and supporting its clients in their journey towards sustainability. The efforts align with the United Nations Sustainable Development Goals (SDGs), as the Company actively contributes to making a positive impact on a global scale.

### Combating climate change

While growth creates positive impact for the business, it also puts pressure on usage of natural resources and waste management. To reduce this impact on the environment, the Company places utmost importance on resource efficiency and minimizing its ecological footprint. The Company is accelerating its commitment to combat climate change by phasing out greenhouse gas emissions, adopting energy-efficient technologies and renewable technologies, and implementing sustainable water and waste management practices.

As a responsible business, the Company has started the transition to Electric vehicles (EVs) having the potential to contribute to the decarbonization of employee transportation and helping in energy-efficient technology and low pollution.

The key initiatives include energy-efficient data centers, refurbished IT systems, sensor-based low-energy LED lighting, and paperless operations. By integrating environmental goals into the business practices and leveraging platforms like CDP and EcoVadis disclosures, the company strengthened its ESG commitments and laid the foundation for a sustainable future in this ever-changing landscape.

Four of the Firstsource's offices across Indian and the UK are certified as **Green Building**.

### Emissions management

(In tCO<sub>2</sub>e)

GHG Emissions	FY 2020-21	FY 2021-22	FY 2022-23
Scope 1	393.82	1,589.98	366
Scope 2	10,768.40	13,192.67	15,439
Scope 3	499.24	417.28	26,156

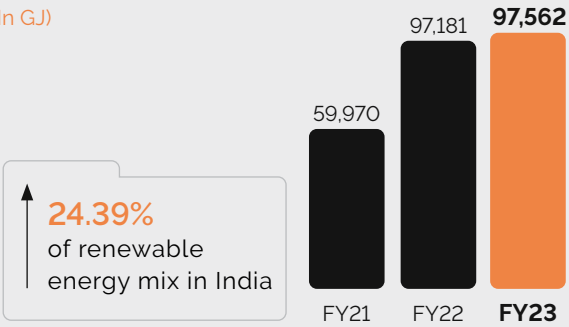
For FY 2020-21 and FY 2021-22 scope 1 & 2 reporting boundary is the whole of the UK, along with certain clients in India and the Philippines. Whereas scope 3 boundary is limited to UK. For FY 2022-23 the boundary has been extended to India, UK, US and Philippines. Our Scope 3 Emissions for FY23 have grown due to better reporting techniques.



411% increase in renewable energy consumption across India operations in comparison to FY 2020-21.

### Total energy consumption

(In G.J)



### Managing waste responsibly

Firstsource is keenly focused on Circular Economy using the 4R principles (Refuse , Reduce , Reuse and Recycle) approach to manage waste and improve material recycling and reuse. Embracing the 4R principles, the Company prioritizes responsible waste management throughout its technology operations. As a conscientious technology company, the Company proactively addresses the environmental impact of e-waste generated from computers, laptops, printers, batteries, and other electronic hardware.

Stringent monitoring and management processes ensure proper repurposing, repair, or recycling of these materials through authorized vendors, safeguarding the planet for a greener future.

100%

Waste disposed to responsible waste handler

The Company is implementing zero waste-to-landfill programs. Within offices, the Company meticulously segregates waste into pre-defined categories.

	E-Waste (In MT)	Other Waste (plastic, biomedical, etc.)
Total waste generated and disposed off	75.22	649.26
Waste quantity recycled	75.22	85.46
Waste quantity incinerated	-	43.59
Waste quantity landfilled	-	520.01
Waste disposed through other safe method	-	0.20

### Reducing water consumption

While the Company's operations may not heavily rely on water, it is dedicated to its mindful usage.

Firstsource has implemented sensor-based water taps with accelerators to prevent wastage, where ever feasible. The Company prioritizes the use of recycled Non-drinking water, ensuring 100% STP water recycled is reused for flushing and gardening purposes, thus reducing freshwater withdrawals. To further reduce freshwater intake, many of the buildings have rainwater harvesting systems in place. Additionally, the Company has embraced environmentally friendly housekeeping supplies, such as biochemicals for waterless urinals in many offices.

11,667.42 m<sup>3</sup>

Water consumption for FY 2022-23 stands at 11,667.42 m<sup>3</sup> and the boundary has been extended to India, UK, US and Philippines.



# Empowering employees, transforming communities

With a people-centric philosophy and practice, combined with dynamic leadership, Firstsource was able to keep the workforce motivated and engaged, thus ensuring business continuity.



### Employee benefit program

- Medical insurance
- Maternity / paternity benefits
- Employee wellness
- Daycare
- Flexible working

### Building a strong talent pipeline

The 'Firstsource Academy' leverages digital platforms and partnerships with globally recognized learning providers with access to over 160 distinct programs offering outcome-based learning across a wide range of competencies and skills.

### Key highlights

Employees

23,018

Recognized in

**Bloomberg  
Gender-Equality  
Index 2023**

Silver sustainability rating by

**EcoVadis**

In the UK,

**Disability  
Confident Leader**

### Diversity, Equity & Inclusion (DE&I)

Firstsource continues to be an organization where diverse workgroups come together to contribute towards creating a better world. The multi-generational and multi-cultural workforce works in harmony to achieve the organization's results. By implementing an Equal Opportunity Policy, the Company strives to create an actively inclusive workplace where individual differences are celebrated, and varied perspectives are valued.

The female diversity % is

47%

### Global Inclusion and Diversity strategy

- Culturally inclusive
- Gender neutral
- Multi-generational
- Parents at work
- FirstReward – reward and recognition program



### Human rights & workplace

Firstsource has always been committed to fostering a culture of caring and trust. The Company values human diversity, encourages fairness and justice, and advocates equal opportunities for everyone to work, learn and grow within the organization, free from any form of discrimination or victimization.

This is embedded in its various corporate policies like QOHSEE Policy, Whistle-Blower Policy, Grievance Redressal Policy, and the Code of Conduct. Training on various issues related to human rights are covered under new employee induction, EHS training, POSH, code of conduct, etc.

### One platform for all

In January 2023, the Company introduced FirstPlace, an innovative Human Capital Management (HCM) Platform. It revolutionizes the HR processes by providing a unified interface that enhances the overall employee experience across different departments and locations. The foundation of this platform is SAP SuccessFactors, the world's leading HCM solution, and its implementation was facilitated by KPMG.

FirstPlace incorporates self-service tools with an array of exceptional features. These include single sign-on, guided workflows, notifications, collaboration capabilities, and prompt query resolution. The platform offers user-friendly tools that deliver exceptional experiences for employees, managers, and candidates alike. Currently, FirstPlace caters to over 23,000+ Firstsourcers across five countries.

The implementation of FirstPlace is divided into two phases, with Phase 1 commencing in January 2023. The initial phase encompasses modules such as Employee Central, Recruiting Management, Onboarding, Offboarding, Service Center, and SAP JAM. To ensure a smooth transition to FirstPlace, designated champions were identified across various business units and geographical locations.

### Empowering communities

The Company's CSR Vision is to lead by example as a socially responsible organization, empowering lives and improving overall quality of life. It is dedicated to addressing challenges faced by communities through the strength of its resources, talented people, and digital solutions.

By focusing on education, healthcare, livelihood, skill development, women empowerment, and the environment, the Company strives to make a positive impact and contribute to the UN Sustainable Development Goals. The cohesive strategy encompasses employee volunteering, project-based activity, and philanthropy, ensuring responsible and sustainable growth.

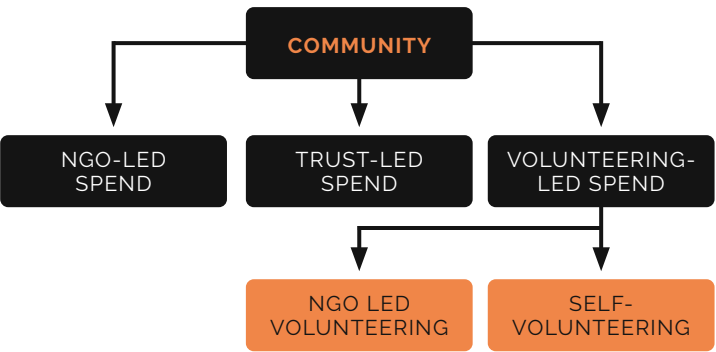
Through collaboration with RP-Sanjiv Goenka Group CSR Trust and NGOs like NASSCOM Foundation, Nirmaan Organization, Goonj, SayTrees, and more, the Company builds long-term initiatives with a lasting impact on community wellbeing.

The total amount spent for CSR in FY 2022-23 was

₹ 68.4 million



Modes of empowerment



Key focus areas and interventions

The Company has conducted Social Impact Assessment of CSR projects for FY 2021-22. This report highlights its initiatives towards community development, education, women empowerment, healthcare, gender equality and environment.

A five-point performance rating scale was used to rate the relevant indicators that were defined for each Relevance, Effectiveness, Efficiency, Sustainability, and Social Impact (REESS) parameter. The average rating for each REESS parameter reflects the credibility of the projects implemented by the Foundation. All the verticals have a score of 8.5+ indicating that the performance of all the projects implemented by Firstsource CSR in these areas were highly satisfactory.



Education

PRIORITY AREAS

- Support for visually challenged |
- Learning outcomes in rural education
- Gratitude to teacher coordinators |
- Spotting talent in rural India

BENEFICIARIES

757

- Lives impacted
- Scholarship Program
- Virtual teaching
- Skilling project
- Digital braille kits
- Employment van



Healthcare

PRIORITY AREAS

- Support partner healthcare centers

BENEFICIARIES

3,225

- Cataract surgery, ICU,
- Medical camp

Environment

PRIORITY AREAS

- Restoring green cover

BENEFICIARIES

17,000

- Saplings planted

Livelihood

PRIORITY AREAS

- Making community self-reliant

BENEFICIARIES

3,850

- Rural families and farmers

Women

Empowerment

PRIORITY AREAS

- Up-skilling of rural women

BENEFICIARIES

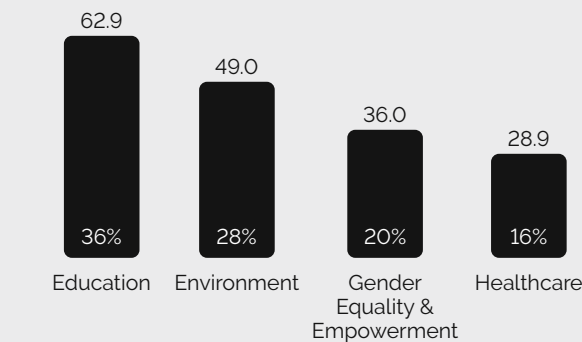
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CSR Spend

Details	Amount	Percentage
Total CSR amount for FY 2022-23	6,83,63,213	
Amount spent directly by CSR team	1,76,83,164	25.87%
Amount transferred to Group Trust for building International Baccalaureate School	5,06,80,049	74.13%

Percentage Spend on CSR thematic areas

(PERCENTAGE BASED ON AMOUNT SPENT ON CSR)



Employee volunteering and giving

The Company fosters stronger community bonds by harnessing the expertise of its employees through volunteer activities. These initiatives have made a positive impact in the communities where the Company operates, fostering effective practices.

Firstsourcers employees actively participated in volunteering, focusing on various areas like education, environment, and community initiatives. Additionally, the 'Payroll Giving' program allows employees to make voluntary monthly deductions from their salary, which are then aggregated and donated to a social cause of their choice.

This year, employees raised approximately ₹ 15 lakhs towards its CSR program, exemplifying their commitment to creating a better world.

15,298

Hours of volunteering

4,041

Total volunteers and donors

Won CSR Leadership Award at the 4<sup>th</sup> Edition Corporate Social Responsibility Summit & Awards 2022

Ranked second in the COVID-19 Warrior category by India CSR Leadership Summit 2022.

Firstsource was declared as one of the finalists at iVolunteer Awards 2022-23 for being "Leader in Employee Volunteering" under Corporate Category.

# Firstsource's Bagh project: Creating sustainable social value through women empowerment

## The project

### ***'Women Artisan Entrepreneurship, Financial and Digital Skilling Project'***

Firstsource initiated a project in Bagh, Madhya Pradesh, in collaboration with Nasscom Foundation aimed at empowering women artisans through training and technology. This project not only aligns with Firstsource's commitment to Environmental, Social, and Governance (ESG) principles but also demonstrates the Company's dedication to creating sustainable social value.

## The focus: Social impact

Firstsource acknowledges that its operations significantly influences society. Consequently, it actively participates in initiatives fostering positive societal change. WThe Bagh Project is one such initiative set to empower 150 women artisans by providing training in digital literacy, financial literacy, and entrepreneurial skills.

## The result: Social value creation

Through the Bagh Project implementation, Firstsource generated significant social value, enhancing the lives of the women artisans and the local community. The social outcomes achieved include:

- Digital empowerment of the women by leveraging tech devices and applications to enhance livelihoods.
- Broadened their knowledge and bolstered confidence in using e-commerce and social media platforms for marketing and selling.
- Provided access to market linkages for enterprise marketing.
- Amplified revenue generation for the women artisans through improved business inquiries and leads.
- Improved financial well-being with boost in income levels
- Increased exposure to welfare schemes provided by the government, ensuring social security.

## The assessment: Social Return on Investment (SROI)

To assess the social impact of the Bagh Project, Firstsource utilized the Social Return on Investment (SROI) methodology. The SROI analysis revealed that for every rupee invested in the project, a social value of 2.64 was generated, signaling a significant positive impact on the lives of the women artisans and the broader community.



# Strengthening our governance

A set of systematic rules, practices, processes by which businesses are operated, regulated, or controlled are part of corporate governance. Corporate Governance involves balancing the interests of company's stakeholders, such as shareholders, employees, customers, suppliers, financiers, the Government, and the community. Corporate Governance reflects the core values around the principles and ideals based on independence, transparency, accountability, responsibility, compliance, ethics and trust.

The Company is actively integrating ESG principles into its governance framework, adopting a structured approach to enhance the ESG performance and robust governance.

While the Company's globally benchmarked standards already prioritize trust, transparency, and accountability, it recognizes the importance of internalizing ESG within its policies, systems, processes, and culture for long-term sustainability. Firstsource's Corporate Governance philosophy is in sync with the SDGs set by the United Nations.



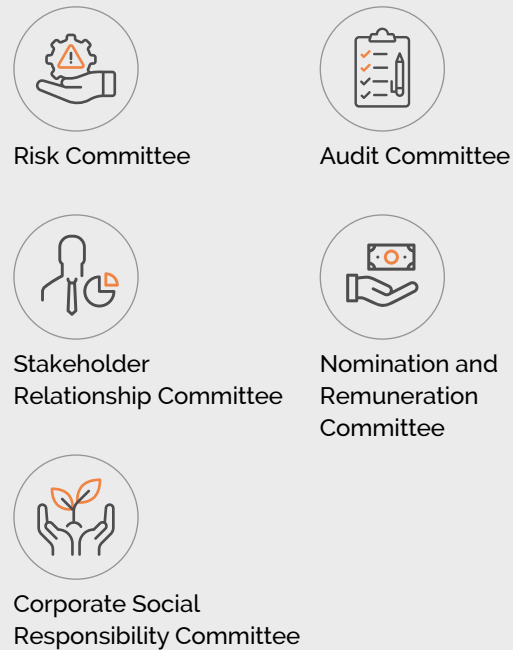
### Key highlights

- 50%** of the Board comprises Independent Directors
- 10%** of Independent Directors on the Board are women
- 53.66%** promoter shareholding
- ISO 27001** certified company
- No** contribution to political parties
- No** incidents of bribery and corruption
- No** cases of insider trading
- No** fines/penalties related to anti-competitive, anti-corruption, bribery standards

### Governance structure



### Committees of the Board



### Globally benchmarked governance policies

- Global Ethics Policy
- Code of Conduct
- Whistleblower Policy
- Anti-Bribery and Gifts & Entertainment Policy
- Global Anti-Fraud Policy
- Material Subsidiary Policy
- Policy on Familiarization of Independent Directors
- Gifts and Entertainment Policy
- CSR Policy
- Code of Practices and Procedure for Fair Disclosures
- Code of Conduct for Prohibition of Insider Trading
- Related Party Transaction Policy
- Dividend Distribution Policy
- Global Data PrivacyPolicy
- Global Cybersecurity
- Global Grievance Redressal Policy
- Sustainable Supply Chain Policy
- Global Tax Strategy

### Code of Conduct

The Company's comprehensive Code of Conduct and Ethics permeates the entire organization, reinforced through rigorous training and evaluation programs. The Company provides training to all new hires and offers annual refresher courses to ensure compliance. Every employee is committed to reaffirming their adherence to the Code of Conduct and Ethics.

**100%**

Firstsourcers have been communicated on Code of Conduct and Ethics

### Safeguarding data and privacy

Protecting client data and preventing data loss is of utmost importance at Firstsource. The Company's approach to engineering solutions emphasizes transparency, finding the perfect equilibrium between privacy and innovation.

# Recognized for our efforts



Named 'Leaders' in ISG Provider Lens™ Healthcare Payer Digital Services Study, 2021



Named as 'Disruptor' in HFS Horizons for The Best Service Providers for Retail Banks, 2023



Recognized in Bloomberg Gender-Equality Index 2023



Recognized for our 'Strong Leverage of Tier 2 & Tier 3 Cities' at the NASSCOM Business Process Innovation Awards 2022



Silver winner for the 'Most Effective Learning and Development Initiative' by European Contact Centre & Customer Service Awards (ECCCSA)



Received CSR Leadership Award at the 4<sup>th</sup> Edition Corporate Social Responsibility Summit & Awards 2022



Listed as 'Disruptor' in HFS Horizons' Healthcare Payer Service Providers, 2022



Named as 'Leader' in Mortgage and Loan Services 2022 NEAT results by NelsonHall



Awarded Silver at the Brandon Hall HCM excellence awards 2022 for Best Hybrid Learning



Achieved SILVER in the Most Effective Distributed Workforce category by UK National Contact Center Awards, 2022



Gold at European CXA'22 Customer Experience Awards for:

- Customers at the Heart of Everything™
- Customer Driven Business Change and Transformation and
- Best Customer Service



Gold for High Impact Hybrid Learning Program





## Management Discussion and Analysis

Firstsource Solutions Limited, a prominent member of the RP-Sanjiv Goenka Group, is a leading provider of tech-enabled business process solutions with a strong emphasis on purpose and people. With expertise spanning diverse industries such as Healthcare, Banking and Financial Services, Communications, Media and Technology, and more, the company has earned the trust of over 150 renowned global brands, including Fortune 500 and FTSE 100 companies.

Firstsource believes in the transformative power of a Digital First, Digital Now approach. By harnessing cutting-edge technologies like Cloud, SaaS, and automation, the Company empowers organizations to revolutionize their operations and reshape their business models. Firstsource's goal is to create resilient digital ecosystems that amplify human expertise and redefine performance.

To further strengthen its capabilities in serving clients across sectors like Healthcare, BFSI, CMT, and beyond, the Company is reinforcing its Digital Services practice. This strategic initiative involves addressing client needs for automation, process design, and analytics. Additionally,

it is focused on providing platform-based services like Digital Collections, delivering customized solutions that seamlessly integrate IT, operations, and infrastructure. The ultimate objective is to drive exceptional outcomes for clients while achieving higher margins for the Company.

**Firstsource's Digital First, Digital Now approach capitalizes on rapid advancements in Cloud, SaaS, and automation technologies to build powerful digital ecosystems that supplement human expertise and redefine performance.**



### The key components of the Company's strategy are:

#### Growth in chosen verticals

Firstsource achieves this by expanding its capabilities in adjacent areas, ensuring it stays ahead of the curve and meets the evolving needs of clients, and strategically acquiring new clients while nurturing existing strategic accounts. This deliberate approach enables the Company to drive sustainable growth and maintain a strong position in the market.

#### Structured diversification

Firstsource is actively pursuing structured diversification within the Banking and Financial Services (BFS) vertical. Simultaneously, expanding into select sub-segments of Healthcare (HC) and Communications, Media, and Technology (CMT). By doing so, the Company aims to create a portfolio that is less susceptible to cyclical fluctuations and positions it for the next phase of growth. This deliberate approach allows Firstsource to explore new opportunities, mitigate risk, and strengthen the overall business foundation.

#### Digital tools and services.

Firstsource is actively developing digital tools and services to enhance capabilities. The Company is harnessing the advancements in artificial intelligence (AI) and Generative AI to create innovative solutions. Additionally, it is leveraging digitization to optimize processes and drive cost-efficiency for both the organization and its clients. By embracing these digital initiatives, it aims to stay at the forefront of technological advancements, deliver enhanced value to clients, and drive continuous improvement within its operations.

During FY 2022-23, the Company generated revenues of ₹ 60,223 million, representing a growth of 1.7% in rupee terms and a degrowth of 1.1% in constant currency terms over FY 2021-22. Profit After Tax was at ₹ 5,137 million, representing a degrowth of 4.4% in rupee terms over FY 2021-22.



Industry Segments  
Banking and Financial Services

The Banking and Financial Services (BFS) industry experienced difficulties in CY 2022 related to macroeconomics, talent, and regulations. Increasing net interest income to enhance the top line and modernizing tech and operations to reduce costs and risk have helped the majority of mid-tier banks with multiple product offerings on assets and liabilities to improve their balance sheets. The banking sector could experience further margin compressions; capital costs and regulatory expenses are rising; in addition, banks are investing a lot of money on AI projects to upgrade the front and back ends.

Digital banking is seeing tremendous growth with a possible FinTech consolidation. Top tier banks are expanding their digital operations, with a focus on building strong operations aligned with regulations. The sudden influx of consumers opening new accounts with digital banks and FinTech during the pandemic provided little opportunity for these companies to implement robust controls to comply with regulations, leaving them to remediate accounts opened during the pandemic and design foolproof processes for new product launches. During the previous fiscal year, Firstsource initiated collaborations with a few FinTech companies to assist them in developing their complete operational strategies. Additionally, the Company is currently engaged in discussions with a digital bank to create an efficient collections process in preparation for the launch of its credit product. Moreover, it is partnering with a payments FinTech to expedite the growth of their EBIDTA in comparison to their revenues.

Due to the expanding digital presence and faster payment systems, there has been a significant increase in frauds

throughout the customer lifecycle. Among all banking and financial services activities, fraud and financial crime remain prioritized across product lines and markets. This remains a concern for the banking sector as it seeks to satisfy increased demand in frontline customer care while reducing operational overheads via artificial intelligence and machine learning. The Company has built a partner-based FinCrime solution tailored for mid-tier financial institutions which is designed to effectively minimize data costs and streamline the Customer Due Diligence process.

The UK BFS portfolio has experienced growth in both conventional and digital offerings. As the Company strives to maintain its commitment to its valued clients, it has expanded its services to include process consulting and advisory services. The US mortgage book underwent a contraction in the first three quarters of the fiscal year. The Company witnessed signs of recuperation in the previous and current quarters as the inflationary climate started to abate. Our Collections division has demonstrated consistent expansion, and the Company is poised to say strong in the upcoming fiscal year.

In Q3 FY 2022-23, the Company implemented a revised go-to-market operational strategy, which entailed a after verticals, to allow for better client access and sharper industry specific strategies. Our new operating model has successfully enabled us to implement a focused Banking and Financial Services strategy. Firstsource is committed to deepening its presence in retail banking by leveraging its existing relationships with lending firms, top-tier and mid-tier banks, regional credit unions & non-banking credit firms. As part of its strategy, the Company is investing in broadening its capabilities across consumer lending products such as Auto Finance and horizontal services such as Risk & Compliance.

Firstsource focuses on tech-enabled BPM services, which include an array of key retail banking offerings such as lending operations, client lifecycle management, customer service, default management, and FinCrime services built on automation, data, and analytics.

Going forward, the Company anticipates significant changes in the banking sector, which will provide opportunities and challenges to our current book of business. Changes in the kinds of expertise needed in the financial services sector are anticipated to be substantial.

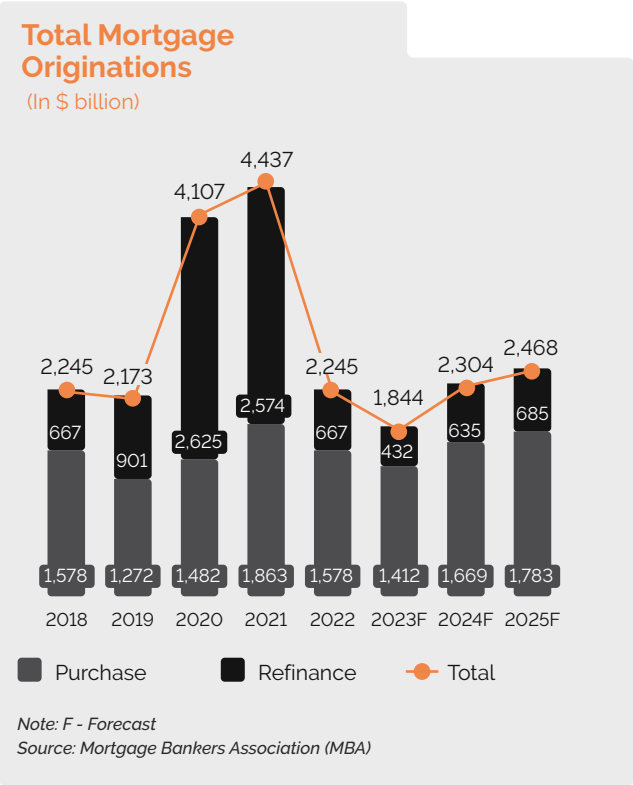
Firstsource's mortgage competencies and value delivery capabilities have positioned it as a 'Leader' in NelsonHall's NEAT Mortgage and Loan Services 2022 report for Overall Market Segment.

It is imperative that banks prioritize efforts to future-proof their organisations and implement measures to bridge the current and potential skills gap. Through strategic restructuring and targeted investments in leadership, sales, practice, partnerships, and solutions, the Company is poised to capitalize on the opportunities and overcome challenges within the retail banking sector.

**Mortgage**  
The US mortgage industry experienced a significant slowdown in CY 2022 primarily due to the rise in interest rates. According to a recent report by the Fannie Mae Federal Research Group, new home purchases in the US declined by 16.5%. This decline was triggered by multiple rate hikes implemented by the Federal Reserve in May 2023, with rates increasing from 0.25% to 5.25%. These measures were taken to address inflationary pressures resulting from pent-up demand following the pandemic and supply chain disruptions caused by heightened geopolitical tensions.

Looking ahead to CY 2023, the mortgage industry is expected to face the dual challenge of reduced new mortgage originations and escalating debt due to high interest rates. As per the Federal Reserve's median projection, the interest rate is anticipated to reach an all-time high of 5.1% in CY 2023 and 4.3% in CY 2024 before gradually declining to 3.1% in CY 2025.

The impact of these challenges has already become apparent in Q1 CY 2023, with new mortgage originations in the US, including refinancings, totalling just \$ 323.5 billion. This figure represents a 35% decrease compared to Q4 CY 2022, marking the lowest level since Q2 CY 2014. Despite this sharp pullback, the overall consumer debt has surged to unprecedented levels, surpassing \$ 17 trillion.



For CY 2023, it is projected that mortgage originations will amount to \$ 1.8 trillion.

Despite this year's exceptional drop, the Company is confident in the market's long-term strength. Even though the mortgage industry has focused on cutting costs, there are still significant profitability gaps. The mortgage business has the unenviable burden of significantly reducing expenses in CY 2023, all while giving priority to the correct investments for future growth. Firstsource remains ideally situated to advance this shared goal with its clients. The Company is able to tailor and offer local and hybrid delivery because of its end-to-end capabilities, extensive client access, and pan-US licensing across origination, servicing, title, and default management.

**Rising digital relevance in the mortgage industry**  
The profitability of financial services players, especially independent mortgage companies, is expected to be impacted by the decline in newer mortgage originations and higher delinquencies. In response, the industry is undergoing changes, including the restructuring of internal processes and workforce, as well as team size reduction. However, these changes also present challenges in meeting compliance requirements.

Over the next two years, mortgage companies will need to effectively navigate the cyclicity of the industry by enhancing their ability to scale up and down with greater accuracy and lower delivery costs. They must strike a balance between cost-cutting measures and the imperatives of being effective, resilient, accountable, and agile. Technology will play a pivotal role in the success of mortgage companies. Leveraging technological advancements can automate compliance needs, expedite new product launches, and streamline loan application and approval processes. This enables increased deal closure without compromising accuracy or personalization.

Furthermore, emerging technologies such as natural language processing, machine learning (ML), predictive analytics, and robotic process automation (RPA) can deliver real-time value by improving efficiency and enhancing the agility of regulatory change management processes. Firstsource holds expertise across the entire mortgage value chain, encompassing origination, underwriting, title, post-closing, and the servicing lifecycle. In addition, the Company offers platform-based quality control (QC) and due diligence services. By combining this expertise with digital technologies, Firstsource delivers enhanced value to its clients' enterprises.

**05**  
Firstsource collaborates with 5 of Top 15 Mortgage Lenders in the US.



Moreover, Firstsource offers Intelligent Automation, combining RPA with advanced technologies like optical character recognition (OCR), AI, natural language processing (NLP), smart workflows, and ML. This transformative approach extends beyond simple automation, enabling companies to drive innovation, agility, and speed, thereby transforming their operations.

Firstsource has successfully implemented a structured Robotic Automation Process for a leading US mortgage company, enabling them to overcome the challenges associated with traditional, high-volume manual processes.

Firstsource is aptly positioned to meet the changing requirements of mortgage lenders with its Digital First, Digital Now approach, recent acquisitions that have enhanced its offerings, and plans to expand its nearshore delivery capability. The Company is adapting its solutions to meet the changing client needs and deepen engagements with strategic accounts to assist in the creation of operational models for the new normal era.

Over the next few years, mortgage lenders will need to forge strategic partnerships with outsourcing vendors to manage externalities effectively while ensuring long-term sustainability.

Collections and Receivables

The overall consumer credit card debt hit \$ 0.99 trillion in CY 2022, the highest level in 20 years, according to figures made public by the Federal Reserve. This increase can be attributed to a few variables, including changes in consumer purchasing patterns, easy access to credit, and economic instability. Despite these changes, delinquency rates this year showed a striking decline. Delinquency rates have fluctuated in the past, and usually a rise in consumer credit card debt would be accompanied by an increase in delinquency rates. However the delinquency rates have been quite low recently, suggesting that consumers are managing their financial responsibilities more skillfully. The solid consumer balance sheet, fueled by low unemployment rates and high salaries, may also help explain why delinquency rates are low. Lending institutions worldwide are proactively shifting towards digital debt collection techniques to cost-effectively improve their recovery rates. Modern technologies and techniques empower lenders to intelligently collect their dues while ensuring a smooth borrower experience. They also provide a convenient self-service option, eliminating the need for collection agents, reducing customer handling times, meeting regulatory standards, and delivering improved outcomes.

The regulatory environment governing collections and receivables has had an impact on the segment's expansion. The Company anticipates that this segment would gradually improve over the years as the industry witnesses an increase in delinquencies and the bank's reserves for credit losses. Higher cost of collections, more compliance, and the capacity to target a much broader client base will be the driving forces behind the Company's growth.

Firstsource is a prominent player in the collections space, offering its Digital First, Digital Now philosophy through the Digital Debt Collections platform. This platform serves various sectors, including Credit Cards, BNPL, Auto Financing. Firstsource leverages a range of technologies, such as automation, AI/ML, and Cloud-based services, along with an integrated people-technology transformation framework. This approach enables the Company to decode client interactions, reduce collection costs, and improve recovery rates effectively.

Technology advancements like automation, analytics, and artificial intelligence have improved the effectiveness and efficiency of our receivables and collections processes.

The collections space is witnessing the emergence of new trends expected to streamline collections, maximize cash flow, and foster healthy customer relationships in CY 2023 and beyond. These trends include:

- Digital-first approach
- Growth of subscription services
- Integration of Buy-Now-Pay-Later (BNPL) options with online retailers' checkouts
- Increased adoption of automation
- Hyper-personalization
- Self-service payment portals

Firstsource is proactively working towards expanding its collection services into multiple industries, including FinTechs, automotive, telecommunications, and utilities. This diversification strategy aims to offset any effects of low delinquency rates on our collection efforts. The business is looking forward to maintaining its emphasis on the roadmap for its digital collection platform, cutting the time it takes to onboard new clients, and accelerating revenue and margin development in the legal collections market.

05

Firstsource collaborates with 5 of the top 10 credit card issuers in the US.

UK BFS

With Brexit in the rear-view mirror and major regulations like the LIBOR transition complete, the UK banking sector is squarely focused on empowering domestic customers to thrive. The persistent talent scarcity and the ongoing cost of living crisis posed significant challenges throughout CY 2022. Banks had to face the problem of rising living costs on two fronts: employees and consumers, with the additional obligation of preparing for the FCA's Consumer Duty Guidance in order to deliver good outcomes for retail customers.

Even though CY 2022 had its challenges, most banks have done well financially due to higher Net Interest Income and technology changes made in previous years which have improved the operating profit and reduced risk. However origination volumes across all loan products have decreased; the macroeconomy pressures still continue to leave uncertainty in the consumer lending market.

The regulatory environment continues to evolve as economic crime increases, with a broader recommendation to integrate fraud across the spectrum, including ESG, to be combined with the AML function. Customers are now demanding greater personalization combined with excellent customer service. At the same time, technological innovation is challenging traditional business and delivery models while ushering in a further set of challenging competitors.

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



02

Firstsource collaborates with 2 of the top 5 retail banks in the UK.

The Company is witnessing an increase in loan operations volumes to assist its customers in optimizing their cost profile. Firstsource is assisting a FinTech with setting up their operations and is in discussions with a digital bank and a payroll company about designing and setting up their card operations.

Amid a fast-changing operational environment and underlying transformations, Firstsource is poised for accelerated growth as a result of the introduction of new and distinctive offerings to expand capabilities and seize emerging opportunities. In addition to expanding its existing customer base, the Company is expanding its presence to capitalize on the burgeoning FinTech market prospects.

The demand environment, digital adoption, and pipeline activity related to Fraud, Mortgage, and Customer Experience remained robust. The investments in sales and solutions over the past 12 to 18 months have yielded favorable results. As BFS clients increasingly prioritize cost efficiency, the Company identifies a wealth of opportunities, particularly in digital, nearshore, and offshore solutions. The Company anticipates maintaining this positive momentum, with an intensified focus on acquiring new clients and expanding offshore business activities.

Success story

Digital Transformation

**The client:** A world-leading global payments FinTech that helps clients navigate the complex global payments market. Sending payment to 190+ countries, the firm is headquartered in London, with a presence across Europe, North America, South America, Australasia, Asia and the Middle East.

**The challenge:** Account onboarding processes were manual including KYC checks resulting in inefficiencies, compliance issues and rise in operational costs. The goal was to identify and implement automation opportunities aimed at improving customer acquisition and onboarding.

**The solutions:** Our Insights, Design Experience and Advisory (IDEA) services team redesigned their Target Operating Model for risk, compliance and customer acquisition processes.

The Company conducted 90+ SME business POC sessions and deployed automation for KYC, customer due diligence, periodic reviews, referral partner performance, payments screening, and sanctions monitoring processes.

**The result:** RPA-led solutions resulted in \$3M direct cost savings and 55% reduction in onboarding time. There was a 40-70% reduction in client acquisition costs and 15% reduction in third party commission payables.



Healthcare

The healthcare industry is experiencing rapid growth and a shift toward more customer-oriented services, making it crucial for businesses to provide enhanced patient and customer experiences. Hospitals and health insurance companies are at the forefront of this outsourcing market, seeking to manage various aspects of their operations, integrate digital capabilities, improve consumer experiences, and achieve greater efficiencies. These competencies contribute to the development of a comprehensive suite of digital operations.

The Healthcare segment at Firstsource is the Company's second-largest industry vertical, playing a pivotal role in positively impacting the lives of millions. The business unit has built unique digital solutions and categories, including BPaaS, Hyper-Personalized Care, Medicaid Redetermination, and Execution Management System (EMS), to drive future growth.

Firstsource stands out among BPM players as it caters to clients in both the Provider and Health Plans segments. Leveraging its deep understanding of the intricate information exchange between these segments, the Company simplifies the financial experience and optimizes outcomes for patients, hospitals, and health plans. By focusing on domain-driven investments in innovative digital solutions and intelligent operating models, Firstsource delivers a seamless, multi-channel end-to-end client experience.

Health Plan and Healthcare Services (HPHS)

According to an Everest Group report, the healthcare payer back office and front office (CXM) outsourcing penetration rates stand at ~20% and ~30% respectively in CY 2022 with total addressable market (TAM) of around \$ 71 billion and \$ 23 billion respectively. This growth is driven by key applications such as Claims Management, Front & Back Office Operations, Member Engagement, Billing & Accounts, Analytics & Fraud, HR services and Digital Intake. Firstsource recognizes significant business opportunities within the healthcare payer market. These opportunities include:

Claim Management Service

A significant amount of the workload and expenses for healthcare payers are related to the data-intensive process of claims management. Even while the digital age has streamlined processes, sped up turnaround times, and significantly reduced costs, claims processing inefficiencies continue to be an expensive service area.

Firstsource has put significant focus on automation solutions and specially the advanced AI decision agents to reduce human intervention and improve accuracy of operations. The Company has also made investments to develop a Process Mining Center of Excellence (COE) that focuses on developing Digital Twin and Execution Management Systems to uncover hidden inefficiencies in the claims operations.

Firstsource's Sympraxis platform enables automated claims operations, leading to enhanced accuracy, efficiency, and accelerated cycle times. This has contributed to an impressive overall claims processing accuracy rate of 99.8%.

Firstsource helped improve Claims Processing efficiency using Process Mining. The solution identified ~15% to 20% potential automation improvement without manual touch. Resulting in ~\$ 2.5 million potential savings for the year by implementing the opportunities on the roadmap.

Business Process as a Service (BPaaS)

The BPaaS market is expected to be driven by accelerated digital interventions in vendor consolidation, care & planning, management & value chains, and broad adoption of BPaaS solutions. Firstsource's Payer business focuses on the top 10 healthcare plans, strategically expanding its digital intake business and developing bespoke BPaaS solutions for mid-market healthcare plans. The Company has achieved remarkable success in this domain, securing a large-scale transformation project with a leading health insurance company. Through Firstsource's Healthcare BPaaS, the client modernized outdated technology platforms, reduced operational and technology costs, and significantly improved member experience.

Firstsource's Healthcare BPaaS solutions have delivered significant operational and cost benefits, including a ~30% reduction in administrative spends and an estimated 50% reduction in technology debt for a leading health insurance company.

Patient Engagement

The US patient engagement market is majorly driven by the rising adoption of digital health technologies, increasing consumerism, the impact of the pandemic, and supportive government initiatives. With the increasing prevalence of chronic illnesses and the demand for remote care, patient engagement solutions play a vital role in improving patient outcomes and reducing healthcare costs. These solutions facilitate effective interaction between patients and healthcare professionals, enable efficient healthcare information management, and enhance healthcare delivery. The web-based solutions segment dominates the US patient engagement solutions market. This growth highlights the increasing digital adoption by healthcare providers to engage with patients and improve the quality of care. Government initiatives and rising investments from industry leaders further contribute to the segment's anticipated high growth rate.



Firstsource's patient engagement solutions empower healthcare providers to improve patient outcomes, reduce costs, and enhance the quality of care in the evolving healthcare landscape.

Digital Intake

The pandemic has disrupted the healthcare industry and accelerated the need for digital transformation across the value chain. Health Plans must engage members and providers for a differentiated experience in an increasingly challenging healthcare environment. The frictionless interaction and delivering on "moments that matter" set a Health Plan apart. But the reality is that Health Plan clients face significant roadblocks in delivering these objectives due to the prevalence of manual back office processes, non-standard data intake processes, and human-intensive operating models.

Firstsource's Digital Intake solution harnesses our experience processing over 3 billion pages, 350+ sort types, and 180 million claims data capture. It combines our purpose-built digital intake and data capture platform Sympraxis® with intelligent process mining, industry-leading automation tools, and real-time dashboards to drive critical objectives.



Success story

**The client:** A top 10 US-based Healthcare Payer

**The solution:** Digital Twin of Claims Operations

Firstsource successfully implemented a digital twin of claims operations to simulate operational conditions and evaluate the impact of improvement initiatives on key business metrics. This custom-built analysis identified several improvement opportunities, contributing to enhanced operational efficiency and improved outcomes.

**The result:** Improved Efficiency and Cost Savings

The implementation of the Digital Twin of Claims Operations resulted in remarkable outcomes for our client. Firstsource achieved:

- Improved Claims Processing Efficiency: Through streamlined workflows and reduced manual touchpoints, Firstsource enhanced claims processing efficiency by approximately 15% to 20%.
- Potential Automation Improvement: Firstsource identified automation opportunities within the claims process, enabling potential cost savings and operational optimization.
- Estimated Savings: By implementing the identified improvement opportunities, Firstsource projected potential savings of around \$ 2.5 million for the year.

Firstsource's digital twin of claims operations has enabled clients to identify and implement improvement initiatives, resulting in enhanced operational efficiency and improved outcomes.

Firstsource is making strategic investments in building new capabilities and solutions, exploring and expanding the scope of work with existing partner ecosystems that bring AI Decision Agent Ecosystem and Insights, Video-Based Vitals Monitoring, Process Discovery, Mining, Digital Process Twin, and other cutting-edge technologies.

Provider

The US Revenue Cycle Management (RCM) market was valued at \$ 140.4 billion in CY 2022 and is expected to expand at a CAGR of 10.3% to reach \$ 308.2 billion by 2030, according to Grand View Research. Outsourcing healthcare RCM solutions is on the rise due to the evolving healthcare industry, increasing healthcare expenditure, rising healthcare facilities, and a focus on the patient-provider relationship.

Firstsource Solutions plays a pivotal role in the RCM segment, offering innovative solutions through the Firstsource Healthcare Cloud, combining digital-first approaches with a human touch. Our integrated solutions cover the entire patient financial engagement value chain, offering flexibility for healthcare providers to deploy end-to-end solutions or choose specific components based on their needs.

Key Provider Healthcare Trends

**Public Health Emergency:** Our Provider business has witnessed significant headwinds over the last couple of years due to the Public Health Emergency enforced by the US Government. As per the recent Government notifications, the PHE was lifted on May 11, 2023 – ending the continuous Medicaid enrollment provision that has been in place since 2020. This change is expected to result in an estimated 5 – 14 million people losing their Medicaid coverage. A large part of this segment is likely to be uninsured, a segment our Eligibility services and Patient access practices focus on. Firstsource has been actively engaged with health systems for several months ahead of the PHE end date and helping them transition smoothly.

**Margin pressures:** Health systems and hospitals are under immense margin pressures. Average operating margins have remained negative overall for almost an entire year, with signs that they may have broken even in April 2023. Several rural health systems have closed under the financial stress caused by the pandemic and its aftermath. Firstsource is offering its global delivery model, with centers and teams in India and the Philippines, to help health systems offset the increased cost of delivery using cheaper labor options in these locations.

**Rising labor costs:** Rising wage inflation continues to plague health systems with wages rising across the board for physicians, nursing staff and other staff in non-clinical roles. This has been exacerbated by staff leaving the workforce, causing supply problems and wage increases in other businesses that compete for the same labor pool in each region. In medical coding for instance, the pandemic has raised the cost of onshore delivery, as well as restricted the availability of certified coders. Firstsource is helping health systems clear backlogs and streamline medical coding through offshore based certified coders. These critical services to health systems are available at a lower cost offshore and can be easily scaled to meet rising demand.



**Drive to digital:** Hospitals and health systems are increasingly trying to invest in digital “front doors” to service a patient population that, especially after the experience during the pandemic, is inclined to interact with the hospitals online and through digital means. Archaic patient contact methods such as letters and call centers or long wait times on hospital call center lines for simple things such as scheduling a visit or making a payment are no longer acceptable. In one survey, 66% of all healthcare CIOs said they are looking to improve their digital services for patients. Firstsource has leveraged its automation practice to help customers in areas such as pre-authorizations, claims status checks and Medicaid enrollment, besides extending such help to other hospital systems such as HR.

Our Healthcare Provider practice has also successfully launched several new services, including Medicaid Redetermination services for leading Provider-sponsored and hospital health systems across the US, a digital-only deal to perform robotic automation for a large regional health system and the establishment of offshore delivery centers for one of our top 10 hospital clients.

Success story

**The client:** A top regional hospital system in Mississippi

**The solution:** Customized Solution for Claims Status Checks

Firstsource leveraged their experience in Revenue Cycle Management (RCM) and automation to build a customized solution for claims status checks across multiple applications and systems for the client.

The result:

- Cleared backlog of work: By addressing the bottleneck in claims status checks, Firstsource successfully cleared the backlog of work, ensuring timely processing and resolution of claims.
- Improved cash uplift: The implementation of the customized solution resulted in improved cash uplift for the hospital system, optimizing revenue generation.
- Reduced costs: By streamlining and automating the claims status check process, Firstsource achieved a significant reduction in costs, leading to cost savings of 85% for the client.
- Improved accuracy and productivity: The solution enhanced the accuracy of work and improved employee productivity, enabling more efficient claims processing and reducing errors.
- Potential savings: Through the implementation of improvement opportunities identified on the roadmap, the client projected potential savings of approximately \$ 350,000 for the year.





Communications, Media & Technology (CMT)

In response to the industry's digital transformation, clients are actively seeking partners capable of facilitating rapid scalability and ensuring exceptional satisfaction throughout their customer and merchant networks. Firstsource, a prominent player in the Communication, Media, and Technology (CMT) sector, specializes in delivering digital solutions that empower both CMT and Born Digital companies to provide seamless customer experiences across multiple channels. By forging strategic partnerships with key industry players, Firstsource assists in the creation and deployment of omnichannel customer management solutions. Leveraging its Digitally Empowered Customer Experience (DECX), Firstsource prioritizes end-to-end customer service excellence, leading to increased subscriptions and renewals while effectively managing acquisition costs.

01

Firstsource collaborates with 1 of the top 2 broadcasting and media companies in the UK.

Communication

The rise of digital natives has transformed customers' expectations, presenting a challenge for traditional telecommunications companies. To address this challenge, Firstsource has undertaken a customer-led, customer-experience transformation. The Company is focusing on developing comprehensive support solutions for the communications industry, encompassing People, Process, and Technology.

The demand is primarily driven by the industry's increasing reliance on digital platforms, mobile technologies, and content targeted toward the youth demographic. Key drivers of this growth include transition to 5G technology, Internet of Things (IoT) applications, gaming, artificial intelligence (AI), cybersecurity, cloud-based communication services, and digital advertising. By leveraging data and transformative technologies, clients can enhance the resilience, productivity, and sustainability of their operations. This, in turn, strengthens the relationship with end users and presents significant opportunities for Firstsource.

In large economies with a substantial customer base, leading telecom service providers are adopting various tools and process enhancements to improve customer experience, reduce the time for query resolution, offer robust self-service alternatives to shift away from traditional channels. Firstsource recognizes the importance of deploying technology-led solutions that prioritize personalized customer experiences. This includes implementing self-service options such as online chatbots, interactive voice response (IVR), and mobile apps, as well as providing omnichannel support and proactive customer assistance. These innovations are poised to drive the growth and success of the Company.

Media

As internet usage continues to expand, there is an increasing demand for enhanced digital capabilities that go beyond traditional services. The media and entertainment industry is undergoing rapid evolution, driven not only by current corporate trends and disruptions but also by shifts in consumer behaviour. This has positioned the media and entertainment market as a crucial investment theme, with businesses seeking customized and innovative solutions to improve efficiencies and address scalability challenges. Firstsource has played a transformative role for its clients by offering scalable solutions that enable next-generation digital user experiences, cost savings, and innovation in business models. The Company is well-equipped to meet the growing demand for customer experience (CX) management in areas such as ad-review and compliance, as businesses increasingly rely on streaming platforms and social media for customer engagement.

The surge in content consumption is driving a significant increase in data usage. It is expected that there will be a shift in the types of content consumed, with a particular focus on addressing gaps and capitalizing on opportunities within the industry. The Company is also created a comprehensive playbook for at-scale traditional publishers to accelerate

their transition to Digital Media and manage their customer engagement lifecycle.

Within the Media segment, the EdTech sector is experiencing notable growth. According to Grand View Research, the EdTech market is projected to expand at a CAGR of 13.6% and reach a value of \$ 348.4 billion between 2022 and 2030. The industry pivoted during COVID and today has become a significant channel for both learning providers and learners. Firstsource has identified this trend early and has developed several offerings over the last couple of years around learner care and content management.

Tech

In the rapidly changing Tech world, speed has been of essence. The pace at which newer technologies are evolving, it is imperative to develop new offerings and modernize existing to target this customer segment. These Tech firms are consuming and analyzing tremendous amounts of data to develop and scale their AI/ML models. According to Grand View Research, the global data annotation tools market was sized at \$ 806 million in CY 2022, and it is projected to grow at a CAGR of 26.5% during the period of 2023-2030. Firstsource is well-positioned to capitalize on these opportunities by providing clients with a comprehensive range of features, including video, image, and text annotation, as well as human-in-the-loop ML model training. The increasing adoption of picture and video data annotation tools in industries such as IT, retail, and healthcare is a key factor contributing to this expansion.

User generated content across platforms is growing at an unprecedented pace. These platforms are investing in capacities and capabilities to ensure that such content is appropriate and adheres to evolving regulatory requirements across all regions. Furthermore, these companies face the complex challenge of balancing the need to curb the dissemination of harmful content on their platforms while promoting innovation and preserving user freedom of expression. To address these issues, Firstsource is placing increased emphasis on establishing Trust and Safety standards for content moderation. The Company is taking a comprehensive approach to prioritize the well-being of its human moderators and ensure a holistic approach to content management. By doing so, Firstsource aims to maintain a safe and conducive online environment while fostering innovation and user engagement.

Firstsource is making significant investments in cutting-edge technologies such as AI, analytics and GigCX to capitalize on this growth opportunity.

02

Firstsource collaborates with 2 of the top 5 telecom and broadcasting companies in the US.

Success story

Trust & Safety

Political commission raises content quality scores to 98%

The challenge: Managing the threat of malicious content at scale

- Measure and analyze the threat of violent extremism and terrorism across leading social media platforms
- Provide moderated data to train the customer's AI/ML model to automatically detect rogue content in real-time

The solution: Talented trust and safety (T&S) experts and technology working together to mitigate risk

Team worked with the client and their partners to develop a moderation process for all content types across leading social media platforms.

- Developed workflows that focused on identifying risk at scale while streamlining operations to maximize the efficiency and effectiveness of the customer's budget.
- Drawing on the native language and cultural nuance skills of agents, and analyzed content in twelve different languages and curated a list of potentially malicious keywords, signs, and symbols.
- The data from this analysis was used to train ML-based classifiers and rules engines to detect any and all high-risk and potentially harmful content across five different platforms, in real-time, so that our skilled team of content moderators could step in and take appropriate action.
- Tracked channel behavior and generated new insights to inform and enhance the political and economic commission's wider Trust & Safety initiatives to ensure a safer future for their citizens.

The results: Efficient and effective content moderation keeps citizens safe

Firstsource combined the very best of automated content moderation technology with human experience and expertise to deliver outstanding results in record time:

- Over 1 Mn pieces of content moderated
- Quality scores of more than 98% for content search and validation
- Delivered a 25% reduction in operating costs
- Insights generated are being used to shape the customer's T&S strategy





Diverse

With the rising trend of digitalization and the growing demand for simplified one-click experiences from tech-savvy customers and citizens, public utility, and government entities are keen on enhancing their engagements. The Company specializes in assisting Utilities & Public Services by providing a holistic view of the customer journey and delivering personalized experiences across multiple channels.

Firstsource is proud to be a strategic partner in the utilities sector, where it provides comprehensive solutions to meet the evolving needs of businesses. The utility industry is known for its heavy reliance on resources and infrastructure. Utility firms struggle mightily to increase cross-selling opportunities, improve customer retention, and seize growing market opportunities. One approach to address these challenges is by outsourcing non-core functions, including IT, customer service, and supply chain management. This allows them to maintain reliable service levels while benefiting from a flexible cost structure.

The Company offers flexible operating models, redesigned CX strategies, and automations enabling our clients to heighten CX at every level by fusing a distributed workforce with an omnichannel customer engagement model, powered by Intelligent Automation (IA) and cloud-based platforms. Major focus areas include customer experience excellence, billing and collections, meter to cash operations, outage management, and regulatory compliance. With continuous efforts and expertise in the domain, the Company has achieved exceptional results for its utility clients with an increase of 35% in average cash collection, along with an 11% increase in volume of payments, resulting in 50% increase in overall collection.





Financial Performance Review

Shareholders' Funds

The authorised share capital of the Company is ₹ 8,720.00 million with 872 million Equity shares of ₹ 10 each. The paid up share capital as of March 31, 2023 stands at ₹ 6,969.91 million compared to ₹ 6,969.91 million as of March 31, 2022.

There is no increase in equity share capital.

The Other equity of the Company increased from ₹ 23,359.53 million to ₹ 26,698.54 million. The details of increase in Reserves and surplus by ₹ 3,339.01 million are as below:

(₹ in million)	
Increase on account of	
Profit for the year less appropriation	5,084.44
Employee stock option reserve	137.33
Treasury shares, net	40.11
Exchange Difference on consolidation of non-integral subsidiaries/entities	1,633.69
Decrease on account of	
Dividend (Net)	(2,384.45)
Adoption of amendment to Ind AS 37 (Net of deferred tax) (Refer note 33 of the consolidated financial statements)	(783.41)
Effective portion of cash flow hedges	(388.70)
Net Increase in Reserves and surplus	3,339.01

Minority Interest

Minority interest is created on account of 74.0% consolidation of Firstsource Dialog Solutions (Private) Limited, Sri Lanka.

Minority interest as of March 31, 2023 is ₹ 3.50 million as compared to ₹ 3.69 million as of March 31, 2022.

Long-term Borrowings

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

Unsecured long-term borrowings outstanding as of March 31, 2023 were ₹ 1,393.66 million as compared to ₹ 2,733.02 million as of March 31, 2022. The net decrease was majorly on account of movement to current maturities of long term borrowings under short-term and other borrowings.

Deferred Tax Liabilities

Deferred tax liabilities as of March 31, 2023 were ₹ 1,195.98 million as compared to ₹ 959.02 million as of March 31, 2022. This is majorly due to deferred tax on provision for onerous contracts, accrued expenses and exchange translation adjustment during the year.

Lease Liabilities

Lease liabilities for the Company as of March 31, 2023 were ₹ 5,661.84 million and for March 31, 2022 were ₹ 7,740.42 million. The decrease is on account of repayment of lease liability and surrender of premises on lease in India and United States of America.

Provisions

Provisions represents provision for onerous contracts, gratuity and compensated absences liability to employees based on actuarial valuation done by an independent actuary. These provisions as of March 31, 2023 were ₹ 963.46 million as compared to ₹ 664.93 million in March 31, 2022. The increase in short term provisions from last year is due to provision for onerous contracts created during the year.

Short-term and other Borrowings

Short-term borrowings as of March 31, 2023 were ₹ 6,876.10 million as compared to ₹ 7,363.60 million as of March 31, 2022. The movement is on account of repayment of line of credit from banks.

Trade Payables

Trade payables as of March 31, 2023 were ₹ 2,314.46 million as compared to ₹ 1,780.59 million as of March 31, 2022.

Other Financial Liabilities

Other financial liabilities as of March 31, 2023 were ₹ 3,737.37 million as compared to ₹ 4,667.99 million as of March 31, 2022. The decrease in other financial liabilities is on account of fair valuation of liability for purchase of Non-controlling Interest and contingent considerations towards acquisition of business and payment of due liabilities.

Other Liabilities

Other current liabilities as of March 31, 2023 were ₹ 828.87 million as compared to ₹ 838.31 million as of March 31, 2022.

Goodwill

Goodwill as of March 31, 2023 was ₹ 29,449.76 million as compared to ₹ 27,207.95 million as of March 31, 2022. The increase in goodwill during the year was ₹ 2,241.81 million due to restatement of non-integral foreign subsidiaries at year end exchange rate.

Fixed Assets

The net block of tangible assets, intangible assets and capital work-in progress and intangible assets under development amounting to ₹ 2,788.59 million as of March 31, 2023 as compared to ₹ 3,500.01 million as of March 31, 2022, resulted in a net decrease of the assets to the extent of ₹ 711.42 million.

This is majorly due to net additions of ₹ 481.78 million and exchange rate impact of ₹ 160.10 million and depreciation charge for the year amounting to ₹ 1,353.30 million.

Right of Use Assets

Right of use assets of the Company was ₹ 4,958.29 million on March 31, 2023 and ₹ 6,757.79 million on March 31, 2022. The net decrease is due to surrender of leases in India and United States of America and depreciation charge for the year amounting to ₹ 1,278.40 million.

Investments

The investments of the Company represent non-current investments of ₹ 115.59 million and current investments of ₹ 595.50 million as on March 31, 2023 as compared to ₹ 114.58 million and ₹ 1,185.38 million respectively as on March 31, 2022.

Deferred Tax Assets

Deferred Tax assets of the Company as of March 31, 2023 were ₹ 2,948.06 million as compared to ₹ 2,817.84 million as of March 31, 2022. This increase majorly is on account of increase in deferred tax of Business losses carried forward of ₹ 101.82 million and increase in deferred tax asset on cash flow hedges ₹ 75.58 million.

Income Tax Assets

Income Tax assets of the Company as of March 31, 2023 were ₹ 786.49 million as compared to ₹ 794.10 million as of March 31, 2022.

Other Non-current Assets

The other non-current assets of the Company as of March 31, 2023 were ₹ 1,025.95 million as compared to ₹ 1,153.86 million as of March 31, 2022. This decrease is due to movement of unexpired rebate from customer.

Trade Receivables – Billed

Billed trade receivables amount to ₹ 6,800.47 million (net of provision for doubtful debts amounting to ₹ 515.50 million) as of March 31, 2023 as compared to ₹ 6,446.25 million (net of provision for doubtful debts amounting to ₹ 301.17 million) as of March 31, 2022. These receivables are considered good and realisable.

The need for provisions is assessed based on various factors including collectability of specific dues, risk perceptions of the industry in which the customer operates and general economic factors which could affect the Company's ability to settle claims. Provisions are generally made for all receivables outstanding for more than 180 days as also for others, depending on the management's perception of the risk. Debtors' days as of March 31, 2023 (calculated based on per-day sales in the year) were 41 days, as compared to 40 days as of March 31, 2022. The Company constantly focuses on reducing its receivables period by improving its collection efforts.

Trade Receivables – Unbilled

Unbilled trade receivables amount to ₹ 3,584.40 million as of March 31, 2023 as compared to ₹ 3,159.06 million as of March 31, 2022.

Cash and Bank Balances

Cash balance represents balance in cash with the Company to meet its petty cash expenditures. The bank balances in India include both Rupee accounts and foreign currency accounts. The bank balances in overseas current accounts are maintained to meet the expenditure of the overseas subsidiaries and branches. The cash and bank balance as of March 31, 2023 was ₹ 1,515.40 million as compared to ₹ 828.20 million as of March 31, 2022. This increase in cash was due to cash generated from operating activities offset by cash used in payment of dividend, repayment of borrowings and repayment of other financing liabilities.

Other Financial Assets

Other Financial Assets as of March 31, 2023 were ₹ 528.20 million as compared to ₹ 1,065.22 million as of March 31, 2022. The decrease in these assets was on account of decrease in MTM on foreign currency forward contracts.

Other Current Assets

The other current assets of the Company as of March 31, 2023 were ₹ 1,506.78 million as compared to ₹ 1,986.46 million as of March 31, 2022. This decrease is majorly due to decrease in deferred contract cost and prepaid expenses.



MD&A (Contd.)

Results of Operations

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

(₹ in million)

Particulars	FY 2022-23		FY 2021-22	
	₹ million	% of income	₹ million	% of income
Income from services	59,859.27	-	58,657.40	-
Other operating income	363.91	-	554.13	-
Revenue from operations	60,223.18	100.0%	59,211.53	100.0%
Expenditure				
Personnel cost	38,674.81	64.2%	39,467.57	66.7%
Other expenses	13,283.32	22.1%	10,145.38	17.1%
Operating EBITDA (Earnings before Interest, Tax and Depreciation)	8,265.05	13.7%	9,598.58	16.2%
Depreciation and amortisation	2,631.70	4.4%	2,493.73	4.2%
Operating EBIT (Earnings before Interest and Tax)	5,633.35	9.4%	7,104.85	12.0%
Finance charges	789.70	1.3%	639.39	1.1%
Share in net (profit) / loss of associate	-	-	-	-
Other income	1,308.50	2.2%	5.55	0.0%
Profit before tax	6,152.15	10.2%	6,471.01	10.9%
Provision for taxation				
- Current tax expense	657.63	1.1%	741.55	1.3%
- Deferred tax Charge	357.40	0.6%	364.16	0.6%
Profit after tax before minority interest	5,137.12	8.5%	5,365.30	9.1%
Minority interest	(0.08)	0.0%	(8.44)	0.0%
Profit after tax	5,137.20	8.5%	5,373.74	9.1%

Income

Income from Services

Income from services increased by 2.0% to ₹ 59,859.27 million in FY 2022-23 from ₹ 58,657.40 million in FY 2021-22. The Company attributes this increase in its income from services to addition of new clients and new business from existing clients. The average exchange rate for consolidation of subsidiaries for USD and GBP in FY 2022-23 was ₹ 80.27 per USD and ₹ 96.73 per GBP as compared to ₹ 74.46 per USD and ₹ 101.73 per GBP in FY 2021-22.

Consolidated Revenues by Segment

The Company serves clients for Banking and Financial Services, Healthcare, Communication, Media and Technology and Diverse Industries. Clients from Banking and Financial Services accounted for 42.9% (FY 2021-22: 49.5%), clients from Healthcare accounted for 33.5% (FY 2021-22: 29.2%), clients from Communication, Media and Technology accounted for 21.1% (FY 2021-22: 19.4%), clients from Diverse Industries accounted for 2.5% (FY 2021-22: 1.9%) of the income from services in FY 2022-23.

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

(₹ in million)

Particulars	FY 2022-23	FY 2021-22
Business Segment		
Banking and Financial Services	25,652.81	29,020.16
Healthcare	20,063.14	17,141.46
Communication, Media and Technology	12,644.53	11,406.94
Diverse Industries	1,498.79	1,088.84
Total	59,859.27	58,657.40

Consolidated revenues by geography

The Company serves clients in North America, UK and India. Clients from North America accounted for 65.9% (FY 2021-22: 69.2%), clients from UK accounted for 33.0% (FY 2021-22: 29.3%), clients from Asia and Rest of the World accounted for 1.0% (FY 2021-22: 1.5%). The following table gives a segment wise breakdown of the income from services for the corresponding periods:

(₹ in million)

Particulars	FY 2022-23	FY 2021-22
Geography		
UK	19,773.83	17,186.32
US	39,461.79	40,569.90
Asia & RoW	623.65	901.18
Total	59,859.27	58,657.40

Client concentration

the following table shows the Company's client concentration by presenting income from the top client and top five clients as a percentage of its income from services for the periods indicated:

(₹ in million)

Particulars	FY 2022-23		FY 2021-22	
	Amount	%	Amount	%
Client concentration to revenues				
Top Client	9,184.28	15.3%	9,097.68	15.5%
Top 5 customers	22,272.82	37.2%	22,253.82	37.9%
All clients	59,859.27	100.0%	58,657.40	100.0%

In FY 2022-23, the Company had top client accounting for 15.3% of the income from services compared to top client accounting for 15.5% of its income from services in FY 2021-22.

The Company derives a significant portion of its income from a limited number of large clients. In FY 2022-23, the Company had 17 clients contributing individually over ₹ 500 million each in annual revenues as compared to 21 in FY 2021-22. In FY 2022-23 and FY 2021-22, income from the Company's five largest clients amounted to ₹ 22,272.82 million and ₹ 22,253.82 million respectively, accounting for 37.2% and 37.9% of its income from services respectively. Although the Company continues to increase and diversify its client base, it expects that a significant portion of its income will continue to be contributed by a limited number of large clients in the near future.

Other operating income

Other operating income of ₹ 363.91 million in FY 2022-23 (FY 2021-22: ₹ 554.13 million) includes exchange gain of on restatement and settlement of debtor balances and related gain / (loss) on forward/ option contracts as these transactions relate to the operations of the Company.

Revenue from operations

The Company's revenue from operations increased by 1.7% to ₹ 60,223.18 million in FY 2022-23 from ₹ 59,211.53 million in FY 2021-22 in rupee terms and grew by 1.1% in constant currency terms.

Expenditure

Personnel costs

Personnel costs decreased by 2.0% to ₹ 38,674.81 million in FY 2022-23 from ₹ 39,467.57 million in FY 2021-22, with the number of employees decreasing to 23,018 as of March 31, 2023 from 26,557 as of March 31, 2022. As on March 31, 2023, 10,623 employees were employed outside India and 12,395 employed in India as compared to 10,512 employees outside India and 16,045 employees in India as at end of FY 2021-22.

Other expenses

Other expenses for FY 2022-23 amounted to 22.1% of the income for that period, as compared to 17.1% of income in FY 2021-22. Operating costs increased to ₹ 13,283.32 million in FY 2022-23 from ₹ 10,145.38 million in FY 2021-22. This increase is majorly due to increment in operating expenses with high variability.

Operating EBITDA (Earnings before Interest, Tax and Depreciation)

As a result of the continuing operations, operating EBITDA decreased by ₹ 1,333.53 million to ₹ 8,265.05 million in FY 2022-23 from ₹ 9,598.58 million in FY 2021-22. Operating EBITDA in FY 2022-23 is 13.7% of income as compared to 16.2% in FY 2021-22.

MD&A (Contd.)

Depreciation

Depreciation costs for FY 2022-23 amounted to 4.4% of the income for that period, as compared to 4.2% in FY 2021-22. Depreciation increased year-on-year to ₹ 2,631.70 million in FY 2022-23 from ₹ 2,493.73 million in FY 2021-22.

Operating EBIT (earnings before interest and tax)

Operating Earnings before Interest and Tax (EBIT) decreased by ₹ 1,471.50 million to ₹ 5,633.35 million in FY 2022-23 from ₹ 7,104.85 million in FY 2021-22. Operating EBIT in FY 2022-23 is 9.4% compared to 12.0% in FY 2021-22.

Finance cost

Finance cost for FY 2022-23 amounted to 1.3% of income for that period, as compared to 1.1% of income in FY 2021-22. Finance charges increased to ₹ 789.70 million in FY 2022-23 from ₹ 639.39 million in FY 2021-22.

Other income

Other income of ₹ 1,308.50 million in FY 2022-23 includes other miscellaneous income (net) of ₹ 1,285.03 million which includes ₹ 955.24 million and ₹ 386.91 million for the year ended March 31, 2023 on account of changes in the fair value of contingent considerations and liabilities for purchase of non-controlling interest respectively, profit from the sale/redemption of current investments of ₹ 47.54 million, interest income of ₹ 10.34 million offset by loss on sale of fixed assets of ₹ 7.20 million and foreign exchange loss of ₹ 27.21 million.

Profit before tax

Profit before tax decreased to ₹ 6,152.15 million in FY 2022-23 from a profit before tax of ₹ 6,471.01 million in FY 2021-22. Profit before tax in FY 2022-23 was 10.2% of the income, as compared to 10.9% of the income in FY 2021-22.

Provision for taxation

Provision for taxation amounted to ₹ 1,015.03 million in FY 2022-23 and ₹ 1,105.71 million in FY 2021-22. Income tax expense comprises of current tax, net change in the

deferred tax assets and liabilities in the applicable FY period and minimum alternate tax credit. Current tax expense comprises tax on income from operations in India and foreign tax jurisdictions. The Company had the benefit of tax-holiday under Section 10AA under the Special Economic Zone scheme in India.

Current tax expense amounted to ₹ 657.63 million in FY 2022-23 and ₹ 741.55 million in FY 2021-22, and deferred tax charge of ₹ 357.40 million in FY 2022-23 and deferred tax charge of ₹ 364.16 million in FY 2021-22.

Profit after tax before minority interest

As a result of the foregoing, profit after tax before minority interest decreased to ₹ 5,137.12 million for FY 2022-23 from profit after tax before minority interest of ₹ 5,365.30 million in FY 2021-22.

Minority interest

Minority interest is ₹ (0.08) million in FY 2022-23 as compared to ₹ (8.44) million in FY 2021-22.

Profit after tax

As a result of the foregoing, profit after tax amounted to ₹ 5,137.20 million in FY 2022-23 and profit after tax of ₹ 5,373.74 million in FY 2021-22. Profit after tax in FY 2022-23 was 8.5% of the income, as compared to 9.1% of the income in FY 2021-22.

Liquidity and capital resources cash flows

The Company needs cash to fund the technology and infrastructure requirements in its operation centres, to fund its working capital needs, to pay interest and taxes, to fund acquisitions and for other general corporate purposes. The Company funds these capital requirements through variety of sources, including cash from operations and short and long-term lines of credit. As of March 31, 2023, the Company had cash and cash equivalents of ₹ 1,515.40 million. This represents cash and balances with banks in India and abroad.

The Company's summarised statement of consolidated cash flows is set forth below:

(₹ in million)

Particulars	FY 2022-23	FY 2021-22
Net Cash flow from Operating activities	7,950.23	7,035.58
Net Cash flow generated from /(used in) from Investing Activities	163.53	(5,945.78)
Net Cash flow used in Financing Activities	(7,433.82)	(1,579.61)
Cash and cash equivalents at the beginning of the year	828.20	1316.16
Foreign exchange gain on translating Cash and cash equivalents	7.26	1.85
Cash and cash equivalents at the end of the year	1,515.40	828.20

Operating activities

Net cash generated from the Company's operating activities in FY 2022-23 amounted to ₹ 7,950.23 million. This consisted of net profit before tax of ₹ 6,152.15 million and a net upward adjustment of ₹ 1,689.02 million relating to various non-cash items and non-operating items including depreciation of ₹ 2,631.70 million; net increase in working capital of ₹ 764.98 million; and income taxes paid of ₹ 655.92 million. The working capital change was due to increase in trade receivables of ₹ 964.92 million, decrease in loans and advances by ₹ 708.07 million and increase in liabilities and provisions by ₹ 1,021.83 million.

Net cash generated from the Company's operating activities in FY 2021-22 amounted to ₹ 7,035.58 million. This consisted of net profit before tax of ₹ 6,471.01 million and a net upward adjustment of ₹ 3,393.90 million relating to various non-cash items and non-operating items including depreciation of ₹ 2,493.73 million; net decrease in working capital of ₹ 1,884.47 million; and income taxes paid of ₹ 944.86 million. The working capital change was due to increase in trade receivables of ₹ 457.28 million, increase in loans and advances by ₹ 22.39 million and decrease in liabilities and provisions by ₹ 1,404.80 million.

Investing activities

In FY 2022-23, the Company generated ₹ 163.53 million of cash from its investing activities. These investing activities included capital expenditure of ₹ 536.22 million, including fixed assets purchased and replaced in connection with the Company's operation centres in the UK, the US and India and net purchase of money and debt market mutual funds amounting to ₹ 637.42 million.

In FY 2021-22, the Company used ₹ 5,945.78 million of cash from its investing activities. These investing activities included capital expenditure of ₹ 850.30 million, including fixed assets purchased and replaced in connection with the Company's operation centres in the UK, the US and India and ₹ 5,067.14 million towards acquisition of business and net purchase of money and debt market mutual funds amounting to ₹ 329.31 million.

Financing activities

In FY 2022-23, net cash used in financing activities amounted to ₹ 7,433.82 million. This comprised of repayment of long term borrowings of ₹ 424.96 million, proceeds from long term borrowings of ₹ 50.49 million, repayment from short term borrowings of ₹ 1,976.69 million. The Company paid towards purchase of Non-controlling Interest in a subsidiary of ₹ 276.40 million, interest of ₹ 787.42 million, purchase of treasury shares of ₹ 139.58 million. During the year, the Company also paid dividend of ₹ 2,384.45 million to its shareholders and repaid lease liability of ₹ 1,494.81 million.

In FY 2021-22, net cash used in financing activities amounted to ₹ 1,579.61 million. This comprised of repayment of long term borrowings of ₹ 1,546.16 million, proceeds from long term borrowings of ₹ 3,008.05 million and proceeds from short term borrowings of ₹ 2,442.74 million. The Company paid towards purchase of Non-controlling Interest in a subsidiary of ₹ 887.28 million, interest of ₹ 580.44 million, purchase of treasury shares of ₹ 462.66 million. During the year, the Company also paid dividend of ₹ 2,383.96 million to its shareholders and repaid lease liability of ₹ 1,169.90 million.

Cash position

The Company funds its short-term working capital requirements through cash flow from operations, working capital overdraft facilities with commercial banks, medium-term borrowings from banks and other commercial financial institutions. As of March 31, 2023, the Company had cash and bank balances of ₹ 1,515.40 million as compared to ₹ 828.20 million as of March 31, 2022.

Key financial ratios

Ratios	FY 2022-23	FY 2021-22
Debtors Turnover	8.80	9.10
Current Ratio	0.9	0.9
Debt Equity Ratio	0.2	0.3
Interest Coverage	8.8	11.1
Operating EBITDA	13.7%	16.2%
Operating EBIT	9.4%	12.0%
Net Profit Margin	8.5%	9.1%

Table presents key financial ratios, as applicable, for Firstsource Solutions Limited. The change in Debt to Equity ratio is significant, as defined under the amended SEBI (LODR) Regulations i.e. over 25% compared to previous year. The debt equity ratio has decreased due to reduction in debt during the year.



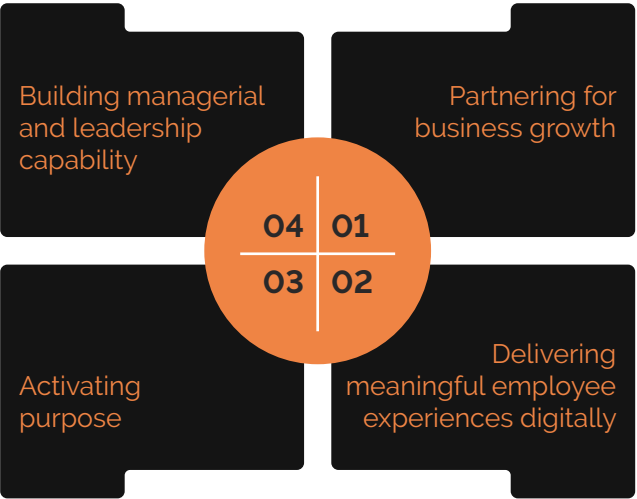
MD&A (Contd.)

Human Resources

At Firstsource, the primary objective is to build an organization where employees can truly live their purpose. The Company continuously strives to create a workplace that fosters accountability, inclusion, and innovation, allowing every employee to participate to their full capacity. Firstsource firmly believes that by cultivating an environment where our employees can find meaning in their work and align their personal purposes with the organization's larger mission, can unlock their full potential and drive organizational success.

The Company's goal is to create a positive impact in the world through its work, and the Company believes that its people and core values are critical to achieving this. The Company's values, known as REACCH - Risk-taking, Execution excellence, Agility, Customer-first, Credibility, and Humaneness - are deeply ingrained in its culture, serve as a guiding principle for every action the Company takes. These values guide the Company in everything it does, whether serving the clients, working with the employees, or supporting the communities that surround it.

Firstsource believes that its people strategy is a reflection of its values, which serve as a moral compass for all its actions and decisions. Keeping this in mind, the Company has designed a people strategy anchored on four pillars that guide its people practices. The Company believes that by aligning the HR strategy with its core values, it can attract and retain employees who share the principles and beliefs, thereby leading to a more engaged and productive workforce.



i. Partnering for business growth

This represents Firstsource's commitment to attract top talent, expand its reach to new regions, and strengthen its ability to serve clients worldwide. It has achieved this through a series of targeted initiatives, such as establishing nearshoring and satellite locations to

broaden its talent access, streamlining recruitment processes via a global hiring model to attract the best candidates from around the world, and leveraging its employer value proposition and brand to deliver a distinctive candidate experience that resonates globally. Additionally, the Company has harnessed the power of innovative hiring practices, including impact sourcing, apprenticeships, campus recruitment, and inclusive hiring, to tap into a diverse pool of candidates and create a more inclusive workforce.

ii. Delivering meaningful employee experiences digitally

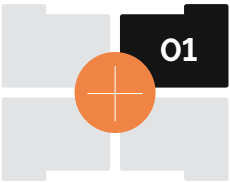
This is a testament to the Company's agility and people-centric approach to adapting to the ever-changing needs of its workforce. By leveraging DFDN (Digital First, Digital Now) to enhance employee experiences and prioritizing the customer-first mindset, Firstsource creates a culture of credibility, positioning ourselves as an employer of choice. By digitizing employee experiences, the Company also streamlines, reduce manual effort, and improve overall efficiency.

iii. Activating purpose

This embodies its commitment to the larger community, and the values that drive the organization. Firstsource recognizes that people work for a variety of reasons, and the Company believes that aligning an individual's purpose with the organization's purpose is essential for driving engagement, motivation, and overall success. The Company focuses on helping employees find deeper meaning in their work by realizing that this sense of purpose is vital for both individual and organizational growth. By creating a culture that values purpose and aligns individual's goals with the organization's vision, the Company aims to foster a sense of shared responsibility and drive long-term success.

iv. Building managerial and leadership capability

This represents the Company's focus on strengthening employee skills and building leadership capacity throughout the organization. By prioritizing the development of its leaders, the Company is not only investing in their growth but also in the future of its business. Through enhanced skills and knowledge, the leaders are able to drive positive change in people and processes, leading to exponential value creation across the entire organization. With a strategic focus on leadership development, the Company is able to position itself for long-term success, ensuring that the business remains adaptable, resilient, and competitive in the face of ongoing changes. The Company is confident that prioritizing its people allows us to attract, develop, and retain top talent and drive its business forward in a rapidly changing environment.



I. Partnering for Business Growth

As of March 31, 2023, Firstsource had 23,018 employees, reflecting a year-on-year decrease of 3,539 employees compared to 26,557 employees on March 31, 2022. Amidst the persistent macroeconomic challenges in the Mortgage business that have led to a net decrease in headcount, the Company remains strategically focused on building a strong foundation for long-term success. In line with this, the Company is directing its investments towards talent development in high-growth areas such as Healthcare, CMT, and BFS. This will position Firstsource to increase its market share and enhance its competitive advantage, even in the face of uncertain economic conditions. With a sharp focus on investing in high-growth areas and building a solid foundation for long-term success, Firstsource is poised for sustainable growth in the coming years.

Focussed on growth

Opening of new centre in Mexico

With a fully operational center in Mexico and several clients already onboarded, the Company is confident in its decision to nearshore to Mexico. Furthermore, the interest from other potential clients highlights the growing trend of nearshoring to Mexico as a strategic move that can offer several benefits to us.

Satellite locations and nearshore centers around UK

In pursuit of sustained growth, Firstsource exploring the potential of additional nearshore centers that offer significant advantages. The Company is taking strategic steps to gain a deeper understanding of its client's requirements including access to a highly skilled and diverse talent pool, a favorable business environment, and a shared time zone with many of our key clients. Nearshoring offers these advantages and by leveraging them, the Company aims to enhance service offerings, improve operational efficiency, and increase client satisfaction.

Firstsource has established satellite locations in Manchester and Birmingham through co-working with plug & play. These locations provide a competitive edge by expanding the in-office talent pool without the need for significant capital expenditures. This strategic move also mitigates the risk of competition in existing permanent sites in Middlesbrough.

By leveraging nearshore centers and strategically expanding its presence, Firstsource is well-positioned to drive growth and remain competitive in the

marketplace. The use of satellite locations and co-working spaces not only provides access to a wider talent pool but also offers flexibility and cost savings.

New office in Philippines

In the Philippines, the Company has successfully transitioned to its new office in Makati City, Manila, which currently supports clients in the Mortgage, Europe, and Healthcare Business Units. This new office is a crucial step towards establishing a central hub for the expanding global business operations, reflecting our continued growth in the country.

Three-site location strategy (Europe Business)

The Company's business in Europe has experienced an exceptional growth trajectory, driven by the trust and confidence clients have placed in Firstsource's capabilities, leading to a greater volume of business with them. While Mumbai and Bangalore have been the cornerstones of the growth strategy, the Company recently expanded to a third site in Hyderabad, marking its commitment to expanding its presence across India and tapping into talent pool beyond these key locations. The decision to expand to Hyderabad is a deliberate part of the growth strategy for Europe business, and the three-site location strategy allows the Company to harness a larger talent pool, further bolstering its presence in the region.

Seamless people transition during recent acquisitions

The seamless integration of ARSI into the organization has been a key driver of success for the Collections team during the year. By leveraging the expertise of the dedicated HR team, the Company ensured that every employee was quickly acclimated to the Firstsource culture, vision, and values. The Company is excited to continue leveraging the strengths of its newly integrated colleagues, working together as a cohesive and unified team to drive growth and success for our organization.

Streamlining recruitment through global hiring model

Firstsource's global hiring model aims to build scalable and consistent recruitment processes, enhance overall accountability, and break down traditional functional silos. The hiring processes are tailored to the BUs by individual business leaders which are regularly reviewed and iterated through the use of analytics and a continued focus on return on investment.

The Company's hiring teams achieved a remarkable milestone by recruiting a total of 5,346 individuals globally (since April 2021) through the Impact Sourcing model. This model provides learning and career development opportunities to disadvantaged and under-served communities. The team's dedication to hiring targets is a testament to the commitment to deliver exceptional value to business, and the Company is confident that its focus on top talent acquisition will continue to fuel its growth.

These achievements are the result of the Company's sharp focus on executing its global hiring model, which incorporates robust policies, practices, and technologies to identify, assess, and acquire the best talent from around the world.

5,346

Individuals recruited through the impact source model



The team's dedication to the hiring targets is a testament to the commitment to deliver exceptional value to business, and the Company is confident that its focus on top talent acquisition will continue to fuel its growth.

Global Talent Acquisition Strategy

The comprehensive Global Talent Acquisition Strategy forms the cornerstone of the Company's success. Built on the foundation of a skilled team and guided by robust policies, processes, practices, and compliances, the strategy is designed to ensure that the Company attracts, acquires and integrates top talent across the organization.

The hiring strategy is based on four key dimensions:

1. ASSESS Talent Requirement:

The Company meticulously analyzes talent requirements through a robust recruiting technology platform and gains access to talent pools via a multi-channel sourcing strategy. The Company's agile, user-friendly process ensures that it invite candidates who are the perfect match for current and future business plans.

2. ATTRACT Talent:

The Company goes beyond traditional recruitment practices and proactively networks with both passive and active candidates, offering a seamless candidate experience from application to joining. The employer branding, social media campaigns, impact sourcing initiatives, employee advocacy programs, and digital candidate experience are all designed to attract top talent.

3. ACQUIRE Best-in-Class Talent

The Company assess the candidate's potential and culture fit through secure and scalable digital assessments, using aspiring minds and other interview tools/techniques. The Company leverages the latest digital technology solutions to automate recruitment processes to ensure that it acquires top talent from around the world seamlessly.

4. ACCLIMATE Talent:

The Company's commitment to nurturing its employees extends beyond recruitment, and the Company has implemented a Step Aboard program that integrates new employees into the organization. The Company's digital onboarding program and engagement surveys on Qualtrics help it ensure that the employees have the tools, resources, and knowledge to become successful and productive members of the team

Leveraging the EVP and employer brand globally to deliver compelling experiences

In FY 2022-23, the global talent acquisition teams successfully executed several interventions to reinforce the employer brand and enhance the candidate experience. These initiatives have resulted in a more refined approach to talent acquisition further bolstering the Company's reputation as an employer of choice.

1. The Company has leveraged its employee value proposition to strengthen the employer brand and promote advocacy, with a particular focus on amplifying the refreshed employer brand around the "Everyone is Welcome" theme to ensure visibility with the right talent pool. To achieve this, the Company has created more visibility through marketing channels and increased social media activity through the creation of "Employee Advocacy Groups."

2. The Company's recruitment channels have been reinforced through impactful campaigns, attractive incentives for iRefer (employee referral) channels, and a revised global referral policy for better visibility and awareness. The Company has also assessed and leveraged social channels such as Snapchat, Instagram, Facebook, and TikTok.

3. The Company focussed on delivering an engaging experience for its candidates by leveraging authentic content online (social channels and website) including stories and case studies from current employees.

4. The Company has conducted targeted candidate marketing campaigns, specifically for graduates, single parents to reflect the aspirations and needs of its workforce.

5. The Company has also evaluated and added new job boards for new and existing locations to meet the surge in demand and assessed and onboarded new suppliers for new locations..

Building a talented and diverse workforce

A diverse and highly talented workforce is key for the Company to achieve sustained business growth. Firstsource imbibes policies and practices within the organization to create a diverse and inclusive workforce to encourage thought and creative diversity. As a forward-thinking organization, the Company has implemented a range of strategic hiring initiatives that prioritize diversity, inclusion, and career development opportunities for disadvantaged communities, while attracting top talent from diverse backgrounds.

1. Impact Sourcing:

The Company has utilized the Impact Sourcing model to provide learning and career development opportunities to disadvantaged and under-served communities. This approach has enabled us to hire a total of 5346 individuals across India, the US, and the UK since April 2021, including those hired under the Work Opportunity Tax Credit (WOTC) program in the US, or from Tier 2 and Tier 3 locations.

2. Inclusive hiring:

The Company has hired two all-women groups, totaling 30 employees, across Mumbai and Bangalore since October 2021. In the Philippines, the Company demonstrated its commitment to hiring from the LGBTQIA communities by hiring one group of 21 employees, and 6 more individuals on a contract basis.

3. Apprentice Programs:

To further develop the skills of the workforce, the Company sponsors apprenticeship programs in the UK and India. The Company's partnership with Northern Skills in Middlesbrough, an accredited apprenticeship organization, has enabled us to hire apprentices and provide them with regular coaching and mentoring opportunities to develop their skills while earning a wage.

In India, the Company has hired 350+ FTEs under the National Apprenticeship Promotion Scheme (NAPS) and the National Apprentice Training Scheme (NATS) run by the government.

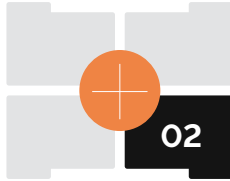
4. Campus Hiring:

Finally, as part of our recruitment strategy, we have enabled campus hiring as an important channel to attract young talent aspiring to excel in their careers. With tie-ups with over 20 campuses, we initiated several hiring drives to identify and hire the best and brightest students to join our team in FY 2022-23.

Results of our initiatives

- 5,346 individuals hired across India, the US, and the UK since April 2021, including those hired under the Work Opportunity Tax Credit (WOTC) program in the US, or from Tier 2 and Tier 3 locations through the Impact Sourcing Model.
- Hired two all-women groups, totaling 30 employees, across Mumbai and Bangalore since October 2021.
- In the Philippines, the Company demonstrated its commitment to hiring from the LGBTQIA communities by hiring one group of 21 employees, and 6 more individuals on a contract basis.
- In India, the Company hired 350+ FTEs under the National Apprenticeship Promotion Scheme (NAPS) and the National Apprentice Training Scheme (NATS) run by the government.





## II. Delivering Meaningful Employee Experiences Digitally

### HR technology

A digitally enabled, integrated experience across the employee lifecycle, through the launch of FirstPlace.

In an ever-changing, fast-paced, dynamic business environment, Digital First, Digital Now (DFDN) helps ensure that Firstsource is agile in its solutions, quick in execution, and at pace with the latest technologies. Enabling the DFDN experience to progress internally, the Company launched FirstPlace in January 2023, a Human Capital Management (HCM) platform that offers an integrated interface for all HR processes and elevates the end-to-end people experience across business units and geographies. The platform is built on SAP SuccessFactors – the world's leading HCM that enables organizations to manage employee lifecycles, with KPMG as the implementation partner.

The platform offers self-service tools with great features like single sign-on, guided workflows, notifications, collaboration, and rapid resolution of queries. A single point of access for all employee information enables seamless transactions – and mobile access to connect anytime, anywhere, and simpler tools that provide great user experiences for employees, managers, and candidates.

FirstPlace supports more than 23,000+ Firstsourcers across 5 countries. The implementation of the platform had been planned in 2 phases with Phase 1 going live in January 2023. The modules included Employee Central, Recruiting Management, Onboarding, Offboarding, Service Center & SAP JAM. To enable seamless transition to FirstPlace, champions across businesses and geographies were identified. Extensive training, communications, persona-wise modules on how to navigate the platform as well as quick action on feedback received have helped the Company reach an 80% adoption i.e., more than 18,500+ employees have logged in and used the platform via Web/Mobile.

Currently, Firstsource is working on Phase 2 implementation which includes modules like Performance & Goal Management, Learning Management System, Compensation Management, Succession Planning & Career Development which will go live in the first half of FY 2023-24.

**23,000+**  
Employees supported through FirstPlace across 5 countries



**80%**  
Adoption in Phase 1 of FirstPlace

### Fostering a culture of recognition

As the world becomes more dynamic, it is crucial to provide employees with the tools and resources they need to connect, recognize each other's contributions, and support each other. To achieve this goal, Firstsource partnered with Vantage Circle, the Company's rewards and recognition partner, to integrate the Vantage Circle Application with Microsoft Teams.

This integration will help provide employees with a user-friendly, streamlined rewards and recognition platform, enabling them to engage with their colleagues seamlessly. Firstsource's employees can now recognize

their peers' contributions instantly and provide timely feedback, thereby fostering a culture of appreciation and recognition. Furthermore, this integration will enable us to enhance our user experience and drive better engagement across the organization.

### Harnessing technology and Artificial Intelligence (AI) for high impact hiring

In FY 2022-23, the Company initiated a pilot program for Smart Interview on Demand (SIOD) across the UK and India. This AI-powered asynchronous video interviewing process enables smart screening through recorded video interviews helping identify top talent faster. Apart from the ease of use, this AI-based scoring enables evaluating candidates' social skills (confidence, composure & confidence) along with assessing workplace competencies.

SIOD provides convenience and flexibility to candidates and evaluators, while also saving time and cost. It also simplifies the interview process for recruiters through easy scheduling and tracking, while standardizing evaluations using pre-defined parameters and an optional AI scoring system.

Firstsource recognizes the importance of employee referrals as a critical channel for hiring top talent. To further optimize efforts and enhance contact rate with potential candidates, the Company has recently deployed WhatsApp as a preferred communication channel for the recruitment team in the UK. WhatsApp enables the team to engage in real-time and facilitates two-way conversations with referred candidates, seamless exchange of CVs and references, while also expediting and elevating the quality of initial interactions. This has resulted in an increase in referral numbers and has effectively addressed issues pertaining to delayed responses, thereby improving the overall candidate experience.

**WhatsApp enables engagement in real-time, facilitates two-way conversations with referred candidates and seamless exchange of CVs and references, while also expediting and elevating the quality of initial interactions.**

Additionally, we embarked on a journey to help expedite the CV shortlisting process by using cutting-edge technology such as machine learning. By automating the CV shortlisting process, we aim to free up valuable time for our recruiters, allowing them to focus on building meaningful relationships with potential candidates and delivering a superior hiring experience.

### Leveraging next-gen technology (Metaverse & Powerbot) to enhance employee experience

In a world where digital experiences are rapidly evolving, the concept of the Metaverse promises to revolutionize the way we interact with technology. Firstsource recognizes the importance of staying ahead of the curve and embracing new opportunities for growth and innovation. Therefore, decided to explore the potential of Metaverse as a platform for a New Hire Induction program. After partnering with Gmetri and conducting a POC in the second half of the year, the Company is proud to report that the immersive experience was a resounding success.

Through the use of cutting-edge technologies like 3D world creation, 360 panoramas, and virtual reality, Firstsource was able to create a truly interactive and engaging experience for new joiners. They were able to explore a gamified environment guided by a virtual buddy, making the onboarding process more fun and memorable. By leveraging the power of the Metaverse, the Company create a truly immersive experience that will not only enhance the onboarding process but also set the tone for the organization's commitment to innovation and growth.

To stay ahead of the curve in the constantly evolving technological landscape, Firstsource also piloted a PowerBot in both the UK and the US to reinforce desired leadership behaviors. The PowerBot provides gentle nudges to employees to encourage them to maintain the highest standards of leadership behavior, thus paving the way for the next generation of tech-enabled leadership.

### Employee engagement and survey

Firstsource believes in nurturing a work environment where employees feel valued and heard. To achieve this, the Company has implemented a robust survey program that enables it to actively listen to employee feedback and insights. By doing so, it can foster a culture of continuous improvement, where every employee's voice counts, and their contributions lead to positive and meaningful changes.

MD&A (Contd.)

The survey program utilizes the Qualtrics platform, launched in 2021, to administer surveys at various stages in the employee journey. This enables the Company to gather feedback on key employee engagement and experience drivers.

Lifecycle surveys are particularly useful for measuring and monitoring engagement at various intervals in the journey of an employee from Hire to Retire. These surveys are launched automatically through Qualtrics, on the predefined employment milestones for respective employees. The Company enhanced awareness, reach and participation in these surveys, through refresher and orientation sessions, a dedicated microsite, and by introducing Lifecycle surveys as part of onboarding modules.

Firstsource believes meaningful employee surveys can foster positive changes in the workplace. To replace the annual Global Employee Survey (GES), it launched a tri-annual Pulse survey in May 2022. This allows the Company to provide employees an opportunity to share their thoughts on better ways of working. The Pulse survey aims to keep Firstsource connected to the pulse of its people by seeking meaningful insights and implementing changes in line with the feedback received.

The Pulse survey helps assimilate feedback around two broad areas:

- Engagement indices like Trust, Recognition, Growth and Development; Resources & Work environment, Work Life Balance, Communication, Intent to Stay, and
- Organization-wide initiatives like Employee Wellbeing, Inclusion & Diversity (I&D), and Corporate Social Responsibility (CSR).

Firstsource launched the tri-annual Pulse survey in May 2022 to seek meaningful insights and implement changes aligned to employee feedback.

The Company has successfully conducted three Pulse surveys in the months of May and September 2022 and February 2023. Employees were given an opportunity to share their experiences and feedback aligned to the drivers, thrice during the year. Additionally, campaigns communicating actions taken/implemented based on

survey feedback were shared through a series of "Your Ask. Our Commitment" mailers to demonstrate the impact of their feedback.

Talent integration

As a progressive and innovative organization, the Company that the onboarding experience is a pivotal moment that can determine the trajectory of a new hire's career. To optimize this process, Firstsource has implemented the Step Aboard framework, which has allowed it to refine and enhance its onboarding program to create a seamless and structured journey for new employees. The program has redesigned the New Hire Orientation content to ensure that employees are equipped with the necessary tools and knowledge to hit the ground running from day one.

Moreover, the Company has successfully migrated its onboarding process to the FirstPlace platform, which provides an exceptional digital onboarding experience to all new joiners. Leveraging the platform's advanced features, such as "nudges," the Company has enabled lateral and leadership hiring managers to connect with new joiners before their start date, suggest key contacts, and assign a buddy to foster a sense of community and belonging. By adopting cutting-edge technology and best practices, the onboarding program reflects Firstsource's commitment to providing a supportive and engaging work environment for all employees.

Nurturing and unlocking the potential of the next generation of employees is essential for driving growth. Effective onboarding is the key to unleashing the fullest potential of young and aspiring talent.

Fueling growth for talent: Onboarding young minds

In FY 2022-23, Firstsource made significant strides in its Management Trainee (MT) program, hiring its largest cohort of 52 trainees from 16 of India's top business schools. These exceptional individuals were recruited across key functions, ensuring a deep pool of talent to drive the business forward. The onboarding process was carefully crafted to enable the new MTs to kickstart their careers with the right mindset. Beginning with a rigorous virtual bootcamp, they interacted with various leaders across geographies, gaining valuable insights into the Company's operations and culture. The program provided a forum for MTs to experience and understand the Firstsource ethos, preparing them to embody its values and contribute to the organization's success. The exceptional talent onboarded through the MT program is a testament to the Company's commitment to building a strong and diverse team. Firstsource is confident these new hires will continue to drive innovation, efficiency, and growth across the organization in the coming years.



52  
Management Trainees  
onboarded in FY 2022-23

Talent engagement

Employee recognition

Workplace recognition motivates employees and makes them feel valued for their work. Besides, the accompanying sense of pride and self-worth it is also proven to be a driving force in helping employees re-energize and outperform. Recognition emerged as one of the dominant asks in the Company's first Pulse survey results where employees shared that they wanted to be recognized more often.

With an aim to enthuse employees to vocalize their appreciation towards their co-workers more frequently and intuitively, Firstsource launched a recognition campaign called "#AppreciationAmplified" in September 2022. The campaign focused on a specific recognition theme each month, to make it easier for employees to appreciate colleagues, leaders, managers and co-workers who demonstrate qualities and behaviors aligned to the theme. Along with leveraging the First Reward platform to appreciate colleagues by sharing performance and behaviour-based non-monetary badges, the campaign also included elements like sharing employee stories and monthly fun activities in line with the theme of the month and quarterly recognition of winners with the highest appreciation. The results have been quite heartening, with overall 12,844 appreciations received.

Employee engagement

The Company's commitment to employee engagement is evident through a wide range of initiatives and programs implemented across different locations and business units with a focus on nurturing and supporting employees with continuous training, development, engagement and wellness initiatives.

Key Initiatives

Established employee pods for the Provider business (US) with a subject matter expert (SME) to provide more focused training, enhance engagement, and improve retention.

- Launched a new Supervisor to Managerial development program called SIM – Stepping into Management - aimed at identifying and nurturing talent from within the organization.
- Programs like Connectometer have provided a comprehensive understanding of employee and supervisor connections, helping identify and tackle areas of concern.
- Established Employee Advisory Councils in India, to ensure that employees feel heard and included in the decision-making process.
- Additionally in India, the HPHS team benefited from exciting interventions throughout the year, such as IMPRINTS to reward top performers, volunteering opportunities across all sites, milestone celebrations, festivals, and sports and fun days.
- Launched a UK-wide initiative, #WalkThisMay to promote holistic wellness by encouraging daily walking among employees. The initiative focused on enhancing both physical health and wellbeing while fostering a sense of camaraderie and teamwork.

Global Leadership Awards

The Global Leadership Awards (GLA) are the largest forum to recognize and celebrate the achievements of leaders for their extraordinary contributions towards the business. Each year, the endeavour has been to make these awards inclusive and more meaningful. The successful launch of the Global Leadership Awards 2.0 in July 2021 garnered a lot of sponsorship and support from the leadership. To further elevate the experience, the GLA team the award categories sharpened (both Individual and Team) to make the contributions more distinct and differentiable.

Having received 78 nominations across 11 awards in the Individual and Team Award categories, GLA celebrated the achievements of 19 Individuals and 24 high performing teams through a grand global virtual felicitation event conducted on February 28, 2023. The event was delivered seamlessly and garnered a lot of positive comments from the audience/winners.



MD&A (Contd.)

Group Awards:

As part of the Group Foundation Day celebrations, the RPSG Group annually recognizes high performers across four categories – Outstanding Achiever Award, Young Achiever Award, Top Gear Award and Core Value Champion Award. These awards are designed to honor and recognize managers who can make a significant contribution to the success of the organization by consistently exceeding or going beyond their job requirements. In addition, the Group recognizes employees across all its companies for their outstanding performance in ‘Sangeet Sitara’, a talent show. Having gone through a structured and rigorous nomination and screening process, 8 of our employees won Group awards across different categories and were recognized for their extraordinary contributions towards the success of the organization.

Talent retention

The Company strives to implement a sustainable employee retention strategy and is pleased with the progress it has made so far. Its ongoing focus on enhancing people leader capability, improving onboarding experience, building a flexible working model, providing a seamless digital employee experience, leveraging its location strategy, and aligning wages with market rates and job complexity are key components of its continued journey.

Total rewards

The Company's rewards philosophy aims at driving performance by aligning elements such as

Key focus areas

- 1. Enhancing people leader capability - By enabling our leaders to deliver a meaningful employee experience and drive performance in their teams and foster a culture of leadership that values and drives performance through deliberate & consistent practice of people leadership behaviors
- 2. Improving onboarding experience for new employees - By providing a consistent and personalized onboarding experience and identification of specific touchpoints throughout the employee lifecycle to ensure meaningful engagement and support.
- 3. Building a flexible working model - By enabling flexibility and part-time options to accommodate a variety of workstyles and attract a wider talent pool, including gig workers and freelancers.
- 4. Providing compelling digital employee experience that improves productivity, engagement, and retention - By leveraging technology and digital

tools and create a seamless and efficient work environment for employees.

- 5. Leveraging location strategy for talent recruitment - By strategically locating our operations and tap into local talent pools and reduce the need for expensive relocation packages. This approach also enables us to build stronger ties with local communities and develop a more diverse and inclusive workforce.
- 6. Focusing on wage alignment and incentives - By aligning wages with market rates and job complexity to attract and retain the best talent in high attrition accounts.

We remain committed to continuously improving our retention strategy and believe that prioritizing employee retention is critical to building a stronger and more sustainable business for the long term. As part of our BU level retention initiatives, in our HPHS business, we have launched 'Operation 90 Days' in the HPHS Call Center, which involves several enhancements and changes in the pre-and post-joining phases to increase retention. The program culminates in a graduation ceremony to celebrate employee success

compensation, benefits, career development and recognition programs to strategic goals and objectives. This approach recognizes employees as valuable assets and acknowledges their contributions to desired business outcomes.

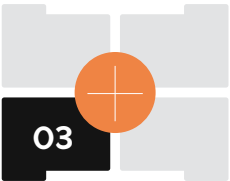
The Total Rewards strategy enables a fair, transparent, and high-performance culture, one that recognizes and rewards high performers and incentivizes them to unleash their potential at Firstsource.

Key elements of our Rewards strategy:

- 1) Enabling business and performance: Clear metrics in place to measure desired business outcomes which help to determine reward elements such as performance bonuses and rewards allocation across business units
- 2) Differentiated rewards to drive performance: Rewards are clearly linked to performance/talent ratings and principles of performance management are consistently applied across all geographies

This has resulted in a more transparent and consistent approach to measuring performance across Firstsource.

Company's compensation framework promotes and rewards sustainable performance and contributions based on values, delivery, and performance across all levels of the organization. It also offer a comprehensive benefits package that focuses on health, wealth, and career across the employee lifecycle.



III. Activating Purpose

The Company has made activating purpose a strategic imperative that drives their sustainability efforts and positions them for long-term success.

Commitment to ESG

Being a responsible corporate citizen, Firstsource's commitment to a sustainable and equitable future is manifested in strong governance standards, a sharp focus on employee wellbeing, delivering community impact, and mitigating our environmental footprint.

Inclusion & Diversity

Firstsource's efforts in inclusion and diversity are integral to our sustainability initiatives. It recognize that a diverse and inclusive workplace drives innovation and success and enables them to better serve its customers. By prioritizing purpose and sustainability, the Company is not only creating a more engaged workforce but also positioning themselves for long-term success in a rapidly changing world.

Firstsource recognizes that creating a diverse and inclusive workplace is not a one-time event but an ongoing journey. It strive to unlock the collective power of all Firstsourcers by fostering a culture of respect, collaboration, and belonging. The Company believes that it plays a crucial role in this journey and share the responsibility of creating a purposefully diverse workplace.

Firstsource deepened the reach of its I&D program in FY 2022-23 by taking the strategy and execution to the Business Unit level. Each BU Head set goals based on a dashboard where they could see their diversity on various dimensions, globally, on a quarterly basis to track progress. It also enhanced its employee support system by adding an Affinity Group for Underrepresented Ethnic and Racial Minority Communities and Allies, in addition to the Women's Inspiration Network and Source of Pride. The Company also partnered with Laddr on the launch of their platform that caters to mothers and helps them advance their careers.

The Company released a formal, global I&D policy designed to help each Firstsourcer understand their role in this journey, offering guidance & clarity as we work towards creating an inclusive workplace. The policy also reiterates our commitment to creating an organization where employees can bring themselves to work, regardless of their gender, ethnicity, sexual orientation, religious beliefs, age, physical abilities, and

other personal and social attributes. It emphasizes the following behaviors to make our teams more welcoming, safe, and equitable:

- Raising self-awareness on I&D,
- Fostering respect, sensitivity, and fairness in interpersonal interactions, and intentional personal action to support I&D priorities in the organization.

Gender Mix

♂ 12,305 Male

♀ 10,700 Female

NA 13 Not Disclosed

23,018 Total



♀47:♂53  
Gender diversity ratio



The policy provides an overview of the organization's I&D strategy and design, champions for I&D efforts, relevant reporting & feedback procedures, and related policies at Firstsource.

Initiatives undertaken to promote inclusion and diversity

In honor of International Pronouns Day, the Company launched an Inclusive Language Guide to help Firstsourcers speak, write, and interact more inclusively. This guide highlights the importance of inclusive language at the workplace and offers simple tips and tweaks to communicate without exclusion. Firstsource recognize that creating a workplace where everyone feels valued and respected requires ongoing effort and education. By providing resources like the Inclusive Language Guide, it is helping to foster a culture of inclusivity and respect that benefits all Firstsourcers.

Firstsource developed and piloted discussion packs to aid employees in holding conversations about inclusion and diversity topics, including creating psychologically safe teams. Company believes that these discussions will help Firstsourcers build their understanding of I&D

topics, share their perspectives, and develop solutions that will help our teams work together more effectively.

Firstsource initiated a 6-month mentoring program for select women leaders in India, designed to enable and empower them and close the gender gap at leadership levels. The program is in partnership with We-Ace, a reputed organization that provides skilling, mentoring, and employment opportunities for women. The 6-month mentoring program, aimed at retaining, advancing, and supporting our women leaders, will be a rich journey for participants to realize their maximum potential through in-depth discussions with their mentors, masterclasses, and industry leadership connects. The mentors, carefully matched depending on the skills, expertise, and goals of the mentees, will share their knowledge, experiences, and an external perspective with the participants while providing candid feedback and objective support to help them navigate vulnerabilities.

The Company's Chief Executive Officer (CEO), Vipul Khanna, signed the NASSCOM I&D Pledge, committing to creating an ecosystem that fosters inclusion and diversity at Firstsource. It celebrated various I&D heritage months, including Asian American, Native Hawaiian, and

Pacific Islander (AANHPI) Heritage Month, Pride Month, National Hispanic Heritage Month, and Black History Month.

Inclusion & Diversity Events

In June 2022, Firstsource celebrated LGBTQ+ Pride Month across all its UK sites, showcasing its commitment to inclusion and diversity. The Company took part in local Pride Parades, held awareness postings and story sharing from its people in the LGBTQ+ community, and launched our "Source of Pride" platform. This strategic focus on diversity and inclusion has not only helped to create a more inclusive and welcoming workplace but also positioned them as an employer of choice for a wide range of diverse talent.

The Company celebrated Black History Month in October 2022 for UK and February 2023 for US, with volunteers designing informative fact cards for children from Black and other underrepresented communities. This initiative helped to promote a greater understanding of Black history and culture and also demonstrated our commitment to supporting and celebrating diverse communities. The Company also celebrated National Hispanic Heritage Month (Sept 15-Oct 15) and Asian American Native Hawaiian and Pacific Islander Heritage Month (May) in the US.

In March 2023, the Company celebrated International Women's Day with a range of activities and events across all its sites. Our engagement team organized site visits and a virtual roadshow, featuring powerful sessions on self-promotion and ownership of achievements. This focus on empowering women and promoting gender equality is not only the right thing to do but also helps to drive business success by promoting a more diverse workplace.

Company's strategic focus on employee engagement and diversity and inclusion has helped to create a holistic and productive workplace and has positioned Firstsource as an employer of choice for diverse talent.

Communities:

As a purpose-led organization, the Company is infusing sustainability into the core of its transformation and creating a tangible impact in the lives of its people, clients, shareholders, and the community alike.

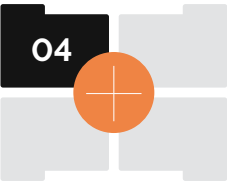
Employee volunteering and giving:

- **Leadership participation:** The Company launched the "Every Leader a Volunteer" campaign to promote volunteering at the top level. In the first year of this campaign, and saw 17% of its leadership across globe participating in various programs contributing 600+ hours. Its leaders have empowered young minds through mentorship sessions, virtual classroom teaching, career guidance, women empowerment sessions, livelihood support projects, along with

sharing their deep expertise by providing pro-bono support in the area of Tech & Consulting, while also supporting the launch and milestones of its CSR Projects.

- **High-impact volunteering programs:** The Company started structured high-impact projects in partnership with non-profits. The FFE Mentorship Program and eVidyaloka Program are some examples where our employee volunteers are committed to providing support on a long-term project spanning 3-6 months, teaching or mentoring students.
- **Purpose-led employee giving projects:** The Company employees across the globe continued to show their love and affection for communities by contributing regularly to charity through various fundraising and payroll programs.
  - In the UK, employees donated to regular payroll programs and participated in various fundraising events.
  - In the US, employees supported causes such as the Norton Candy Drive and Susan G. Komen Cancer patient support fund drive.
  - In India, our Give India Payroll program positively impacted over 12,000 lives through initiatives such as the Gift a Smile, Book a Smile, and Art Truck Project.
- **Purpose led employee volunteering projects:** The Company employees across the globe continued to share their time and knowledge through various events anchored by CSR/HR team across all countries.
  - In the UK and US, volunteers participated in virtual expert sessions on environment awareness, sign language, mental health and various other activities to support our communities
  - In India, volunteers participated in various environmental activities such as clean-ups, microgreen growing, and eco-friendly bag making, and supported medical camps, para badminton tournaments, pro bono work for NGOs, and livelihood support for community wellbeing.
- **Empowering underprivileged girl students:** The Company is also proud to partner with Hopeworks Foundation to provide wings to girl students from underprivileged backgrounds. Through its apprenticeship program, Company enable these students with on-the-job skilling, empowering them to support their families and alleviate poverty. By investing in the education and development of our future leaders, Firstsource is not only creating a more equitable society but also a more prosperous future for all.





IV. Building Managerial and Leadership Capability

Talent development

In FY 2022-23, Firstsource emphasized the importance of adapting to rapidly changing markets in order to sustain employee productivity & progress against business goals. At Firstsource Academy, the Company aims to cultivate a culture of continuous learning and curiosity, providing opportunities for reskilling and upskilling that cater to the diverse needs of the employees.

The Company's approach to skilling is multi-faceted, with three key principles guiding the philosophy.

- Prioritize empowering learners to take ownership of their own development and become self-motivated
- Establish a learning-friendly environment that provides diverse forms of support and resources, including a gamut of facilitated to self-directed forms of learning assets across a range of complexities and delivery styles
- Make learning more accessible by creating a learning ecosystem that encompasses internal and external sources of knowledge and insights, as well as social reinforcement through learning communities

The Company encourages employees to take charge of their learning and career paths and commit to an Individual Development Plan (IDP), early in the year. Individuals can choose from a wide range of learning opportunities including webinars, gamified simulations, peer learning sessions, knowledge sharing sessions, microlearning through Blinkist, and other forms of self-directed and external learning opportunities. As a result, 89% of the employees took advantage of at least one of these opportunities, consuming over 27,000 hours collectively. The frontline leaders contributed significant time towards this through their participation in the RISE program.

The Company also launched the RISE leadership program, for frontline leaders, a first-of-its-kind initiative focused on equipping them with the necessary skills and tools to lead their teams effectively.

A swiftly changing business landscape brings a mixed bag of opportunities, challenges, and associated risks. In such a scenario, sensitizing employees to identify potential threats is the key to success. In addition, the Company acknowledged the huge potential of its future leaders and the need to hone that potential. With this objective in mind, the Company launched the People Leader Development program for Work

from Home (WFM). This was a rewarding and engaging learning journey of 6 months focused on effective communication, engagement, coaching and career development.

Recognized for excellence

Industry Awards and Recognitions for our People Practices

The accolades bestowed upon us in FY 2022-23 serve as a testament to the effectiveness of the HR strategy. By prioritizing a people-centric approach, implementing innovative HR practices, and fostering a robust employer brand on a global scale, the Company has been able to achieve exceptional results, which have been recognized by the industry. These awards not only validate the Company's efforts but also inspire to continue to push the boundaries of HR excellence and maintain the position as a leader in the field.

i. Bloomberg GEI Index –

The Company is proud to have been included in the GEI for the second year in a row, alongside 483 other companies from around the world. Firstsource's commitment to transparency and data reporting has earned it a perfect 100% data disclosure score for the second consecutive year and the Company has made significant improvements in its overall data excellence score since last year's report.



The Company is particularly pleased to have achieved higher scores in three key areas: Female Leadership & Talent Pipeline, Pro-Women Brand, and Inclusive Culture. These improvements are a testament to the Company's ongoing efforts to identify gaps in its policies and incorporate best practices wherever possible.

Benchmarking the inclusion and diversity practices against the best in the industry is critical to ensuring the Company remains relevant and committed to its goal of fostering an inclusive workplace. As the Company continues to analyse its results, it remain committed to identifying new ways to improve its inclusion and diversity efforts and become an employer of choice for women.

ii. Disability Confident Leader in UK

The Company is proud to share its recognition as a Level 3 Disability Confident Leader in the UK. This is an advancement of its level as a Disability Confident Employer from last year. This status is awarded to Companies that have built best practices and recognize the values that disabled people bring to their

businesses. Level 3 status implies that the Company is taking all the core actions of being a Disability Confident Leader and it has provided evidence to demonstrate that it is sharing best practices in the community. This milestone demonstrates the continued journey to ensure that every Firstsourcer has the opportunity to fulfill their potential and realize their aspirations.

iii. GOLD at the ET HRWorld Future Skills Award for High Impact Hybrid Learning Program

Firstsource won a GOLD award at the ET HRWorld Future Skills Award for its High Impact Hybrid Learning Program. The award is in recognition of the digital learning transformation at scale undertaken in the past year. The win validates the Company's agile, iterative approach that allows it to experiment different formats on different parts of the enterprise and scale them in a systematic way, enabling operational excellence, deepening domain expertise, and building capability for a future-ready workforce.



Risk & Concerns, Risk Mitigation

Banking and Financial Services

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

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

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

Our Risk Management Framework:

Firstsource's Risk Management framework is designed and implemented on the basis of COSO Framework (Committee of Sponsoring Organizations) which is globally accepted and recognised framework that provides guidance and thought leadership on enterprise risk management and internal controls. Enterprise Risk Management at Firstsource seeks to minimize adverse impact of risks on key business objectives and enables the Company to leverage market opportunities effectively. These risks are continuously tracked with the help of Key Risk Indicators (KRI's) defined by the risk management team and risk owners.

Risk Management Process:

The Company has defined an integrated Enterprise Risk Management and Internal controls framework encompassing a top down and a bottom up risk assessment process.

Top-down

Focusses on the broader cross cutting risks, macro economic factors that affect the entire organization and its ability to achieve its goals and strategic objectives and that should be on top of leadership's agenda.

Bottom-up

Bottom-up approach focusses on in-depth assessment of the Company's business processes, its specific risks and how these risks are being controlled.

Aligning transactional risk data from Operational Risk registers, Internal Audits, Operational Risk events with the broader enterprise level risks identified through management discussions, workshops, macroeconomic assessment etc. will create line of sight into what is causing an enterprise risk and how those risks could be mitigated or responded to.

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

Information Risk Management:

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

Key Business Risks & Mitigation:

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

Risks	Risk Description
<b>A. Strategic Risks</b>	
Growth risk	<p>The Company has revenue concentration on few big clients, with primary business in the US and the UK geography. Hence, any sort of economic slowdown/downturn in these economies and industries may affect the Company's business.</p> <p>Increasing technology disruptions and digitization trends made it imperative to invent and adapt digital technologies. Improper adaption could impact the Company's ability to grow.</p> <p>The services provided by the Company in healthcare industry are relatively less prone to any economic or recessionary cycles. However, the customer management business is relatively low margin business and is more prone to economic variations. Hence, any technology disruption could see shrinkage in volumes and can have adverse impact on growth.</p> <p>The Company's continued focus in creating the Digital Business practices has enabled it to offer differentiated productized services across industry segments. These services based on Digitization, Robotics, Artificial Intelligence &amp; Data Analytics and other Technology enabled solutions which enables the Company to retain and grow its wallet share with its clients and also win new logos. The Company has also ramped up efforts for new relationships in new age economy businesses and won first few logos which will further diversify the revenue and industry concentration.</p>
Country risk	<p>The Company has a global footprint with operations in multiple geographies with intermediate or operating subsidiaries and branches, incorporated in India, the US, the UK, Philippines, Mexico and South Africa. Consequently, the Company is exposed to various geopolitical and regulatory risks which are beyond the Company's control.</p> <p>The Company has local management teams in all its operating countries, and they understand the country specific operating nuances. The Company has also invested significantly in creating a management structure in these geographies and has a well-diversified geographic spread to mitigate these risks</p>
<b>B. Industry and Macro Economic Risks</b>	
Protectionist/ Localization sentiments in developed countries	<p>The trend of Protectionism/ localization being followed by most matured economies may continue. The response to this rising protectionism has been the increase in legislation aimed at protecting domestic industries and jobs. The issue of companies offshoring services to organizations operating in other countries, such as India, has increasingly become a sensitive topic of intense political discussion in these countries. In the US, there has been anti-offshoring legislations aimed at making offshore outsourcing prohibitive or less attractive.</p> <p>Also, the Russia-Ukraine conflict resulting in trade conflicts and supply chain issues at global level is likely to impact global business sentiments adversely.</p> <p>Since beginning, the Company has recognised this and developed operational capabilities across the globe. In the process, the Company has successfully transformed itself from an offshore BPM Player to a multi shore BPM player, with significant local operational presence in the US and the UK, which has helped in winning more business in those geographies. The Company derives majority of its revenues from onshore services.</p>



MD&A (Contd.)

Risks	Risk Description															
Protectionist/ Localization sentiments in developed countries (Contd.)	<table><tr><th>Revenue Share %</th><th>FY 20</th><th>FY 21</th><th>FY 22</th><th>FY23 (upto Q3)</th></tr><tr><td>Offshore</td><td>24.10%</td><td>28.30%</td><td>29.50%</td><td>26.10%</td></tr><tr><td>Onshore* (*includes India domestic business)</td><td>75.90%</td><td>71.70%</td><td>70.50%</td><td>73.90%</td></tr></table> <p>Today, the Company has 3,969 employees in the US and 5,617 employees in the UK. The Company is one of the largest employers in the UK BPM sector.</p>	Revenue Share %	FY 20	FY 21	FY 22	FY23 (upto Q3)	Offshore	24.10%	28.30%	29.50%	26.10%	Onshore* (*includes India domestic business)	75.90%	71.70%	70.50%	73.90%
Revenue Share %	FY 20	FY 21	FY 22	FY23 (upto Q3)												
Offshore	24.10%	28.30%	29.50%	26.10%												
Onshore* (*includes India domestic business)	75.90%	71.70%	70.50%	73.90%												
Long selling cycle	<p>The Company has a long selling cycle that ranges from months to multiple years for its BPM services and requires significant investment of capital, resources and time by both clients and the Company. Further, due to Pandemic, the decision process at existing / prospective clients has slowed down due to reprioritization. This leads to the risk of delays, over which the Company has little or no control.</p> <p>The Company has robust marketing, sales and business development teams across geographies with an aggressive transition methodology that helps transition new wins fairly quickly into service delivery mode. Most of the contracts with existing clients are on long-term-basis, which ensures sustainable and scalable business from such clients</p>															
Highly competitive environment	<p>The market for BPM services has become highly competitive over the years. These competitors include third party 'pure play' BPM providers based largely in India and the Philippines, local/ onshore BPM providers in the US and UK, BPM divisions of global IT companies and in-house captives of potential clients.</p> <p>The Company understands that it needs to retain and grow its leadership position in the industry. To maintain this competitive edge, the Company makes significant investments in strengthening domain capabilities, digital capabilities, process excellence, operations, innovation and a robust transformation framework. These will help to create strong differentiators for the Company vis-à-vis competition, aiding non-linear growth in revenues and margins</p>															
C. Financial Risks																
Currency volatility	<p>The volatility in the exchange rate between INR and GBP, INR and USD has continued in recent years, and these currencies may continue to fluctuate significantly in the future as well.</p> <p>The Company's operating results will continue to be impacted by fluctuations in these exchange rates.</p> <p>The Company has a dedicated treasury function and an internal foreign exchange risk management policy of proactively hedging exposures. As per the internal guidelines, the Company has been judiciously hedging its net exposures on a regular basis through forward cover contracts and other suitable products</p>															
Pricing risk	<p>Many of the Company's contracts are long-term in nature and consequently, the pricing is negotiated, based on prevailing conditions at the time the contract was agreed upon. With the rising trend of salaries, additional cost pressure due to pandemic impact, the Company may find it difficult to serve the client at the negotiated price in the future. Increase in employee costs, without corresponding increases in pricing or productivity related improvements would adversely affect the profitability.</p> <p>Alternatively, if the Company is unable to price its contracts as competitively as possible, it may lose business opportunities which shall result in lower revenue growth.</p>															

Risks	Risk Description
Customer credit risk (Contd.)	<p>This risk is the possible inability to collect from clients or delays in collection of the Company's dues. While, this was not impacted in current year despite pandemic, the pressure will continue in FY 2023-24 due to adverse impact on overall liquidity situation and clients' business undergoing challenges, among others. This could have an impact on the Company's cash receivables and the Company may be required to enhance its short-term line of credit temporarily, to continue its operations.</p> <p>The Company addresses this risk through a well-defined governance mechanism to ensure adequate liquidity and solvency.</p>
Customer credit risk	<p>This risk is the possible inability to collect from clients or delays in collection of the Company's dues. While, this was not impacted in current year despite pandemic, the pressure will continue in FY 2023-24 due to adverse impact on overall liquidity situation and clients' business undergoing challenges, among others. This could have an impact on the Company's cash receivables and the Company may be required to enhance its short-term line of credit temporarily, to continue its operations.</p>
The Company addresses this risk through a well-defined governance mechanism to ensure adequate liquidity and solvency	<p>The Company operates through legal entities in multiple countries and is subject to various standards and principles for accounting and reporting. Any material change in the standards will impact the Company's financial reporting.</p> <p>Further, the Company uses financial leverage to ensure optimum solvency. Timely borrowing, repayment and raising funds at right cost are important aspects of financial management, which would otherwise lead to adverse impact on profitability and solvency.</p> <p>The Company has implemented a robust Internal Financial Controls framework that helps in mitigating these risks.</p>
D. Operations Risks	
Non-renewal of key client contracts	<p>The Company continues to maintain existing accounts and acquire new clients. It is the Company's constant endeavour to try to grow existing client businesses, as well as add new clients to its portfolio. The contracts with clients are of varying duration, and between one up to ten years. Once the term expires, contracts are tendered through a procurement process. Non-renewal may significantly affect the Company's revenues.</p> <p>The Company recognises that providing excellent services and constant value enhancement are critical to ensuring a high chance of contractual renewal at the expiry of the term. The Company's sales and CRM teams constantly strive to enhance their relationships with the key stakeholders to favourably position the Company's services.</p>
Cyber Security / Data Privacy Risk	<p>As part of the services offered to its clients, the Company handles confidential data and proprietary information. Any leakage of this information has an adverse impact on the Company's reputation. In addition, GDPR (Global Data Protection Regulation) which governs the possession, processing, movement and storage of data/information of EU citizens. In India, similar law around Data Protection is expected to be effective this fiscal. Entire regime is continuing to evolve and may require heightened governance around the same.</p> <p>The Company also faces heightened Cyber Security risk with regards to the possible attacks on data center and technology infrastructure.</p> <p>The Company addresses this risk through a very strong and robust Information and Data Security, Privacy and Cyber Security framework and processes process that is applicable to all its offices and employees. Various operation centres are ISO 27001 certified, which is an international standard for Information Security Management System (ISMS). Additionally, many processes are certified with HIPPA, HITRUST, SOC2 certifications. Audits are conducted on a periodic basis and any non-conformance observed is fixed immediately. The Company adopts a zero-tolerance policy towards non-compliance of this framework.</p> <p>Firstsource has also deployed various technical controls at the perimeter, Endpoints, Data center and end user computing ;</p> <p>Threat and Vulnerability Management - Early Detection of vulnerability on Core Infra structure and proactive mitigation -</p>

MD&A (Contd.)

Risks	Risk Description
Cyber Security / Data Privacy Risk (Contd.)	<ul style="list-style-type: none"><li>• Comprehensive Technical Compliance check through 3rd party covering the following<ul style="list-style-type: none"><li>• Vulnerability Assessment and Penetration Test</li><li>• Web Application Security Assessment</li><li>• ASV Scans for PCI DSS</li><li>• Desktop Scans for PCI DSS</li><li>• Source Code Review</li><li>• Cloud Infrastructure review</li><li>• Network Config review</li></ul></li><li>• Security Operations Center &amp; Digital Footprint Monitoring – Continuous Monitoring<ul style="list-style-type: none"><li>• 24/7 continuous monitoring and helps increase FSL organization security posture while preventing, detecting, analyzing, and responding to cybersecurity incidents.</li><li>• Digital Footprint monitoring is done through Security Scorecard that rates cybersecurity postures of corporate entities through completing scored analysis of cyber threat intelligence</li><li>• The end users are required to go through Cisco AnyConnect – VPN, High Secure Network Access, Cisco Duo – Two Factor Authentication and the end user computing are protected with Cisco AMP – EDR for Endpoints and Servers and the end user internet and DNS are Cisco Umbrella – DNS Layer Security, Internet gateways using Cisco WSA - Blocking risky sites and all emails are protected by Cisco Mail Security - protects emails from Malware, Spam, Phishing, Ransomware, Spoofing, and more</li></ul></li></ul>
Risks to operational errors, frauds and internal non-compliances of policies and procedures	<p>The Company has internal policies, procedures and norms for operational activities, process compliance and controls. These norms are specified in order to achieve various control objectives and to prevent frauds and errors. Non-adherence to such internal policies, procedures and norms can therefore lead to operational errors, frauds and internal non-compliance.</p> <p>The Company has strong internal controls in order to check compliances to policies and procedures which are operated by various levels of management. Further, these controls are also subject to risk-based internal audits by an independent internal audit team, which helps in timely identification and remediation of gaps.</p>
Reputational risks	<p>The clients of the Company are big and reputed corporates. The Company's loss of reputation can adversely affect its operations and contractibility. Being a public Company, we are scrutinized by many constituents including the media.</p> <p>In past we have not been impacted by any event which can jeopardize our reputation. Our well managed operations do not expose our employees and clients to any major risks. Also, our communications set up is always proactive in managing minor situations that may arise.</p>
Legal risks	<p>The Company has long term contracts with its customers and services under these contracts are delivered from several offices across the US, the UK, India, Mexico, South Africa, and the Philippines geographies. In addition, to deliver on the various service level commitments, the Company also needs to ensure compliance with applicable laws and regulations in those geographies, including but not limited to employment, tax and environmental laws.</p> <p>Additionally, the Company needs to safeguard its own Intellectual Properties against infringement and ensure compliance with third party licenses which are used in its day-to-day business.</p> <p>The Company has a legal team in place which apart from advising and ensuring documentary safeguarding, closely works with business and support functions to enable compliance with contractual and/or regulatory requirements.</p>

Risks	Risk Description
<b>E. Human Resources Risks</b>	
Risk related to attrition	<p>Continuous talent availability and upskilling of talent are crucial drivers of achieving our business objectives. The ever – accelerating war for talent, changing needs of a multi-generational workforce and limited supply of employable talent pose a great challenge to retain talented workforce and maintain consistency in performance. The organization continuously strengthen its internal processes to retain critical people, create longevity of talent and also maintain a steady supply of talent.</p> <p>The Company has put in place following measures to mitigate the risks around attrition and attrition costs:</p> <ul style="list-style-type: none"><li>• Enhancing and developing skills of the first line managers</li><li>• Focusing on capability building by providing and developing effective training academies and supporting employee development programs.</li><li>• Carving structured and strong career paths and providing opportunities for growth by way of job enlargements, enrichment of responsibilities and internal job movements.</li><li>• Effective Reward &amp; Recognition programmes that celebrate successes and efforts.</li></ul>
Risk related to ability to recruit employees at large scale and manage inflationary wage costs.	<p>The success of our organisation depends on its ability to attract and retain employees at large scale with right skill sets and experience to meet the organizational goals. With talent shortages and intense competition for skilled individuals, the demand for qualified employees will continue to increase and is expected to remain high. Wage inflation and replacement costs not only bear a potential risk but also result in higher personnel expenses and training costs.</p> <p>The Company has developed innovative recruitment channels and practices to mitigate these risks, which include:</p> <ul style="list-style-type: none"><li>• Strong employee referral programs, which contribute to more than one third of the overall hiring requirements.</li><li>• Establishing Firstsource as an employer of choice and participating in several career events in order to strengthen the Firstsource brand and getting access to talent;</li><li>• Affiliations with colleges at Graduate and Undergraduate level to be the preferred employer in tier 2 and 3 cities.</li></ul>
Risk related to leadership team & succession planning	<p>The leadership team drives the Company's vision, strategy and inculcates values within the Company to meet its goals. The Company's business continuity, client relations, employee engagement gets affected, in case there is a change in the leadership or if a key resource leaves.</p> <p>Our integrated approach to Talent Management ensures that the Company has the desired leadership and management capability to meet the demands of the business. The integrated approach comprises of the following:</p> <ul style="list-style-type: none"><li>• A total rewards philosophy, which ensures that the compensation is in-line with the market standards, and it attracts and retains right talent and rewards high performance.</li><li>• Succession planning for business-critical roles and people growth opportunities in line with their career aspirations.</li></ul>



Risks	Risk Description
Risk of Unethical business practices / Mis-conduct	<p>The BPM industry is people centric with large employee base across culture and geographies. It also has client drive incentive programs in many businesses, which may lead to acts of potential mis-conduct cases and resultant client or reputational issues.</p> <p>The Company has well defined Code of Conduct which every employee is trained on and certifies to comply with. The Company also has robust Whistle blowing mechanism which enables employees to report any mis-conduct case, which is independently investigated and remediated. The Company also runs variety of training / refresher programs throughout the year. Additionally, the Company also has very strong background check verification program (for employees) and due diligence process (for Vendor/Third party) appointment stage.</p> <p>The Company demonstrates zero tolerance towards the cases of any unethical business practice or misconduct.</p>
F. Compliance Risks	
Compliance & regulatory risks in various geographies	<p>As the Company has grown in size, geographic presence and customer base, exposure to various regulatory and compliance risks has also increased. The Company has relatively high proportion of regulated businesses in overall portfolio which enhances the regulatory risk. The Company's operations and clients are spread across multiple geographies and are governed by various regulations and government guidelines. Breach of any of these regulatory provisions can attract regulatory inspection, notices, penalty, and revocation of permits or licenses, among others.</p> <p>The Company has implemented a robust Regulatory &amp; Contractual Compliance framework to identify, assess, monitor, control, and report compliance status with respect to laws and regulations specific to the country, it operates in, and the client specific work in a consistent manner, for its businesses across the globe.</p> <p>The framework ensures that compliance ownerships are aligned, responsible personnel are aware, compliance status is reported, and necessary actions are taken to comply. All laws and regulations are verified for applicability, detailed at the provision level and tracked for compliance at the function and location level.</p>
G. Technology Risks	
Advent of disruptive technologies	<p>The overall business environment continues to witness emerging disruptive technologies. However, clients are seeking to cut additional back office costs due to continued budget pressures, while suppliers are trying to create additional services and the associated revenues. Technologies such as Cloud Computing, Artificial Intelligence, Data Analytics software, Social Media platforms and Process Automation software are being used in the BPM industry to enable businesses to lower costs and be more effective.</p> <p>BPM companies are moving fast to offer additional value-add services through technology enablement, partnerships and alliances.</p> <p>The Company has developed a wide suite of Digital Solutions across areas of Robotics Process Automation, Digital and Analytics as part of its productization initiatives. A combination of domain and process expertise with best-in-breed technology is helping the Company in pursuing significant opportunities.</p>

SUSTAINABILITY REPORT

Our responsible and sustainable business approach is rooted in what matters to our wide range of stakeholders. The Corporate Responsibility team sets the strategic direction for meeting our commitment to society and supports the integration and implementation of programmes and nonfinancial reporting throughout the company. We have started monitoring

key data and parameters that are central to the environmental, social and governance (ESG) performance and the impact on the company.

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

GREEN BUILDINGS

- EPC certified building [IN''] [UK'']
- STP in all buildings [IN''] [PH'']
- ISO 14001 and 45001 [IN''] [UK']
- ISO 50001 [UK']

WATER PRESERVATION

- Installation of sensor taps to minimise water wastage [IN'] [PH''] [UK'] [US'']
- Usage of eco- friendly housekeeping consumable such as bio chemicals for waterless urinals [IN'] [PH'']
- Treated water usage in gardening, flushing & HVAC cooling tower [IN''] [PH']
- Rainwater harvesting [IN''] [UK'']

NATURE PRESERVATION

- Eco friendly chemicals being used in HK operations [IN'] [PH''] [UK'']
- Ambient air quality monitoring, Ambient noise testing and Water testing [IN'] water testing [PH''] [UK']
- Safe disposal of sanitary Napkins at centres through Napkin disposal machines or safe collections for environment friendly disposal [IN'] [PH''] [UK''] [US'']
- Use of environment friendly Housekeeping Chemicals [IN'] [PH''] [UK''] [US'']
- Monitoring of department wise paper consumptions [IN''] [PH''] [UK'']
- Use of R-134 refrigerant gas & restriction on use of Ozone depleting gases in HVAC System [IN'] [PH'] [UK'] [US'']
- Purchase of Green Renewable Power from Solar / Wind parks [UK''] [IN'']

- No usage of pesticides in Gardening activities [IN''] [PH''] [UK''] [US'']
- Usage of Eco-Friendly Dustbin Liners [IN''] [PH''] [UK'']

DIRECT AND INDIRECT ENERGY USE

- Deployment of PUC compliant vehicles in transport [IN']
- Carpooling & common car & bus facility for employees from nearest Metro or railway station or pick up point [IN'']
- Installation of high-quality energy efficient Jet hand dryers [IN'] [UK''] [US']
- Motion sensor-based lighting system [IN''] [UK''] [US']
- Energy efficient AC/PAC for secured areas [IN'] [PH'] [UK''] [US']
- Energy efficient UPS and LED lighting [IN'] [PH''] [UK''] [US']
- HVAC Chiller- R134 green gas [IN'] [PH'] [UK''] [US']
- Air curtains to control cooling leakage and better energy efficiency [US']
- Use of VFDs for AHUs [IN''] [US']
- Use of Automated Environment control system for cooling & air circulation to maintain at optimum level [IN''] [PH''] [UK''] [US']

SAFETY/ HEALTH

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

WASTE MANAGEMENT

- Segregation of dry and wet waste [IN'] [PH''] [UK''] [US']
- E-Waste disposal through government approved vendors [IN'] [PH''] [UK''] [US']
- Hazardous waste disposal though authorised recyclers [IN'] [PH''] [UK''] [US']
- Bio Waste Disposal as per regulatory requirements [IN''] [UK''] [US'']
- Disposal of paper waste separately with environment friendly paper recyclers [US'']
- Measurement & monitoring of food wastage in canteens [US']
- Discarding Plastic Plates & Plastic spoons in cafeteria [No usage of plastic] [PH''] [UK'']

- OWC (Organic Waste Converter) in operation to process food/ wet waste Lamination of old and broken tabletop furniture to enhance durability
- Purchase of refurbished furniture and minimise new procurement of wood-based products [UK\*]

Note:

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

Internal Control Systems and Their Appropriateness

Firstsource has institutionalized a system of internal controls, with documented procedures covering all corporate functions. Internal controls provide reasonable assurance regarding the effectiveness and efficiency of operations, the reliability of financial controls, and compliance with applicable laws and regulations.

Forward Looking Statement

The financial statements have been prepared in compliance with the requirements of the Ind-AS. The Company's management accepts responsibility for the integrity and

objectivity of these financial statements and various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis. The financial statements reflect the form and substance of transactions in a true and fair manner and reasonably present the Company's state of affairs and profits for the year. Investors are cautioned that this discussion contains forward-looking statements that involve risks and uncertainties. When used in this discussion, words like 'will', 'shall', 'anticipate', 'believe', 'estimate', 'intend' and 'expect' and other similar expressions, as they relate to the Company or its business, are intended to identify such forward-looking statements.

The Company undertakes no obligations to publicly update or revise any forward-looking statements, whether because of new information, future events, or otherwise. Accordingly, actual results, performances, or achievements could differ materially from those expressed or implied in such statements. Factors that could cause or contribute to such differences include those described under the heading 'Risk Factors' in the Company's prospectus filed with the Securities and Exchange Board of India (SEBI) and factors discussed elsewhere in this report. Readers are cautioned not to place undue reliance on the forward-looking statements as they speak only as of their dates. Information provided in this Management Discussion and Analysis (MD&A) pertains to Firstsource Solutions Limited and its subsidiaries (the Company) on a consolidated basis unless stated otherwise.

Corporate Information

Board of Directors	Designation
Dr Sanjiv Goenka	Chairman
Shashwat Goenka	Vice- Chairman
Vipul Khanna	MD & CEO
Pradip Kumar Khaitan	Non-Executive, Non-Independent Director
Subrata Talukdar	Non-Executive, Non-Independent Director
Pratip Chaudhuri	Non-Executive, Independent Director
Sunil Mitra	Non-Executive, Independent Director
Anjani K. Agrawal	Non-Executive, Independent Director
Vanita Uppal	Non-Executive, Independent Director (w.e.f. May 05, 2022)
Utsav Parekh	Non-Executive, Independent Director (w.e.f. November 02, 2022)
Grace Koshie	Non-Executive, Independent Director (upto the closing business hours on February 08, 2023)

COMPANY SECRETARY

Pooja Nambiar

COMMITTEE DETAILS

Audit Committee

Grace Koshie - Chairperson (upto the closing business hours on February 08, 2023)  
Utsav Parekh - Chairman (w.e.f. February 09, 2023)  
Anjani K. Agrawal  
Sunil Mitra  
Subrata Talukdar

Nomination and Remuneration Committee

Anjani K. Agrawal - Chairman  
Pratip Chaudhuri  
Subrata Talukdar

Stakeholders Relationship Committee

Subrata Talukdar - Chairman  
Vipul Khanna  
Anjani K. Agrawal

Corporate Social Responsibility Committee

Shashwat Goenka - Chairman  
Vipul Khanna  
Anjani K. Agrawal  
Subrata Talukdar

Risk Management Committee

Shashwat Goenka - Chairman  
Vipul Khanna  
Grace Koshie (upto the closing business hours on February 08, 2023)  
Vanita Uppal (w.e.f. February 09, 2023)  
Dinesh Jain  
Arun Tyagi

Investment Committee

Shashwat Goenka - Chairman  
Vipul Khanna  
Subrata Talukdar

Strategy Committee

Shashwat Goenka - Chairman  
Vipul Khanna  
Subrata Talukdar

Registered Office

Firstsource Solutions Limited  
CIN: L64202MH2001PLC134147  
5<sup>th</sup> Floor, Paradigm 'B' Wing,  
Mindspace, Link Road, Malad (West),  
Mumbai – 400 064, India.  
[www.firstsource.com](http://www.firstsource.com)

Statutory Auditors

Deloitte Haskins & Sells LLP  
Chartered Accountants  
One International Center,  
Tower 3, 32<sup>nd</sup> Floor,  
Senapati Bapat Road,  
Elphinstone Road (West),  
Mumbai – 400 013, India.

Major Bankers

Bank of the Philippines Islands  
Barclays Bank Plc  
Citibank, N.A.  
DBS Bank India Limited  
HDFC Bank Limited  
HSBC Bank Limited  
ICICI Bank Limited  
IDFC First Bank Limited  
Standard Chartered Bank  
RBL Bank Limited  
Kotak Mahindra Bank Limited  
PNC Bank, N.A.  
Nomura International PLC



## Notice

**NOTICE** is hereby given that the 22<sup>nd</sup> Annual General Meeting (AGM) of the Members of Firstsource Solutions Limited will be held on Wednesday, August 02, 2023 at 10.00 a.m. Indian Standard Time ("IST"), through Video Conferencing/Other Audio Visual Means ("VC/OAVM") Facility to transact the following business/(es):

### ORDINARY BUSINESS:

1. To consider and adopt:
  - a) the audited financial statements of the Company for the financial year ended March 31, 2023 along with the reports of the Board of Directors and the Auditors thereon; and
  - b) the audited consolidated financial statement of the Company and its subsidiaries for the financial year ended March 31, 2023 along with the report of the Auditors thereon.
2. To confirm the payment of Interim Dividend @ 35% (i.e. ₹ 3.50 per share) on Equity Shares already paid for the financial year ending March 31, 2023.
3. To appoint a Director in place of Mr Pradip Kumar Khaitan (DIN 00004821), who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

#### 4. APPOINTMENT OF MR PRADIP KUMAR KHAITAN (DIN 00004821), AS A DIRECTOR OF THE COMPANY:

To consider and if thought fit, to pass the following resolution, with or without modification(s), as a **Special Resolution**:

**"RESOLVED THAT** pursuant to Regulation 17(1A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval of shareholders of the Company be and is hereby granted to the Company for continuing the directorship of Mr Pradip Kumar Khaitan (DIN 00004821), in the capacity of a Non-Executive and Non- Independent Director, liable to retire by rotation.

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

By Order of the Board of Directors

**Firstsource Solutions Limited**  
CIN: L64202MH2001PLC134147

#### Registered Office:

5<sup>th</sup> Floor, Paradigm 'B' Wing,  
MindSpace, Link Road,  
Malad - (West), Mumbai - 400 064, India  
Tel : +91-22-66660888  
Fax: +91-22-66660887  
<https://www.firstsource.com/>  
Email: [complianceofficer@firstsource.com](mailto:complianceofficer@firstsource.com)

May 04, 2023

**Pooja Nambiar**  
Company Secretary  
FCS No.: 10710

**NOTES:**

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020, Circular No. 20/2021 dated December 08, 2021, Circular No. 21/2021 dated December 14, 2021, Circular No. 02/2022 dated May 05, 2022 and Circular No. 10/2022 dated December 28, 2022 permitted the holding of the Annual General Meeting ("AGM") through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the MCA Circulars, the forthcoming AGM is being held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing 22<sup>nd</sup> AGM through VC/OAVM. The registered office of the Company shall be deemed to be the venue for the AGM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 ("the Act") read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020, May 05, 2020, December 08, 2021, December 14, 2021, May 05, 2022 and December 28, 2022, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the 22<sup>nd</sup> AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited for facilitating voting through electronic means, as the authorized e-voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the 22<sup>nd</sup> AGM will be provided by CDSL.
3. The Members can join the 22<sup>nd</sup> AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the 22<sup>nd</sup> AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the 22<sup>nd</sup> AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the 22<sup>nd</sup> AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Act.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this 22<sup>nd</sup> AGM. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the 22<sup>nd</sup> AGM through VC/OAVM and cast their votes through e-voting.
6. In line with the MCA Circular No. 17/2020 dated April 13, 2020, the Notice calling the 22<sup>nd</sup> AGM has been uploaded on the website of the Company at <https://www.firstsource.com/>. The Notice can also be accessed from the websites

of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The 22<sup>nd</sup> AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).

7. The 22<sup>nd</sup> AGM has been convened through VC/OAVM in compliance with applicable provisions of the Act read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
8. In continuation of this MCA's General Circular No. 20/2020, dated May 05, 2020, General Circular No. 02/2021 dated January 13, 2021, General Circular No. 19/2021 dated December 08, 2021, General Circular No. 21/2021 dated December 14, 2021, General Circular No. 02/2022 dated May 05, 2022 and Circular No. 10/2022 dated December 28, 2022 after due examination, it has been decided to allow companies whose AGMs are due in the year 2023, to conduct their AGMs on or before September 30, 2023 in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 dated May 05, 2020.

#### **NOTE FOR MUTUAL FUNDS/THEIR ASSET MANAGEMENT COMPANIES:**

Pursuant to SEBI circular SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021, it is mandated that Mutual Funds/their Asset Management Companies (AMCs) have to compulsorily cast their votes by exercising their voting rights in respect of their investments held in various companies through various Schemes, including passive investment schemes like Index Funds, Exchange Traded Funds etc., in respect of following resolutions with effect from April 01, 2021:

- i. Corporate governance matters, including changes in the state of incorporation, merger and other corporate restructuring and antitakeover provisions;
- ii. Changes to capital structure, including increases and decreases of capital and preferred stock issuances;
- iii. Stock option plans and other management compensation issues;
- iv. Social and corporate responsibility issues;
- v. Appointment and Removal of Directors;
- vi. Any other issue that may affect the interest of the shareholders in general and interest of the unit-holders in particular;
- vii. Related party transactions of the investee companies (excluding own group companies).

Further, SEBI vide its circular SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021 has asked Mutual Funds/AMCs to compulsorily vote on above mentioned resolutions with effect from April 01, 2021 and on all other resolutions with effect from April 01, 2022.

Further, please note for whatever Resolutions mentioned in the Notice, Mutual Funds/AMCs are planning to vote, they should go through the relevant Resolution and statement pursuant to the provisions of Section 102 of the Act in detail and then take informed decision for voting.



## THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

- (i) The voting period begins on Thursday, July 27, 2023 at 9.00 a.m. and ends on Tuesday, August 01, 2023 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Wednesday, July 26, 2023 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions.

However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020 on e-voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-voting and joining virtual meetings for Individual shareholders holding securities in Demat mode in CDSL/NSDL is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi/Easiest are <a href="https://web.cdslindia.com/myeasinew/home/login">https://web.cdslindia.com/myeasinew/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login, the Easi/Easiest user will be able to see the e-voting option for eligible companies where the evoting is in progress as per the information provided by Company. On clicking the evoting option, the user will be able to see e-voting page of the e-voting service provider for casting your vote during the remote e-voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasinew/Registration/EasiRegistration">https://web.cdslindia.com/myeasinew/Registration/EasiRegistration</a>.</li> <li>4) Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN No. from a e-voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a>. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-voting option where the evoting is in progress and also able to directly access the system of all e-voting Service Providers.</li> </ol>
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on "Access to e-voting" under e-voting services and you will be able to see e-voting page. Click on company name or e-voting service provider name and you will be re-directed to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS "Portal" or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a>.</li> </ol>

- 3) Visit the e-voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.

Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. After Successful login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.
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**Important note:** Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

#### Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. : 1800 22 55 33.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(v) Login method for e-voting and joining virtual meeting for Physical shareholders other than individual shareholders holding in Demat.

- The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- Click on "Shareholders" module.
- Now enter your User ID.
  - For CDSL: 16 digits beneficiary ID.
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID.
  - Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- If you are a first-time user follow the steps given below:

For Shareholders holding shares in Demat Form other than individual and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company, please enter the member id/ folio number in the Dividend Bank details field.</li> </ul>

(vi) After entering these details appropriately, click on "SUBMIT" tab.

(vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which

they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(ix) Click on the EVSN 230703009.



- (x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xvii) Additional Facility for Non - Individual Shareholders and Custodians -For Remote Voting only:
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module;
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com);
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on;
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote;
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same; and
  - Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at the email address viz; [scrutinisers@mmjc.in](mailto:scrutinisers@mmjc.in), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for remote e-voting.
3. Shareholders who have voted through remote e-voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops/IPads for better experience.
5. Further shareholders will be required to allow camera and use internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 48 hours prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [fsl@3i-infotech.com](mailto:fsl@3i-infotech.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 48 hours prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [fsl@3i-infotech.com](mailto:fsl@3i-infotech.com). These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.
10. If any votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

#### PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES:

1. For Physical shareholders - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to [fsl@3i-infotech.com](mailto:fsl@3i-infotech.com).
2. For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP).
3. For Individual Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-voting from the CDSL e-voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no. 1800 22 55 33.

#### INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.

All grievances connected with the facility for voting by electronic means may be addressed to Mr Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call toll free no. 1800 22 55 33.

#### Other Guidelines for Members:

- a. The voting rights of Members shall be in proportion to their share in the paid up equity share capital of the Company as on the cut-off date of Wednesday, July 26, 2023.
- b. Any person, who acquires shares of the Company and becomes Member of the Company after the Company sends the Notice of the 22<sup>nd</sup> AGM by email and holds shares as on the cut-off date i.e. Wednesday, July 26, 2023, may obtain the User ID and password by sending a request to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). However, if you are already registered with CDSL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evotingindia.com](http://www.evotingindia.com).
- c. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or casting vote through e-voting system during the meeting.
- d. Mr Omkar Dindorkar (Certificate of Practice No. 24580), failing him Ms Deepti Kulkarni (Certificate of Practice No. 22502), Partners of M/s MMJB & Associates LLP, Practising Company Secretaries (email: "[mailto:scrutinisers@mmjc.in](mailto:mailto:scrutinisers@mmjc.in)") has been appointed as the Scrutinizer to scrutinize the remote e-voting process and casting vote through the e-voting system during the meeting in a fair and transparent manner.
- e. During the 22<sup>nd</sup> AGM of the Company, the Chairman shall, after responding to the questions raised by the Members in advance or as a speaker at the 22<sup>nd</sup> AGM, formally propose to the Members not having already cast their votes by following the remote e-voting process and participating through VC/OAVM facility, to vote on the resolutions as set out in the Notice of the 22<sup>nd</sup> AGM of the Company.
- f. The Scrutinizer shall after the conclusion of e-voting at the 22<sup>nd</sup> AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such Report shall then be sent to the Chairman or a person authorized by him, who shall then countersign and declare the result of the voting forthwith. The result of e-voting will be declared within two working days of the conclusion of the 22<sup>nd</sup> AGM.
- g. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company at <https://www.firstsource.com/>, the websites of NSE at [www.nseindia.com](http://www.nseindia.com) and BSE at [www.bseindia.com](http://www.bseindia.com) and on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com), immediately after the declaration of Results by the Chairman or a person authorized by him. The result will simultaneously be communicated to the Stock Exchanges.
- h. Pursuant to the MCA Circulars and SEBI Circular, in view of the prevailing situation, owing to the difficulties involved in dispatching of physical copies of the Notice of the 22<sup>nd</sup> AGM and the Annual Report for the financial year ended March 31, 2023 including therein the Audited Financial Statements for the financial year ended March 31, 2023 are being sent only by email to the Members. Therefore, those Members, whose email address is not registered with the Company or with their respective Depository Participant/s, and who wish to receive the Notice of the 22<sup>nd</sup> AGM and the Annual Report for the financial year ended March 31, 2023 and all other communication sent by the Company, from time to time, can get their email address registered by following the steps as given below:
  - (i) For Members holding shares in physical form, please send scan copy of a signed request letter mentioning your folio number, complete address, email address to be registered along with scanned self-attested copy of the PAN and any document (such as Driving Licence, Passport, Bank Statement, AADHAR) supporting the registered address of the Member, by email to Registrar & Share Transfer Agents at [fsl@3i-infotech.com](mailto:fsl@3i-infotech.com).
  - (ii) For the Members holding shares in demat form, please update your email address through your respective Depository Participant/s.
- i. The Notice of the 22<sup>nd</sup> AGM and the Annual Report for the financial year ended March 31, 2023 including therein the Audited Financial Statements for the financial year ended March 31, 2023 will be available on the website of the Company at <https://www.firstsource.com/> and the websites of NSE at [www.nseindia.com](http://www.nseindia.com) and BSE at [www.bseindia.com](http://www.bseindia.com). The Notice of 22<sup>nd</sup> AGM will also be available on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com).
- j. Corporate members intending to send their authorized representatives to attend the 22<sup>nd</sup> AGM are requested to send a certified true copy of the appropriate resolution/authority, as applicable, authorising their representatives to attend and vote on their behalf at the AGM.
- k. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, July 27, 2023 to Wednesday, August 02, 2023 (both days inclusive) for the purpose of the AGM.
- l. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 01, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, 3i Infotech Limited for assistance in this regard.
- m. Members whose shareholding is in electronic mode are requested to direct change of address notification and updates of bank account details to their respective depository participant/(s). Members are requested to utilize the Electronic Clearing System (ECS) for receiving dividends.
- n. Members are requested to address all correspondence, including on matters relating to dividends, to the Registrar and Share Transfer Agents, 3i Infotech Limited Tower # 5, 3<sup>rd</sup> to 6<sup>th</sup> Floor, International Infotech Park, Vashi, Navi Mumbai - 400 703 or can email at [fsl@3i-infotech.com](mailto:fsl@3i-infotech.com).



- o. Members wishing to claim dividends that remain unclaimed are requested to correspond with the Registrar and Share Transfer Agent as mentioned above. Members are requested to note that dividends that are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Act, be transferred to the Investor Education and Protection Fund (IEPF).
- p. The Statement pursuant to Section 102(1) of the Act in respect of the Special businesses under the Notice is annexed hereto. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members. Members seeking to inspect such documents can send an email to [fsl@3i-infotech.com](mailto:fsl@3i-infotech.com). The Board of Directors of the Company at its meeting held on May 04, 2023 considered that the special business under Item No. 4, being considered unavoidable, be transacted at the 22<sup>nd</sup> AGM of the Company.
- q. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
- r. Members holding shares in electronic (dematerialised) form are advised to send the request/(s) for change pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), Mandates, Nomination, Power of Attorney, Change of Address, Change of Name, Email Address, Contact Numbers etc. to their respective Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and its Transfer Agents to provide efficient and better services. The Company or its Registrars cannot act on any such requests received directly from the members holding shares in electronic form.
- s. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account/(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participants and holdings should be verified.
- t. Pursuant to the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the information/brief profiles about the Directors proposed to be appointed/re-appointed at the AGM are given in the Annexure to this Notice.
- u. Members desirous of getting any information about the accounts and operations of the Company are requested to write to the Company at least 7 days before the AGM to enable the Company to keep the information ready.

### STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013:

#### Item No. 4

Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, inter-alia provides that a listed company shall not appoint a person or continue the directorship of any person aged 75 years or more as a Non- Executive Director unless a special resolution is passed to that effect.

Mr Pradip Kumar Khaitan ('Mr Khaitan'), aged 82 years, is an Attorney-at-Law (Bell Chambers Gold Medalist), and is an eminent legal personality. Mr Khaitan is an active participant in all important deliberations of the Board of Directors of the Company ("the Board") with his extensive hands-on experience in all branches of law. Brief profile of Mr Khaitan is given in the Annexure to this Notice.

The Board and its Nomination and Remuneration Committee have recommended continuation of Mr Pradip Kumar Khaitan as a Non-Executive, Non-Independent Director of the Company.

Mr Khaitan may be deemed to be concerned or interested in this resolution under Item No. 4 of the accompanying Notice. None of the other Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested in the said Resolution in the accompanying Notice.

The Board recommends the Special Resolution as set out at Item No. 4 of the Notice for approval of the Members.

By Order of the Board of Directors

**Firstsource Solutions Limited**  
CIN: L64202MH2001PLC134147

**Registered Office:**  
5<sup>th</sup> Floor, Paradigm 'B' Wing,  
Mindspace, Link Road,  
Malad - (West), Mumbai - 400 064, India  
Tel : +91-22-66660888  
Fax: +91-22-66660887  
<https://www.firstsource.com/>  
Email: [complianceofficer@firstsource.com](mailto:complianceofficer@firstsource.com)

May 04, 2023

**Pooja Nambiar**  
Company Secretary  
FCS No.: 10710

## Annexure to the Notice

### BRIEF PROFILE OF DIRECTOR PROPOSED TO BE APPOINTED/RE-APPOINTED AS DIRECTOR AT THE ENSUING ANNUAL GENERAL MEETING

#### Mr Pradip Kumar Khaitan

Mr Pradip Kumar Khaitan (DIN 00004821), aged 82 years, is a B.Com, LL.B. and Attorney-at-law (Bell Chambers Gold Medallist). He has professional Affiliations with Bar Council of India, Bar Council of West Bengal, Indian Council of Arbitration, New Delhi and Incorporated Law Society of Calcutta. Mr Khaitan is the Senior Partner of Khaitan & Co. and is widely regarded as amongst the most influential legal practitioners in India. With over 50 years of experience, Mr Khaitan has advised on a wide range of transactions.

Mr Khaitan's practice includes advising domestic business houses and International Corporations on all aspects of commercial and corporate laws, taxation, joint ventures, mergers & demergers, corporate governance and restructuring. He regularly advises on strategic decisions and sensitive commercial and legal issues.

Mr Khaitan is a Director on the Board of Directors of several public listed Companies in India namely CESC Ltd, Dalmia Bharat Limited, Electrosteel Castings Limited, Graphite India Limited, India Glycols Limited and Woodlands Multispeciality Hospital Limited.

He is holding Memberships of the following Committees across all Public Limited companies, in which he is Director:

Name of the Companies	Name of the Committee	Position held (Chairman/Member)
CESC Ltd	1. Nomination and Remuneration Committee	Member
	2. Finance and Forex Committee	Member
	3. Project Management Committee	Member
	4. Risk Management Committee	Chairman
	5. Strategic Committee	Chairman
	6. Restructuring Committee	Member
Dalmia Bharat Limited (Formerly known as Odisha Cement Limited)	1. Audit Committee	Member
	2. Nomination and Remuneration Committee	Member
Electrosteel Castings Limited	1. Audit Committee	Member
	2. Nomination and Remuneration Committee	Member
	3. Corporate Social Responsibility Committee	Member
Graphite India Limited	1. Stakeholders' Relationship Committee	Member
	2. Nomination and Remuneration Committee	Chairman
	3. Committee for Borrowings	Member
India Glycols Limited	1. Audit Committee	Chairman
	2. Stakeholders' Relationship Committee	Chairman
	3. Nomination and Remuneration Committee	Chairman
	4. Corporate Social Responsibility Committee	Member
	5. Ethics Committee under Code of Conduct for Directors & Senior Management	Chairman
	6. Risk Management Committee	Member
	7. Committee of Directors	Member
Woodlands Multispeciality Hospital Limited	1. Share Allotment Committee	Chairman

Mr Pradip Kumar Khaitan does not hold any shares or stock options of the Company. He is not related to any other Director of the Company. He attended three (3) Board Meetings during the FY 2022-23.



# Directors' Report

## Dear Members,

Directors of your Company take great pleasure in presenting the 22<sup>nd</sup> Annual Report on the business and operations of your Company and the Audited Financial Statements for the financial year ended March 31, 2023.

## FINANCIAL RESULTS:

Pursuant to the notification dated February 16, 2015 issued by the Ministry of Corporate Affairs, the Company has adopted the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 w.e.f. April 01, 2016. The performance of the Company for the FY 2022-23 is summarized herein below:

(₹ in million)

Particulars	Consolidated		Standalone	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
<b>Total Income</b>	61,531.68	59,217.08	14,094.44	16,227.56
Profit Before Interest and Depreciation	9,573.55	9,604.13	4,148.34	5,616.24
Interest and Finance Charges	789.70	639.39	149.41	200.68
Depreciation/Amortization	2,631.70	2,493.73	888.38	881.98
<b>Profit Before Tax and share in net profit of associate</b>	<b>6,152.15</b>	<b>6,471.01</b>	<b>3,110.55</b>	<b>4,533.58</b>
Share in net profit of associate	-	-	-	-
Profit from ordinary activities before tax and after share in net profit of associate	6,152.15	6,471.01	3,110.55	4,533.58
Provision for Taxation (including Deferred Tax Charge/Credit)	1,015.03	1,105.71	627.13	657.69
<b>Net Profit After Tax</b>	<b>5,137.12</b>	<b>5,365.30</b>	<b>2,483.42</b>	<b>3,875.89</b>
Owners of the Company	5,137.20	5,373.74	2,483.42	3,875.89
Non-controlling Interest	(0.08)	(8.44)	-	-
<b>Total</b>	<b>5,137.12</b>	<b>5,365.30</b>	<b>2,483.42</b>	<b>3,875.89</b>
Opening Balance in Profit & Loss Account	15,524.68	13,810.25	15,210.92	13,669.95
Closing Balance in Profit & Loss Account	17,425.98	15,524.68	15,241.85	15,210.92
Earning Per Share (₹) - Basic	7.55	7.90	3.65	5.70
Earning Per Share (₹) - Diluted	7.32	7.62	3.54	5.49

## RESULT OF OPERATIONS:

The consolidated total income increased from ₹ 59,217.08 million to ₹ 61,531.68 million, an increase of 3.91% over the previous financial year. The consolidated Net Profit After Tax decreased from ₹ 5,365.30 million to ₹ 5,137.12 million, an decrease of 4.25% over the previous financial year. The detailed analysis of the consolidated results forming part of the Management Discussion and Analysis Report is provided separately in the Annual Report.

The standalone total income decreased from ₹ 16,227.56 million to ₹ 14,094.44 million, a decrease of 13.15% over the previous financial year. The standalone Profit After Tax decreased from ₹ 3,875.89 million to ₹ 2,483.42 million, a decrease of 35.93% over the previous financial year.

## GLOBAL OPERATION CENTERS:

The Company, on a consolidated basis has 48 global operation centers as on March 31, 2023. The centers are located across the US, the UK, India, the Philippines and the Mexico. 11 of the Company's operation centers are located in India which includes Chennai (2), Mumbai (2), Bangalore (2), and 1 each in Trichy, Pondicherry, Hyderabad, Indore & Vijayawada cities. 24 in the US, 10 in the UK, 2 in the Philippines and 1 in Mexico.

During the year, the Company incurred capital expenditure of ₹ 536.22 million mainly towards refurbishment and maintenance of operation centers, technology upgrade and setting up of new operations centers.

## QUALITY INITIATIVES:

The Company follows global best practices for process excellence and the quality framework is based on COPC principles. The Company uses innovative techniques like Speech & Text Analytics, Robotic Process Automation and Intelligent Action Board to drive improvements across. Also, as part of the Quality Management System, the Company has embraced ISO 9001:2008. The Company continues to follow process improvement methodologies like Six Sigma, Lean and Kaizen.

## AWARDS AND ACCOLADES:

The Company received the following awards and accolades during the year under review.

### Awards:

- Named as 'Disruptor' in Avasant Banking Process Transformation 2022 RadarView and Avasant Contact Center Business Process Transformation 2022 RadarView.

- Named as 'Innovator' in Avasant Claims Processing Business Process Transformation 2022 RadarView.
- Named as Disruptors in Avasant's Contact Center Business Process Transformation 2022 RadarView.
- Named as 'Disruptor' in HFS Horizons for The Best Service Providers for Retail Banks, 2023.
- Listed in select categories as HFS' Top 10: Healthcare Provider (HCP) Service Providers, 2022.
- Listed as 'Disruptor' in HFS Horizons' Healthcare Payer Service Providers, 2022.
- Named as 'Leader' in UK & Europe Quadrant in ISG Provider Lens™ Contact Center - Customer Experience Services 2022.
- Named 'Leaders' in ISG Provider Lens™ Healthcare Digital Services Study 2022 U.S.
- Named 'Leaders' in ISG Provider Lens™ Healthcare Payer Digital Services Study.
- Named as 'Major Contender' by Everest Group for Everest Healthcare Customer Experience Management (CXM) Services in North America PEAK Matrix.
- Mentioned in Everest Group BPS Top 50™ 2022.
- Named as 'Leader' in Mortgage and Loan Services 2022 NEAT results by NelsonHall.
- Recognized in Bloomberg Gender-Equality Index 2022.
- Gold winner for Customers at the Heart of Everything™, Customer Driven Business Change and Transformation and Best Customer Service by European CXA'22 Customer Experience Awards.
- Awarded for our 'Strong Leverage of Tier 2 & Tier 3 Cities' at the NASSCOM Business Process Innovation Awards 2022.
- Awarded Silver at the Brandon Hall HCM excellence awards 2022 for Best Hybrid Learning.
- Rated 'A-100' by SecurityScorecard™ - for our robust security posture across technology platforms, cloud solutions and applications, and our best practices-based security protocols.
- Recognized as a Level 3 Disability Confident Leader in the UK.
- Recognized as Top Mortgage Employer by Mortgage Professional America, 2022.
- Silver winner for the 'Most Effective Learning and Development Initiative' by European Contact Centre & Customer Service Awards (ECCCSA).
- Achieved SILVER in the Most Effective Distributed Workforce category by UK National Contact Center Awards, 2022.
- Awarded with Business Services Project of the Year by Global Sourcing Association, UK.
- Received CSR Leadership Award at the 4<sup>th</sup> Edition Corporate Social Responsibility Summit & Awards 2022.
- Ranked second in the COVID-19 Warrior category by India CSR Leadership Summit 2022.

### CONSOLIDATED FINANCIAL STATEMENTS:

In accordance with Section 129(3) of the Companies Act, 2013 and in view of notification issued by the Ministry of Corporate Affairs

on Ind-AS, the Company has prepared consolidated financial statements of the Company and all its subsidiaries as per Ind-AS, which forms part of this Annual Report.

### DIVIDEND:

The Board approved and declared an interim dividend on February 02, 2023 at the rate of 35% i.e. ₹ 3.5 per share of ₹ 10/- each.

The interim dividend for FY 2022-23 aggregated to ₹ 2,219.06 million (net of applicable TDS).

The Dividend Distribution Policy of the Company was approved by the Board at its meeting held on August 08, 2017 and is available on the Company's website at

<https://www.firstsource.com/wp-content/uploads/2023/03/Dividend-Distribution-Policy.pdf>

### TRANSFER TO RESERVE:

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

### HUMAN RESOURCES:

On a consolidated basis, the Company has 23,018 employees as of March 31, 2023.

### PARTICULARS OF THE EMPLOYEES AND RELATED DISCLOSURES:

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 ("Act") read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 form part of this Report and are annexed as Annexure I.

The statement containing particulars of employees as required under Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this Report. Further, the Report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

### PUBLIC DEPOSITS:

During the year under review, your Company has not accepted any deposits under Section 73 of the Act, and as such, no amount on account of principal or interest on public deposits was outstanding as of March 31, 2023.

### PARTICULARS OF LOANS, INVESTMENTS, GUARANTEES AND SECURITIES:

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the notes to the standalone financial statements. (Please refer to Note No. 6 and 31 to the standalone financial statements).



**CREDIT RATINGS:**

During the year under review, the rating given by CARE and CRISIL are mentioned herein below:

**(i) CARE Rating:**

Long/Short term Bank Facilities	CARE A+:Stable/CARE A1+ (Single A plus; Outlook:Stable/A One plus)
Commercial Paper	CARE A1+ (A One plus)

**(ii) CRISIL Rating:**

Long/Short term Bank Facilities	CRISIL A+/Stable
Commercial Paper	CRISIL A1

**CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:**

The Company seeks to be a good corporate citizen in all aspects of its operations and activities. The Company commits to operating in an economically, socially and environmentally responsible manner whilst balancing the interests of diverse stakeholders. Our CSR Policy is governed and guided by our Group's corporate vision to enable inclusive growth and our aspiration to be India's leading business group serving multiple market segments, for our customers, shareholders, employees and community. The Company seeks to undertake programmes in the areas of Healthcare, Education, Environment, Arts & Culture, Promotion of Sports as well as support initiatives towards Gender Equality and Empowerment of Women.

The Board constituted a Corporate Social Responsibility (CSR) Committee, pursuant to Section 135 of the Act, consisting of Mr Shashwat Goenka (Chairman), Mr Vipul Khanna, Mr Subrata Talukdar and Mr Anjani K. Agrawal as its members. The CSR Committee meets at least once in a year. During the year under review, the Committee met once. The details of CSR Committee and its meetings are given in Report on Corporate Governance forming part of the Annual Report. The CSR Committee has framed and formulated a CSR Policy indicating the activities to be undertaken by the Company, in accordance with Schedule VII of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 issued under the Act. The same has also been approved by the Board. The CSR policy is available on the website of the Company at the link

<https://www.firstsource.com/wp-content/uploads/2023/04/Firstsource-CSR-Policy.pdf>

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

The CSR activities, as per the provisions of the Act, may also be undertaken by the Company through a registered trust. Accordingly, "RP - Sanjiv Goenka Group CSR Trust" ("Group CSR Trust") was formed along with other Group Companies to pursue CSR activities as mentioned in the CSR Policy of the Company.

During the year, the Company has spent an amount of ₹ 17.68 million. The Company has been contributing a portion of

amount of its CSR obligation every year for the project to set up an International Baccalaureate School in Kolkata taken up by the Group CSR Trust which is identified as an 'ongoing project' as defined in the Companies (Corporate Social Responsibility Policy) Rules, 2014. Accordingly, the Company had transferred ₹ 50.68 million. to Group CSR Trust for the above mentioned cause towards CSR expenditure for FY 2022-23 before March 31, 2023.

The CSR at the Company is a platform for giving back to the communities in which we live and work. The Company looks to engage employees in focus areas where possible through programmes such as employee volunteering, payroll giving, participating in fundraising events, partnering with NGO's and response to disasters.

**India:**

- Launched "Every Leader a Volunteer" campaign in Firstsource to promote volunteering at the top level. In the first year launch of this campaign, the Company saw 17% across globe participating in various programs contributing 600+ hours;
- Leaders have empowered young minds through Mentorship session, Virtual classroom teaching, Career guidance, Women Empowerment session, livelihood support projects along with sharing their deep expertise providing Probono support in the area of Tech and Consulting and also supporting launch and milestones of our CSR Projects;
- Structured high impact projects in partnership with non-profits was started. FFE Mentorship Program and eVidyaloka Program are some examples where our employee volunteers committed to support on a long term projects spanning 3-6 months teaching or mentoring students;
- Volunteers supported Govt. school students by enabling various skill development sessions by giving their time and knowledge. Experts from HR team conducted mock interview & resume building sessions to graduates from Youth Empowerment Programs;
- Volunteers took part in varied virtual awareness sessions on aerobic way of home composting, recycling & reusability, waste management, ocean and its importance, growing microgreens, sign language, Cyber safety, Tangram making, Women rights and safety;
- As part of observing International day for People with Disability, the Company had organized Industrial visit for differently abled students who are supported by Samarathanam Trust in Bangalore and Hyderabad. 250 Tactile greeting cards for blind schools were made in Bangalore, Chennai, Hyderabad and Vijayawada offices;
- As part of International Women's Day, volunteers participated in various initiatives to empower women beneficiaries like - Virtual Menstrual hygiene session for the girl students from underrepresented communities, enabling corporate visits to women beneficiaries, financial literacy and motivational sessions by women leaders. Further, felicitation function was planned across our centres for women supporting staffs to recognize their efforts;
- Volunteers continued their support by enabling various upskilling activities to the beneficiaries from varied groups of Community such as women elderly, People with Disability and women beneficiary in Sandhya Kirana, Sandhesh Foundation, Baale Mane and Cheshire home.

**Philippines:**

- Employee volunteers from Manila, Philippines visited Father Luis Amigo home and engaged the children by organizing 'Poster making activity' on the topic 'The world that I want to see tomorrow';
- Firstsource volunteers supported the REAVO volunteers with F&B requirements during Sinulog Grand Festival;
- Volunteers from Cebu took part in beach clean-up activity organized in partnership with REAVO NGO which works towards Disaster and Rescue operations in the Philippines;
- Volunteers supported in donation of food and essentials to Ready Relief which aims to lend help to families headed by Solo Parents.

**USA:**

- Volunteers took part in donation drive and collected Blankets, Towel sets, bath mats, shower caps, curtains, hygiene products, pots and pans, cleaning supplies, laundry detergent, Gift cards, new board, card games, colouring books, Mindfulness journal, Backpacks, Markers, coloured pencils and pencils through in-kind donation for Gateway Longview charity;
- On the occasion of Halloween, US opened up an employee payroll donation and open donation of candies at the Companies US Louisville office. Around 25 employees contributed through their payroll deduction program while a few of the employees dropped in candies at office for Norton Children's hospital;
- As part of Black History Month campaign, US volunteers reviewed the LinkedIn profiles of Black youth. The goal was to celebrate their achievements and provide valuable feedback to help improve their professional profiles.

**UK:**

- As part of international women's day celebration, in collaboration with Goodera NGO UK volunteers participated in Trivia night on women's history in pop culture and gained awareness about the inspiring achievements of famous women in pop culture;
- UK volunteers took part in fundraising activity for Breast Cancer Now NGO with their Wear it Pink day to raise money for those going through breast cancer and to raise awareness on how to check for early signs of breast cancer throughout the site. They also had set up a bun sale to sell buns as a 'Pay what you can' initiative and had 2 bakers who provided home made goods to be included in the stall;
- UK Firstsourcers supported a local football team Don Bosco's under 8 & Newell FC in the Foyle cup tournament as part of promoting sport;
- As part of Pride Month celebrations, volunteers from UK participated in virtual volunteering opportunity to support the LGBTQIA+ community by creating impactful digital posters.

**Global Employee Giving:**

Our employees across globe continued to show their love and affection for communities by contributing regularly for charity through various fund raising and payroll program.

**Purpose led Employee Giving projects in India:** In India through Give India Payroll program 12K+ Lives impacted through various projects such as Gift a Smile, Book A Smile, Art truck project, Groceries support and Donation of Sports Equipment for Children Home.

**US Fund Raising:** US employees supported fund raising for various causes such as Norton Candy Drive, Susan G Koman Cancer patient support fund drive.

**UK Payroll Giving and Fund Raising:** Employees donate to regular payroll program along with supporting fund raising for UK charity organizations by taking part in charity football matches, baking buns & cakes, taking part in 5K run/walk and raffle fundraisers.

**Special Projects:**

**Right To Education Act:** 5 full time employees (LGBTQ+) helped in reaching 5,052 parents and identified 1,294 eligible children and enabled 774 of them to get admission in reputed private schools through RTE act.

**BHUMI's Scholarship support:** 3 full time employees (LGBTQ+) made 266 calls through which 50 students were identified for BHUMI scholarship which amounted to ₹ 1.06 million.

**Supporting Women Scholars:** In a first of its kind, during the month of July, the Company have on-boarded 12 female scholars pursuing their graduation. A few days ago, a non-profit organization named HopeWorks Foundation, requested that the Company provide part-time employment opportunities for their girl scholars who are from economically underrepresented communities.

**Badminton tournament for people with disability:** Supported Deaf enabled foundation team in organizing the Badminton tournament for students with speech and hearing impairment through a one-time donation of ₹ 0.05 million.

**Job Fair support:** One of our full time employees (LGBTQ+) supported the "We are your Voice" team by making calls to 70 PWD candidates to help them in registering for Job fair.

**RISK MANAGEMENT:**

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

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

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

Further in view of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), effective April 01, 2019, the Board constituted a Risk Management Committee on February 04, 2019 to monitor & mitigate the Risk.



**INTERNAL FINANCIAL CONTROLS:**

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

**WHISTLE BLOWER POLICY:**

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

The WB Policy is available on the website of the Company at

<https://www.firstsource.com/wp-content/uploads/2023/03/WHISTLE-BLOWER-POLICY-6.0.pdf>

**PREVENTION OF SEXUAL HARASSMENT POLICY:**

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

It is confirmed that during the year under review, the Company has complied with applicable provisions in relation to sexual harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, including the provisions relating to the constitution of Internal Complaints Committee under the said act.

**BOARD OF DIRECTORS:**

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

- Mr Pradip Kumar Khaitan (DIN 00004821) retires by rotation and being eligible, has offered himself for re-appointment at the ensuing Annual General Meeting ("AGM").
- The Board appointed Mr Utsav Parekh (DIN 00027642) as an Additional Director (Non-Executive, Independent) on the Board of the Company w.e.f. November 02, 2022. His appointment was approved by members through Postal Ballot on December 15, 2022 for a term of three (3) consecutive years, effective from November 02, 2022. The Company has received the declaration from Mr Utsav Parekh confirming that he meets the criteria of independence as prescribed under Section 149(6) of the Act.
- Ms Grace Koshie ceased to be an Independent Director on account of completion of her term with effect from the closing of business hours on February 08, 2023 by afflux of

time. The Board places on record its appreciation towards valuable contribution made by her during her tenure as a Director of the Company.

- All the Independent Directors of the Company have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act.

**BOARD AND AUDIT COMMITTEE MEETINGS:**

During the FY 2022-23, the following four (4) Board Meetings were held on:

1. May 05, 2022
2. August 03, 2022
3. November 02, 2022
4. February 02, 2023

During the FY 2022-23, the following four (4) Audit Committee Meetings were held on:

1. May 05, 2022
2. August 02, 2022
3. November 02, 2022
4. February 02, 2023

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

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

**THE FAMILIARISATION PROGRAMMES FOR INDEPENDENT DIRECTORS:**

The Company has put in place a system to familiarise its Independent Directors with the Company, their roles, rights & responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. The details of such familiarisation programmes are put up on the website of the Company at the below link:

<https://www.firstsource.com/wp-content/uploads/2023/03/Policy-on-familiarisation-of-Independent-Directors.pdf>

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

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

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

of Directors excluding the Director being evaluated and unanimously agreed on the following assessment criteria for evaluation of Directors' performance:

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

## (ii) Performance Evaluation of Executive Director:

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

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

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

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

## POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:

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

### Appointment criteria and qualifications:

- The Nomination and Remuneration Committee shall identify and ascertain the integrity, qualifications, expertise and experience of the person for appointment as Director, Key Managerial Personnel ("KMP") or at Senior Management level and recommend the same to the Board for appointment, if found suitable;
- A person should possess adequate qualifications, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualifications, expertise and experience possessed by a person are sufficient/satisfactory for the concerned position; and

- The Company shall not appoint or continue the employment of any person as Managing Director/Whole-Time Director who has attained the age of seventy years, provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the statement pursuant to the provisions of Section 102 of the Act annexed to the notice or such motion indicating the justification for extension of appointment beyond seventy years.

### Meeting of Independent Directors:

There should be atleast one meeting of Independent Directors in a year, without the attendance of non-independent Directors and members of the Management. One (1) meeting of the Independent Directors of the Company was held on February 01, 2023.

The Independent Directors in the meeting:

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

### REMUNERATION POLICY:

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

### COMMITTEES OF THE BOARD:

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

#### Audit Committee:

As on March 31, 2023, the Audit Committee comprised of three (3) Independent Directors viz. Ms Grace Koshie (Chairperson), (ceased to be a Chairperson and Member on the closing of business hours on February 08, 2023 by efflux of time), Mr Utsav Parekh (appointed as a Member and Chairman w.e.f. February 09, 2023), Mr Anjani K. Agrawal, Mr Sunil Mitra and one (1) Non-Independent Director, Mr Subrata Talukdar.

#### Nomination and Remuneration Committee:

As on March 31, 2023, the Nomination and Remuneration Committee comprised of two (2) Independent Directors viz. Mr Anjani K. Agrawal (Chairman), Mr Pratip Chaudhuri and one (1) Non-Independent Director, Mr Subrata Talukdar.

#### Corporate Social Responsibility Committee:

As on March 31, 2023, Corporate Social Responsibility Committee comprised of four (4) members viz Mr Shashwat Goenka (Chairman), Mr Vipul Khanna, MD & CEO,



Mr Subrata Talukdar, Non-Executive, Non-Independent Director and one (1) Independent Director, Mr Anjani K. Agrawal.

#### Stakeholders Relationship Committee:

As on March 31, 2023, Stakeholders Relationship Committee comprised of three (3) members viz. Mr Subrata Talukdar (Chairman), Mr Vipul Khanna, MD & CEO, and one (1) Independent Director, Mr Anjani K. Agrawal.

#### Investment Committee:

As on March 31, 2023, Investment Committee comprised of three (3) members viz. Mr Shashwat Goenka (Chairman), Mr Vipul Khanna, MD & CEO and one (1) Non-Independent Director, Mr Subrata Talukdar.

#### Strategy Committee:

As on March 31, 2023, Strategy Committee comprised of three (3) members viz. Mr Shashwat Goenka (Chairman), Mr Vipul Khanna, MD & CEO and one (1) Non-Independent Director, Mr Subrata Talukdar.

#### Risk Management Committee:

As on March 31, 2023, Risk Management Committee comprised of five (5) members viz. Mr Shashwat Goenka (Chairman), Mr Vipul Khanna, MD & CEO, one (1) Independent Director, Ms Grace Koshie, (upto the the closing of business hours on February 08, 2023 by efflux of time), Ms Vanita Uppal (appointed as a Member w.e.f. February 09, 2023), Mr Dinesh Jain and Mr Arun Tyagi, Officials of the Company.

#### RELATED PARTY TRANSACTIONS:

All the contracts/arrangements/transactions that were entered into by the Company during the financial year with related parties were on an arm's length basis and in the ordinary course of business and none of such related party transactions required the approval of the Board of Directors or the Shareholders as per the Act or LODR Regulations. Further, there were no materially significant related party transactions that may have potential conflict of interests of the Company at large. Prior omnibus approval is obtained for related party transactions which are of repetitive nature and entered in the ordinary course of business and at arm's length. All Related Party Transactions are placed before the Audit Committee for approval.

The policy on Related Party Transactions as approved by the Board is available on the website of the Company at the link:

<https://www.firstsource.com/wp-content/uploads/2023/03/Related-Party-Transactions-Policy.pdf>

The details of the related party transactions as required under the Act and the Rules are attached in Form AOC-2 as Annexure IV.

#### EMPLOYEES STOCK OPTION SCHEME:

The Company grants share-based benefits to eligible employees with a view to attracting and retaining the best talent, encouraging employees to align individual performances with the Company objectives, and promoting increased participation by them. With a view to provide an opportunity to the employees of the Company, to share the growth of the Company and to create long term wealth, the Company has an Employee Stock Option Scheme (ESOS), viz., the Firstsource Solutions Employee Stock Option

Scheme, 2003 (ESOS 2003). The Scheme is applicable to all eligible employees and Directors of the Company and its Subsidiary Companies. The Scheme is in compliance with Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (SBEB&SE), as amended from time to time.

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

The Company has established the ESOP 2019 Plan, pursuant to approval of shareholders at the Annual General Meeting on August 02, 2019, to allow our employees to acquire greater proprietary stake in our success and growth, and to encourage our employees to continue their association with us. The ESOP 2019 Plan is in compliance with SEBI (SBEB&SE) Regulations 2021, as amended from time to time.

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

#### LONG TERM INCENTIVE STRUCTURE GRANTS UNDER ESOP 2019 PLAN:

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

#### A) Tenure based Structure (ESOP Structure):

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

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

#### Vesting Schedule in the given structure is:

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

**B) Performance based Structure (PSU Structure):**

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

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

**Vesting Schedule in the given structure is:**

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

Under both the above structures, grants will be issued at face value of the shares or any higher price which may be decided by the Nomination and Remuneration Committee and will have an exercise period up to three (3) years as per the ESOP 2019 Plan and as determined by the Nomination and Remuneration Committee.

Under the ESOP 2019 Plan, as on March 31, 2023, the Nomination and Remuneration Committee has approved grant of 3,326,500 options which are a mix of tenure based and performance-based structure options to its senior leadership team and employees.

**FIRSTSOURCE EMPLOYEE BENEFIT TRUST UNDER ESOP 2019 PLAN:**

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

The Board of Directors has facilitated setting up of Employee welfare trust, viz "Firstsource Employee Benefit Trust" ("ESOP Trust") to implement the ESOP 2019 Plan which has been formed by the Company. The Company shall provide financial assistance to the ESOP Trust for secondary acquisition of equity shares of the Company for the purpose of implementation of ESOP 2019 Plan. The terms and conditions for the financial assistance provided shall be in compliance with the Companies Act, 2013 read with Companies (Share Capital and Debenture) Rules, 2014 and SEBI (SBEB&SE) Regulations 2021.

As on March 31, 2023, the ESOP Trust holds 15,589,182 equity shares purchased through secondary market.

**SUBSIDIARY COMPANIES:**

As on March 31, 2023, your Company has 21 subsidiaries and 1 Associate Company:

**Domestic Subsidiary: (1)**

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

**International Subsidiaries: (20)**

2. Firstsource Solutions UK Limited, UK (WOS of the Company);
3. Firstsource Solutions S.A., Argentina (Subsidiary of Firstsource Solutions UK Limited)
4. Firstsource BPO Ireland Limited (WOS of Firstsource Solutions UK Limited)
5. Firstsource Group USA, Inc., USA (Subsidiary of the Company)
6. Firstsource Business Process Services, LLC, USA (WOS of Firstsource Group USA, Inc)
7. Firstsource Advantage, LLC, USA (WOS of Firstsource Business Process Services, LLC)
8. One Advantage, LLC, USA (WOS of Firstsource Business Process Services, LLC)
9. MedAssist Holding, LLC, USA (WOS of Firstsource Group USA, Inc)
10. Firstsource Solutions USA, LLC, USA (WOS of MedAssist Holding, LLC) Plans
11. Firstsource Health Plans and Healthcare Services, LLC, USA (Formerly known as Firstsource Transaction Services, LLC) (WOS of Firstsource Solutions USA, LLC)
12. Sourcepoint, Inc. (WOS of Firstsource Group USA, Inc)
13. Sourcepoint Fulfillment Services, Inc. (WOS of Sourcepoint, Inc.)
14. Firstsource Dialog Solutions (Private) Limited (Subsidiary of the Company)
15. PatientMatters LLC (WOS of Firstsource Solutions USA, LLC)
16. Kramer Technologies, LLC (WOS of PatientMatters LLC)
17. Medical Advocacy Services For Healthcare, Inc. (WOS of PatientMatters LLC)
18. The StoneHill Group, Inc. (WOS of Sourcepoint, Inc.)
19. American Recovery Service Incorporated (WOS of Firstsource Business Process Services, LLC, USA)
20. Firstsource Solutions Mexico, S. de R.L. de C.V (Subsidiary Company of Firstsource Group USA, Inc.)
21. Firstsource Solutions Jamaica Limited (WOS of Firstsource Group USA, Inc.)

**Associate Company: (1)**

1. Nanobi Data and Analytics Private Limited

**Note:**

Firstsource Solutions Jamaica Limited was incorporated as a Wholly Owned Subsidiary Company of Firstsource Group USA, Inc., (Subsidiary of the Company), on April 13, 2022. On account of this, Firstsource Solutions Jamaica Limited became a step down subsidiary of the Company.



The Company has no other joint venture company. No company has ceased to be a joint venture or associate during the FY 2022-23.

### Report on the Performance and Financial Position of Subsidiaries:

A report on the performance and financial position of each of the subsidiaries as per the Act, in the prescribed format AOC - 1 is annexed to the consolidated financial statement and hence not repeated here for the sake of brevity. The Company has a policy on material subsidiaries pursuant to Regulation 16(1)(c) of the Listing Regulations. The same is available on the website of the Company viz:

<https://www.firstsource.com/wp-content/uploads/2023/04/Material-Subsidiary-Policy-IN.pdf>

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management Discussion and Analysis Report for the year as stipulated under Regulation 34(3) of the Listing Regulations is separately given and forms part of this Annual Report.

### BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT:

With effect from the FY 2022-23, the requirement of submitting Business Responsibility Report is discontinued and replaced with Business Responsibility and Sustainability Report (BRSR) for the top one thousand listed entities based on market capitalization. Since your company is falling under this category, the Company has adopted the BRSR as stipulated under Regulation 34(2)(f) of the Listing Regulations and forms part of this Annual Report.

### REPORT ON CORPORATE GOVERNANCE:

The adherence to the corporate governance practices by the Company not only justifies the legal obedience of the laws but dwells deeper conforming to the ethical leadership and stability. It is the sense of good governance that our leaders portray, which trickles down to the wider Management and is further maintained across the entire functioning of the Company.

The Company is committed to maintain the highest standards of corporate governance and adheres to the corporate governance requirements set out by SEBI.

The report on Corporate Governance as stipulated under provisions of Chapter IV & Schedule V of the Listing Regulations is separately given and forms part of this Annual Report. The requisite certificate from a Practicing Company Secretary confirming compliance of the conditions of corporate governance is attached to the Report on Corporate Governance.

Pursuant to amendment of Rule 12 of Companies (Management and Administration) Rules, 2014 by MCA, wherein, instead of attaching an extract of annual return (to be prepared in Form MGT - 9) to the Directors' Report, the Company can host a copy of annual return on the website of the Company and a web link of the same to be given in the Directors' Report.

Accordingly, a copy of Annual Return is available on the website of the Company at the below link:

<https://www.firstsource.com/wp-content/uploads/2023/07/Annual-Return-FY-2022-23.pdf>

## STATUTORY DISCLOSURES OF PARTICULARS:

### A) Conservation of Energy:

The Company continues to make progress towards energy conservation across all its operation centres by adopting efficient Air-conditioning management system, usage of Energy efficient LED and efficient power back-up system. The Company is continuously monitoring earlier initiatives of reducing energy consumption within data centre/(s) and across its' operation centres. The Company, similar to its previous year's initiatives of GREEN IT, continued to replace the normal Desktops and old Thin clients with Mini Desktops/Zero thin-clients in US Geography as the power consumption of mini desktop & Zero thin-clients was 2.5 times less than the power consumed by normal desktops and nearly 5 times less during standby mode. Scripts have been deployed where possible to shut down the Desktops/Thin clients which are not being used for more than 1 hour which helps conserve energy.

### B) Absorption of Technology:

**Cloud-First Initiatives:** As part of Company's Cloud-First and Digital-First-Digital-Now (DFDN) journey, the Company continues to migrate a significant part of its Operations and Deliveries, across the geographies and business units, to cloud. Over the past few years, the Company has adopted multiple state-of-the-art technologies by partnering with Global Cloud Services Platforms. Be it for Infrastructure As A Service (IaaS) where the Company partner with leading global CSPs such as Microsoft Azure, AWS and Google or adopting SaaS solutions such as Sales Force, SAP Success Factors or Office365 or companies like Zscaler which provide cloud based Zero Trust Security solutions. Most of Company's client facing applications are deployed on Multi-Cloud environment to make them more Scalable, Resilient and Fault-tolerant.

**Digital Enabled Contact center (DECC):** As part of our DECC implementation, the Company has implemented multiple Next Generation Contact dc (NGCC) across the global and business units. The DECC and Omni Channel Platform is further enhanced with Digital Capabilities, such as AI, Social Integration, Chat-Bot, Analytics etc. These state-of-art technologies are implemented to enhance and automate call handling capabilities by Digital/AI interference, thus enhancing the Customer Experience (CX);

**NextGen Cybersecurity:** Firstsource has also deployed various technical controls at the perimeter, Endpoints, Data center and end user computing;

**Threat and Vulnerability Management:** Early Detection of vulnerability on Core Infra structure and proactive mitigation -

- Comprehensive Technical Compliance check through 3<sup>rd</sup> party covering the following:
  - o Vulnerability Assessment and Penetration Test
  - o Web Application Security Assessment
  - o ASV Scans for PCI DSS
  - o Desktop Scans for PCI DSS
  - o Source Code Review
  - o Cloud Infrastructure review
  - o Network Config review

- Security Operations Center & Digital Footprint Monitoring - Continuous Monitoring.
- 24/7 continuous monitoring and helps increase Firstsource organization security posture while preventing, detecting, analyzing, and responding to cybersecurity incidents.
- Digital Footprint monitoring is done through Security Scorecard that rates cybersecurity postures of corporate entities through completing scored analysis of cyber threat intelligence.
- The end users are required to go through Cisco AnyConnect - VPN, High Secure Network Access, **Cisco Duo** - Two Factor Authentication and the end user computing are protected with **Cisco AMP** - EDR for Endpoints and Servers and the end user \*internet and DNS are **Cisco Umbrella** - DNS Layer Security, Internet gateways using **Cisco WSA** - Blocking risky sites and all emails are protected by **Cisco Mail Security** - protects emails from Malware, Spam, Phishing, Ransomware, Spoofing, and more.

**C) Foreign Exchange Earnings and Outgo Activities relating to exports, initiatives taken to increase exports, development of new export markets for services and export plans:**

The Company's income is diversified across a range of geographies and industries. During the year, 92.11 % of the Company's standalone total revenues were derived from exports. The Company provides BPO services mostly to clients in North America, UK and Asia Pacific region. The Company has established direct marketing network around the world to boost its exports.

**FOREIGN EXCHANGE EARNED AND USED:**

The Company's Foreign Exchange Earnings and Outgo during the year were as under:

(₹ in million)		
Particulars	FY2023	FY2022
Foreign Exchange Earnings	12,671.78	13,618.21
Foreign Exchange Outgo (including capital goods and imports)	61.52	163.11

**SECRETARIAL AUDIT:**

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company obtained Secretarial Audit Report from MMJB & Associates LLP (CP No. 8968), Company Secretaries for the FY 2022-23. The Secretarial Audit Report is annexed to this Report as Annexure V.

**ANNUAL SECRETARIAL COMPLIANCE REPORT:**

SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated February 08, 2019 read with Regulation 24(A) of the Listing Regulations, directed listed entities to conduct Annual Secretarial Compliance Audit from a Practicing Company Secretary of all applicable SEBI Regulations and circulars/guidelines issued thereunder. The said Secretarial Compliance report is in addition to the Secretarial Audit Report issued by Practicing Company Secretaries under Form MR - 3 and is required to be submitted to Stock Exchanges within 60 days of the end of the financial year. The Company has engaged the services of MMJB & Associates LLP (CP No. 8968), Company Secretaries for providing this certification.

**STATUTORY AUDITORS AND AUDITORS' REPORT:**

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, bearing Registration Number: 117366W/W-100018, were re-appointed as the Statutory Auditors of the Company by the members at their 21<sup>st</sup> Annual General Meeting (AGM) for a second term of consecutive five (5) years i.e. till the conclusion of 26<sup>th</sup> AGM.

The Notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

During the year under review, there were no material or serious instances of fraud falling within the purview of Section 143 (12) of the Companies Act, 2013 and rules made thereunder, by officers or employees reported by the Statutory Auditors of the Company during the course of the audit conducted and therefore no details are required to be disclosed under Section 134 (3)(ca) of the Act.

**GENERAL:**

Your Directors state that no disclosure or reporting is required in respect of the following matters as there were no transactions on these matters during the FY 2022-23:

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

Further, your Directors would like to mention that the MD & CEO received ₹ 158.95 million as remuneration during the year from Firstsource Group USA Inc. subsidiary of the Company.

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

**DIRECTORS' RESPONSIBILITY STATEMENT:**

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

1. In the preparation of the annual accounts for the FY 2022-23, the applicable Ind-AS accounting standards have been followed and there are no material departures from the same;
2. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and of the profit of the Company for year ended on that date;



3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safe-guarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Directors had prepared the annual accounts on a going concern basis;
5. The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
6. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **APPLICATION/PROCEEDING PENDING UNDER IBC:**

None of the application has been made or any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year.

#### **ACKNOWLEDGEMENTS:**

The Board wishes to place on record its sincere appreciation for the support and co-operation extended by all the customers, vendors, bankers and business associates. The Board also expresses its gratitude to the Department of Telecommunications, Collector of Customs and Excise, Director of Special Economic Zone, Ministry of Labour, Ministry of Corporate Affairs, Software Technology Parks of India, and various Governmental departments and organisations for their help and cooperation.

Further, the Board places on record its appreciation to all the employees for their dedicated service. The Board appreciates and values the contributions made by every member across the world and is confident that with their continued support, the Company will achieve its objectives and emerge stronger in the coming years.

**For and on behalf of the Board of Directors**

Mumbai  
May 04, 2023

**Dr Sanjiv Goenka**  
Chairman  
(DIN 00074796)

## Annexure - I to the Directors' Report

Information required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(i) The Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the FY 2022-23 and

(ii) The percentage increase in remuneration of each Director, Managing Director & Chief Executive Officer, Chief Financial Officer and Company Secretary of the Company in the FY 2022-23.

Name & Designation	% increase/decrease in remuneration in the FY 2022-23	Ratio of remuneration of each Director to median remuneration of employees
<b>Directors</b>		
Dr Sanjiv Goenka, Chairman, NI-NED	(25%)	1.02
Mr Shashwat Goenka, Vice Chairman, NI-NED	9.09%	2.04
Mr Vipul Khanna, MD & CEO*	(0.1%)	73.38
Mr Charles Richard Vernon Stagg, I-NED**	NA	0.34
Ms Grace Koshie, I-NED#	6.67%	2.72
Mr Pradip Kumar Khaitan, NI-NED	-	1.02
Ms Vanita Uppal, I-NED##	NA	0.85
Mr Pratip Chaudhuri, I-NED	20.0%	2.04
Mr Subrata Talukdar, NI-NED	-	3.06
Mr Sunil Mitra, I-NED	-	2.21
Mr Anjani K. Agrawal, I-NED	58.33%	3.23
Mr Utsav Parekh, I-NED \$	NA	0.51
Mr Dinesh Jain, President & CFO*	(8.4%)	NA
Ms Pooja Nambiar, CS	8.67%	NA

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

### Notes:

- \*The remuneration is exclusive of taxable value of perquisite on stock options exercised during the year.
- Non-Executive Directors have received only sitting fees and no other remuneration have been paid to them.
- Median remuneration of all the employees of the Company for the FY 2022-23 is ₹ 293,904.
- \*\* The three (3) years term of Mr Charles Richard Vernon Stagg as an Independent Director completed on May 05, 2022 by efflux of time.
- #The three (3) years term of Ms Grace Koshie as an Independent Director completed on the closure of the business hours on February 08 by efflux of time.
- ##Ms Vanita Uppal was appointed as Non-Executive, Independent Director w.e.f. May 05, 2022.
- \$ Mr Utsav Parekh was appointed as Non-Executive, Independent Director w.e.f. November 02, 2022.

(iii) The percentage increase in the median remuneration of employees in the FY2022-23

Median remuneration of employees during the FY 2022-23 was ₹ 293,904 compared to ₹ 279,804 of the previous financial year.

The payment of managerial remuneration was as per the remuneration approved by the Shareholders of the Company and within the limit specified under the Companies Act, 2013.

(iv) The number of permanent employees on the rolls of Company

As on March 31, 2023, there were 13,366 permanent employees on the rolls of Company on standalone basis.

(v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison

with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

Average percentile increase in the median remuneration of comparable employees in the FY 2022-23 other than the MD & CEO was 8% and the increase in the salary of the MD & CEO was (0.1%).

(vi) Affirmation that the remuneration is as per the Remuneration Policy of the Company

Pursuant to Rule 5(1)(xii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is affirmed that the remuneration paid to the Directors, KMPs, Senior Management and other employees of the Company is as per the Remuneration Policy of the Company.



# Annexure - II to the Directors' Report

## THE ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

### 1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY:

#### RPSG GROUP CSR VISION

To be a leading and socially responsible Indian Group empowering lives by providing access to healthcare facilities, education, skill development, livelihood opportunities including sports, arts, etc. to improve the overall quality of life.

#### FIRSTSOURCE SOLUTIONS LIMITED CSR VISION

Corporate Social Responsibility (CSR) lies at the core of everything the Company does. Firstsource is committed to advancing its CSR objectives through its overarching vision: "Create a nurturing and an empowering environment to deepen our societal engagement with a goal of improving lives and livelihood of communities on a sustainable basis."

Firstsource Solutions Limited Focused Areas of CSR Intervention:

1. Programme Focus Area 1 Category: Healthcare
2. Programme Focus Area 2 Category: Education
3. Programme Focus Area 3 Category: Environment
4. Programme Focus Area 4 Category: Art & Culture
5. Programme Focus Area 5 Category: Gender equality and women empowerment
6. Programme Focus Area 6 Category: Promoting Sports

### 2. COMPOSITION OF CSR COMMITTEE:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr Shashwat Goenka	Chairman (Non-Executive, Non-Independent Director)	1	1
2.	Mr Vipul Khanna	Member (MD & CEO)	1	1
3.	Mr Subrata Talukdar	Member (Non-Executive, Non-Independent Director)	1	1
4.	Mr Anjani K. Agrawal	Member (Non-Executive, Independent Director)	1	1

### 3. Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company:

<https://www.firstsource.com/wp-content/uploads/2023/04/Firstsource-CSR-Policy.pdf>

### 4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable:

<https://www.firstsource.com/wp-content/uploads/2023/04/SIA-Report-Firstsource.pdf>

### 5. Details of total CSR obligation:

Sl No.	Particulars	₹ in million
5(a)	Average net profit of the company as per sub-section (5) of section 135	₹ 3,418.16
5(b)	Two percent of average net profit of the company as per sub-section (5) of section 135	₹ 68.36
5(c)	Surplus arising out of the CSR Projects or programmes or activities of the previous financial years	Nil
5(d)	Amount required to be set-off for the financial year, if any	Not Applicable
5(e)	Total CSR obligation for the financial year [(b)+(c)-(d)]	₹ 68.36

**6. Details given herein below**

- a. Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ 68.36 million
- b. Amount spent in Administrative Overheads: Nil
- c. Amount spent on Impact Assessment, if applicable: Nil
- d. Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹ 68.36 million
- e. CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (₹ in million)				
	Total Amount transferred to Unspent CSR Account as per subsection (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 68.36	NA	NA	NA	NA	NA

- f. Excess amount for set-off, if any: **Not applicable**

Sl. No.	Particular	Amount (in ₹)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	
(ii)	Total amount spent for the Financial Year	
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	

**7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years: Not Applicable**

1	2	3	4	5	6	7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹)
					Amount (in ₹)	Date of Transfer	
1	FY-1						
2	FY-2						
3	FY-3						

**8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:**

☐ Yes: ☒ No



Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year: **Not Applicable**

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/Authority/beneficiary of the registered owner		
1	2	3	4	5	6		
					CSR Registration Number, if applicable	Name	Registered address

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per subsection (5) of section 135: **Not Applicable**

Mumbai  
May 04, 2023

**Mr Vipul Khanna**  
MD & CEO  
(DIN 00889710)

**Mr Shashawat Goenka**  
Chairman of the CSR Committee  
(DIN 03486121)

# Annexure - IIIA to the Directors' Report

## SUMMARY OF REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

### 1. PURPOSE OF THE POLICY

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

### 2. OBJECTIVE

The Objective of this Policy is to ensure that-

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Non-Executive Directors of the quality required to run the Company successfully; and
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

### 3. REMUNERATION TO NON-EXECUTIVE DIRECTORS INCLUDING INDEPENDENT DIRECTORS

#### A. Remuneration/Commission:

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

#### B. Remuneration for Professional Services rendered by any Director:

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

#### C. Sitting Fees:

The Board of Directors, at its meeting held on August 01, 2014 had decided a sitting fees of ₹ 0.1 million to be paid for attending each meeting of the Board and ₹ 0.05 million for attending each meeting of a Committee of the Board of which the Director is member, payable to all the Non-Executive Directors of the Company including Independent Directors.

#### D. Reimbursement of Expenses:

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

#### E. Stock Options:

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

#### F. Refund of Excess Remuneration paid to any Director:

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

#### G. Premium on Insurance taken by the Company:

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



SUMMARY OF REMUNERATION POLICY FOR KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

1. PURPOSE

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

2. GRADE STRUCTURE

The Company follows grade structure in most of the geographies. Broadly, grades are divided into Associates and Coordinators, Junior Management, Middle Management, Senior Management and MD & CEO.

3. PAY PHILOSOPHY

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

4. SALARY STRUCTURE

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

5. ANNUAL VARIABLE PAY STRUCTURE

Some employees get Variable Pay on an annual basis-

- Eligibility.
- Grade F1 and above employees having Annual Variable Pay.
- Variable pay is a part of an employee's CTC.
- Payout is linked to financial performance of the Company, Business Unit and individual employee's performance.
- The Company performance is decided by the Nomination and Remuneration Committee every year.
- Variable Pay Pool & Payout is approved by Nomination and Remuneration Committee.

6. LONG TERM INCENTIVE PLANS/ESOP

ESOP 2003:

a. Eligibility

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

b. Vesting Schedule

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

c. Exercise Period

- 10 years from the date of grant

Note: Since the inception of ESOP Plan 2019, no grants were made under ESOP 2003.

ESOP 2019:

a. Eligibility

- Granted to identified eligible key and critical employees;
- All Grants approved by Nomination and Remuneration Committee.

b. Vesting Schedule and Exercise period

Grants will be issued at face value of the shares or any higher price which may be decided by the Nomination and Remuneration Committee and will have an exercise period of three (3) years from the date of vesting as per the Scheme and as determined by the Nomination and Remuneration Committee.

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

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

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

7. INCREMENTS

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

# Annexure - IV to the Directors' Report

## FORM AOC-2

### Details of Related Party Transactions

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under fourth proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis:  
No contracts or arrangements or transactions entered into during the year under review, which were not at arms's length basis.
2. Details of material contracts or arrangement or transactions at arm's length basis:  
No material contracts or arrangement or transactions at arm's length basis were entered by the Company during the year under review.

For and on behalf of the Board of Directors

Mumbai  
May 04, 2023

**Dr Sanjiv Goenka**  
Chairman  
(DIN 00074796)

**FORM NO. MR 3****SECRETARIAL AUDIT REPORT****For the Financial Year Ended March 31, 2023**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**Firstsource Solutions Limited**  
5<sup>th</sup> Floor, Paradigm 'B' wing, Mindspace,  
Link Road, Malad (West) Mumbai - Maharashtra

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Firstsource Solutions Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

**Auditor's Responsibility:**

Our responsibility is to express an opinion on the compliance of the applicable laws and maintenance of records based on audit. We have conducted the audit in accordance with the applicable Auditing Standards issued by The Institute of Company Secretaries of India. The Auditing Standards requires that the Auditor shall comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023 (hereinafter called the 'Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment (**External Commercial Borrowings and Foreign Direct Investment is not applicable to the Company during the Audit Period**)

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

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (**Not Applicable to the Company during the Audit Period**)
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (**Not Applicable to the Company during the Audit Period**)
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (**Not Applicable to the Company during the Audit Period**) and
- (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018. (**Not Applicable to the Company during the Audit Period**)

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments made thereunder. ('Listing Regulations')

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards etc. made there under.

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

- The Special Economic Zones Act, 2005 and the rules made thereunder; and
- Information and Technology Act, 2000.



**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, and Independent Directors. The changes in the composition of the Board of Directors that took place during the audit period were carried out in compliance with the provisions of the Act and Listing Regulations.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines.

**We further report that** during the audit period the Company has allotted 32,90,294 Equity Shares under the Employee Stock Option Schemes.

For **MMJB & Associates LLP**  
Company Secretaries

**Date:** May 04, 2023  
**Place:** Mumbai

**Deepti Joshi**  
Designated Partner  
FCS No. 8167  
CP No. 8968  
PR: 2826/2022  
UDIN: F008167E000253918

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

To,  
The Members,  
**Firstsource Solutions Limited**  
5<sup>th</sup> Floor, Paradigm 'B' wing, Mindspace,  
Link Road, Malad (West) Mumbai - Maharashtra

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **MMJB & Associates LLP**  
Company Secretaries

**Date:** May 04, 2023  
**Place:** Mumbai

**Deepti Joshi**  
Designated Partner  
FCS No. 8167  
CP No. 8968  
PR: 2826/2022  
UDIN: F008167E000253918

# Report on Corporate Governance

Corporate Governance is not merely the compliance of a set of regulatory laws and regulations but is a set of good and transparent practices that enable an organization to perform efficiently and ethically to generate long term wealth and create value for all its stakeholders. It goes beyond building and strengthening the trust and integrity of the Company by ensuring conformity with the globally accepted best governance practices. The Securities and Exchange Board of India (SEBI) observes keen vigilance over governance and fulfillment of these regulations in letter and spirit, which entails surety towards sustainable development of the Company, enhancing Stakeholders' value eventually.

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

At Firstsource Solutions Limited, ('the Company'), adherence to Corporate Governance practices not only justifies the legal obedience of the laws but translates into ethical leadership and organizational stability. It is the sense of good governance that our leaders portray, which trickles down to the wider management and is further maintained across the entire functioning of the Company. Your Company envisages the importance of building trust and integrity through transparent and accountable communication with the internal and external stakeholders as well as the customers of the Company. This involves keeping the stakeholders of the Company updated on a timely basis about the development, the plans and the performance of the Company with a view to establish the long-term affiliations. The Company keeps itself abreast with the best governance practices on the global front and at the same time conforms to the recent amendments.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as applicable, to ensure good Corporate Governance practices across the Company in letter and in spirit. The Company has complied with all the mandatory requirements of the Listing Regulations and following is the status with regard to the same.

## BOARD OF DIRECTORS:

The Board of Directors ("the Board") of your Company provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company. The Board plays a crucial role of piloting the Company towards enhancement of the short-term and long-term value interests of stakeholders. The Board comprises of members distinguished in various fields such as management, finance, law, marketing, technology and strategic planning. This provides reliability to the Company's functioning and the Board ensures a critical examination of the strategies and operational planning mechanisms adopted by the management across the globe.

The Company has an optimum combination of Directors on the Board and is in conformity with Regulation 17 of the Listing Regulations. As on March 31, 2023, the Board comprised of ten (10) experts drawn from diverse fields/professions of which nine (9 i.e. 90 percent) are Non-Executive Directors and one (1) is Executive Director. Five (5 i.e. 50 percent) out of ten (10) Directors are Independent Directors.

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

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

The Board meets at regular intervals to discuss and decide on Company's business policy and strategy apart from other normal business, the maximum interval between any two meetings did not exceed one hundred twenty (120) days. The Company adheres to the Secretarial Standards on the Board and Committee Meetings as prescribed by the Institute of Company Secretaries of India. The Board has complete access to any information within the Company. Agenda papers containing all necessary information/documents are made available to the Board/Committee Members in advance to enable them to discharge their responsibilities effectively and take informed decisions. The information as specified in the Listing Regulations is regularly made available to the Board, whenever applicable, for discussion and consideration. During the year ended March 31, 2023 the Company had four (4) Board Meetings. These were held on:

1. May 05, 2022
2. August 03, 2022
3. November 02, 2022
4. February 02, 2023

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



Details of the Composition, Status, Attendance at the Board Meetings and last Annual General Meeting, Number of other Directorships and other Committee Memberships held are as under:

Name of the Director	Position/ Status	No. of Board Meetings Attended	No. of Equity Shares held as on March 31, 2023	Attendance at previous AGM Held On August 03, 2022 (Y-Yes, N-No)	Directorships in other Public Companies as on March 31, 2023*	Committee Chairmanships/ Memberships in other Public Companies as on March 31, 2023**		Directorship in other listed entity (Category of Directorship)
						Chairmanships	Memberships	
Dr Sanjiv Goenka, Chairman +	NI- NED	3	-	Y	8	4	6	1. Saregama India Limited (Non-Executive, Non Independent Director-Chairman) 2. PCBL Limited (formerly known as Phillips Carbon Black Limited) (Non-Executive, Non Independent Director-Chairman) 3. CESC Limited (Non-Executive, Non Independent Director-Chairman) 4. RPSG Ventures Limited (formerly known as CESC Ventures Limited) (Non-Executive, Non Independent Director-Chairman) 5. Spencer's Retail Limited (Non-Executive, Non Independent Director-Chairman)
Mr Shashwat Goenka, Vice-Chairman +	NI-NED	4	-	Y	5	-	3	1. PCBL Limited (formerly known as Phillips Carbon Black Limited) (Non-Executive, Non Independent Director) 2. CESC Ltd. (Non-Executive, Non Independent Director) 3. RPSG Ventures Limited (formerly known as CESC Ventures Limited) (Non-Executive, Non Independent Director) 4. Spencer's Retail Limited (Non-Executive, Non Independent Director)
Mr Vipul Khanna MD & CEO	ED	4	703,405	Y	1	-	1	-
Ms Grace Koshie ##	I-NED	4	-	Y	NA	NA	NA	NA
Mr Pradip Kumar Khaitan	NI-NED	3	-	Y	6	2	5	1. Electrosteel Castings Limited (Non-Executive, Independent Director-Chairman) 2. Dalmia Bharat Limited (Non-Executive, Independent Director-Chairman) 3. India Glycols Limited (Non-Executive, Independent Director) 4. Graphite India Limited (Non-Executive, Independent Director) 5. CESC Limited (Non-Executive, Non Independent Director)
Mr Subrata Talukdar	NI-NED	4	-	Y	5	1	3	-

Mr Pratip Chaudhuri	I-NED	4	-	Y	3	0	5	1. Cosmo Films Limited (Non-Executive, Non Independent Director) 2. CESC Ltd. (Non-Executive, Independent Director) 3. Spencer's Retail Limited (Non-Executive, Independent Director)
Mr Sunil Mitra	I-NED	4	-	Y	6	3	4	1. CESC Ltd. (Non-Executive, Independent Director) 2. Century Plyboards (India) Limited (Non-Executive, Independent Director)
Mr Charles Richard Vernon Stagg *	I-NED	1	-	NA	NA	NA	NA	NA
Mr Anjani K. Agrawal	I-NED	4	-	Y	5	4	8	1. Hindustan Zinc Limited (Non-Executive, Independent Director) 2. Vodafone Idea Limited (Non-Executive, Independent Director) 3. Emami Limited (Non-Executive, Independent Director)
Ms Vanita Uppal	I-NED	2	-	Y	-	-	-	-
Mr Utsav Parekh #	I-NED	1	-	NA	8	4	6	1. Jayshree Tea & Industries Limited (Non-Executive, Independent Director) 2. Xpro India Limited (Non-Executive, Independent Director) 3. Texmaco Rail & Engineering Limited (Non-Executive, Independent Director) 4. Eveready Industries India Limited (Non-Executive, Non Independent Director) 5. SMIFS Capital Markets Limited (Non-Executive, Non Independent Director) 6. Spencer's Retail Limited (Non-Executive, Independent Director)

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

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

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

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

# Mr Utsav Parekh was appointed as an Additional (Non-Executive, Independent) Director w.e.f. November 02, 2022. Further, his appointment was approved by shareholders via Special Resolution passed through Postal Ballot on December 15, 2022.

## The three (3) years term of Ms Grace Koshie as an Independent Director completed from the closing of business hours on February 08, 2023 by afflux of time.

\* Three (3) years term of Mr Charles Richard Vernon Stagg as an Independent Director completed from the closing of business hours on May 05, 2022 by efflux of time.

The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company which are currently available with the Board:

Sr. No.	Name of the Directors	Global Business	Strategy and Planning	Governance	Risk	Financial Performance
		Understanding, of global business dynamics, across various geographical markets, industry verticals and regulatory jurisdictions.	Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.	Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values.	Ability to identify key risks to the organization in a wide range of areas including legal and regulatory compliance and monitor risk and compliance management frameworks and systems.	Qualifications and experience in accounting and/or finance and the ability to: <ul style="list-style-type: none"> <li>Analyse key financial statements;</li> <li>Critically assess financial viability and performance;</li> <li>Contribute to strategic financial planning; and</li> </ul> Oversee budgets and the efficient use of resources and oversee funding arrangements and accountability.
1.	Dr Sanjiv Goenka, Chairman	√	√	√	√	√
2.	Mr Shashwat Goenka, Vice-Chairman	√	√	√	√	√
3	Mr Vipul Khanna, MD & CEO	√	√	√	√	√
4	Ms Grace Koshie	√	-	√	√	√
5	Mr Pradip Kumar Khaitan	√	-	√	-	√
6	Mr Subrata Talukdar	√	√	√	√	√
7	Mr Pratip Chaudhuri	√	√	√	√	√
8	Mr Sunil Mitra	√	√	√	√	√
9	Mr Anjani K. Agrawal	√	√	√	√	√
10	Ms Vanita Uppal	√	-	√	√	√
11	Mr Utsav Parekh	√	-	√	√	√

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

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

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

A certificate has been received from MMJB & Associates LLP, Practising Company Secretaries, that none of the Directors on the Board of the Company for the financial year ending on March 31, 2023 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.



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

## COMMITTEES OF BOARD OF DIRECTORS:

### AUDIT COMMITTEE:

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

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

During the FY 2022-23, following four (4) meetings of the Audit Committee were held on:

1. May 05, 2022
2. August 02, 2022
3. November 02, 2022
4. February 02, 2023

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

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

Name of the Director/Member	Category	No. of Meetings Attended
Ms Grace Koshie, Chairperson*	I-NED	4
Mr Utsav Parekh, Chairman*	I-NED	-
Mr Anjani K. Agrawal	I-NED	4
Mr Sunil Mitra	I-NED	4
Mr Subrata Talukdar	NI-NED	4

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

\*Mr Utsav Parekh was inducted as a member & Chairman of the Committee by the Board w.e.f. February 09, 2023 in place of Ms Grace Koshie who ceased to be a Non-Executive Independent Director, from the closing of business hours on February 08, 2023 by afflux of time.

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

1. To provide oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. To recommend to the Board, the appointment, re-appointment, terms of appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fee;

3. To approve payment to statutory auditors for any other non-audit services rendered by them;
4. To review with the management, the quarterly/annual standalone and consolidated financial statements and auditors' report thereon, before submission to the Board for approval, with particular reference to:
  - a. Matters to be specified in the Director's Responsibility Statement to be included in the Board's Report;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Modified opinion(s) in the draft audit report.
5. To review with the management, the quarterly financial statements before submission to the board for approval;
6. To review with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
7. To review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. To mandatorily review the following information:
  - a. Management discussion and analysis of financial condition and results of operations;
  - b. Statement of significant related party transactions (as defined by the Audit Committee) submitted by management;
  - c. Management letters/letters of internal control weaknesses issued by the statutory auditors;
  - d. Internal audit reports relating to internal control weaknesses;
  - e. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee;
  - f. statement of deviations:
    - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
    - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).
9. Invite such of the executives, as it considers appropriate (particularly the CFO) to be present at the meetings of the Committee, but on occasions it may also meet without the

presence of any executives of the Company. The MD & CEO, CFO, Head of Internal Audit and a representative of the Statutory Auditors may be present as invitees to the meetings of the Audit Committee;

10. To secure attendance of outsiders with relevant expertise at the meetings of Audit Committee, if it considers necessary;
11. To review with the Management, performance of statutory and internal auditors and adequacy of the internal control systems;
12. To evaluate internal financial controls and risk management systems;
13. To review and monitor the Auditor's independence and performance and effectiveness of audit processes;
14. To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit and reviewing appointment, removal and terms of remuneration of the Chief Internal Auditor;
15. To discuss with internal auditors any significant findings and follow up thereon;
16. To review the findings of internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
17. To discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
18. To look into the reasons for substantial defaults in the payments, if any, to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
19. To direct the Company to establish a vigil mechanism for directors and employees to report genuine concerns to the Audit Committee and to ensure that the vigil mechanism provides adequate safeguards against victimization of persons who use such mechanism and make provisions for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases;
20. To ensure that the details of establishment of vigil mechanism is disclosed by the Company on its website and in Board's report;
21. To review the functioning of the Whistle Blower/Vigil mechanism;
22. To approve appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate;
23. To scrutinise inter-corporate loans and investments;
24. To approve any subsequent modification of transaction/s of the Company with related parties;
25. To review valuation of undertakings or assets of the Company, wherever it is necessary;
26. To investigate into any matter or activity within its terms of reference referred to it by the Board and for this purpose shall have power to obtain legal or other professional advice

from external sources and have full access to information contained in the records of the Company;

27. To seek information from any officer or employee of the Company;
28. To call for the comments of the Auditors about internal control systems, the scope of audit, including the observations of the Auditors and also discuss any related issue/s with the Internal and Statutory Auditors and the Management of the Company;
29. To carry out any other function as is mentioned in the terms of reference of the Audit Committee or as enumerated in Section 177 of the Act or Regulation 18 of the Listing Regulations with Stock Exchanges or in any subsequent amendment thereto;
30. To exercise any other power or perform any other function as enumerated in the Act or the Listing Regulations with the Stock Exchanges or in any subsequent amendment thereto;
31. To review the utilisation of loans and/or advances from/investment by the holding company in the subsidiary exceeding ₹ 1,000 million or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments existing as on the date of coming into force of this provision.
32. Consider and comment on rationale, cost benefits and impact of schemes involving merger, demerger, amalgamation, etc on the listed entity and its shareholders.

The MD & CEO, the CFO, the Statutory Auditors, the head of Internal Audit and all the Directors of the Company are invited to the meetings of the Audit Committee.

#### NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee's constitution, its role and terms of reference are in compliance with provisions of Section 178 of the Act, Regulation 19 read with Part D of Schedule II of the Listing Regulations and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014, as amended from time to time.

During FY2022-23, following four (4) meetings of the Committee were held on:

1. May 05, 2022
2. August 02, 2022
3. November 02, 2022
4. February 01, 2023

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

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

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

This Committee is entrusted with the following powers:

1. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board for their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
2. To formulate the criteria for evaluation of Independent Directors and the Board and to carry out the evaluation of every Director's performance;
3. To formulate the criteria for determining qualification, positive attributes and independence of Directors;
4. To recommend/approve remuneration of the Executive Directors and any increase therein from time to time, within the limit approved by the members of the Company;
5. To recommend/approve remuneration of Non-Executive Directors in the form of sitting fees for attending meetings of Board and its Committees, remuneration for other services, commission on profits, grant of stock options or payment of any other amount;
6. To decide the overall compensation structure/policy for the Employees, Senior Management and the Directors of the Company including ratio of fixed and performance pay, performance parameters etc.;
7. To approve rating of Company's performance for the purpose of payment of annual bonus/performance incentive to Employees and Executive Director(s) of the Company;
8. To approve Management Incentive Plan or any other Incentive Plan for the purpose of payment of performance Incentive to the Employees and Executive Director(s) of the Company;
9. To engage the services of any consulting/professional or other agency at the cost of the Company for the purpose of recommending to the Committee on compensation structure/policy including Stock Option Scheme;
10. To recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other Employees;
11. To recommend amendment to Employees Stock Option Scheme of the Company or to recommend any such new Scheme for approval of members of the Company;
12. To exercise all the powers as mentioned in the Employees Stock Option Scheme of the Company to be exercised by the Compensation Committee of the Company;
13. To approve grant of stock options to Directors and Employees of the Company;
14. To invite any executive or outsider, at its discretion at the meetings of the Committee;
15. To devise a policy on Board diversity;
16. To recommend to the Board, all remuneration, in whatever form, payable to senior management;
17. To exercise such other powers as may be delegated to it by the Board from time to time.
18. To recommend to the board, all remuneration, in whatever form, payable to senior management;
19. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
20. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

#### **POLICY FOR SELECTION AND APPOINTMENT OF NON-EXECUTIVE DIRECTORS:**

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

- a) The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in various fields namely marketing, finance, taxation, law, governance and general management;
- b) In case of appointment of Independent Directors, the Nomination and Remuneration Committee shall satisfy itself with regards to the experience, expertise and independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its functions and duties effectively;
- c) The Nomination and Remuneration Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Act;
- d) The Nomination and Remuneration Committee shall consider the qualification, expertise and experience of the Directors in their respective fields whilst recommending to the Board the candidature for appointment as a Director;
- e) In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his/her engagement level.

#### **REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS:**

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

#### **DETAILS OF SITTING FEE PAID TO NON-EXECUTIVE DIRECTORS DURING FY 2022-23:**

All the Non-Executive Directors are paid sitting fees of ₹ 0.1 Million for attending each meeting of the Board of Directors and ₹ 0.05 Million for attending each meeting of any Committee of the Board.



The details of sitting fees paid to Non-Executive Directors during the FY 2022-23 are as under:

(Amount in ₹ million)

Name of the Director	Sitting Fee		
	Board Meetings	Committee Meetings#	Total
Dr Sanjiv Goenka, Chairman	0.3	-	0.3
Mr Shashwat Goenka, Vice-Chairman	0.4	0.2	0.6
Mr Charles Richard Vernon Stagg##	0.1	-	0.1
Ms Grace Koshie*	0.4	0.4	0.8
Mr Pradip Kumar Khaitan	0.3	-	0.3
Mr Anjani K. Agrawal	0.4	0.55	0.95
Mr Pratip Chaudhuri	0.4	0.2	0.6
Mr Subrata Talukdar	0.4	0.5	0.9
Mr Sunil Mitra	0.4	0.25	0.65
Ms Vanita Uppal**	0.2	0.05	0.25
Mr Utsav Parekh**	0.1	0.05	0.15
<b>TOTAL</b>	<b>3.4</b>	<b>2.2</b>	<b>5.6</b>

# Sitting fees for attending meetings of all the committees including meeting of Independent Directors.

## Three (3) years term of Mr Charles Richard Vernon Stagg as an Independent Director completed from the closing of business hours on May 05, 2022 by efflux of time.

\*\* Ms Vanita Uppal and Mr Utsav Parekh were appointed as Independent Director w.e.f. May 05, 2022 and November 02, 2022 respectively.

\* The term of office of Ms Grace Koshie as an Independent Director completed from the closing of business hours on February 08, 2023 by efflux of time.

#### REMUNERATION POLICY FOR KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES OF THE COMPANY:

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

#### REMUNERATION OF THE MD & CEO:

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

The details of remuneration of the MD & CEO for the year ended March 31, 2023 are as under:

(Amount in ₹ million)

Name	Salary & Allowances	Performance Bonus	Retirals *	Perquisites	Total
Mr Vipul Khanna	19.16	2.41	-	-	21.57

\* Retirals include contribution to Provident Fund but does not include provision for gratuity and this salary excludes the remuneration received by the MD & CEO from the Company's foreign subsidiary.

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

During FY 2022-23, no stock options were granted to Mr Vipul Khanna, MD & CEO under the Company's Employees Stock Option Scheme.

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

**STAKEHOLDERS RELATIONSHIP COMMITTEE:**

One (1) meeting of the Committee was held during FY 2022-23 on August 02, 2022. The details of composition of the Committee and attendance during the year are as under:

Name of the Director/Member	Category	No. of Meetings Attended
Mr Subrata Talukdar, Chairman	NI-NED	1
Mr Vipul Khanna	NI-ED	1
Mr Anjani K. Agrawal	I-NED	1

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

The Stakeholders Relationship Committee and its terms of reference are in line with Section 178 of the Act and Regulation 20 read with Part D of Schedule II of the Listing Regulations. The Committee looks into the various aspects of interest of shareholders, debenture holders and other security holders. Further, the Committee reviews Shareholders'/Investors' complaints like non-allotment of shares under IPO, non-receipt/short receipt of IPO refund, non-receipt of Annual Report, physical transfer/transmission/transposition, split/consolidation of share certificates, Non-receipt of Dividend, issue of duplicate share certificates, etc. This Committee is also empowered to consider and resolve the grievance of other stakeholders of the Company including debenture-holders, deposit-holders and other security holders, if any.

This Committee has the following terms of reference:

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
2. Review of measures taken for effective exercise of voting rights by shareholders;
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent;
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

Ms Pooja Nambiar, Company Secretary is the Compliance Officer of the Company.

The total numbers of communications/complaints received during the year were ninety-five (95), all of which were satisfactorily replied and there was no pending complaint as on March 31, 2023. The Company didn't receive any transfer request.

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:**

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

- a) To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- b) To recommend the amount of expenditure to be incurred on the activities referred in clause (a) above;
- c) To monitor the Corporate Social Responsibility Policy of the Company from time to time; and
- d) To formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy.

One (1) meeting of the Committee was held during the year on February 02, 2023.

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

Name of the Director/Member	Category	No. of Meetings Attended
Mr Shashwat Goenka, Chairman	NI-NED	1
Mr Vipul Khanna	NI-ED	1
Mr Anjani K. Agrawal	I-NED	1
Mr Subrata Talukdar	NI-NED	1

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

**RISK MANAGEMENT COMMITTEE:**

The Board had constituted Risk Management Committee on February 04, 2019 as per Regulation 21 of the Listing Regulations. The Committee shall have the following powers:

1. To formulate a detailed risk management policy which shall include:
  - a. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - b. Measures for risk mitigation including systems and processes for internal control of identified risks.
  - c. Business continuity plan.
2. To assist the Board of Directors ("Board") in overseeing the responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and external environmental risks;
3. To assist the Board in taking appropriate measures to achieve a prudent balance between risk and reward in both ongoing and new business activities;
4. To review and approve the Risk management policy and associated framework, processes and practices;

5. To evaluate significant risk exposures including business continuity planning and disaster recovery planning;
6. To assess management's actions in mitigating the risk exposures in a timely manner;
7. To promote Enterprise-wide Risk Management and obtain comfort based on adequate and appropriate evidence that the Management of the Company ensures the implementation and effective functioning of the entire risk management process and embedding of a comprehensive risk management culture in the Company at every stage of its operations;
8. To assist the Board in maintenance and development of a supportive culture, in relation to the management of risk, appropriately embedded through procedures, training and leadership actions so that all employees are alert to the wider impact on the whole organization of their actions and decisions;
9. To maintain an aggregated view on the risk profile of the Company/Industry in addition to the profile of individual risks;
10. To ensure the implementation of and compliance with the objectives set out in the Risk Management Policy;
11. To advise the Board on acceptable levels of risk appetite, tolerance and strategy appropriate to the size and nature of business and the complexity and geographic spread of the Company's operations;
12. To review and reassess the adequacy of this charter periodically and recommend any proposed changes to the Board for approval from time to time;
13. The Committee shall have access to any internal information necessary to fulfill its oversight role. As and when required the Committee may assign tasks to the Internal Auditor, the Company's internal Risk management team and any external expert advisors considered necessary for any task and they will provide their findings to the Committee.
14. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

Three (3) meetings of the Committee was held during the year on May 05, 2022, October 27, 2022 and February 02, 2023.

The maximum interval between two meetings did not exceed one hundred eighty (180) days.

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

Name of the Director/Member	Category	No. of Meetings Attended
Mr Shashwat Goenka, Chairman	NI-NED	3
Mr Vipul Khanna	NI-ED	3
Ms Grace Koshie*	I-NED	3
Ms Vanita Uppal*	I-NED	-
Mr Dinesh Jain	President & CFO	3
Mr Arun Tyagi	EVP -Finance	2

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

\*Ms Vanita Uppal was inducted as a member of the Committee by the Board w.e.f. February 09, 2023 in place of Ms Grace Koshie who ceased to be a Non-Executive Independent Director, on account of completion of her term from the closing of business hours on February 08, 2023 by efflux of time.

## OTHER COMMITTEES OF THE BOARD:

### Investment Committee:

The Committee comprises of Mr Shashwat Goenka as Chairman, Mr Vipul Khanna and Mr Subrata Talukdar as Members. It reviews the investment decisions made by the Management, ensures adherence to the 'Investment Policy' of the Company and approves modifications to the Investment Policy as may be required from time to time.

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

### Strategy Committee:

The Committee comprises of members viz. Mr Shashwat Goenka, as Chairman, Mr Vipul Khanna and Mr Subrata Talukdar as Members. It deliberates on various strategic initiatives from time to time. During the year under review, no meeting of the Strategy Committee was held.

## GENERAL BODY MEETINGS:

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

Meeting and Venue	Day & Date and Time
<b>21<sup>st</sup> Annual General Meeting</b> Meeting conducted through VC/ OAVM pursuant to the MCA Circular	Tuesday, August 03, 2022 10.00 a.m.
<b>20<sup>th</sup> Annual General Meeting</b> Meeting conducted through VC/ OAVM pursuant to the MCA Circular	Thursday, July 29, 2021 12.00 noon
<b>19<sup>th</sup> Annual General Meeting</b> Meeting conducted through VC/ OAVM pursuant to the MCA Circular	Tuesday, July 21, 2020 11.00 a.m.

## Details of Special Resolutions passed:

### a) 21<sup>st</sup> AGM held on August 03, 2022:

- i. Appointment/continuation of Mr Pradip Kumar Khaitan (DIN 00004821) as a Director of the Company;
- ii. Appointment of Ms Vanita Uppal (DIN 07286115), as an Independent Director of the Company;
- iii. Approval of Amendment in Firstsource Employees Stock Option Scheme 2019 (ESOP 2019).

### b) 20<sup>th</sup> AGM held on July 29, 2021

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

### c) 19<sup>th</sup> AGM held on July 21, 2020

- i. Re-appointment of Ms Grace Koshie (DIN 06765216), as an Independent Director of the Company;



- ii. Appointment/continuation of Mr Pradip Kumar Khaitan (DIN 00004821) as a Director of the Company;
- iii. Approval of ESOP's granted exceeding 1% of issued capital to specified employee/(s).

During the said period no EGM was held.

#### POSTAL BALLOT:

During last financial year ended March 31, 2023, the Company had sought the approval of the shareholders by way of a Special Resolution through notice of postal ballot dated November 15, 2022 for the Appointment of Mr Utsav Parekh (DIN 00027642) as an Independent Director of the Company, which was duly passed on December 15, 2022 and the results of which were announced on December 16, 2022. Mr Omkar Dindorkar (Certificate of Practice No. 24580), Partners of M/s. MMJB & Associates LLP, Practising Company Secretaries, was appointed as the Scrutinizer to scrutinize the postal ballot and remote e-voting process in a fair and transparent manner.

The details of the resolution passed and voting results has been depicted herein below:

Sr. No.	PARTICULARS	TYPE OF RESOLUTION (ORDINARY/SPECIAL)	FOR THE RESOLUTION			AGAINST THE RESOLUTION		
			No. of Voters	No. of Shares Voted	% of total valid votes cast	No. of Voters	No. of Shares Voted	% of total valid votes cast
1	Appointment of Mr Utsav Parekh (DIN 00027642) as an Independent Director of the Company	Special	849	408,101,597	81.58	154	92,143,178	18.42

In compliance with General Circular No.11/2022 of Ministry of Corporate Affairs read with the Sections 108 and 110 and other applicable provisions of the Act, read with the related Rules, the Company had provided electronic voting (e-voting) facility, to all its members. For this purpose, the Company had engaged the service of Central Depository Service (India) Limited ("CDSL"). The Company had completed the dispatch of the Postal Ballot Notice dated November 15, 2022 along with the Explanatory Statement through email, to the shareholders who had registered their e-mail IDs with the Depositories. The Company also published a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

The voting under the postal ballot was kept open from Wednesday, November 16, 2022 from 9.00 a.m. IST to December 15, 2022 upto 5.00 p.m. IST (both days inclusive). Upon completion of scrutiny of the postal ballot forms and votes cast through evoting in a fair and transparent manner, the scrutinizer submitted his report to the Company and the results of the postal ballot were announced by the Company on December 16, 2022. The voting results were sent to the Stock Exchanges and were also displayed on the Company's website [www.firstsource.com](http://www.firstsource.com) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com).

#### TRAINING FOR BOARD MEMBERS:

Pursuant to Regulation 25 of the Listing Regulations, the Company has put in place a system to familiarise its Independent Directors with the Company, their roles, rights and responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. Newly appointed Independent Directors are taken through roles and responsibilities. To ensure that they uphold the highest standards of business conduct, Code for Independent Directors, Code of Conduct for Non-Executive Directors and Code of Conduct for Prevention of Insider Trading as issued by the Company are also shared with them at the time of their appointment/re-appointment. Further, presentations are made at the Board and its Committee meetings, on a quarterly

basis, covering the business and financial performance of the Company and its subsidiaries, quarterly/annual financial results, revenue and capital budget, review of Internal Audit findings, etc.

The details of such familiarisation programmes are published on the Company's website at

<https://www.firstsource.com/wp-content/uploads/2023/03/Policy-on-familiarisation-of-Independent-Directors.pdf>

#### PERFORMANCE EVALUATION:

Pursuant to the provisions of the Act and the Listing Regulations, the Board carries out the annual performance evaluation of its own performance, the Directors individually (including the Chairman) as well as the evaluation of the working of its Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. The details of the performance evaluation process are given in the Directors' Report under the heading "Board Evaluation" which forms part of the Annual Report.

#### STATUTORY AUDITORS:

The details of fees pertaining to services provided by the statutory auditor and entities in the network firm/network entity of which the statutory auditor is a part, to Firstsource Solution Limited and its subsidiaries during the year ended March 31, 2023 are given in the following table:

Particulars	Amount (₹ In million)
Auditors remuneration and expenses	
- Audit fees	19.00
- Other services	5.60
- Reimbursement of expenses	0.60
<b>Total</b>	<b>25.20</b>

**DISCLOSURES:****i. Related Party Transactions:**

The transactions with related parties as per Accounting Standard AS- 18 are set out in Notes to Accounts under Note no. 27 forming part of financial statements.

All transactions entered into with Related Parties as defined under the Act and Regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosures as required under Ind-AS have been made in the Notes to the Financial Statements.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website at

<https://www.firstsource.com/wp-content/uploads/2023/03/Related-Party-Transactions-Policy.pdf>

**ii. Disclosures from Senior Management:**

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

**iii. Compliances by the Company:**

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

**iv. Whistle Blower Policy/Vigil Mechanism:**

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

- Encourage and enable Directors, Employees, Agents, Consultants, Vendors and Business Partners to raise issues or concerns, which are either unacceptable or patently against the stated objectives, law or ethics, within the Company;
- Ensure that Directors, Employees, Agents, Consultants, Vendors and Business Partners can raise issues or concerns without fear of victimization, subsequent discrimination or disadvantage thereof;
- Reassure the whistle blower/(s) that they will be protected from possible reprisals or victimization, if they have made disclosures in good faith;

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

The policy also provides adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. All complaints received under the said policy are reviewed by the Audit Committee at its meeting held every quarter.

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

**v. Corporate Social Responsibility Activities:**

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

<https://www.firstsource.com/wp-content/uploads/2023/04/Firstsource-CSR-Policy.pdf>

**vi. Global Ethics Compliance, Gift & Entertainment Policy and Anti Bribery Policy:**

The Company has implemented Global Ethics Policy, Gift & Entertainment Policy and Anti Bribery Policy after keeping in mind the regulatory requirements of UK Bribery Act, 2010 ("UKBA") and US Foreign and Corrupt Practices Act, 1977 ("FCPA"). A system of ongoing training, monitoring and review of bribery and corruption issues has been implemented. The Company observes 'zero tolerance' policy towards unethical behaviour and bribery.

**vii. CEO/CFO Certification:**

Certification on financial statements pursuant to Regulation 17(8) of the Listing Regulations has been obtained from the MD & CEO and the CFO of the Company. Extract of the same is given at the end of this Report.

**viii. Code of Conduct for Directors and Senior Management:**

The Board has laid down Code of Conduct for Executive Directors and Senior Management and for Non-Executive/Independent Directors of the Company. The Codes of Conduct have been circulated to the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the MD & CEO in this regard is given at the end of this Report. The Code of Conduct is available at the website of the Company.

<https://www.firstsource.com/wp-content/uploads/2023/03/Code-of-conduct-for-Executive-Directors-Senior-management.pdf>

**ix. Code of Conduct for Prohibition of Insider Trading:**

The Company has framed 'Firstsource Solutions Code of conduct for prohibition of Insider Trading' pursuant to the SEBI (Prohibition of Insider Trading) Regulations 2015 ("the Code"), as amended from time to time which is applicable to its Directors, Officers, and Designated Employees. The Code includes provisions relating to disclosures, opening and closure of Trading Window and Pre-Clearance of trades procedure. In compliance with SEBI Regulations, the Company sends intimations to Stock Exchanges from time to time. Further, the Company has maintained a structured digital database containing the name of such persons or entities as the case may be with whom information is shared under this regulation along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such databases is maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

**x. Compliance Reports:**

The Board reviews the compliance reports on all laws applicable to the Company on a quarterly basis. The MD & CEO submits a 'Compliance Certificate' to the Board every quarter based on the compliance certificates received from the functional heads and heads of subsidiaries of the Company.

Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries.

<b>Name of the Material Subsidiary as per Reg 16(c) of SEBI (LODR) Regulation 2015</b>	<b>Date &amp; Place of Incorporation of the Material Subsidiary</b>	<b>Name &amp; Date of the appointment of the Statutory Auditors of such subsidiaries</b>
Firstsource Solutions UK Limited (FSL UK)	Date of Incorporation: May 23, 2000 Place of Incorporation: London (England)	05 August, 2022
Firstsource Health Plans and Healthcare Services, LLC	Date of Incorporation: May 26, 2011. Place of Incorporation: Delaware (USA)	05 August, 2022
Firstsource Solutions USA LLC	Date of Incorporation: April 01, 2010 Place of Incorporation: Kentucky (USA)	05 August, 2022
Medassist Holding LLC (MedAssist)	Date of Incorporation: April 01, 2003 Place of Incorporation: Kentucky (USA)	05 August, 2022
Firstsource Group USA, Inc.	Date of Incorporation: November 25, 2009 Place of Incorporation: Delaware (USA)	05 August, 2022

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

The Company has framed Policy for Preservation of Documents, Policy for Determination of Materiality of Events/Information and Archival Policy as per requirement of Listing Regulations. The same are available on the website of the Company viz.

<https://www.firstsource.com/wp-content/uploads/2023/03/Archival-Policy.pdf>

**xiii. Risk Management & Internal Control:**

The Company has implemented a comprehensive 'Enterprise Risk Management' framework in order to anticipate, identify, measure, mitigate, monitor and report the risks to meet the strategic business objectives, details of which are given in the Risk Management section under 'Management Discussion and Analysis Report' which forms part of this Annual Report.

In view of Listing Regulations, effective April 01, 2019, the Board constituted a Risk Management Committee on February 04, 2019 to monitor and mitigate potential risks associated with the Company and its business.

The Company has a competent in-house Internal Audit team which prepares and executes a vigorous Audit Plan covering various

**xi. Subsidiary Companies:**

As on March 31, 2023 the Company had one (1) domestic subsidiary and Twenty (20) foreign subsidiaries. One (1) domestic subsidiary and Eighteen (18) out of Twenty (20) foreign subsidiaries are wholly owned by the Company or its subsidiary companies. The Company has no material non-listed Indian Subsidiary Company as defined in Regulation 16 of the Listing Regulations. The Company has a policy for determining 'material subsidiary' which is available on website of the Company viz.

<https://www.firstsource.com/wp-content/uploads/2023/04/Material-Subsidiary-Policy-IN.pdf>

Nanobi Data and Analytics Private Limited is an associate company.

Summary of Resolutions passed by the subsidiary companies on a quarterly basis are placed at the Board Meetings of the Company. The consolidated financial statements of the Company and its subsidiaries are reviewed by the Audit Committee.

Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount: NIL

functions such as operations, finance, human resources, corporate secretarial, legal, administration and business development etc. across different geographies. The team presents their key audit findings of every quarter to the Audit Committee and the Management updates the members about the remedial actions taken or proposed for the same. The suggestions and comments from the Committee members are vigilantly incorporated and executed by the Company.

**xiv. Prevention of Sexual Harassment Policy:**

The Company has Prevention of Sexual Harassment policy to promote a protective and healthy work environment. The complaints received are investigated by a Committee instituted within the policy framework. Details of actions recommended by the Committee and implemented by the Company are reviewed by the Audit Committee at its meeting held every quarter. The Company has a zero-tolerance policy towards such sexual harassment. Employees are trained and made aware of the policy requirements at the time of induction and once every year during their employment. Vendor staff compliances are ensured through agreement and regular monitoring. As on March 31, 2023, there were overall 15 cases of sexual harassment reported for India in FY 2022-23, out of which 10 are closed and 5 pending. Out of 5 pending cases, 3 cases closed and the remaining 2 are work in progress and are within the prescribed TAT (Turn Around Time).



**xv. Secretarial Standards Issued by the Ministry of Corporate Affairs:**

The Company follows Secretarial Standard-1 (SS-1) on "Meetings of the Board of Directors" and Secretarial Standard-2 (SS-2) on "General Meetings" which were issued and amended from time to time by the Ministry of Corporate Affairs based on the recommendation of the Institute of Company Secretaries of India.

**xvi. Management Discussion and Analysis Report:**

Management Discussion and Analysis Report forms a part of this Annual Report.

**xvii. Independent Directors:**

The Independent Directors of the Company have the option and freedom to meet and interact with the Company's Management whenever they consider it appropriate or necessary. They are provided with necessary resources and support to enable them to analyze the information/data provided by the Management and help them to perform their role effectively.

**xviii. Share Reconciliation Audit:**

As stipulated by SEBI, a qualified Practising Company Secretary carries out reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The Audit confirms that the total Listed and Paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form and in physical form.

**xix. Requirements of Chapter IV of Listing Regulations:**

The Company has complied with all applicable requirements of Chapter IV of the Listing Regulation.

**xx. Discretionary Requirements under Regulation 27:**

The Company has adopted the following discretionary requirements as prescribed in Part E to Schedule II under Regulation 27 of the Listing Regulations:

**a) Shareholders' Rights:**

The Company follows a practice of e-mailing the quarterly and annual financial statements to all shareholders, who have provided their e-mail addresses to the Depositories through their respective Depository Participants.

**b) Unqualified Audit Report:**

The Company adopts best practices to move towards a regime of financial statements with unmodified audit opinion. There are no audit qualifications in the Company's financial statements for the year ended March 31, 2023.

**c) Separate posts of Chairman and CEO:**

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

**MEANS OF COMMUNICATION:**

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

The quarterly and annual consolidated financial results are normally published in Financial Express (English) and Loksatta (Marathi).

The following information is promptly uploaded on the Company's website viz. <https://www.firstsource.com/>:

- Standalone and Consolidated financial results, investors' presentations, press release, fact sheet and transcript of earnings conference calls;
- Shareholding pattern (Regulation 31(1) of Listing Regulations) filed with Stock Exchanges on a quarterly basis; and
- Presentations made to institutional investors or the analysts.

**GENERAL SHAREHOLDER INFORMATION:****I. Annual General Meeting:**

Day, Date & Time	Wednesday, August 02, 2023 at 10.00 a.m
Venue	Meeting is being conducted through VC/OAVM pursuant to the MCA Circular dated May 05, 2020 read with circulars dated April 08, 2020, April 13, 2020, January 13, 2021 and May 05, 2022, and December 28, 2022

**II. Financial Year:**

April 01, 2022 to March 31, 2023

**Financial Calendar (Tentative): FY 2023-24**

Q1 ending June 30, 2023	Last week of July 2023 or First/Second week of August 2023
Q2 ending September 30, 2023	Last week of October 2023 or First/Second week of November 2023
Q3 ending December 31, 2023	Last week of January 2024 or First/Second week of February 2024
Q4 and financial year ending March 31, 2024	First/Second week of May 2024
Annual General Meeting (Financial Year 2023-24)	In the month of July 2024 or August 2024

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

The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, July 27 2023 to Wednesday, August 02, 2023 (both days inclusive) for the purpose of the Annual General Meeting.

**IV. Dividend:**

The Board vide the resolution passed at its Board Meeting held on February 02, 2023 declared an interim dividend at the rate of 35% i.e. ₹ 3.50 per share of ₹ 10/- each. Interim dividend declared by the Company was credited on Thursday, March 03, 2023.

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

The equity shares of the Company are listed on the National Stock Exchange of India Ltd. (NSE) - Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 and the BSE Limited (BSE) - P. J. Towers, Dalal Street, Mumbai 400 001. Annual Listing fee for FY 2022-23 were paid by the Company to NSE and BSE on time.

**VI. Custodian Fee to Depositories:**

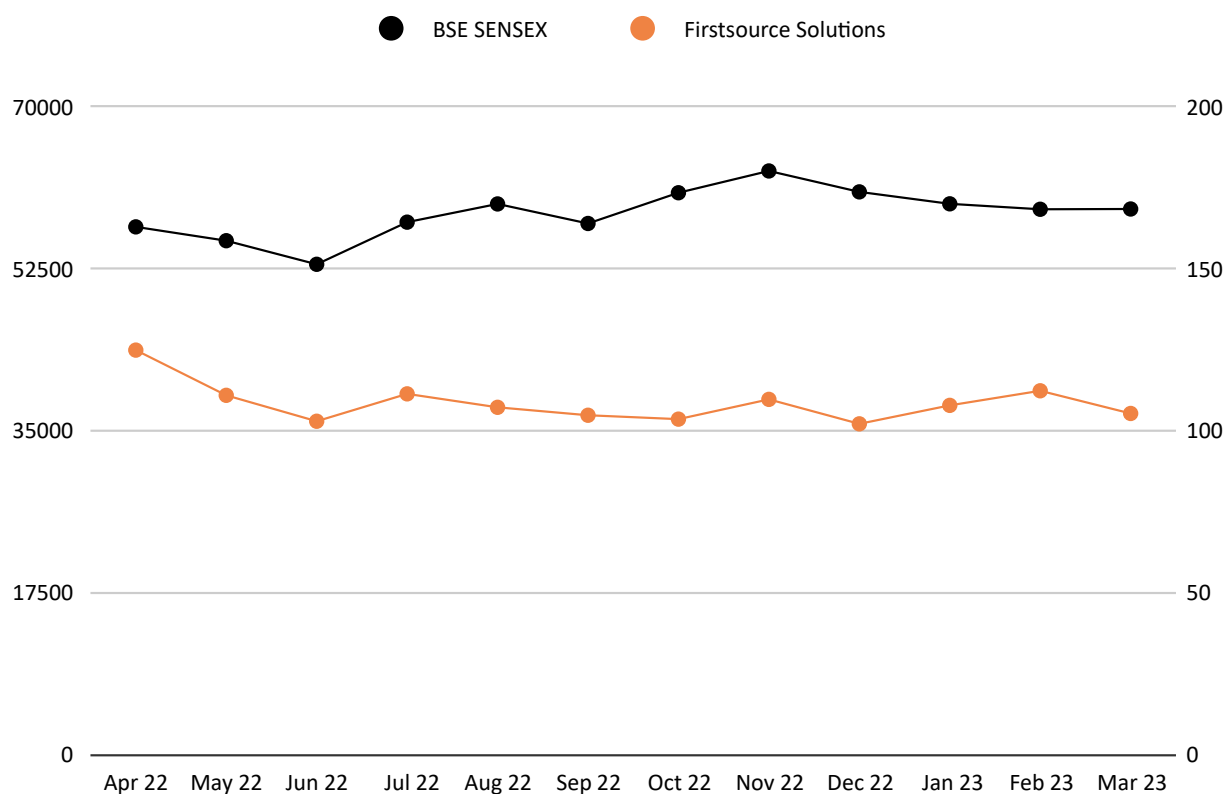
The Company has paid fee for FY 2022-23 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) on time.

**VII. Stock Code/Symbol:**

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

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

Month	NSE			BSE		
	Share Price (₹)		No. of shares traded	Share Price (₹)		No. of shares traded
	High	Low		High	Low	
Apr - 2022	140.00	117.75	77,366,760	139.95	117.80	4,675,444
May - 2022	124.95	98.95	95,247,755	124.90	99.00	5,135,488
Jun - 2022	115.35	93.00	56,938,266	115.35	93.00	3,269,135
Jul - 2022	113.40	100.15	58,869,677	113.45	100.15	2,423,576
Aug - 2022	113.00	101.00	88,691,958	112.95	101.40	4,749,392
Sep - 2022	118.90	100.30	85,364,028	118.95	100.35	6,306,757
Oct - 2022	108.00	100.50	36,168,720	108.00	100.60	3,675,861
Nov - 2022	112.40	101.25	61,345,132	112.30	101.35	3,967,118
Dec - 2022	115.00	96.25	43,399,616	115.00	95.80	3,359,135
Jan - 2023	108.60	100.75	32,841,887	108.55	100.75	1,997,244
Feb - 2023	123.30	106.35	62,539,652	123.30	106.40	4,342,682
Mar - 2023	118.90	103.55	55,633,305	119.00	103.55	2,892,812

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

**X. Registrar & Transfer Agent:**

3i Infotech Limited  
Tower #5, 3<sup>rd</sup> to 6<sup>th</sup> Floors, International Infotech Park, Vashi, Navi  
Mumbai - 400 703. Email: [fsl@3i-infotech.com](mailto:fsl@3i-infotech.com)

**XI. Share Transfer System:**

The transfer of shares in physical form is generally processed by Registrar & Transfer Agent within a period of seven (7) days from the date of receipt thereof, provided all the documents are in order. In case of shares in electronic form, the transfers are done by Depositories viz. NSDL and CDSL. In compliance with Regulation 40(9) of the Listing Regulations, the Company obtains a certificate from a Practicing Company Secretary on a yearly basis confirming that all certificates have been issued within one (1) month from the date of lodgement for transfer, sub-division, consolidation, etc.

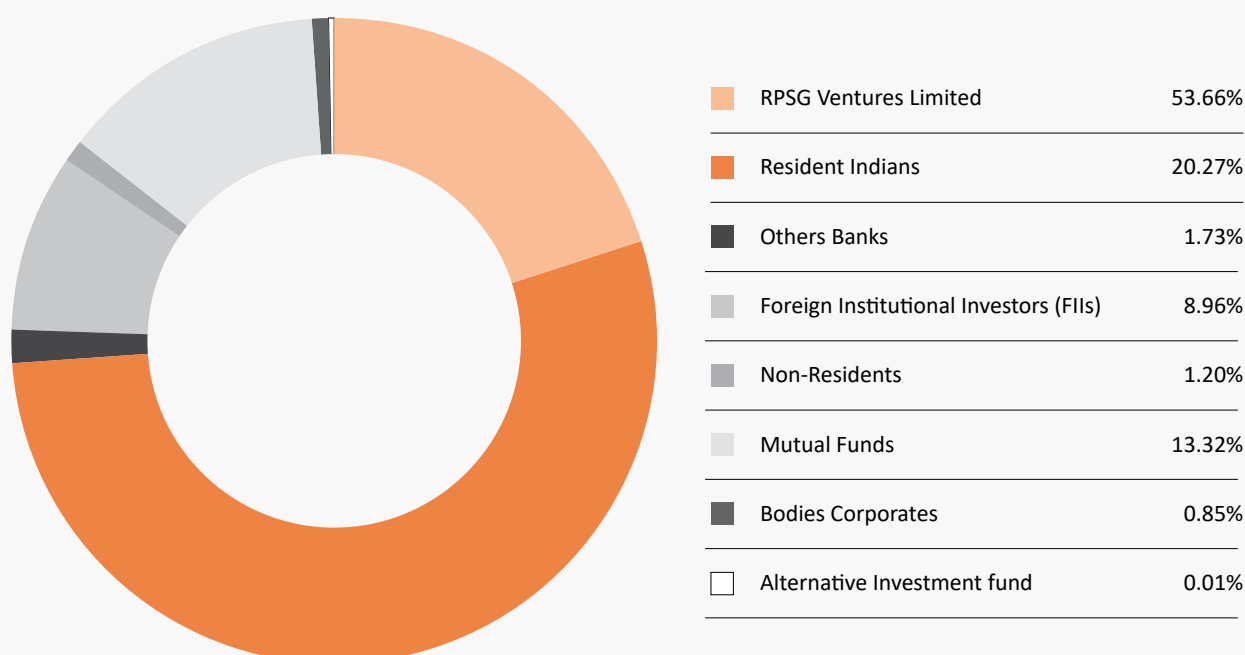
**XII. Distribution of shareholding as on March 31, 2023:**

Share Holding (Nominal Value)		Shareholders		Nominal Capital	
₹	Number	% to total	₹	% to total	
1	2	3	4	5	
Upto 5000	279,390	88.04	317,140,370.00	4.55	
5001-10000	19,655	6.19	157,284,780.00	2.26	
10001-20000	9,560	3.01	143,789,090.00	2.06	
20001-30000	3,136	0.99	80,469,950.00	1.15	
30001-40000	1,338	0.42	48,055,540.00	0.69	
40001-50000	1,115	0.35	52,772,890.00	0.76	
50001-100000	1,741	0.55	125,917,500.00	1.81	
100001 and above	1,402	0.44	6,044,478,140.00	86.72	
<b>Total</b>	<b>317,337</b>	<b>100.00</b>	<b>6,969,908,260.00</b>	<b>100.00</b>	

The Shareholding pattern as on March 31, 2023 is given as under:

Firstsource Solutions Limited Shareholding Patterns as on March 31, 2023

**Total No. of Shares: 696,990,826**





**Top 10 Shareholders as on March 31, 2023:**

Sr. No.	Name of the Shareholders	Category of Shareholder	No of Shares	%
1	RPSG Ventures Limited	Promoters	373,976,673	53.66
2	HDFC Small Cap Fund	Mutual Funds	47,400,000	6.80
3	Firstsource Employee Benefit Trust	Resident Indian	15,589,182	2.24
4	ICICI Bank Limited	Bank	12,029,927	1.73
5	Steinberg India Emerging Opportunities Fund Limited	FII's	11,500,000	1.65
6	Tata Digital India Fund	Mutual Funds	7,231,000	1.04
7	SBI Technologies Opportunities Fund	Mutual Funds	5,833,644	0.84
8	Kotak Mahindra Trustee Co Ltd A/C Kotak Multicap Fund	Mutual Funds	5,329,796	0.76
9	ICICI Prudential Technology Fund	Mutual Funds	4,449,644	0.64
10	Vanguard Total International Stock Index Fund	FII's	4,081,663	0.59
<b>Total</b>			<b>487,421,529</b>	<b>69.93</b>

**XIII. Dematerialisation of Shares and Liquidity:**

Trading in the Company's shares is permitted only in dematerialised form. The Company has established connectivity with both the Depositories viz. NSDL and CDSL through its Registrar and Share Transfer Agents, whereby the investors have the option to dematerialise their shares with either of the depositories.

The Company obtains a certificate from a Practising Company Secretary every quarter, which confirms that total issued capital of the Company is in agreement with total number of shares in dematerialised form with NSDL and CDSL and shares in physical form.

**Shares held in dematerialised and physical form as on March 31, 2023:**

	Shareholders		Share Capital	
	No. of Shareholders	% to Total Shareholders	No. of Shares	% to Total Share Capital
<b>Dematerialised Form</b>				
NSDL	117,809	37.12%	631,991,688	90.67%
CDSL	199,522	62.88%	64,998,009	9.33%
<b>Total in dematerialised</b>	<b>317,331</b>	<b>100%</b>	<b>696,989,697</b>	<b>100%</b>
Physical Form	6	0.00%	1,129	0.00%
<b>Total</b>	<b>317,337</b>	<b>100%</b>	<b>696,990,826</b>	<b>100%</b>

As on March 31, 2023, almost 100% of the paid-up share capital constituting 99.99% of the number of shareholders, is in dematerialised form.

**Details of Unclaimed Shares:**

The Company made an Initial Public Offering (IPO) in February 2007. The Equity shares issued pursuant to the said IPO which remained unclaimed are lying in the Demat Suspense Account/Escrow Account of the Company with ICICI Bank Ltd. The Company had sent three (3) reminders to the investors requesting them to furnish correct demat account details so that the shares lying in the said Escrow Account can be transferred to their demat account.

Pursuant to Schedule V of the Listing Regulations, the details of unclaimed shares as on March 31, 2023 are as under:

Particulars	No. of shareholders	No. of shares
Outstanding shares in the Escrow Account with ICICI Bank Ltd. as on April 01, 2022	49	5,521
Investors who have approached the Company for transfer of shares from Escrow Account during the FY 2022-23	0	0
Investors to whom shares were transferred from Escrow Account during the FY 2022-23	0	0
Outstanding shares in the Escrow Account as on March 31, 2023	49	5,521

#### **XIV. Outstanding Global Depository Receipts (GDRs)/ American Depository Receipts (ADRs)/Warrants or any convertible instruments, conversion date and likely impact on Equity:**

The Company had fully discharged its obligation towards the bondholders in December 2012. The Company did not have any other outstanding convertible instruments/ADRs/GDRs/Warrants as on March 31, 2023.

#### **Commodity price risk or foreign exchange risk and hedging activities:**

The Company does not deal in commodities and hence the disclosure pursuant to SEBI Circular dated November 15, 2018 is not required to be given. For a detailed discussion on foreign exchange risk and hedging activities, please refer to Management Discussion and Analysis Report.

#### **XV. Delivery Centres**

The Company along with its 21 subsidiaries has 48 global delivery centers of which 11 are located in India, 24 in the USA, 10 in the UK, 2 in the Philippines and 1 in Mexico as per the details given below:

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

**USA (24):** Louisville in Kentucky, Kingston & Amherst in New York, Salt Lake City in Utah, Colorado Springs in Colorado, Commerce Park, Innovation, Sunrise, Building B & H in Florida, Dallas, Fort Worth, Houston (2) in Texas, Chattanooga in TN (Tennessee), Las Vegas in Nevada, Atlanta in Georgia, 2 sites in California, Belleville & Rockford in Illinois, Laporte in Indiana, Eugene in Oregon & York in Pennsylvania.

**United Kingdom (10):** Manchester (2) and 1 each in Belfast, Londonderry, Middlesbrough, Warrington, Derby, London, Birmingham & Pontypridd.

**Philippines (2):** Manila, Cebu.

**Mexico (1):** Mexico City.

#### **XVI. Address for Correspondence:**

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

Dedicated e-mail Ids for redressal of Investors Grievances:

[fsl@3i-infotech.com](mailto:fsl@3i-infotech.com)  
[complianceofficer@firstsource.com](mailto:complianceofficer@firstsource.com)

Mumbai  
 May 04, 2023

#### **PRACTISING COMPANY SECRETARIES' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To,  
**The Members of**  
**Firstsource Solutions Limited**

We have examined the compliance of conditions of Corporate Governance by Firstsource Solutions Limited ("the Company") for the year ended on March 31, 2023, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and representations made by the management, we certify that the Company, to the extent applicable, has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **MMJB and Associates LLP**

**Deepti Joshi**

Designated Partner

FCS No. 8167

CP No. 8968

Peer Review No: L2020MH006700

**Place:** Mumbai

**Date:** May 04, 2023

**CERTIFICATION FROM THE MD & CEO AND THE CFO:**

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

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. The Company have indicated to the Auditors and the Audit Committee:
- (1) significant changes in internal control over financial reporting during the year;
  - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) instances of significant fraud of which the Company have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For Firstsource Solutions Limited**

**Vipul Khanna**  
MD & CEO

**Place:** Mumbai  
**Date:** May 04, 2023

**For Firstsource Solutions Limited**

**Dinesh Jain**  
President & CFO

**DECLARATION BY THE MD & CEO ON 'CODE OF CONDUCT'**

I hereby confirm that:

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

**For Firstsource Solutions Limited**

**Place:** Mumbai  
**Date:** May 04, 2023

**Vipul Khanna**  
MD & CEO



**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members  
**Firstsource Solutions Limited**

We have examined the relevant disclosures provided by the Directors (as enlisted in Table A) of **THE FIRSTSOURCE SOLUTIONS LIMITED** hearing **CIN:L64202MH2001PLC134147** and having registered office at, **5<sup>th</sup> Floor, Paradigm 'B' wing, Mindspace, Link Road, Malad (West) Mumbai MH 400064 IN** (hereinafter referred to as 'the Company') for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information, based on (i) documents available on the website of the Ministry of Corporate Affairs as on May 3, 2023 and Stock Exchanges as on May 3, 2023 (ii) Verification of Directors Identification Number (DIN) status at the website of the Ministry of Corporate Affairs, and (iii) disclosures provided by the Directors (as enlisted in Table A) to the Company, we hereby certify that none of the Directors on the Board of the Company (as enlisted in Table A) have been debarred or disqualified from being appointed or continuing as directors of the companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other statutory authority as on March 31, 2023.

**Table A**

<b>Sr. No.</b>	<b>Name of the Directors</b>	<b>DIN</b>	<b>Date of appointment</b>
1.	Mr. Pradip Kumar Khaitan	00004821	14/11/2014
2.	Mr. Sanjiv Goenka	00074796	03/12/2012
3.	Mr. Sunil Mitra	00113473	01/04/2019
4.	Mr. Vipul Khanna	00889710	02/08/2019
5.	Mr. Pratip Chaudhuri	00915201	01/04/2019
6.	Mr. Subrata Talukdar	01794978	05/12/2012
7.	Mr. Shashwat Goenka	03486121	05/12/2012
8.	Mr. Utsav Parekh	00027642	02/11/2022
9.	Ms. Vanita Uppal	07286112	05/05/2022
10.	Mr. Anjani K Agrawal	08579812	11/05/2021

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

General Disclaimer: Our Analysis for this certificate does not cover the verification of criteria pertaining to appointment as Independent director under Section 149 and criteria pertaining to appointment as Managing Director under section 196 and Schedule V of the Companies Act, 2013

**For MMJB & Associates LLP**  
**Company Secretaries**

**Saurabh Agarwal**  
**FCS: 9290**  
**CP: 20907**  
**PR: 904/2020**  
**UDIN:F009290E000255723**

**Date:** May 04, 2023  
**Place:** Mumbai

To,  
The Members,  
Firstsource Solutions Limited  
5<sup>th</sup> Floor, Paradigm 'B' wing, Mindspace,  
Link Road, Malad (West) Mumbai – Maharashtra

We have examined the compliance of conditions of Corporate Governance by Firstsource Solutions Limited ("the Company") for the year ended on March 31, 2023, as stipulated in Regulations 17 to 27 and clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company, to the extent applicable, has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For MMJB & Associates LLP  
Company Secretaries**

**Deepti Joshi  
Designated Partner  
FCS No. F8167  
CP No. 8968  
PR: 2826/2022  
UDIN: F008167E000253962**

**Date:** May 04, 2023  
**Place:** Mumbai

# Business Responsibility and Sustainability Report

## SECTION A - General disclosures

## SECTION B - Management and process disclosures

## SECTION C - Principle-wise performance disclosure

<b>Principle 1</b>	Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent, and accountable
<b>Principle 2</b>	Businesses should provide goods and services in a manner that is sustainable and safe
<b>Principle 3</b>	Businesses should respect and promote the well-being of all employees, including those in their value chains
<b>Principle 4</b>	Businesses should respect the interests of and be responsive to all its stakeholders
<b>Principle 5</b>	Businesses should respect and promote human rights
<b>Principle 6</b>	Businesses should respect and make efforts to protect and restore the environment
<b>Principle 7</b>	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
<b>Principle 8</b>	Businesses should promote inclusive growth and equitable development
<b>Principle 9</b>	Businesses should engage with and provide value to their consumers in a responsible manner

## SECTION A - GENERAL DISCLOSURES

### Details

1.	Corporate Identity Number (CIN) of the Listed Entity	L64202MH2001PLC134147
2.	Name of the Company	Firstsource Solutions Limited
3.	Year of incorporation	6 <sup>th</sup> December 2001
4.	Registered office address	5 <sup>th</sup> Floor, Paradigm 'B' Wing, Mindspace, Link Road, Malad - West, Mumbai - 400 064, India
5.	Corporate address	5 <sup>th</sup> Floor, Paradigm 'B' Wing, Mindspace, Link Road, Malad - West, Mumbai - 400 064, India
6.	E-mail	<a href="mailto:investor.relations@firstsource.com">investor.relations@firstsource.com</a>
7.	Telephone	+ 91 22 6666 0888
8.	Website	<a href="https://www.firstsource.com/">https://www.firstsource.com/</a>
9.	Financial year for which reporting is being done	April 01, 2022 - March 31, 2023
10.	Name of the Stock Exchange(s) where shares are listed	1. BSE Limited 2. National Stock Exchange of India Limited
11.	Paid-up Capital	₹ 6,969.90 million
12.	Name of contact details of the person who may be contacted in case of any queries on the BRSR Report	Ms Shuchika Sahay <a href="mailto:investor.relations@firstsource.com">investor.relations@firstsource.com</a> Designation: Chief Human Resource Officer + 91 22 6666 0888
13.	Reporting boundary	The disclosures under this report are made on standalone basis pertaining to Firstsource Solutions Limited

### Products and Services

#### 14. Details of business activities (accounting for 90% of the turnover):

Sr. No.	Description of Main Activity	Description of Business Activity	% Of Turnover of the entity
1	BPM services (NIC Code: 63999)	To provide IT enabled BPM services to Banking and Financial services, Healthcare, Communication Media and Technology and Other Diverse Industries.	100%



**15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):**

Sr. No.	Product/Service	NIC Code	% Of total Turnover contributed
1	Banking, Financial Services	63999	48.7%
2	Healthcare	63999	20.7%
3	Communication Media & Technology	63999	30.3%
4	Other Diverse Industries	63999	0.4%

**Operations****16. Number of locations where plants and/or operations/offices of the entity are situated:**

Location	Number of Plants	Number of offices	Total
National	-	15	15
International	-	28	28

**17. Markets served by the entity:****a. Number of locations**

Location	Number
National (No. of States)	6
International (No. of Countries)	4

- Firstsource has operations in 6 National locations: Tamil Nadu, Maharashtra, Karnataka, Telangana, Madhya Pradesh, Andhra Pradesh
- Firstsource has operations in 4 International locations: United States of America, United Kingdom, Philippines and Mexico

**b. What is the contribution of exports as a percentage of the total turnover of the entity?**

The contribution of exports as a percentage of the total turnover of Firstsource is 94.39% (standalone)

**c. A brief on types of customers**

Firstsource assists customers in reimagining business processes and enhancing efficiency through digital interventions and solutions in the banking and financial services, healthcare, communications, media & technology, and other diverse industries.

Firstsource's customers represent a wide range of industry sectors across the world. Firstsource serves more than 150 clients, including Fortune 500 and FTSE 100 companies across diversified sectors.

**Employees****18. Details as at the end of Financial Year:****a. Employees and workers (including differently abled):**

Sr. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
EMPLOYEES						
1.	Permanent (D)	2,440	1,802	73.9%	638	26.1%
2.	Other than Permanent (E)	127	56	44.1%	71	55.9%
3.	Total employees (D + E)	2,567	1,858	72.4%	709	27.6%
WORKERS						
4.	Permanent (F)	9,955	6,300	63.3%	3,655	36.7%
5.	Other than Permanent (G)	0	0	0%	0	0%
6.	Total workers (F + G)	9,955	6,300	63.3%	3,655	36.7%

**b. Differently abled Employees and workers:**

Sr. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	8	4	50.0%	4	50.0%
2.	Other than Permanent (E)	0	0	0	0	0
3.	Total differently abled employees (D+E)	8	4	50.0%	4	50.0%
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	14	11	78.6%	3	21.4%
5.	Other than permanent (G)	0	0	0	0	0
6.	Total differently abled workers (F + G)	14	11	78.6%	3	21.4%

**19. Participation/Inclusion/Representation of women**

Particulars	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	10	1	10%
Key Management Personnel*	3	1	33.33%

\*Key Management Personnel refers to the Managing Director, Chief Financial Officer and Company Secretary as defined under Section 2(51) of the Companies Act, 2013.

**20. Turnover rate for permanent employees and workers**

(Disclose trends for the past 3 years)

	2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	26.1%	28.1%	26.6%	28.0%	28.4%	28.1%	13.5%	15.1%	13.9%
Permanent Workers	41.4%	47.2%	43.5%	47.9%	49.8%	48.6%	32.1%	32.9%	32.3%

" This table represents attrition rate without "less than 180 days" and "ramp down attritions".

**Holding, subsidiary and associate companies (including joint ventures)****21. (a) Names of holding/subsidiary/associate companies/joint ventures**

Firstsource Solutions Limited has 21 subsidiaries and 1 Associate Company:

Sr. No.	Name of the holding/subsidiary/associate companies/joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% Of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Firstsource Process Management Services Limited [Wholly Owned Subsidiary ("WOS") of the Company];	Subsidiary	100%	No, Firstsource is reporting on Business Responsibility and Sustainability Reporting on Standalone basis
2	Firstsource Solutions UK Limited, UK (WOS of the Company);	Subsidiary	100%	
3	Firstsource Solutions S.A., Argentina (Subsidiary of Firstsource Solutions UK Limited);	Subsidiary	100%	
4	Firstsource BPO Ireland Limited (WOS of Firstsource Solutions UK Limited);	Subsidiary	100%	
5	Firstsource Group USA, Inc., USA (WOS of the Company);	Subsidiary	100%	
6	Firstsource Business Process Services, LLC, USA (WOS of Firstsource Group USA, Inc);	Subsidiary	100%	
7	Firstsource Advantage, LLC, USA (WOS of Firstsource Business Process Services, LLC);	Subsidiary	100%	
8	One Advantage, LLC, USA (WOS of Firstsource Business Process Services, LLC);	Subsidiary	100%	

9	MedAssist Holding, LLC, USA (WOS of Firstsource Group USA, Inc);	Subsidiary	100%
10	Firstsource Solutions USA, LLC, USA (WOS of MedAssist Holding, LLC);	Subsidiary	100%
11	Firstsource Health Plans and Healthcare Services, LLC, USA (Formerly known as Firstsource Transaction Services, LLC) (WOS of Firstsource Solutions USA, LLC);	Subsidiary	100%
12	Sourcepoint, Inc. (WOS of Firstsource Group USA, Inc);	Subsidiary	100%
13	Sourcepoint Fulfillment Services, Inc. (WOS of Sourcepoint, Inc.);	Subsidiary	100%
14	Firstsource Dialog Solutions (Private) Limited (Subsidiary of the Company);	Subsidiary	74%
15	PatientMatters LLC (WOS of Firstsource Solutions USA, LLC);	Subsidiary	100%
16	Kramer Technologies, LLC (WOS of PatientMatters LLC);	Subsidiary	100%
17	Medical Advocacy Services For Healthcare, Inc. (WOS of PatientMatters LLC);	Subsidiary	100%
18	The StoneHill Group, Inc (WOS of Sourcepoint, Inc.);	Subsidiary	100%
19	American Recovery Service Incorporated (WOS of Firstsource Business Process Services, LLC, USA);	Subsidiary	100%
20	Firstsource Solutions Mexico, S. de R.L. de C.V. (Subsidiary Company of Firstsource Group USA, Inc.)	Subsidiary	100%
21	Firstsource Solutions Jamaica Limited (WOS of Firstsource Group USA, Inc)	Subsidiary	100%
22	Nanobi Data and Analytics Private Limited	Associate	21.79%

## CSR

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) Turnover (in ₹): 13,424.77 million

(iii) Net worth (in ₹): 23,043.52 million

## Transparency and Disclosure Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

### Overview of the entity's material responsible business conduct issues

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)#	FY 2022-23			FY 2021-2022		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	Nil	Nil	NA	Nil	Nil	NA
Investors (other than shareholders)	Yes	0	0	NA	0	0	NA
Shareholders	Yes	95	0	NA	96	0	NA
Employees and workers	Yes	79	6	The pending complaints are under resolution	44	2	The pending complaints are now resolved.
Customers	Yes	0	0	NA	0	0	NA
Value Chain Partners	Yes	0	0	NA	0	0	NA
Other (Anonymous email/letters)	Other stakeholders can raise their grievances here: <a href="https://www.firstsource.com/contact/">https://www.firstsource.com/contact/</a>						

# The policies guiding Firstsource's conduct with all its stakeholders including Whistleblower and Grievance Redressal mechanism is available on the company's website and may be accessed at <https://www.firstsource.com/about/policies>



24. Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Data Protection & Cyber security	Opportunity/ Risk	<p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Leading Information Security Practices &amp; implementing global information security standards will result in higher client confidence and business.</li> </ul> <p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Cyber attacks pose a major threat to data safety and privacy protection. Firstsource may suffer due to cyber attacks/data breach incidents which can harm the reputational image of the Company.</li> </ul>	<p><b>Mitigation approach</b></p> <ul style="list-style-type: none"> <li>Driving a positive information security culture is a key element of Firstsource's robust information security strategy.</li> <li>Firstsource is fully committed towards adhering to best practices globally around data protection and cyber security.</li> <li>Establish Data protection &amp; Cybersecurity policy with a resolve to invest in best-in-class IT infrastructure and human resources.</li> <li>Adopting best industry standard data protection software.</li> <li>Upskilling employees on different advanced information security awareness training programs.</li> </ul>	<p><b>Positive</b></p> <ul style="list-style-type: none"> <li>Reduced data breach incidents/threats to Firstsource by advanced data protection and cyber security practices.</li> </ul> <p><b>Negative</b></p> <ul style="list-style-type: none"> <li>Cyber attacks can lead to high financial loss.</li> <li>Building an effective IT infrastructure, implementing best practices and maintaining a high level of IT security requires significant investment and cost.</li> </ul>
2.	Corporate Governance & Business Ethics	Opportunity	<ul style="list-style-type: none"> <li>Strong corporate governance is essential for attaining the overall mission of the company and reinforces stakeholder trust, company reputation and business growth.</li> </ul>	Not a risk	<p><b>Positive</b></p> <ul style="list-style-type: none"> <li>Effective Leadership steers business change and has the power to create industry-leading benchmarks</li> </ul>
3.	Empowering workplace	Opportunity/ Risk	<p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Participation of employees from diverse backgrounds creates an inclusive business ecosystem which is conducive for talent retention.</li> </ul> <p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Health and safety of employees is a critical aspect for ensuring employee welfare and overall productivity.</li> </ul>	<p><b>Mitigation approach</b></p> <ul style="list-style-type: none"> <li>Firstsource has established/implemented a comprehensive and robust occupational health &amp; safety policy and effective mechanisms to protect employees from workplace hazards/injuries.</li> <li>Recurrent training programs are conducted to all relevant stakeholders in order to mitigate health &amp; safety risks from our business operations/activities.</li> </ul>	<p><b>Positive</b></p> <ul style="list-style-type: none"> <li>Workforce diversity fosters creativity, improves performance, and enables a healthy organisational culture by bringing fresh perspectives, experiences, and ideas.</li> </ul> <p><b>Negative</b></p> <ul style="list-style-type: none"> <li>Any health &amp; safety incident occurrence has the potential to result in loss of productive work time, delay in business response and eventually leading to monetary loss thereby impacting profitability.</li> </ul>

4.	Environment and Climate Action	Opportunity/ Risk	<p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Better brand image/reputation as Environmentally responsible business.</li> <li>Monetary Savings from use of low emission/renewable sources of energy, operating from energy efficient green buildings and usage of low carbon fuel transport.</li> </ul> <p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Economic disruptions due to climate related transition risk (new regulations/policies) can impact the Company's growth and profitability.</li> <li>Extreme weather events due to climate change (water scarcity/heavy rainfall) pose a physical risk of disruption to the company's business operations and the safety and wellbeing of its employees.</li> </ul>	<p><b>Mitigation approach</b></p> <ul style="list-style-type: none"> <li>Establishing climate change action plans integral to overall business strategy.</li> <li>Implementing carbon emission reduction targets/decarbonization roadmap.</li> <li>Establishing business continuity/crisis management plans.</li> </ul>	<p><b>Positive</b></p> <ul style="list-style-type: none"> <li>Adopting climate change mitigation as an integral part of business strategy will help Firstsource to proactively prepare for future change in national/international climate related regulations.</li> <li>Enhanced reputation with customers and shareholders for being resilient to climate change related business disruptions.</li> </ul> <p><b>Negative</b></p> <ul style="list-style-type: none"> <li>Investment to undertake climate change impact assessment and formulate business strategic plans to mitigate the climate change impacts may result in significant cost and require investments.</li> </ul>
5	Customer Centricity	Opportunity	<p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>This gives the opportunity to be the leaders in this segment by being the preferred choice for all Firstsource's customers across different business segments.</li> <li>Achieving customer delight and satisfaction provides an excellent opportunity for business leadership and growth.</li> </ul>	Not a risk	<p><b>Positive</b></p> <ul style="list-style-type: none"> <li>Positive brand image and a strong customer satisfaction rate will help in being the platform of choice, resulting in increased business and profitability.</li> </ul>
6	Community Impact	Opportunity	<p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Firstsource consistently works to foster social development as it firmly believes that doing so is an essential element of its success.</li> </ul>	Not a risk	<p><b>Positive</b></p> <ul style="list-style-type: none"> <li>Through our values and principles, Firstsource create a positive impact in communities and foster growth in education, skill development, women empowerment, healthcare, and livelihood for the impoverished, and contribute to the UN Sustainable Development Goals.</li> </ul>

7	Responsible Supply Chain	Risk	Mitigation approach	Negative
		<ul style="list-style-type: none"> <li>Supply chains can be multitiered, there is a potential for lack of transparency and weakened level of control and influence over supply chain partners.</li> <li>Firstsource may struggle to foresee and control supply chain risks such as varying regulatory environments and societal expectations.</li> <li>The inability to cater to a high demand for low-carbon IT-enabled solutions/services and the inability to fulfil sustainable procurement are relevant risks for Firstsource.</li> </ul>	<ul style="list-style-type: none"> <li>Firstsource ensures that we partner with suppliers, vendors and contractors that are ethical, responsible and compliant with minimum ESG standards.</li> <li>Supplier/vendor code of conduct (CoC) covers Environmental, Health &amp; Safety and Human Rights Parameters to be adhered to and supply chain partners must sign the CoC as part of contract documents.</li> <li>We work closely with our suppliers and engage with them on Sustainable business practices. We plan to have an annual progress review process to monitor their progress. For suppliers that are not aligned with these goals, we plan to have an annual progress review process to monitor their progress.</li> </ul>	<ul style="list-style-type: none"> <li>The failure to meet the stakeholders and business expectations on supply chain sustainability and related climate disclosures such as supplier specific emissions may impact the overall performance of the organization on climate related commitments.</li> </ul>

## SECTION B - MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements. At Firstsource, we have a robust management framework in place which enables us to align with the NGRBC Principles with respect to structure and policies to ensure we continue to deliver our best in an ethical and responsible way. This encompasses transparent and principled business practices that hold us accountable, as well as protect the interests of our stakeholders, including customers and employees.

<b>Principle 1</b>	Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent, and accountable
<b>Principle 2</b>	Businesses should provide goods and services in a manner that is sustainable and safe
<b>Principle 3</b>	Businesses should respect and promote the well-being of all employees, including those in their value chains
<b>Principle 4</b>	Businesses should respect the interests of and be responsive to all its stakeholders
<b>Principle 5</b>	Businesses should respect and promote human rights
<b>Principle 6</b>	Businesses should respect and make efforts to protect and restore the environment
<b>Principle 7</b>	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
<b>Principle 8</b>	Businesses should promote inclusive growth and equitable development
<b>Principle 9</b>	Businesses should engage with and provide value to their consumers in a responsible manner



[illegible]

**7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)**

Firstsource has made consistent efforts to reduce our carbon footprint and have shifted our focus from conventional energy sources to renewable sources, resulting in a substantial increase in renewable energy consumption of 411% for our operations in India compared to FY 2020-21.

To address socio-economic disparities and provide opportunities for high-potential talent, Firstsource has implemented an impact sourcing program that aims to hire individuals from diverse backgrounds.

Firstsource's frameworks and initiatives align with Global Reporting Initiative (GRI) standards and United Nations Sustainable Development Goals (UN SDGs), and Firstsource plans to continue analysing the impact of its operations across the value chain and stepping up our ESG reporting as Firstsource moves forward.

To ensure long-term sustainability, Firstsource has internalised ESG into its policies, systems, procedures, and culture in FY 2022-23. Firstsource is also experimenting with new technologies to reduce its carbon footprint for example, implementation of cloud databases to reduce resource consumption and emissions.

While Firstsource has made progress, Firstsource is just getting started. Firstsource expresses it's deep gratitude to it's 12,522 employees and all it's stakeholders for their continuous support and as a team Firstsource will maintain the momentum to capitalise on the opportunities by adapting to the changing external environment as Firstsource progress towards a planet-positive future.

<b>8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).</b>	Name: Arun Tyagi Designation: EVP- Operational Excellence COE Email id: <a href="mailto:Arun.Tyagi@firstsource.com">Arun.Tyagi@firstsource.com</a>
<b>9. Does the entity have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.</b>	Yes, the Risk Management Committee evaluates ESG risks, effectiveness of ESG strategies and its performance.

## Policy and management processes

#### 10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director/Committee of the Board/Any other Committee									Frequency (Annually/Half - yearly/ Quarterly/Any other - please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up actaion	Y	Y	Y	Y	Y	Y	Y	Y	Y	The Business responsibility and sustainability policies are evaluated and reviewed periodically or on a need basis by the Risk Management Committee as a part of the ESG review.  During the review, the effectiveness of the policies is evaluated and necessary amendments to policies/procedures are done.  Firstsource complies with all applicable regulations and principles in the countries of operation.								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Y	Y	Y	Y	Y	Y	Y	Y	Y									
11. Has the entity carried out independent assessment/evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide the name of the agency.	P1		P2		P3		P4		P5		P6		P7		P8		P9	
	N		N		N		N		N		N		N		N		N	

**12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:**

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/ human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

This question is not applicable since the answer to question (1) is yes.

**SECTION C - PRINCIPLE WISE PERFORMANCE DISCLOSURE****Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent, and accountable**

Ethics and integrity are imperative to build a sustainable business and to achieve continuous excellence in operations. At Firstsource, we promote a corporate governance structure that is robust in nature and respects the values of responsibility, transparency, and honesty. As an accountable business entity, we share the commitment of effective governance and we strive to provide the right culture and practices to actively manage risks while preserving the highest standards of business conduct throughout the organisation.

Firstsource's Business Conduct and Ethics Policy and Global Ethics Policy are publicly available to guide our employees to conduct business legally and ethically. Firstsource has conducted training on ethics and integrity for all employees to manage these risks in order to safeguard the value of all stakeholders.

**Essential Indicators****1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:**

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	% of persons in respective category covered by the awareness programmes
<b>Board of directors</b>	Pursuant to Regulation 25 of the Listing Regulations, the Company has put in place a system to familiarise its Independent Directors with the Company, their roles, rights and responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. Newly appointed Independent Directors are taken through roles and responsibilities. To ensure that they uphold the highest standards of business conduct, Code for Independent Directors, Code of Conduct for Non-Executive Directors and Code of Conduct for Prevention of Insider Trading as issued by the Company are also shared with them at the time of their appointment/re-appointment. Further, presentations are made at the Board and its Committee meetings, on a quarterly basis, covering changes and developments in the domestic/ global corporate and industry scenario, the Company's sustainability initiatives, the business and financial performance of the Company and its subsidiaries, quarterly/annual financial results, revenue and capital budget, review of Internal Audit findings, etc.  The details of such familiarisation programmes are published on the Company's website at: <a href="https://www.firstsource.com/wp-content/uploads/2023/03/Policy-on-familiarisation-of-Independent-Directors.pdf">https://www.firstsource.com/wp-content/uploads/2023/03/Policy-on-familiarisation-of-Independent-Directors.pdf</a>		100%
<b>Key managerial personnel</b>	13	<ul style="list-style-type: none"> <li>● Cyber Security and IT Training Programs</li> <li>● Health and Safety Programs</li> <li>● Human Right/Human Resource Training Programs</li> <li>● Communication Training Programs</li> <li>● Anti-Bribery</li> </ul>	66%



<b>Employees other than BoD and KMPs</b>	74	<ul style="list-style-type: none"> <li>• Communication Training Programs</li> <li>• Human Right/Human Resource Training Programs</li> <li>• Consumer related training programs</li> <li>• Cyber Security and IT Training Programs</li> <li>• Ethics and Compliance Programs (Client specific training)</li> <li>• Ethics and Compliance Programs</li> <li>• Anti-Bribery</li> <li>• Health and Safety Programs</li> </ul>	78.8%
<b>Workers</b>	74	<ul style="list-style-type: none"> <li>• Communication Training Programs</li> <li>• Human Right/Human Resource Training Programs</li> <li>• Consumer related training programs</li> <li>• Cyber Security and IT Training Programs</li> <li>• Ethics and Compliance Programs (Client specific training)</li> <li>• Ethics and Compliance Programs</li> <li>• Anti-Bribery</li> <li>• Health and Safety Programs</li> </ul>	74.85%

**2. Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):**

Monetary					
	NGRBC Principle	Name of the regulatory/enforcement agency/judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
<b>Penalty/Fine</b>	At Firstsource, all Directors, KMPs and employees work with a strong moral of ethical business conduct.				
<b>Settlement</b>	Owing to this, there have been no instances of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings with regulators/law enforcement agencies/judicial institutions, in the financial year FY23.				
<b>Compounding fee</b>					

Non-Monetary				
	NGRBC Principle	Name of the regulatory/enforcement agency/judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
<b>Imprisonment</b>	Nil	Nil	NA	NA
<b>Punishment</b>	Nil	Nil	NA	NA

**3. Of the instances disclosed in Question 2 above, details of the Appeal/Revision are preferred in cases where monetary or non-monetary action has been appealed.**

Case Details	Name of the regulatory/enforcement agencies/judicial institutions
NA	NA

#### 4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web link to the policy.

Yes, Firstsource has 'zero tolerance' of any practices that may be classified as bribery and the same has been detailed in anti-bribery policy which covers elements of anti-corruption. The objective of the policy is to serve as a guide for all employees, agents, representatives, vendors, business partners and any such person acting on behalf of the Company for ensuring compliance with applicable anti - bribery laws, rules and regulations.

Firstsource's Anti-bribery policy is available on website: [https://www.firstsource.com/wp-content/uploads/2016/06/AB\\_Synopsis.pdf](https://www.firstsource.com/wp-content/uploads/2016/06/AB_Synopsis.pdf)

Firstsource's "Code of Conduct for Executive Directors and senior management" is available on following link:

<https://www.firstsource.com/wp-content/uploads/2023/03/Code-of-conduct-for-Executive-Directors-Senior-management.pdf>

#### 5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption.

	FY 2022-23	FY 2021-22
Directors	No complaints against	No complaints against
KMPs	Firstsource's Directors, KMPs,	Firstsource's Directors, KMPs,
Employees	Employees and Workers against	Employees and Workers against
Workers	whom disciplinary action was	whom disciplinary action was
	taken by any law enforcement	taken by any law enforcement
	agency for the charges	agency for the charges
	of bribery/corruption.	of bribery/corruption.

#### 6. Details of complaints with regard to conflict of interest:

	FY 2022-23	FY 2021-22
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	Nil
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	Nil

#### 7. Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.

Not applicable as there have been no cases of corruption and conflicts of interest.

#### Leadership Indicators

##### 1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics/principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
Nil	Nil	Nil

##### 2. Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes. Firstsource's Code of conduct lists down measures to avoid/manage conflict of interest. The Code of Conduct is communicated to all directors and senior management members and they are required to provide declaration on benefits and interests individually. In any case if a potential or actual Conflict of Interest arises, employees can immediately disclose relevant circumstances to Supervisor, Managing Directors, Chief Executive Officer or Board of Directors. If an actual or potential event is determined, Firstsource may take whatever corrective action appears appropriate according to the circumstances. Failure to disclose facts shall constitute grounds for disciplinary action.

##### Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe.

Firstsource supports ethical and sustainable procurement of goods and services. Firstsource has a sustainable supply chain policy in place that encourages moral and responsible behaviour across the value chain. By doing so, Firstsource aims to lessen

negative environmental impact and contribute to a better society in addition to generating overall value for our stakeholders.

As part of the Quality Management System, Firstsource has adopted ISO 9001:2008. Firstsource adheres to Six Sigma, Lean and Kaizen process improvement approaches.

#### Essential Indicators

##### 1. Percentage of R&D and capital expenditure (CAPEX) investments in specific technologies to improve product and processes' environmental and social impacts to total R&D and capex investments made by the entity, respectively.

Firstsource's goal is to boost the effectiveness of operations and customer service while ensuring sustainability through digitalization. Firstsource has implemented projects to reduce energy consumption and promote digitalization across all our processes. At present, Firstsource does not track the percentage of R&D and CAPEX investments in specific technologies to improve product and processes' environmental and social impacts. Going forward, we intend to track the data on R&D and Capital expenditure (CAPEX) investments.

a. Does the entity have procedures in place for sustainable sourcing? (Yes/No) -

Yes, Firstsource is committed to procuring goods and services in a safe and sustainable manner and Firstsource has implemented a Sustainable Supply Chain policy comprising processes and guidelines to ensure sustainable and ethical practices across our value chain.

Firstsource’s Sustainable Supply Chain policy: <https://www.firstsource.com/wp-content/uploads/2023/01/Sustainable-Supply-Chain-Policy-V-1.0.pdf>

Firstsource’s Supplier Code of Conduct: <https://www.firstsource.com/wp-content/uploads/2023/01/Supplier-Code-of-Conduct.pdf>

b. If yes, what percentage of inputs were sourced sustainably?

As a part of the onboarding process, all the value chain partners are required to complete background verification on ethical business conduct and compliance. Firstsource assesses all new vendor partners on ESG compliance and encourage sustainable sourcing. Firstsource evaluates the top 20 critical vendors based on the business value that accounts for 60% of the total procurement spend through a third party who annually assesses health and safety practices, environment, human rights, sexual harassment, child labour, forced labour/ involuntary labour and working conditions of value chain partners.

3. Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

Waste type	Waste management procedure in place
Plastic (including packaging)	Firstsource is a Business Process Management (BPM) Company and does not manufacture any products. Hence, the given question is not applicable to Firstsource operations.
E-waste	
Hazardous waste	
Other waste (wastepaper and paper products)	However, Firstsource do have a 4R-based waste management approach for the products or components we use in our operation.  Firstsource meticulously manages and monitors electronic devices when they reach the end of their useful life to ensure that they are discarded, repaired, or recycled by authorised e-waste recyclers. Firstsource intends to focus on implementing zero waste to landfill initiatives.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity’s activities (Yes/No). If yes, whether the waste collection plan is in line with the EPR plan submitted to Pollution Control Boards?

Not applicable. Firstsource is a Business Process Management (BPM) Company and does not manufacture any products.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product/Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective/ Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/ No) If yes, provide the web-link
Not applicable. As Firstsource is a provider of Business Process Management (BPM) services, it does not manufacture any products.					

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same

Name of Product/Service	Description of the risk/concern	Action Taken
NA		

Not applicable. As Firstsource is a provider of Business Process Management (BPM) services, it does not manufacture any products.



### 3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material FY 2022-23	Recycled or re-used input material to total material 2021-22
	NA	

Not applicable. As Firstsource is a provider of Business Process Management (BPM) services, it does not manufacture any products.

### 4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2022-23			FY 2021-22		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	Not applicable. As Firstsource is a provider of Business Process Management (BPM) services, it does not manufacture any products.					
E-waste						
Hazardous waste						
Other waste						

### 5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
	NA

Not applicable. As Firstsource is a provider of Business Process Management (BPM) services, it does not manufacture any products.

### Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

Cultivating a positive environment for employees is essential to achieve sustained growth. Firstsource goal is to foster a workplace where everyone feels valued and hence, Firstsource consistently seeks to enhance the well-being of its employees whilst upholding a safe and productive workplace. Firstsource has implemented measures to favour diversity, equal opportunity, and non-discrimination throughout the organisation and Firstsource also extend benefits that ensure wellbeing for all.

The mental and physical wellbeing of employees is dependent on a secure and healthy work environment. Firstsource adheres to the guidelines set out on the lines of International Labour Organization (ILO) conventions. Firstsource has various policies in place such as Business Conduct and Ethics policy, Human Rights and Equal Opportunity policy, Global Inclusion and Diversity policy. Firstsource is also an ISO 45001:2018 and ISO 14001:2015 certified organisation. Firstsource is cognizant of the fact that the wellbeing of its workers, visitors, and contractors, as well as the protection of the environment and the growth of the communities in which Firstsource operates, is imperative to our business growth. Hence, Firstsource strives to create more value for its stakeholders by preaching their best interest and ensuring prosperity for all.

#### Essential Indicators

#### 1.

#### a. Details of measures for the well-being of employees.

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	1,802	1,802	100%	1,802	100%	NA	NA	1,802	100%	1,802	100%
Female	638	638	100%	638	100%	638	100%	NA	NA	638	100%
Total	2,440	2,440	100%	2,440	100%	638	26%	1,802	74%	2,440	100%
Other than Permanent employees											
Male	56	56	100%	56	100%	NA	NA	56	100%	_**	_**
Female	71	71	100%	71	100%	71	100%	NA	NA	_**	_**
Total	127	127	100%	127	100%	71	56%	56	44%	_**	_**

\*\*Daycare facilities are not provided to "Other than Permanent employees" as this benefit is not extended to employees on World Class Services (WCS) payroll.

## b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent workers											
Male	6,300	6,300	100%	6,300	100%	NA	NA	6,300	100%	6,300	100%
Female	3,655	3,655	100%	3,655	100%	3,655	100%	NA	NA	3,655	100%
Total	9,955	9,955	100%	9,955	100%	3,655	37%	6,300	63%	9,955	100%
Other than Permanent workers											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

## 2. Details of retirement benefits.

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Yes	100%	100%	Yes
Gratuity	100%	100%	Yes	100%	100%	Yes
ESI	3%	55%	Yes	5%	60%	Yes
Others - please specify	NA	NA	NA	NA	NA	NA

## 3. Accessibility of workplaces

Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, most (45.45 %) of Firstsource offices are accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016. Firstsource is dedicated to fostering a work environment that is inclusive and diverse.

## 4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web link to the policy.

Yes, Firstsource is committed to promoting equal opportunities in the organisation. Firstsource values human diversity, encourages fairness and justice, and advocates equal chances for everyone to work, learn and grow within the organisation, free from any form of discrimination or victimisation.

The web link to Human Rights and Equal Opportunity policy: <https://www.firstsource.com/wp-content/uploads/2023/01/Equal-Opportunities-LP-Jun14-22.pdf>

## 5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	85%	100%	76%
Female	86%	61%	97%	50%
<b>Total</b>	<b>97%</b>	<b>80%</b>	<b>99%</b>	<b>63%</b>

Returning to work retention rate for new parents is in line with the overall retention rates, with no significant difference observed. Firstsource continues to support individual needs of our employees returning to work from parental leave. The support is need based where Firstsource tries to accommodate employees' unique situation, by providing extended/additional support on a case to case basis.

**6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.**

	(If Yes, then give details of the mechanism in brief)
Permanent workers	Firstsource has a Global Grievance Policy that applies to all the employees, communities, investors, shareholders, clients, vendors, and value chain partners of Firstsource Solutions Limited and its subsidiaries.
Other than permanent workers	
Permanent employees	Firstsource employees can raise grievance through the Grievance Resolution System application ("FirstConnect") on the Firstsource intranet <a href="https://firstconnect.firstsource.com/firstConnect/GRSLogin.aspx">https://firstconnect.firstsource.com/firstConnect/GRSLogin.aspx</a>
Other than permanent employees	
	Firstsource's other stakeholders including employees/ex - employees have the option of writing to <a href="mailto:grs@firstsource.com">grs@firstsource.com</a> . They can also submit grievance via our website link <a href="https://www.firstsource.com/contact/">https://www.firstsource.com/contact/</a>
	Upon receipt of the grievance, the convener forwards it to the appropriate point of contact depending on the nature of the complaint.
	If an aggrieved person is not satisfied with the resolution provided, they can escalate to <a href="mailto:whistle.blowing@firstsource.com">whistle.blowing@firstsource.com</a>

**7. Membership of employees and workers in association(s) or Unions recognized by the listed entity:**

Category	FY 2022-23			FY 2021-22		
	Total employees/workers in the respective category (A)	No. of employees/workers in the respective category, who are part of the association(s) or Union (B)	% (B/A)	Total employees/workers in the respective category (C)	No. of employees/workers in the respective category, who are part of the association(s) or Union (D)	% (D/C)
Total permanent employees	Nil	Nil	NA	Nil	NA	NA
Male	Nil	Nil	NA	Nil	NA	NA
Female	Nil	Nil	NA	Nil	NA	NA
Total permanent workers	Nil	Nil	NA	Nil	NA	NA
Male	Nil	Nil	NA	Nil	NA	NA
Female	Nil	Nil	NA	Nil	NA	NA

**8. Details of training given to employees and workers:**

Category	FY 2022-23					FY 2021-22				
	Total (A)	On health and safety measures		On skill upgradation		Total (D)	On health and safety measures		On skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No.(F)	% (F/D)
Employees										
Male	1,802	1,722	95.56%	1,381	76.64%	4,162	1,830	43.97%	1,716	41.23%
Female	638	601	94.20%	517	81.03%	1,624	588	36.21%	590	36.33%
Total	2,440	2,323	95.20%	1,898	77.79%	5,786	2,418	41.79%	2,306	39.85%
Workers										
Male	6,300	5,325	84.52%	3,129	49.67%	6,412	6,381	99.52%	3,602	56.18%
Female	3,655	3,088	84.49%	1,987	54.36%	3,879	3,594	92.65%	2,224	57.33%
Total	9,955	8,413	84.51%	5,116	51.39%	10,291	9,975	96.93%	5,826	56.61%



## 9. Details of performance and career development reviews of employees and workers:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
<b>Employees</b>						
Male	1,802	1,802	100%	4,162	4,162	100%
Female	638	638	100%	1,624	1,624	100%
<b>Total</b>	<b>2,440</b>	<b>2,440</b>	<b>100%</b>	<b>5,786</b>	<b>5,786</b>	<b>100%</b>
<b>Workers</b>						
Male	6,300	6,300	100%	6,412	6,412	100%
Female	3,655	3,655	100%	3,879	3,879	100%
<b>Total</b>	<b>9,955</b>	<b>9,955</b>	<b>100%</b>	<b>10,291</b>	<b>10,291</b>	<b>100%</b>

## 10. Health and safety management system:

### a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, what is the coverage of such a system?

Yes, Firstsource believes that providing a safe and healthy work environment is essential for employees' wellbeing. Two of our centers are ISO 45001:2018 certified.

Firstsource has a Global Quality, Occupational Health & Safety, Environment, and Energy (QOHSEE) policy in place. It identifies the health and safety of its employees, contractors and visitors, the satisfaction of its customers, protection of environment, and the development of the communities where it has its operations as integrated key drivers of its business; the entire organisation is oriented towards achieving these goals openly and transparently.

### b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

All our operations undertake periodic assessment to identify hazardous, unsafe activities and ensure implementation of effective measures to control and mitigate potential hazardous risk. The Health and Safety management system is periodically assessed by the Internal audit team and external certification agency. In concurrence, the Internal core audit team tracks and

complies with observations raised during Internal and external certification along with measures to mitigate risks identified.

### c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks.

At Firstsource, we foster a workplace that is free from hazards and risks to ensure utmost safety for our employees and workers. We conduct safety trainings for all the employees and workers to regularly identify workplace related hazards and devise mitigation approaches related to controls. This helps us build a robust health and safety management system. Firstsource also provides routine fire safety training to all support staff, emergency mock training to meet any eventuality, as well as routine electrical safety training and cross functional training on hygiene, security policies and chemical safety.

### d. Do the employees/workers of the entity have access to non-occupational medical and healthcare services?

Firstsource recognizes the significance of its employees' overall physical and mental wellness to corporate success and long-term expansion goals. It takes a people-first approach, counselling and teaching staff on physical, mental, and emotional wellness. To further this approach, we provide our full time employees with life insurance, mediclaim and personal accident cover benefits.

## 11. Details of safety related incidents, in the following format:

Safety incident/number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one-million-person hour worked)	Employees	0	0
	Workers	0.22	0.26
Total recordable work-related injuries	Employees	0	0
	Workers	5	6
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

## 12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

Firstsource understands that health and safety, and overall physical and mental well-being of its employees are paramount to its performance and growth goals. Firstsource is dedicated to providing safe working conditions with a focus on reducing illnesses and injuries.

As part of ISO 45001: 2018 implementation, workplace safety hazards and risks are periodically identified/reviewed and accordingly preventive measures (controls) for mitigation are adopted.

Firstsource conducts safety training for all our employees and ensure routine fire safety training to all support staff, emergency mock training to meet any eventuality, routine electrical safety training, and cross functional training on hygiene, security policies and chemical safety.

Firstsource also has conducted sessions on mental, physical, and financial wellbeing. The sessions were led by a combination of prominent guest speakers and Firstsource leaders across themes such as stress management, burnout and anxiety, self-care, healthy eating and nutrition, mindfulness, mental health awareness, and high intensity interval training.

## 13. Number of complaints on the following made by employees and workers

Category	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working conditions	30	0	NA	12	0	NA
Health & safety	4	0	NA	5	0	NA

## 14. Assessments for the year

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100% of the offices were assessed internally on health and safety practices and working conditions.
Working conditions	

## 15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.

There weren't any injuries or major health and safety issues to report and hence no corrective action(s) to report. Firstsource has a daily mechanism where a safety officer in each of our sites reports all health and safety incidents and reports are reviewed by the senior management through the weekly governance. Any repeated occurrence of health and safety issues get reported in a grievance management tool by employees which is further reviewed by the top management and task is assigned to the respective team for closure.

### Leadership Indicators

#### 1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes, Firstsource offers a compensatory package to employees and workers in the event of death.

#### 2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

Firstsource's statutory dues are limited to labour laws related to minimum wage, ESI and PF payments. All Firstsource's third party related payments are monitored and compliance certificates are taken from our value chain partners. Firstsource also has a monthly review of payment and compliance by a third party agency and any deviation of the same once observed is immediately acted upon.

#### 3. Provide the number of employees/workers having suffered high consequence work-related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-2023	FY 2021-2022	FY 2022-2023	FY 2021-2022
Employees	NA. There have been no instances of high consequence work-related injury/ill-health/fatalities in the mentioned period.		NA. There have been no instances of high consequence work-related injury/ill-health/fatalities in the mentioned period.	
Workers				

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

No, Firstsource does not provide a specific transition assistance program to facilitate continued employability and the management of career endings resulting from retirement or termination of employment. However, Firstsource do offer skill upgradation trainings and conduct performance development reviews to help assess and enhance employee skills during the course of employment.

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	We recognise that our value chain partners are independent entities; however, their business practices and actions may impact on or reflect on our business.  In view of this, Firstsource evaluates the top 20 critical vendors based on the business value that accounts for 60% of the total procurement spend through a third party who annually assesses health and safety practices, environment, human rights, sexual harassment, child labour, forced labour/ involuntary labour and working conditions of value chain partners.
Working Conditions	

6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.

In the assessment done, we found no health, safety and working condition concerns. In case there is an issue identified, based on the severity, the actions will be taken, including as applicable black listing the supplier from the FSL vendor database.

Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders

Value creation for stakeholders, including our employees, customers, investors, and communities is integral to our purpose. At Firstsource, we collaborate and engage with our stakeholders on a regular basis to understand their needs and expectations in order to address their concerns and incorporate their feedback. To establish enduring relationships that demonstrate a dedication to reciprocal respect, candour, and accountability, Firstsource maintain timely and efficient interactions with all stakeholder groups. All internal and external stakeholders have access to specific email channels where they may express any issues or problems. Concerns from stakeholders are addressed by responsible SPOCs while upholding utmost confidentiality. Our policy on materiality provides guidance on stakeholder engagement

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

We at Firstsource understand that establishing strong relationships is essential to long-term viability and success. Firstsource fosters synchronistic relationships with both internal and external stakeholders and understand the value of keeping open channels of communication for suggestions and teamwork.

Firstsource has implemented a thorough stakeholder engagement process in which important stakeholder groups are identified from a greater pool of all potential stakeholders. This is done after taking into consideration the significant impact that each group has on the Company's capacity to generate value (and vice versa). Firstsource has identified internal and external stakeholder groups, including Employees, Customers, shareholders/Investors, Suppliers/Vendors, and Community/NGO.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder group	Whether identified as vulnerable & marginalised group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community meetings, Notice board, Website), Other	Frequency of engagement (Annually/half-yearly/ quarterly/others - please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	<ul style="list-style-type: none"><li>Employee satisfaction surveys</li><li>Face-to-face meetings</li><li>Engagement sessions</li><li>HR sessions</li><li>Rewards and recognition</li><li>Team building workshops</li><li>Employee newsletters</li></ul>	On a regular basis	<ul style="list-style-type: none"><li>Employees growth and benefits</li><li>Compensation structure</li><li>Career growth opportunities</li><li>Professional development</li><li>Continuing education</li><li>Skill development</li></ul>



Customers	No	<ul style="list-style-type: none"> <li>Customer engagement surveys</li> <li>Quality Business Review</li> </ul>	On a regular basis	<ul style="list-style-type: none"> <li>Customer requirements</li> <li>Customer satisfaction and feedback</li> <li>Project Delivery</li> <li>Timeline</li> <li>Challenges</li> </ul>
Suppliers and Vendors	Yes (Partially)- Only some of the Admin suppliers	<ul style="list-style-type: none"> <li>Channel partner meetings</li> <li>One-to-one meetings</li> <li>Regular operational reviews</li> </ul>	On a regular basis	<ul style="list-style-type: none"> <li>Regulatory compliance requirements</li> <li>Supply schedule</li> <li>Vendor needs and expectations</li> <li>Need for sustainability awareness and trainings</li> <li>Sustainability performance</li> </ul>
Shareholders/ investors	No	<ul style="list-style-type: none"> <li>Annual general shareholders meeting</li> <li>Financial information release</li> <li>Media release</li> <li>Investor calls and meetings</li> </ul>	On a regular basis	<ul style="list-style-type: none"> <li>Financial performance</li> <li>Understanding their needs /expectations which is material to Firstsource</li> <li>ESG performance</li> </ul>
Community/ NGO	Yes	<ul style="list-style-type: none"> <li>Project meetings</li> <li>Community interactions with NGOs</li> <li>Grievance mechanisms</li> </ul>	On a regular basis	<ul style="list-style-type: none"> <li>Community expectations and feedback on impact/ success of CSR project</li> <li>Engagement scope for CSR projects</li> </ul>

### Leadership Indicators

#### 1. Provide the processes for consultation between stakeholders and the board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the board.

Firstsource fosters synchronistic relationships with both internal and external stakeholders and understands the value of keeping lines of communication open for suggestions and teamwork. Firstsource used a four-step methodology for board and stakeholder consultation on ESG subjects, including the identification of material issues, survey organisation, survey scoring/ranking, and mapping. Regular interactions with both internal and external stakeholders help us assess the impact of our business operations and effectively handle stakeholder concerns.

#### 2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into the policies and activities of the entity.

Yes, to uncover Firstsource's significant challenges, we conducted a materiality evaluation with all key stakeholders (employees, customers, shareholders/investors, suppliers/vendors and Community/NGO). We provided our stakeholders with a "Materiality Survey questionnaire" in order to conduct a materiality evaluation. ESG-related material components from the questionnaire were cited in international standards including the GRI standards 2021. Using a scale from "No Opinion" to "Extremely High," we mapped the various elements based on the significance of each stakeholder group to Firstsource on which weighting was assigned. A total of 40+ sustainability concerns were examined for strategic consideration with the viewpoints of various stakeholders & business and were sorted into the eight major themes - **ethical governance, empowering workplace, customer centricity, economic performance, environment and climate action, sustainable economic growth, community impact and responsible supply chain.**

Based on the material topics policy amendments are done and management approach for each of these topics are implemented.

#### 3. Provide details of instances of engagement with, and actions are taken to, address the concerns of vulnerable/ marginalised stakeholder groups.

Through our CSR programmes, we are aimed at inclusion of vulnerable and marginalised groups like rural women, students from economically weaker sections, unemployed youth, patients from underrepresented communities, persons with disabilities and children with special needs are given priority while choosing any CSR projects as our beneficiary communities".

### Principle 5: Businesses should respect and promote human rights

Firstsource is dedicated to preserving the human rights of everyone and ensuring that there are no instances of violations in business operations. Firstsource's publicly available policy on Human Rights and Equal Opportunity prohibits transgressions of human rights.

Firstsource values human diversity, encourages fairness and justice, and advocates equal chances for everyone to work, learn and grow within the organisation, free from any form of discrimination or victimisation. Firstsource also adheres to the guidelines set out on the lines of International Labour Organization (ILO) conventions. Firstsource ensures that the conditions outlined in these policies and frameworks are communicated to everyone involved in our daily operations. Firstsource also conducts strict Supplier Assessment to further eliminate human rights violations in our supply chain.

Additionally, all employees and workers undergo training on the Code of Conduct, Human Rights and Equal Opportunity policy and POSH Policy in order to uphold responsible employee behaviour.

### Essential Indicators

#### 1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees/workers covered (B)	% (B/A)	Total (C)	No. of employees/workers covered (D)	% (D/C)
<b>Employees</b>						
Permanent	2,440	2,180	89%	5,786	2,305	40%
Other than permanent	127	53	42%	111	42	38%
<b>Total employees</b>	<b>2,567</b>	<b>2,233</b>	<b>87%</b>	<b>5,897</b>	<b>2,347</b>	<b>40%</b>
<b>Workers</b>						
Permanent	9,955	7,481	75%	10,291	9,945	97%
Other than permanent	0	0	0%	0	0	0
<b>Total workers</b>	<b>9,955</b>	<b>7,481</b>	<b>75%</b>	<b>10,291</b>	<b>9,945</b>	<b>97%</b>

#### 2. Details of minimum wages paid to employees and workers:

Category	FY 2022-23					FY 2021-22				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No.(B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No.(F)	% (F/D)
Employees										
Permanent	2440	NA	NA	2440	100%	5786	116	2%	5670	98%
Male	1802	NA	NA	1802	100%	4162	79	2%	4083	98%
Female	638	NA	NA	638	100%	1624	37	2%	1587	98%
Other than permanent	127	NA	NA	127	100%	111	NA	NA	111	100%
Male	56	NA	NA	56	100%	72	NA	NA	72	100%
Female	71	NA	NA	71	100%	39	NA	NA	39	100%
Total employees	2567	NA	NA	2567	100%	5897	116	2%	5670	98%
Workers										
Permanent	9955	99	1%	9856	99%	10291	4528	44%	5763	56%
Male	6300	95	2%	6205	98%	6412	2708	42%	3704	58%
Female	3655	4	0.1%	3651	99.9%	3879	1820	47%	2059	53%
Other than permanent	0	NA	NA	NA	NA	0	NA	NA	NA	NA
Male	0	NA	NA	NA	NA	0	NA	NA	NA	NA
Female	0	NA	NA	NA	NA	0	NA	NA	NA	NA
Total workers	9955	99	1%	9856	99%	10291	4528	44%	5763	56%

### 3. Details of remuneration/salary/wages:

	Male		Female	
	Number	Median remuneration/ salary/wages of respective category	Number	Median remuneration/ salary/wages of respective category
Board of Directors (BoD)	9	600,000	2	250,000
Key managerial personnel	2	23,620,885	1	4,016,416
Employees other than BoD and KMP	1,856	582,756	708	545,112
Workers	6,300	262,092	3,655	246,648

### 4. Do you have a focal point (individual/committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, Firstsource has various committees in place to address Human rights-related grievances. For eg : the Whistleblower committee and the Prevention of Sexual Harassment committee.

### 5. Describe the internal mechanisms in place to redress grievances related to human rights issues:

Firstsource respects international human rights principles and is committed to the principles outlined in the United Nations Global Compact (UNGC) and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. Firstsource has Human rights policy, POSH policy, whistleblower policy, equal opportunity policy, diversity and inclusion policy and Human trafficking and slavery statement in place.

Firstsource has a website portal to raise concerns (<https://www.firstsource.com/contact/>) on Human rights which provides all the stakeholders to raise any grievances on Human Rights.

Additionally, in case of any "Sexual harassment at workplace" employees can raise a concern to local POSH committee and Central POSH committee.

All the grievances received are duly investigated and appropriate actions are taken to resolve the issue/complaint. Whenever required, disciplinary actions are initiated as deemed fit and assistance from regulatory authority is sought.

### 6. Number of complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed During the year	Pending resolution at the end of year	Remarks
Sexual harassment	14	5	The open cases are under investigation and within the prescribed turnaround time	19	1	The open case was well within the prescribed turnaround time
Discrimination at workplace	Nil	Nil	NA	Nil	NA	Nil
Child labour	Nil	Nil	NA	Nil	NA	Nil
Forced labour/ Involuntary labour	Nil	Nil	NA	Nil	NA	Nil
Wages	1	Nil	NA	2	Nil	Nil
Other human rights-related issues	Nil	Nil	NA	Nil	NA	Nil

### 7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases:

Firstsource is committed to fostering a workplace free from all aspects of discrimination and sexual harassment. The Company has implemented whistleblower and POSH policies wherein all employees are eligible to raise legitimate concerns/reports about discrimination and harassment without any fear of retaliation/

retribution. All the concerns on discrimination and harassment are treated with utmost confidentiality.

Firstsource also provides awareness training as mandated in chapter IV, section 19 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013/ whistleblower policy/employee code of conduct to all employees.



The link to the policy addressing grievance and redressal mechanism: <https://www.firstsource.com/contact/>  
Diversity & Equal Opportunity Policy: <https://www.firstsource.com/wp-content/uploads/2023/01/Diversity-Equal-Opportunities-Policy.pdf>  
Prevention of Sexual Harassment: <https://www.firstsource.com/wp-content/uploads/2023/01/POSH-June22.pdf>

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes. Firstsource communicates and shares its human rights policy with all of its business partners. Firstsource ensures that all our business partners have read and agreed to adhere to our Supplier Code of Conduct and Sustainable supply chain policy which includes aspects of human rights.

9. Assessments of the year:

	% of value chain partners (by value of business done with such partners) that were assessed
Child labour	As per Firstsource’s Human Rights Policy, Firstsource does not hire any employee below 18 years of age. This is embedded in Firstsource’s Recruitment process and we ensure that the relevant documents are obtained and background check conducted. For other areas such as Forced labor, Discrimination at the workplace and Wages, employees can escalate to Whistleblower ID in case of violation of the same. In case of sexual harassment, there is a committee in place to investigate the matter, and the POSH annual report is filed every year as per the statutory requirement. The same is also reported to the audit committee on a quarterly basis.
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others - please specify	

10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above:

Not Applicable

Leadership Indicators

1. Details of a business process being modified/ introduced as a result of addressing human right grievances/complaints:

No complaint received in FY23 for human rights violation. However, Firstsource continuously ensures that the established human rights/POSH/Grievance redressal policy is effective and implemented across the facilities/offices. Firstsource has added a new link on our website where grievances can be raised by all stakeholders and will be investigated appropriately in a timely manner. Mandatory training/awareness sessions on POSH/ grievance redressal mechanism is conducted for all employees. Targeted sensitization sessions are done in locations where

Firstsource sees a spike in harassment cases. As part of the onboarding process, the vendors have to comply with POSH Act and as per contractual agreement vendors are required to establish and implement human rights policy.

2. Details of the scope and coverage of any Human rights due-diligence conducted:

No Human rights due-diligence has been conducted by Firstsource.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, most (45.45 %) of Firstsource offices are accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016. Firstsource is dedicated to fostering a work environment that is inclusive and diverse and Firstsource looks forward to make 100% of our operations accessible to differently abled employees and workers in the future.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	We recognise that our value chain partners are independent entities; however, their business practices and actions may impact on or reflect on our business.
Discrimination at workplace	
Child Labour	In view of this, Firstsource evaluates the top 20 critical vendors based on the business value that accounts for 60% of the total procurement spend through a third party who annually assesses health and safety practices, environment, human rights, sexual harassment, child labour, forced labour/ involuntary labour and working conditions of value chain partners.
Forced Labour/Involuntary Labour	
Wages	
Others - please specify	

5. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above:

In the assessment done, we found no concerns. In case there’s an issue found, based on the severity the actions will be taken, which include black listing the supplier from the FSL vendor database.

## Principle 6: Businesses should respect and make efforts to protect and restore the environment

At Firstsource, we continuously make efforts to operate in a way that creates more positive impact for the society and the environment. Firstsource's dedication to conducting business in a sustainable manner while minimising negative impact is inspired by our ESG policy. The strategy outlined in Firstsource's policy emphasises prudent resource management and highlights key areas like energy efficiency, responsible waste management, water stewardship and measures for emission reduction. Firstsource is an ISO 14001:2015 certified organisation and its Global Quality Health, Safety, Environment & Energy Management Policy and ESG policy is publicly available on its website.

### Essential Indicators

#### 1. Details of total energy consumption (in Joules or multiples) and energy intensity

Parameter (In GJ)	FY 2022-23	FY 2021-22
Total electricity consumption (A)	57,465	33,572
Total fuel consumption (B)	319	1,793
Energy consumption through other sources (C)	0	0
<b>Total energy consumption (A+B+C)*</b>	<b>57,784</b>	<b>35,365</b>
<b>Energy intensity per rupee of turnover (Total energy consumption/turnover in million rupees)</b>	<b>4.30</b>	<b>2.22</b>

\*The information for the previous year ended March 31, 2022 is not comparable with the current year ended March 31, 2023 on account of increased electricity consumption caused by reopening of our offices post-Covid in FY23.

**Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

No assessment has been conducted by any external agency.

#### 2. Does the entity have any sites/facilities identified as designated consumers (DCs) under the performance, achieve, and trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken if any.

Not applicable. No sites or facilities under Firstsource have been designated as Designated Consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India.

#### 3. Provide details of the following disclosures related to water, in the following format:

Parameter (In GJ)	FY 2022-23	FY 2021-22
Water withdrawal by source (in kilolitres)		
(i) Surface water	0	-
(ii) Groundwater	0	-
(iii) Third-party water (municipal water supplies)	106,587	2,442.15
(iv) Seawater/desalinated water	0	-
(v) Others	0	-
<b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>	<b>106,587</b>	<b>2,442.15</b>
<b>Total volume of water consumption (in kilolitres)</b>	<b>6,395.26</b>	<b>2,442.15</b>
<b>Water intensity per million rupee of turnover (water consumed/turnover)</b>	<b>0.47</b>	<b>0.1534</b>
Water intensity (optional) - the relevant metric may be selected by the entity	-	-

Water withdrawal calculation for FY 2022-23 has been done based on per capita consumption estimates as per CGWA guidelines. FY 2021-22 water withdrawal data has been calculated on actual bills for two sites only due to limited data availability for the other sites.

**Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

No assessment has been conducted by any external agency.

#### 4. Has the entity implemented a mechanism for zero liquid discharge? If yes, provide details of its coverage and implementation.

All our facilities are leased properties. Firstsource keeps track of our water usage and have established procedures for recycling water throughout all the facilities. Most of our facilities have a STP.

5. Please provide details of air emissions (other than GHG emissions) by the entity:

Parameter	Unit	FY 2022-23	FY 2021-22
NOx	Tonnes	59.04	Apart from greenhouse gas emissions, Firstsource did not track any other air pollutants in FY 2021-22
SOx	Tonnes	89.80	
Particulate matter (PM)	Tonnes	12.05	
Persistent organic pollutants (POP)	-	-	
Volatile organic compounds (VOC)	-	-	
Hazardous air pollutants (HAP)	-	-	
Others - ozone-depleting substances (HCFC - 22 or R-22)	-	-	

**Note:** Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No assessment has been conducted by any external agency.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) and its intensity:

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	Total 21.49 t CO2e Absolute (GHG wise) CO2: 21.23 t CO2e CH4: 0.02 t CO2e N2O: 0.25 t CO2e	1,589.98
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	Total 11,546.3 t CO2e Absolute (GHG wise) CO2: 11,416.74 t CO2e CH4: 47.77 t CO2e N2O: 81.80 t CO2e	13,192.67
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric tonnes of CO2 equivalent	0.86	0.92

**Note:** Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No assessment conducted by any external agency.

7. Does the entity have any project related to reducing greenhouse gas emission? If Yes, then provide details:

Firstsource is actively looking to contribute towards climate change solutions by adopting strategic measures and controls to minimise our impact. Although the environmental impacts of our operations are relatively small, Firstsource constantly looks for ways to innovate and reduce carbon footprint across the business.

Some of the key initiatives towards reducing Greenhouse gas emissions are as follows:

- Firstsource has been working towards reducing environmental consequences by creating data centres that are efficient and robust. Firstsource began identifying main emission sources and developing a decarbonisation framework for the Data Center, which is a major source of direct GHG emissions.

- Firstsource has taken energy efficiency initiatives such as implementation of motion-based LED lighting systems across facilities, raising the ambient air conditioner temperature by one degree Celsius, and rationalising chiller compressor utilisation. Apart from all these initiatives, as a part of our decarbonization plan Firstsource aims to use Renewable Electricity across it's facilities.
- Firstsource has introduced Electric Vehicles in it's fleet and are also in continuous conversations with it's landlords about installing EV charging stations within it's facilities.



## 8. Provide details related to waste management by the entity, in the following format:

Parameter (In GJ)	FY 2022-23	FY 2021-22
Total waste generated (in metric tonnes) reported in the final BRSR report		
Plastic waste (A)	0.2	0.008244
E-waste (B)	65.363	0.001882
Bio-medical waste (C)	0.00261	11.8
Construction and demolition waste (D)	520	-
Battery waste (E)	6.2	14.9
Radioactive waste (F)	Nil	-
Other Hazardous waste. Please specify, if any. (G)	Nil	-
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	Nil	-
<b>Total (A+B + C + D + E + F + G + H)</b>	<b>591.76</b>	<b>25.99</b>
The information for the previous year ended March 31, 2022 is not comparable with the current year ended March 31, 2023 on account of reopening of our offices post-Covid in FY23. Construction waste has also been reported since there is construction going on in FY22-23.		
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
<b>Category of waste</b>		
(i) Recycled	71.563	14.9
(ii) Re-used	Nil	-
(iii) Other recovery operations	Nil	0.008244
<b>Total</b>	<b>71.563</b>	<b>14.908</b>
<b>Category of waste</b>		
(i) Incineration	0.00261	11.08
(ii) Landfilling	520	-
(iii) Other disposal operations	0.2	0.001882
<b>Total</b>	<b>520.20261</b>	<b>11.081</b>

**Note:** Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No assessment has been carried out by any external agency

## 9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce the usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes:

Fistsource is an ISO 14001:2015 (Environmental Management System) certified organisation. Under the environmental management system, comprehensive waste management procedures are established and implemented. The 4Rs — refuse, reduce, reuse, and recycle — serve as the cornerstones of our waste management strategy. Being a technology Company, Fistsource produces e-waste, such as laptops, printers, scanners, batteries, air conditioners, laptops, computers, and other electronic hardware. Fistsource carefully monitors and manages its e-waste and make sure that it is either recycled, repaired, or repurposed through approved vendors when it reaches the end of its life.

Municipal Solid Waste is segregated into dry waste and wet waste within our facilities. Wet waste is used by the facilities directly or by NGOs to compost and produce manure, while dry waste is supplied to responsible recyclers.

Over the coming years, we aspire to fulfil the following:

- Continue to achieve “100% responsible disposal of electronic Waste (India Operations)”
- Implementation of Zero Waste to Landfill Program with our facilities

## 10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones, etc.) where environmental approvals/clearances are required, please specify details in the following format:

Not applicable. Fistsource is a technology based Company and we do not have operations in or around ecologically sensitive areas.

## 11. Details of Environmental Impact Assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Not applicable as no such projects have been undertaken by the entity.

**12. Is the entity compliant with the applicable environmental law/regulations/guidelines in India; such as the Water (prevention and control of pollution) Act, Air (prevention and control of pollution) Act, Environment Protection Act, and rules there under (Y/N). If not, provide details of all such non-compliances:**

Yes, Firstsource is fully compliant with all applicable Indian environmental laws/regulations/guidelines.

#### Leadership Indicators

**1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:**

Parameter (In Gigajoules)	FY 2022-2023	FY 2021-2022
<b>From renewable sources</b>		
Total electricity consumption (A)	11,271	6,851
Total fuel consumption (B)	Nil	-
Energy consumption through other sources (C)	Nil	-
Total energy consumed from renewable sources (A+B+C)	11,271	6,851
<b>From non-renewable sources</b>		
Total electricity consumption (D)	46,194	26,721
Total fuel consumption (E)	319	1,793
Energy consumption through other sources (F)	Nil	-
Total energy consumed from non-renewable sources (D+E+F)	46,513	28,514

**Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

No assessment by external agency

**2. Provide the following details related to water discharged:**

Parameter	FY 2022-2023	FY 2021-2022
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) To Surface water		Wastewater generated is treated in sewage treatment plants and reused for gardening, flushing, and HVAC cooling towers
- No treatment	-	
- With treatment - please specify level of treatment	-	
(ii) To Groundwater		
- No treatment	-	
- With treatment - please specify level of treatment	-	
(iii) To Seawater		
- No treatment	-	
- With treatment - please specify level of treatment	-	
(iv) Sent to third-parties		
- No treatment	100,192*	
- With treatment - please specify level of treatment		
- With treatment - please specify level of treatment		
(v) Others		
- No treatment		
- With treatment - please specify level of treatment		
<b>Total water discharged (in kilolitres)</b>	<b>100.192*</b>	

\*All the operational facilities of Firstsource are on lease in India, Landlords are responsible for wastewater treatment and disposal.

**Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

No assessment by external agency

### 3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility/plant located in areas of water stress, provide the following information:

(i) Name of the area

(ii) Nature of operations

(iii) Water withdrawal, consumption and discharge in the following format: Not Applicable

Parameter (In GJ)	FY 2022-23	FY 2021-22
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	Not applicable. Firstsource does not operate in water-stressed areas.	
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater/desalinated water		
(v) Others		
<b>Total volume of water withdrawal (in kilolitres)</b>		
<b>Total volume of water consumption (in kilolitres)</b>		
<b>Water intensity per rupee of turnover</b> (Water consumed/turnover)		
<b>Water intensity (optional)</b> - the relevant metric may be selected by the entity		
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) Into Surface water	Not applicable. Firstsource does not operate in water-stressed areas.	
- No treatment		
- With treatment - please specify level of treatment		
(ii) Into Groundwater		
- No treatment		
- With treatment - please specify level of treatment		
(iii) Into Seawater		
- No treatment		
- With treatment - please specify level of treatment		
(iv) Sent to third-parties		
- No treatment		
- With treatment - please specify level of treatment		
(v) Others		
- No treatment		
- With treatment - please specify level of treatment		
<b>Total water discharged (in kilolitres)</b>		

**Note:** Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No assessment by external agency

### 4. Please provide details of total Scope 3 emissions & their intensity:

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 3 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	13844.18 Absolute (GHG wise)	-
Total Scope 3 emissions per rupee of turnover	tCO <sub>2</sub> e/₹	1.03	-

We did not track Scope 3 data for India in FY22.

**Note:** Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No assessment has been carried out by any external agency.



**5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities:**

Not applicable. Firstsource does not conduct business in environmentally sensitive locations.

**7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/web link.**

Yes, Firstsource has a policy in place for a business continuity management system, allowing the Company to continue offering the best service to customers even if operations are disrupted to achieve strategic goals

Firstsource uses the PDCA (Plan, Do, Check, Act) method to identify potential threats to business continuity, and the BCM (Business Continuity Management) architecture adheres to the ISO 22301: 2019 standard framework. Firstsource regularly performs internal and external audits to identify potential threats and counter them with the help of effective controls. BCM team

works under the direction of a Global BCM leader who oversees all BCM initiatives. Each of the data centre has a “Crisis management steering committee” that serves as the initial point of contact for handling the situation in the event of a disruption.

Detailed “Business continuity management Policy” to be assessed through following link: <https://www.firstsource.com/wp-content/uploads/2023/01/BCMS-Policy-Ver.1.0.pdf>

**8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.**

No significant adverse impact to the environment is reported from value chain partners. A code of conduct is extended to value chain partners which covers the need for compliance with environmental regulations and environmental conservation. All new value chain partners are required to sign the CoC as part of the empanelment process. Firstsource has established a process to evaluate the top 20 critical value chain partners/vendors based on the business value through a third party who annually assesses them on environmental performance.

**9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

We recognise that our value chain partners are independent entities; however, their business practices and actions may impact on or reflect on our business.

In view of this, Firstsource evaluates the top 20 critical vendors based on the business value that accounts for 60% of the total procurement spend through a third party who annually assesses health and safety practices, environment, human rights, sexual harassment, child labour, forced labour/ involuntary labour and working conditions of value chain partners.

**Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

Being a member of several trade organisations and industry groups, Firstsource actively participates in forums to voice concerns, share initiatives as well as support programs and public policies that work towards safeguarding the interest of all stakeholders and communities. Firstsource demonstrates complete support for moral business practices, sustainability, social stability and respect for human rights as Firstsource pursues it’s policy advocacy work in collaboration with various trade and industry associations, governmental bodies and other similar platforms.

Our Code of Conduct has elements of ethical dealing in public platforms.

**Essential Indicators**

**1. a. Number of affiliations with trade and industry chambers/associations.**

Firstsource is a member of 5 trade and industry chambers/associations (NASSCOM, HYSEA, MBA, CSA, ALTA)

**b. List the top 10 trade and industry chambers/associations (determined based on the total members of such a body) the entity is a member of/affiliated to:**

S. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/associations (State/National)
1	National Association of Software and Service Companies (NASSCOM)	National
2	Hyderabad Software Enterprises Association (HYSEA)	National
3	Mortgage Bankers’ Association (MBA)	International
4	Credit Service Association (CSA)	International
5	American Land Title Association (ALTA)	International

**2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities:**

Name of authority	Brief of the case	Corrective action taken
Not applicable as there are no issues related to anti-competitive conduct.		

**Principle 8: Businesses should promote inclusive growth and equitable development**

Firstsource is committed to upholding social and civic obligations by engaging in socioeconomic activities that help the less fortunate. Firstsource wants to judiciously use our resources and position to improve the quality of life of local communities and marginalised groups in the society. Firstsource's CSR policy complies with Companies Act, 2013. Firstsource CSR Vision is to be a leading and socially responsible organisation empowering lives by providing access to healthcare facilities, education, skill development, livelihood opportunities to ensure inclusive growth for all.

**Essential Indicators****1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year:**

Name and brief details of project	SIA notification No.	Date of notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant web link
A third-party social impact assessment was conducted, covering key CSR projects implemented during financial year 2021-22 across thematic areas of education, environment, healthcare, empowerment and gender equality. Projects across geographical locations were evaluated on key parameters of efficiency, effectiveness and stakeholder participation.	NA*	NA*	Yes (Social Audit Network India)	Yes	<a href="https://www.firstsource.com/wp-content/uploads/2023/04/SIA-Report-Firstsource.pdf">https://www.firstsource.com/wp-content/uploads/2023/04/SIA-Report-Firstsource.pdf</a>

**2. Provide information on the project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity:**

S No.	Name of project for which R&R is ongoing	State	District	No. of project affected families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
Not applicable. Firstsource has not undertaken any projects for which Rehabilitation and Resettlement is being undertaken.						

**3. Describe the mechanisms to receive and redress grievances of the community:**

Firstsource has a mechanism in place to register grievances through its portal from NGOs/beneficiaries. All grievances are scrutinised and appropriately actioned by Corporate Social responsibility teams. Our CSR volunteers work closely with the community in areas of education, women empowerment, healthcare, environment and gender equality. The Company solicits frequent input from on-the-ground stakeholders in order to gauge involvement and satisfaction levels and to chronicle the transformation experience. Throughout the course of any CSR initiative, NGOs maintain regular contact with local communities.

**Volunteering program:** Our CSR Team and Employee volunteers work closely with the community in areas of education, women empowerment, healthcare, environment and gender equality in understanding their social problem and come out with feasible solutions to address them. Regular connects are made with volunteers across geographies to gather their feedback and experience of volunteering. Based on the suggestions received, we restructure the program for sustainable impact. Firstsource also has a mechanism in place where our volunteers and stakeholders such as NGO partners, supported organisations and beneficiaries shall register grievances if any to [Community.Outreach@firstsource.com](mailto:Community.Outreach@firstsource.com) or to the location HR/CSR team. All grievances are scrutinised and appropriately actioned by Corporate Social responsibility teams

**4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/small producers	16%	Firstsource has not segregated its spending across local and MSME procurement
Sourced directly from within the district and neighbouring districts	97.40%	

**1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Details of negative social impact identified	Corrective action taken
No negative social impact has been identified in social impact assessment.	Not applicable

**2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

Sr. no	Aspirational District	State Name	Amount Spent
1	Osmanabad	Maharashtra	0.78 million

**3.**

**(a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised/vulnerable groups? (Yes/No)**

Yes. Firstsource has preferential procurement policy under [Sustainable supply chain policy](#). Firstsource's vision is to institutionalise Supplier Diversity in all contracting and procurement initiatives within Firstsource to promote, increase, and improve the participation of minority-owned, woman-owned, disadvantaged-owned, LGBTQIA+ owned, veteran-owned, HUBZone, and small businesses.

**(b) From which marginalised/vulnerable groups do you procure?**

To promote local economic growth, Firstsource provides preference to local vendors such as minority-owned, woman-owned and disadvantaged-owned businesses in India.

**(c) What percentage of total procurement (by value) does it constitute?**

Procurement from the marginalised/vulnerable groups constitute from 19.5% of total procurement.

**4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

Not Applicable

**5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved:**

Not Applicable (no IPR related disputes have arisen in the last financial year)

**6. Details of beneficiaries of CSR projects:**

Sr. no	CSR Projects	No. of persons benefited from CSR projects	% of beneficiaries from vulnerable and marginalised groups
1	FSP (Firstsource Scholarship Program) to support scholars across pan India	12	100%
2	Digital Classroom setup for students from Govt. schools, Maharashtra	98	100%
3	Agroforestry to support farmers from Karnataka	70	100%
4	Dignity For Work to support rural community from Maharashtra	3,750	100%
5	Women Artisans program to empower rural women in Madhya Pradesh	176	100%
6	Technology Skilling Project to support unemployed youth from West Bengal	175	100%
7	Medical Camp & Tele ICU setup to support rural healthcare centres of Telangana	3,025	100%
8	Employment Van to empower underprivileged youth of Telangana	270	100%
9	Urban Forest creation to improve green cover in Tamil Nadu	Cannot be ascertained	NA



10	Ahilya Van Afforestation Project to improve green cover in Madhya Pradesh	Cannot be ascertained	NA
11	Annie Smart Lab to support visually challenged students in Telangana and Maharashtra	202	100%
12	Sanitary Napkin Project to empower rural women in Tamil Nadu	30	100%
13	Cataract Surgery to support underprivileged community in Maharashtra	200	100%
14	Solar Water Heater Installation to support villagers in Jammu and Kashmir	30	100%

### Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner

Firstsource continually seeks to innovate and improve customer experience and the feedback from our clients and customers stand significant to us. Firstsource considers customer input as our top priority and Firstsource incorporates such feedback with ongoing efforts to strengthen our current position and boost the level of user satisfaction with the services we offer. We are certified in accordance with leading international standards such as PCI DSS, ISO 27001:2013, HITRUST. We also adhere to various statutory and regulatory compliance standards to ensure the confidentiality, integrity and availability of data that is provided to each of our clients.

#### Essential Indicators

##### 1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback:

At every level, Firstsource treats client concerns with utmost consideration. Firstsource has robust mechanisms in place to receive complaints from customers and provide speedy resolution. Firstsource ensures that grievances are addressed in accordance with applicable laws and Firstsource policies. Once a client registers a grievance, they receive communication from [grs@firstsource.com](mailto:grs@firstsource.com). Turn-around time (TAT) for closure of a grievance will vary depending on the severity and complexity of the grievance raised. The estimated time frame for the resolution is approximately fifteen (15) working days from the day of receiving the complaint unless the grievance owner requests for an extension in the timeline depending on the complexity of the grievance. In this case, an extension can be provided for another 15 days. All cases will be tracked for closure and reported by the convener.

##### 2. Turnover of products and/or services as a percentage of turnover from all products/services that carry information about:

	As a % to total turnover
Environmental and social parameters relevant to the product	Not applicable. Firstsource is a Business Process Management (BPM) company and does not manufacture any products.
Safe and responsible usage	
Recycling and/or safe disposal	Firstsource's Environment footprint is briefly disclosed on it's website.

##### 3. Number of consumer complaints in respect of the following:

	FY 2022-23		Remarks	FY 2021-22		Remarks
	Receive during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	0	No cases of Data privacy in India	0	0	No cases of Data privacy in India
Advertising			NA to Firstsource			
Cyber-security	0	0	No Complaints received	0	0	No Complaints received
Delivery of essential services	0	0	No Complaints received	0	0	No Complaints received
Restrictive trade practices	0	0	No Complaints received	0	0	No Complaints received
Unfair trade practices	0	0	No Complaints received	0	0	No Complaints received
Other	0	0	No Complaints received	0	0	No Complaints received

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for Recall
Voluntary Recalls	Not applicable. Firstsource is a Business Process Management (BPM) Company and does not manufacture any products.	
Forced Recalls		

5. Does the entity have a framework/policy on cyber security and risks related to data privacy? If available, provide a web link to the policy:

Yes. Firstsource is committed towards protecting the data of customers and all its employees and we do so by following strict provisions outlined in the Global Cyber Security policy and our Data Privacy policy.

Link to the Global Cyber Security policy: [Click here](#)

Link to Data Privacy policy: [Click here](#)

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/ action taken by regulatory authorities on the safety of products/services:

Disclosed cyber security incident was reported by an employee who received an email from an unknown domain. Firstsource’s IT team had investigated the incident and found it to be a legitimate domain. However, Firstsource has gone ahead and blocked the domain type due to which no email from such domain will be received in future.

Leadership Indicators

1. Channels/platforms where information on products and services of the entity can be accessed:

All information related to our services are mentioned on the Company’s website. [Click here](#)

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services:

Not applicable to Firstsource, as we do not offer product/services entitled for safe and responsible use.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services:

Firstsource understands the importance of providing uninterrupted services to our clients/customers and we have several measures in place to ensure the same. Firstsource’s Business Continuity Planning and Disaster Recovery solutions have been developed in accordance with industry standards ISO 27001 and 22301 aligned to the Business Continuity Management System (BCMS).

The BCMS policy can be found here: [BCMS policy](#)

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable):

Not applicable to Firstsource as we are not in the product manufacturing sector.

5. Provide the following information relating to data breaches:

- a. Number of instances of data breaches along-with impact: Nil
- b. Percentage of data breaches involving personally identifiable information of customers: Nil



## Financial Statements

182	Consolidated Financial Statements
233	Standalone Financial Statements



# 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 March 31, 2023, 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, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the ‘consolidated financial statements’)

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the ‘Act’) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (‘Ind AS’), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, 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.

Sr. No.	Key Audit Matter	Auditor's Response
1.	<p><b><u>Revenue recognition and measurement in respect of un-invoiced amounts</u></b></p> <p><b><u>(Refer Note 9 of the Consolidated Financial Statements)</u></b></p> <p>The Group, in its contracts with customers, promises to transfer distinct services (‘performance obligations’) to its customers which may be rendered in the form of customer management, transaction processing (including revenue cycle management in the healthcare industry) and debt collection services. Revenue is recognised based on the pattern of benefits from the performance obligations to the customer in an amount that reflects the consideration received or expected to be received in exchange for the services (‘transaction price’). The agreed contractual terms for service deliveries that are based on unit-of-work, time and material or a specified contingency (such as recovery of dues or disbursement of loans) adjusted for rebates, volume discounts, incentives or penalties (‘variable consideration’). At each reporting date, revenue is accrued for work performed that may not have been invoiced. Identifying whether 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><b><u>Principal audit procedures performed</u></b></p> <p>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.</p> <p>b) We tested the design and operating effectiveness of management’s key controls in collating the units of services delivered and in the application of accurate prices for each of such services for a sample of the un-invoiced revenue entries, which included testing of access and change management controls exercised in respect of related information systems.</p> <p>c) We have tested a sample of un-invoiced revenue entries with reference to the reports from the information system that record the inputs relating to the services delivered to confirm the units of services delivered and contractual rates for the application of appropriate price for each of services. We also tested the adjustments on account of volume discounts and committed service levels of performance. With regard to incentives, our tests were focused to ensure that accruals were restricted to only those items where contingencies were minimal.</p>

Sr. No.	Key Audit Matter	Auditor's Response
		<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 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 have reviewed the delivery and collection history of customers against whose contracts un-invoiced revenue is recognized.</p> <p>g) 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><u>Impairment of the carrying value of goodwill on consolidation</u></b>  <b><u>(Refer Note 5 of the Consolidated Financial Statements)</u></b></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 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 ₹29,449.76 million as at March 31, 2023 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><b><u>Principal audit procedures performed</u></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 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><u>Assessment of recoverability of Minimum Alternate Tax ('MAT') Credit for Special Economic Zone ('SEZ') units</u></b>  <u>(Refer Note 18 of the Consolidated Financial Statements)</u></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 ₹ 2,348.93 million.</p> <p>The Company's evaluation of the recoverability of deferred tax asset in respect of MAT credit requires Management to make significant estimates and assumptions related to forecasts of future taxable profits. Also, a significant portion of the Company's profits in the past have arisen from export of services from delivery centers set up in Special Economic Zones ('SEZs'). Export profits derived from SEZs are entitled to a 100% deduction in determining the total taxable income for the first five years. The deduction is reduced to 50% for the next ten years (subject to meeting certain additional conditions in the last five years).</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>	<p><b><u>Principal audit procedures performed</u></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> <ol style="list-style-type: none"> <li>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</li> <li>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.</li> <li>We performed sensitivity analysis on the key assumptions to assess their impact on the Company's determination that the MAT was realizable.</li> </ol>

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

- The Parent'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 it's associate, is traced from their unaudited financial information certified by the Board of Directors of the Company.

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

#### 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 Ind AS and other accounting principles generally accepted in India. 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 Management 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 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 also responsible for overseeing the financial reporting process of the Group and of its associate.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls 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 control that we identify during our audit.

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

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

### OTHER MATTERS

The consolidated financial statements also include the Group's share of net profit of ₹Nil million (less than ₹0.01 million) for the year ended March 31, 2023, 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 relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- 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 Parent as on March 31, 2023 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 March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls 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.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion

and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate - Refer Note 31 to the consolidated financial statements;
  - (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 - Refer Note 16 and 32 to the consolidated financial statements;
  - (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 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 subsidiaries which are companies 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.

- (v) The amount of dividend is in accordance with Section 123 of the Act.
- 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) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable w.e.f. April 01, 2023 to the Company and its subsidiaries and associate which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

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 Parent 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:

Name of the company	CIN	Nature of relationship
Nanobi Data and Analytics Private Limited	U72200KA2012PTC062235	Associate

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

**Place:** Mumbai,  
**Date:** May 04, 2023

**SANJIV V. PILGAONKAR**  
Partner  
(Membership No. 39826)  
(UDIN: 23039826BGXRZF6700)

# 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 March 31, 2023.

### 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 March 31, 2023, 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.

**Place:** Mumbai,  
**Date:** May 04, 2023

## 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: 23039826BGXRZF6700)



# Consolidated Balance Sheet

As at March 31, 2023

(₹ in million)

Particulars	Note	March 31, 2023	March 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3(i)	1,739.26	2,284.73
Capital work-in-progress	3(ii)	34.24	-
Right-of-use assets	4	4,958.29	6,757.79
Goodwill on consolidation	5(i)	29,449.76	27,207.95
Other intangible assets	5(ii)	1,015.09	1,185.94
Intangible assets under development	5(iii)	-	29.34
Investment in associate accounted for using the equity method		0.07	0.07
<b>Financial assets</b>			
Investments	6(i)	115.59	114.58
Other financial assets	7(i)	488.40	529.01
Deferred tax assets	18	2,948.06	2,817.84
Income tax assets (net)	18	786.49	794.10
Others non-current assets	8(i)	1,025.95	1,153.86
<b>Total non-current assets</b>		<b>42,561.20</b>	<b>42,875.21</b>
<b>Current assets</b>			
<b>Financial assets</b>			
Investments	6(ii)	595.50	1,185.38
Trade receivables	9		
- Billed		6,800.47	6,446.25
- Unbilled		3,584.40	3,159.06
Cash and cash equivalents	10	1,515.40	828.20
Other balances with banks	11	40.14	70.14
Other financial assets	7(ii)	39.80	536.21
Other current assets	8(ii)	1,506.78	1,986.46
<b>Total current assets</b>		<b>14,082.49</b>	<b>14,211.70</b>
<b>Total assets</b>		<b>56,643.69</b>	<b>57,086.91</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	6,969.91	6,969.91
Other equity	12A	26,698.54	23,359.53
<b>Total equity attributable to equity holders of the Company</b>		<b>33,668.45</b>	<b>30,329.44</b>
Non - controlling interest		3.50	3.69
<b>Total equity</b>		<b>33,671.95</b>	<b>30,333.13</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Long term borrowings	13(i)	1,393.66	2,733.02
Lease liabilities		4,467.15	6,253.53
Other financial liabilities	15(i)	181.38	1,321.54
Provisions	16(i)	137.03	137.46
Deferred tax liabilities	18	1,195.98	959.02
<b>Total non-current liabilities</b>		<b>7,375.20</b>	<b>11,404.57</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	13(ii)	6,876.10	7,363.60
Trade payables	14	2,314.46	1,780.59
Lease liabilities		1,194.69	1,486.89
Other financial liabilities	15(ii)	3,555.99	3,346.45
Other current liabilities	17	828.87	838.31
Provisions	16(ii)	826.43	527.47
Provision for income tax (net)	18	-	5.90
<b>Total current liabilities</b>		<b>15,596.54</b>	<b>15,349.21</b>
<b>Total equity and liabilities</b>		<b>56,643.69</b>	<b>57,086.91</b>

## Significant accounting policies

The accompanying notes from 1 to 34 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

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

Sanjiv V. Pilgaonkar  
Partner  
Membership No: 39826

Dr Sanjiv Goenka  
Chairman  
(DIN 00074796)

Shashwat Goenka  
Vice-Chairman  
(DIN 03486121)

Sunil Mitra  
Director  
(DIN 00113473)

Pradip Kumar Khaitan  
Director  
(DIN 00004821)

Utsav Parekh  
Director  
(DIN 00027642)

Pratip Chaudhuri  
Director  
(DIN 00915201)

Pooja Nambiar  
Company Secretary

Vipul Khanna  
MD and CEO  
(DIN 00889710)

Subrata Talukdar  
Director  
(DIN 01794978)

Anjani K. Agrawal  
Director  
(DIN 08579812)

Vanita Uppal  
Director  
(DIN 07286115)

Dinesh Jain  
President & CFO

Mumbai  
May 04, 2023

Mumbai  
May 04, 2023

# Consolidated Statement of Profit and Loss

For the year ended March 31, 2023

(₹ in million)

Particulars	Note	Year ended	
		March 31, 2023	March 31, 2022
<b>INCOME</b>			
Revenue from operations	19	60,223.18	59,211.53
Other income, (net)	20	1,308.50	5.55
<b>Total income</b>		<b>61,531.68</b>	<b>59,217.08</b>
<b>EXPENSES</b>			
Employee benefit expenses	21	38,674.81	39,467.57
Finance costs	22	789.70	639.39
Depreciation and amortization expenses	3(i),4&5(ii)	2,631.70	2,493.73
Other expenses	23	13,283.32	10,145.38
<b>Total expenses</b>		<b>55,379.53</b>	<b>52,746.07</b>
<b>Profit before tax and share in net profit / (loss) of associate</b>		<b>6,152.15</b>	<b>6,471.01</b>
Share in net profit of associate		-	-
<b>Profit before tax</b>		<b>6,152.15</b>	<b>6,471.01</b>
<b>Tax expenses</b>			
Current tax	18	657.63	741.55
Deferred tax	18	357.40	364.16
<b>Profit for the year</b>		<b>5,137.12</b>	<b>5,365.30</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		36.34	20.89
<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		(464.28)	146.26
Deferred tax on items that will be reclassified to statement of profit and loss		75.58	(29.23)
Exchange difference on translation of foreign operations		1,633.58	674.32
<b>Total other comprehensive income, net of taxes</b>		<b>1,281.22</b>	<b>812.24</b>
<b>Total comprehensive income for the year</b>		<b>6,418.34</b>	<b>6,177.54</b>
<b>Profit attributable to:</b>			
Owners of the Company		5,137.20	5,373.74
Non - controlling interest		(0.08)	(8.44)
		<b>5,137.12</b>	<b>5,365.30</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		6,418.53	6,187.58
Non - controlling interest		(0.19)	(10.04)
		<b>6,418.34</b>	<b>6,177.54</b>
<b>Earning per equity share</b>			
Weighted average number of equity shares outstanding during the year			
- Basic	30	680,585,300	680,124,130
- Diluted	30	701,660,739	705,501,744
<b>Earning per equity share</b>			
- Basic	30	7.55	7.90
- Diluted	30	7.32	7.62

## Significant accounting policies

The accompanying notes from 1 to 34 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

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

**Sanjiv V. Pilgaonkar**  
Partner  
Membership No: 39826

**Dr Sanjiv Goenka**  
Chairman  
(DIN 00074796)

**Shashwat Goenka**  
Vice-Chairman  
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**Sunil Mitra**  
Director  
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**Pradip Kumar Khaitan**  
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**Pooja Nambiar**  
Company Secretary

**Vipul Khanna**  
MD and CEO  
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**Vanita Uppal**  
Director  
(DIN 07286115)

**Dinesh Jain**  
President and CFO

Mumbai  
May 04, 2023

Mumbai  
May 04, 2023

## Consolidated Statement of Changes in Equity

As at and for the year ended March 31, 2023

	Equity share capital	Attributable to owners of the Company									Total	Attributable to Non-controlling interest	Total equity
		Share application money pending allotment	Reserve and Surplus					Items of other comprehensive income					
			Treasury shares	Special Economic Zone re-investment reserve	Securities premium	Other reserve	Retained earnings	Employee stock option reserve	Effective portion of cash flow hedges	Exchange differences on translating the financial statements of a foreign operation/ subsidiaries			
Balance as at April 01, 2022	6,969.91	-	(1,198.25)	-	2,251.22	30.41	15,524.68	514.33	299.62	5,937.52	30,329.44	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)
Other comprehensive income for the year (Net of tax)	6,969.91	-	(1,198.25)	-	2,251.22	30.41	14,741.27	514.33	299.62	5,937.52	29,546.03	3.69	29,549.72
Profit for the year	-	-	-	-	-	-	36.34	-	(388.70)	1,633.69	1,281.33	(0.11)	1,281.22
Dividend, net	-	-	-	-	-	-	5,137.20	-	-	-	5,137.20	(0.08)	5,137.12
Share based payment	-	-	-	-	-	-	(2,384.45)	-	-	-	(2,384.45)	-	(2,384.45)
Treasury shares, net	-	-	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)	-	-	-	-	-
Balance at the end of March 31, 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

# Consolidated Statement of Changes in Equity

As at and for the year ended March 31, 2023

	Equity share capital	Attributable to owners of the Company								Total	Attributable to Non-controlling interest	Total equity	
		Share application money pending allotment	Reserves and Surplus					Items of other comprehensive income					
			Treasury shares	Special Economic Zone re-investment reserve	Securities premium	Other reserve	Retained earnings	Employee stock option reserve	Effective portion of cash flow hedges				Exchange differences on translating the financial statements of a foreign operation/ subsidiaries
Balance as at April 01, 2021	6,960.99	0.41	(742.16)	-	2,205.15	30.41	13,810.25	283.63	182.59	5,261.60	27,992.87	5.39	27,998.26
Other comprehensive income for the year (Net of tax)	-	-	-	-	-	-	20.89	-	117.03	675.92	813.84	(1.60)	812.24
Purchase of Non-controlling Interest in a subsidiary	-	-	-	-	-	-	(1,324.39)	-	-	-	(1,324.39)	8.34	(1,316.05)
Profit for the year	-	-	-	-	-	-	5,373.74	-	-	-	5,373.74	(8.44)	5,365.30
Dividend, net	-	-	-	-	-	-	(2,383.96)	-	-	-	(2,383.96)	-	(2,383.96)
Share based payment	-	-	-	-	-	-	-	320.00	-	-	320.00	-	320.00
Issue of equity share on exercise of option	8.92	(0.41)	-	-	46.07	-	-	(17.26)	-	-	37.32	-	37.32
Treasury shares, net	-	-	(456.09)	-	-	-	22.16	(66.05)	-	-	(499.98)	-	(499.98)
Transfer to Special Economic Zone re-investment reserve	-	-	-	22.20	-	-	(22.20)	-	-	-	-	-	-
Utilised from Special Economic Zone re-investment reserve	-	-	-	(22.20)	-	-	22.20	-	-	-	-	-	-
Transfer to retained earning for options forfeited	-	-	-	-	-	-	5.99	(5.99)	-	-	-	-	-
Balance at the end of the March 31, 2022	6,969.91	-	(1,198.25)	-	2,251.22	30.41	15,524.68	514.33	299.62	5,937.52	30,329.44	3.69	30,333.13

As per our report of even date attached.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

**Sanjiv V. Pilgaonkar**

Partner

Membership No: 39826

**Dr Sanjiv Goenka**

Chairman

(DIN 00074796)

**Shashwat Goenka**

Vice-Chairman

(DIN 03486121)

**Sunil Mitra**

Director

(DIN 00113473)

**Pooja Nambiar**

Company Secretary

May 04, 2023

Mumbai

May 04, 2023

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

**Vipul Khanna**

MD and CEO

(DIN 00889710)

**Subrata Talukdar**

Director

(DIN 01794978)

**Vanita Uppal**

Director

(DIN 07286115)

**Pratip Chaudhuri**

Director

(DIN 00915201)

**Pradip Kumar Khaitan**

Director

(DIN 00004821)

**Pratip Chaudhuri**

Director

(DIN 00915201)



# Consolidated Cash Flow Statement

For the year ended March 31, 2023

(₹ in million)

Particulars	Year ended	
	March 31, 2023	March 31, 2022
<b>Cash flow from operating activities</b>		
Net profit before taxation and non controlling interest	6,152.15	6,471.01
Adjustments for		
Depreciation and amortization	2,631.70	2,493.73
Allowance for expected credit loss/ bad debts written-off, net	185.36	77.95
Loss on sale of property, plant and equipment, net	7.20	3.10
Foreign exchange (gain), net unrealized	(51.44)	(105.16)
Finance costs	789.70	639.39
Interest income	(10.34)	(4.74)
Adoption of amendment to Ind AS 37	(758.51)	-
Profit on sale/redemption of investments	(47.54)	(30.37)
Fair value and other adjustments, net	(1,285.03)	-
Employee stock compensation expense	227.92	320.00
<b>Operating cash flow before changes in working capital</b>	<b>7,841.17</b>	<b>9,864.91</b>
<b>Changes in working capital</b>		
Increase in trade receivables	(964.92)	(457.28)
Decrease / (Increase) in loans and advances and other assets	708.07	(22.39)
Increase / (decrease) in liabilities and provisions	1,021.83	(1,404.80)
<b>Net changes in working capital</b>	<b>764.98</b>	<b>(1,884.47)</b>
Income taxes paid	(655.92)	(944.86)
<b>Net cash generated from operating activities (A)</b>	<b>7,950.23</b>	<b>7,035.58</b>
<b>Cash flow from investing activities</b>		
Purchase of current investments	(14,556.92)	(16,021.71)
Proceeds from sale of current investments	15,194.34	15,694.40
Payment towards acquisition of business	-	(5,067.14)
Interest income received	10.34	4.74
Purchase of property, plant and equipment	(536.22)	(850.30)
Proceeds from sale of property, plant and equipment	21.99	121.27
Capital advances refunded	-	185.92
Earmarked balances with banks	30.00	(12.96)
<b>Net cash generated from / (used in) investing activities (B)</b>	<b>163.53</b>	<b>(5,945.78)</b>
<b>Cash flow from financing activities</b>		
(Repayment) / Proceeds from short term borrowings	(1,976.69)	2,442.74
Proceeds from long term borrowings	50.49	3,008.05
Repayment of long term borrowings	(424.96)	(1,546.16)
Interest paid on lease liabilities and others	(787.42)	(580.44)
Purchase of treasury shares, net	(139.58)	(462.66)
Purchase of non controlling interest in subsidiary	(276.40)	(887.28)
Payment of lease liabilities	(1,494.81)	(1,169.90)
Dividend paid, net	(2,384.45)	(2,383.96)
<b>Net cash used in financing activities (C)</b>	<b>(7,433.82)</b>	<b>(1,579.61)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>679.94</b>	<b>(489.81)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>828.20</b>	<b>1,316.16</b>
<b>Foreign exchange gain on translating Cash and cash equivalents</b>	<b>7.26</b>	<b>1.85</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,515.40</b>	<b>828.20</b>

# Consolidated Cash Flow Statement

For the year ended March 31, 2023

## 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:

Particulars	(₹ in million)	
	March 31, 2023	March 31, 2022
Balances with banks		
- in current accounts	1,648.53	956.04
	1,648.53	956.04
Less: Current account balances held in trust for customers	133.13	127.84
<b>Cash and cash equivalents</b>	<b>1,515.40</b>	<b>828.20</b>

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

Particulars	(₹ in million)				
	As at March 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
<b>Total Liabilities from financing activities</b>	<b>10,096.62</b>	<b>50.49</b>	<b>(2,401.65)</b>	<b>524.30</b>	<b>8,269.76</b>

## Reconciliation of liabilities from financing activities for the year ended March 31, 2022

Particulars	(₹ in million)				
	As at March 31, 2021	Proceeds	Repayment	Effects of change in Foreign exchange	As at March 31, 2022
Long Term Borrowings	1,677.61	3,008.05	(1,546.16)	7.31	3,146.81
Short Term Borrowings	4,367.13	2,442.74	-	139.94	6,949.81
<b>Total Liabilities from financing activities</b>	<b>6,044.74</b>	<b>5,450.79</b>	<b>(1,546.16)</b>	<b>147.25</b>	<b>10,096.62</b>

As per our report of even date attached.  
For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
Firm's Registration No: 117366W/W-100018

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

**Sanjiv V. Pilgaonkar**  
Partner  
Membership No: 39826

**Dr Sanjiv Goenka**  
Chairman  
(DIN 00074796)

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(DIN 07286115)

Mumbai  
May 04, 2023

Mumbai  
May 04, 2023

**Pooja Nambiar**  
Company Secretary

**Dinesh Jain**  
President & CFO

# Notes to the Consolidated Financial Statements

As at and for the year ended March 31, 2023

## 1. COMPANY OVERVIEW

Firstsource Solutions Limited ('the Company') (Corporate Identification Number (CIN) : L64202MH2001PLC134147) was incorporated on December 06, 2001. The Company is engaged in the business of providing customer management services like contact center, transaction processing and debt collection services including revenue cycle management in the healthcare industry.

The Company is a public limited company incorporated and domiciled in India having registered office at Mumbai, Maharashtra, India. The Company is listed on the Bombay Stock Exchange and National Stock Exchange in India.

The Company with its subsidiaries and controlled trusts is herein referred to as 'the Group'.

These consolidated financial statements are approved for issue by the Board of Directors on May 04, 2023.

### 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

# Notes to the Consolidated Financial Statements

As at and for the year ended March 31, 2023

Entities	Country of incorporation and other particulars	Percentage of holding by voting rights	Year of consolidation
PatientMatters, LLC (PM)	A subsidiary of Firstsource Solutions USA LLC incorporated in the state of Delaware, USA.	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 Solutions Jamaica Limited	A subsidiary of FG US, incorporated in the state of Jamaica (incorporated w.e.f. April 13, 2022)	100%	2022-2023
Firstsource Employee Benefit Trust	A trust of Firstsource Solutions Limited, incorporated under the laws of India.	100%	2019-2020
Nanobi Data and Analytics Private Limited (Nanobi)	Associate of the Company.	21.79%	2016-2017

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 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.



# Notes to the Consolidated Financial Statements

As at and for the year ended March 31, 2023

## b. Business combinations and intangible assets

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

## c. Property, plant and equipment

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

## d. Impairment of goodwill

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

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

## e. Leases

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

periods is reassessed to ensure the lease term reflects the current economic circumstances.

## 2.3 Revenue recognition

The Group, in its contracts with customers, promises to transfer distinct services rendered either in the form of customer management, healthcare (transaction processing and revenue cycle management) or collection.

Each distinct service, results in as simultaneous benefit to the corresponding customer. Also, the Group has an 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.

## 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

# Notes to the Consolidated Financial Statements

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property, plant and equipment is provided pro-rata to the period of use based on management's best estimate of useful lives of the assets as summarized below:

Asset category	Useful life (in years)
<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.

## 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

# Notes to the Consolidated Financial Statements

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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.

### 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

# Notes to the Consolidated Financial Statements

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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.

## 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.



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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.

## 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. However, trade receivables with no significant financing component are measured at transaction price.

# Notes to the Consolidated Financial Statements

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## 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.

### 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

# Notes to the Consolidated Financial Statements

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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 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.

## 2.21 Recent accounting pronouncements

On March 31, 2023, the Ministry of Company Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2023 effective for annual periods beginning on or after April 01, 2023 which include amendments / clarifications in the following accounting standards applicable to the Group:

- a) Ind AS 1 – Presentation of Financial Statements
- b) Ind AS 8 – Accounting policies, Changes in Accounting Estimates and Errors
- c) Ind AS 12 – Income Taxes

The effect of application of these amendments / clarifications on the consolidated financial statements of the Group is expected to be insignificant.

# Notes to the Consolidated Financial Statements

As at March 31, 2023

## 3. (I) PROPERTY, PLANT AND EQUIPMENT

(₹ in million)

	Tangible assets						Total
	Leasehold improvements	Computers	Service equipment	Office equipment	Furniture and fixture	Vehicles	
<b>Gross block</b>							
<b>As at April 01, 2022</b>	2,498.09	2,507.40	868.70	1,208.98	404.57	-	7,487.74
Additions / adjustments during the year	138.43	64.91	12.59	117.02	17.32	-	350.27
Deletions during the year	(414.14)	(192.75)	(260.71)	(51.79)	(67.93)	-	(987.32)
Foreign exchange on translation	48.47	94.74	3.05	29.99	14.87	-	191.12
<b>As at March 31, 2023</b>	2,270.85	2,474.30	623.63	1,304.20	368.83	-	7,041.81
<b>Accumulated depreciation / amortization</b>							
<b>As at April 01, 2022</b>	1,359.12	1,880.77	690.77	926.92	345.43	-	5,203.01
Charge for the year	422.69	294.84	39.77	115.41	16.23	-	888.94
On deletions / adjustments during the year	(354.83)	(188.41)	(254.46)	(48.66)	(67.21)	-	(913.57)
Foreign exchange on translation	24.70	69.14	0.43	16.41	13.49	-	124.17
<b>As at March 31, 2023</b>	1,451.68	2,056.34	476.51	1,010.08	307.94	-	5,302.55
<b>Net block</b>							
<b>As at March 31, 2023</b>	819.17	417.96	147.12	294.12	60.89	-	1,739.26
As at March 31, 2022	1,138.97	626.63	177.93	282.06	59.14	-	2,284.73

(₹ in million)

	Tangible assets						Total
	Leasehold improvements	Computers	Service equipment	Office equipment	Furniture and fixture	Vehicles	
<b>Gross block</b>							
<b>As at April 01, 2021</b>	2,409.37	3,141.06	1,344.87	1,284.31	786.99	4.17	8,970.77
Additions / adjustments during the year	458.70	200.89	23.98	137.09	6.42	-	827.08
Additions / adjustments on acquisitions	27.31	-	-	-	-	-	27.31
Deletions during the year	(386.81)	(826.16)	(504.87)	(224.22)	(396.30)	(4.29)	(2,342.65)
Foreign exchange on translation	(10.48)	(8.39)	4.72	11.80	7.46	0.12	5.23
<b>As at March 31, 2022</b>	2,498.09	2,507.40	868.70	1,208.98	404.57	-	7,487.74
<b>Accumulated depreciation / amortization</b>							
<b>As at April 01, 2021</b>	1,423.77	2,304.97	1,134.80	1,045.94	703.16	4.03	6,616.67
Charge for the year	329.87	307.58	49.74	94.13	31.96	-	813.28
On deletions / adjustments during the year	(384.65)	(713.23)	(497.48)	(223.03)	(395.74)	(4.15)	(2,218.28)
Foreign exchange on translation	(9.87)	(18.55)	3.71	9.88	6.05	0.12	(8.66)
<b>As at March 31, 2022</b>	1,359.12	1,880.77	690.77	926.92	345.43	-	5,203.01
<b>Net block</b>							
<b>As at March 31, 2022</b>	1,138.97	626.63	177.93	282.06	59.14	-	2,284.73
As at March 31, 2021	985.60	836.09	210.07	238.37	83.83	0.14	2,354.10

## (ii) Capital work-in-progress

(₹ in million)

	March 31, 2023	March 31, 2022
Capital work-in-progress	34.24	-
	34.24	-

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



# Notes to the Consolidated Financial Statements

As at March 31, 2023

## 4. LEASES

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

(₹ in million)

	As at April 01, 2022	Assets acquired on acquisition	Addition during the year	Deletions during the year	Depreciation for the year	Foreign exchange on translation	Net Carrying value as at 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
	6,757.79	-	282.95	(963.94)	(1,278.40)	159.89	4,958.29

(₹ in million)

	As at April 1, 2021	Assets acquired on acquisition	Addition during the year	Deletions during the year	Depreciation for the year	Foreign exchange on translation	Net carrying value as at March 31, 2022
Leasehold properties	5,088.19	685.36	2,260.09	(149.99)	(1,281.95)	72.35	6,674.05
Service equipment	37.39	-	77.98	-	(34.34)	1.21	82.24
Vehicles	6.00	-	-	-	(4.50)	-	1.50
Software	1.36	-	-	-	(1.36)	-	-
	5,132.94	685.36	2,338.07	(149.99)	(1,322.15)	73.56	6,757.79

Rent includes expense towards short term lease payments amounting to ₹ 119.65 (March 31, 2022: ₹ 22.78), expense towards low value leases assets amounting to ₹ 616.47 (March 31, 2022: ₹ 485.18) and common area maintenance charges for leased properties amounting to ₹ 240.29 (March 31, 2022: ₹ 347.59) during the year ended March 31, 2023.

## 5. (I) GOODWILL ON CONSOLIDATION

(₹ in million)

	Healthcare	Collection	Customer management	Mortgage	Total
Gross carrying value as on April 01, 2021	17,558.59	2,190.97	1,526.52	671.55	21,947.63
Addition during the year	-	2,863.36	-	1,530.16	4,393.52
Effect of translation adjustment	639.92	136.53	37.19	53.16	866.80
Gross carrying value as on March 31, 2022	18,198.51	5,190.86	1,563.71	2,254.87	27,207.95
Effect of translation adjustment	1,529.25	436.78	88.44	187.34	2,241.81
Gross carrying value as on March 31, 2023	19,727.76	5,627.64	1,652.15	2,442.21	29,449.76

The estimated value-in-use of the CGUs is based on the future cash flows using a long-term average growth rate of 0%-6% and discount rate of 13.5%-15%. 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.

# Notes to the Consolidated Financial Statements

As at March 31, 2023

## (II) OTHER INTANGIBLE ASSETS

(₹ in million)

	Domain name	Software	Process know-how	Customer contracts	Total
<b>Gross block</b>					
<b>As at April 01, 2022</b>	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
<b>As at March 31, 2023</b>	6.72	1,870.33	54.95	1,212.78	3,144.78
<b>Accumulated depreciation / amortization</b>					
<b>As at April 01, 2022</b>	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
<b>As at March 31, 2023</b>	6.72	1,542.79	54.95	525.23	2,129.69
<b>Net block</b>					
<b>As at March 31, 2023</b>	-	327.54	-	687.55	1,015.09
As at March 31, 2022	-	302.73	-	883.21	1,185.94

(₹ in million)

	Domain name	Software	Process know-how	Customer contracts	Total
<b>Gross block</b>					
<b>As at April 1, 2021</b>	6.72	1,952.24	54.47	213.39	2,226.82
Additions / adjustments during the year	-	93.06	-	-	93.06
Assets acquired on acquisition	-	-	-	885.35	885.35
Deletions during the year	-	(272.55)	-	-	(272.55)
Foreign exchange on translation	-	17.33	(0.70)	19.39	36.02
<b>As at March 31, 2022</b>	6.72	1,790.08	53.77	1,118.13	2,968.70
<b>Accumulated depreciation / amortization</b>					
<b>As at April 1, 2021</b>	6.72	1,495.30	54.47	129.42	1,685.91
Charge for the year	-	255.13	-	103.17	358.30
On deletions / adjustments during the year	-	(272.55)	-	-	(272.55)
Foreign exchange on translation	-	9.47	(0.70)	2.33	11.10
<b>As at March 31, 2022</b>	6.72	1,487.35	53.77	234.92	1,782.76
<b>Net block</b>					
<b>As at March 31, 2022</b>	-	302.73	-	883.21	1,185.94
As at March 31, 2021	-	456.94	-	83.97	540.91

## (III) INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in million)

	March 31, 2023	March 31, 2022
Intangible assets under development	-	29.34
	-	29.34

All intangible assets under development have ageing of less than 6 months.

# Notes to the Consolidated Financial Statements

As at March 31, 2023

## 6. INVESTMENTS

(₹ in million)

	March 31, 2023	March 31, 2022
<b>(i) Non-current</b>		
<b>Unquoted</b>		
<b>Investment in associate</b>		
<b>- at cost</b>		
838,705 (March 31, 2022 : 838,705) fully paid compulsorily convertible cumulative preference shares of ₹ 10 each of Nanobi Data and Analytics Private Limited	87.92	87.92
<b>At amortised cost</b>		
Philippines treasury bills*	27.67	26.66
	<b>115.59</b>	<b>114.58</b>

\* These securities have been earmarked in favor of Securities and exchange commission, Philippines in compliance with Corporation Code of Philippines.

## (ii) Investments - Current

(₹ in million)

	March 31, 2023	March 31, 2022
<b>Investments carried at fair value through statement of profit and loss</b>		
Mutual and other funds (quoted)	595.50	1,185.38
	<b>595.50</b>	<b>1,185.38</b>

## 7. OTHER FINANCIAL ASSETS

(₹ in million)

	March 31, 2023	March 31, 2022
(Unsecured, considered good)		
<b>(i) Other non-current financial assets</b>		
Deposits	445.41	479.45
Foreign currency forward contracts, net	-	21.38
Lease rentals receivable	42.99	28.18
	<b>488.40</b>	<b>529.01</b>
<b>(ii) Other current financial assets</b>		
Foreign currency forward contracts, net	-	500.86
Loans and advances to employees	18.56	16.59
Lease rentals receivable	21.24	18.76
	<b>39.80</b>	<b>536.21</b>

## 8. OTHER ASSETS

(₹ in million)

	March 31, 2023	March 31, 2022
(Unsecured, considered good)		
<b>(i) Other non-current assets</b>		
Capital advances	0.59	16.75
Deferred contract cost	791.94	809.88
Unexpired rebate from customer	124.03	201.94
Prepaid expenses	109.39	125.29
	<b>1,025.95</b>	<b>1,153.86</b>

# Notes to the Consolidated Financial Statements

As at March 31, 2023

## 8. OTHER ASSETS

	(₹ in million)	
	March 31, 2023	March 31, 2022
<b>(ii) Other current assets</b>		
Prepaid expenses	849.14	1,013.06
Unexpired rebate from customer	82.36	80.59
Deferred contract cost	113.58	335.27
Indirect tax recoverable	275.21	360.49
Other advances	186.49	197.05
	<b>1,506.78</b>	<b>1,986.46</b>

## 9. TRADE RECEIVABLES

	(₹ in million)	
	March 31, 2023	March 31, 2022
<b>(Unsecured)</b>		
Considered doubtful	515.50	301.17
Less: Allowance for expected credit loss	515.50	301.17
Considered good	6,800.47	6,446.25
	<b>6,800.47</b>	<b>6,446.25</b>
Unbilled revenues	3,584.40	3,159.06
	<b>3,584.40</b>	<b>3,159.06</b>

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.

c) For receivable from related party receivables, refer note 25.

d) Trade Receivable ageing

As at March 31, 2023

	(₹ in million)						
	Not due	Outstanding for following periods from due date of payment				Total	
		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
	<b>2,842.09</b>	<b>3,958.38</b>	<b>264.70</b>	<b>54.89</b>	<b>7.70</b>	<b>188.21</b>	<b>7,315.97</b>

As at March 31, 2022

	(₹ in million)						
	Not due	Outstanding for following periods from due date of payment				Total	
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivable – considered good	2,561.30	3,884.95	-	-	-	-	6,446.25
Undisputed Trade receivable – considered doubtful	-	7.41	77.82	41.76	38.46	135.72	301.17
	<b>2,561.30</b>	<b>3,892.36</b>	<b>77.82</b>	<b>41.76</b>	<b>38.46</b>	<b>135.72</b>	<b>6,747.42</b>



# Notes to the Consolidated Financial Statements

As at March 31, 2023

## 10. CASH AND CASH EQUIVALENTS

(₹ in million)

	March 31, 2023	March 31, 2022
Balances with banks		
- in current accounts	1,648.53	956.04
	1,648.53	956.04
Less: Current account balance held in trust for customers	133.13	127.84
	1,515.40	828.20

## 11. OTHER BALANCES WITH BANKS

(₹ in million)

	March 31, 2023	March 31, 2022
Earmarked balances with banks*	40.14	70.14
	40.14	70.14

\*Earmarked balances with banks represents unclaimed dividend as at March 31, 2023 and unclaimed dividend and unspent amount of Corporate Social Responsibility ('CSR') as at March 31, 2022.

## 12. SHARE CAPITAL

(₹ in million)

	March 31, 2023	March 31, 2022
<b>Authorised</b>		
872,000,000 (March 31, 2022: 872,000,000) equity shares of ₹ 10 each	8,720.00	8,720.00
	8,720.00	8,720.00
<b>Issued, subscribed and paid-up</b>		
696,099,216 (March 31, 2022: 696,099,216) equity shares of ₹ 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 year

(₹ in million)

	March 31, 2023		March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	696,990,826	6,969.91	696,099,216	6,960.99
Shares allotted during the year - employee stock option scheme	-	-	891,610	8.92
<b>At the end of the year</b>	<b>696,990,826</b>	<b>6,969.91</b>	<b>696,990,826</b>	<b>6,969.91</b>

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

	March 31, 2023		March 31, 2022	
	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%
% Change in holding company shares during the year		-		-0.06%

### c) Shares held by holding company

(₹ in million)

	March 31, 2023		March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
RPSG Ventures Limited	373,976,673	3,739.77	373,976,673	3,739.77

# Notes to the Consolidated Financial Statements

As at March 31, 2023

## d) Employee stock options

During the period ended March 31, 2023, the Company granted 3,338,242 (March 31, 2022: 4,522,250) options at an exercise price of ₹ 10 (March 31, 2022: ₹ 10.00).

## e) Shares reserved for issue under options

22,309,467 (March 31, 2022: 25,737,955) number of shares are reserved for employees for issue under the employee stock options plan (ESOP) amounting to ₹ 223.09 (March 31, 2022: ₹ 257.38).

## f) Rights, preferences and restrictions attached to equity shares

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

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

## g) Share application money received under ESOP scheme

The Company received ₹ Nil (March 31, 2022: ₹ 37.32) as share application money under ESOP scheme during the year ended March 31, 2023 in respect of which Nil (March 31, 2022: 891,610) shares were allotted during the year.

## h) Dividend

During the year ended March 31, 2023, the Company has declared interim dividend of ₹ 3.50 per share (March 31, 2022: ₹ 3.50 per share), the Company has incurred a net cash outflow of ₹ 2,384.45 (March 31, 2022: ₹ 2,383.96) (excluding dividend paid on treasury shares).

## i) Treasury Shares - pursuant to ESOP 2019 PLAN

	March 31, 2023		March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	17,011,351	1,198.25	17,010,000	742.16
Purchased during the year	1,930,000	203.07	3,197,000	547.47
Allotted during the year	(3,352,169)	(243.18)	(3,195,649)	(91.38)
<b>At the end of the year</b>	<b>15,589,182</b>	<b>1,158.14</b>	<b>17,011,351</b>	<b>1,198.25</b>

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.

## 12A. OTHER EQUITY

	March 31, 2023	March 31, 2022
<b>Securities premium</b>		
At the commencement of the year	2,251.22	2,205.15
Add : Issue of equity shares on exercise of options	-	46.07
At the end of the year	2,251.22	2,251.22
<b>Share application money pending allotment</b>		
At the commencement of the year	-	0.41
Add : Movement during the year	-	(0.41)
At the end of the year	-	-
<b>Treasury shares</b>		
At the commencement of the year	(1,198.25)	(742.16)
Add : Movement during the year	40.11	(456.09)
At the end of the year	(1,158.14)	(1,198.25)
<b>Special Economic Zone re-investment reserve</b>		
At the commencement of the year	-	-
Add : Transfer from retained earnings	32.74	22.20
Less : Transfer to retained earnings on utilisation	(17.46)	(22.20)
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

# Notes to the Consolidated Financial Statements

As at March 31, 2023

## 12A. OTHER EQUITY

(₹ in million)

	March 31, 2023	March 31, 2022
<b>Employee stock option reserve</b>		
At the commencement of the year	514.33	283.63
Add : Share based payments	227.92	320.00
Less : Treasury shares	(80.00)	(17.26)
Less : Issue of equity shares on exercise of options	-	(66.05)
Less: Transfer to retained earning for options forfeited	(10.59)	(5.99)
At the end of the year	651.66	514.33
<b>Effective portion of cash flow hedges (Other comprehensive income)</b>		
At the commencement of the year	299.62	182.59
Add : Movement during the year	(388.70)	117.03
At the end of the year	(89.08)	299.62
<b>Exchange differences on translating the financial statements of a foreign operation / subsidiaries (Other comprehensive income)</b>		
At the commencement of the year	5,937.52	5,261.60
Add : Movement during the year	1,633.69	675.92
At the end of the year	7,571.21	5,937.52
<b>Retained earnings</b>		
At the commencement of the year	15,524.68	13,810.25
Add: Adoption of amendment to Ind AS 37 (Net of deferred tax) (refer note 33)	(783.41)	-
Add: Purchase of Non-controlling Interest in a subsidiary	-	(1,324.39)
Add: Net profit for the year	5,137.20	5,373.74
Add: Treasury shares	(99.69)	22.16
Add: Transfer to retained earning for options forfeited	10.59	5.99
Add: Other comprehensive income for the year	36.34	20.89
Less: Transfer to Special Economic Zone re-investment reserve	(32.74)	(22.20)
Add: Utilised from Special Economic Zone re-investment reserve	17.46	22.20
Less: Dividend (net)	(2,384.45)	(2,383.96)
At the end of the year	17,425.98	15,524.68
<b>Total other equity</b>	<b>26,698.54</b>	<b>23,359.53</b>

## 13. BORROWING

(₹ in million)

	March 31, 2023	March 31, 2022
<b>(i) Non-current borrowings</b>		
Secured		
Loan from banks (refer note 'a' and 'b')	1,393.66	2,714.87
Loan from other parties (refer note 'b')	-	18.15
	<b>1,393.66</b>	<b>2,733.02</b>

### (ii) Short-term and other borrowings

(₹ in million)

	March 31, 2023	March 31, 2022
<b>Unsecured</b>		
Line of credit from banks - (refer note 'c')	5,271.02	6,949.81
	<b>5,271.02</b>	<b>6,949.81</b>
<b>Current maturities of long-term borrowings</b>		
- Loan from Banks	1,586.93	360.84
- Loan from other parties	18.15	52.95
	<b>1,605.08</b>	<b>413.79</b>
	<b>6,876.10</b>	<b>7,363.60</b>

# Notes to the Consolidated Financial Statements

As at March 31, 2023

## Note:

- Loans carry interest in the range of 2% - 7% for a period of 2 years repayable in equal quarterly instalments starting from September 2021.
- 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.
- Line of credit from bank carries floating interest rate in the range of 1.00% to 5.50%, these are working capital lines.

## 14. TRADE PAYABLES

	(₹ in million)	
	March 31, 2023	March 31, 2022
Trade Payables	2,314.46	1,780.59
	2,314.46	1,780.59

As at March 31, 2023

	(₹ in million)				
	Not Due	Outstanding for following periods from due date of payment			
		Less than 1 year	1-2 years	2-3 years	More than 3 years
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,054.73	259.73	-	-	-
	2,054.73	259.73	-	-	-
					2,314.46

As at March 31, 2022

	(₹ in million)				
	Not Due	Outstanding for following periods from due date of payment			
		Less than 1 year	1-2 years	2-3 years	More than 3 years
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,347.03	433.56	-	-	-
	1,347.03	433.56	-	-	-
					1,780.59

## 15. OTHER FINANCIAL LIABILITIES

	(₹ in million)	
	March 31, 2023	March 31, 2022
(i) Other non current financial liabilities		
Foreign currency forward contracts (net)	32.10	-
Liability for Purchase of Non-controlling Interest	149.28	1,321.54
	181.38	1,321.54
(ii) Other current financial liabilities		
Book credit in bank accounts	477.75	358.83
Foreign currency forward contracts (net)	105.77	-
Interest accrued but not due	118.92	79.03
Employee benefits payable	1,898.64	1,704.74
Creditors for capital goods	5.27	14.97
Unclaimed dividends	40.21	30.04
Contingent considerations	-	901.93
Liability for Purchase of Non-controlling Interest	909.43	256.91
	3,555.99	3,346.45



# Notes to the Consolidated Financial Statements

As at March 31, 2023

## 16. PROVISIONS

(₹ in million)

	March 31, 2023	March 31, 2022
<b>(i) Non-current</b>		
Provisions for employee benefits	137.03	137.46
	137.03	137.46
<b>(ii) Current</b>		
Provisions for employee benefits	494.45	527.47
Provision for onerous contracts	331.98	-
	826.43	527.47

## 17. OTHER LIABILITIES

(₹ in million)

	March 31, 2023	March 31, 2022
<b>Other current liabilities</b>		
Value added tax	563.32	356.54
Tax deducted at source	80.11	55.89
Advances from customers	31.32	23.48
Statutory Dues	137.16	144.22
Unearned Income	16.96	258.18
	828.87	838.31

## 18. TAXATION

(₹ in million)

As at March 31, 2023	Opening Balance	Additions	Recognised in Profit and loss	Recognised in Other Comprehensive Income	Exchange Translation Adjustments	Closing Balance
<b>Deferred tax assets / (liability) 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
Business losses carried forward	-	-	108.66	-	(6.84)	101.82
Foreign currency forward contracts	(57.41)	-	-	75.58	-	18.17
	2,817.84	-	48.12	75.58	6.52	2,948.06
<b>Deferred tax (asset) / 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 (refer note 33)	-	(238.92)	178.20	-	(16.03)	(76.75)
	959.02	(238.92)	405.52	-	70.36	1,195.98

# Notes to the Consolidated Financial Statements

As at March 31, 2023

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(₹ in million)						
As at March 31, 2022	Opening Balance	Additions	Recognised in Profit and loss	Recognised in Other Comprehensive Income	Exchange Translation Adjustments	Closing Balance
<b>Deferred tax assets / (liability) on account of:</b>						
Property, plant and equipment and intangibles	205.60	-	13.73	-	(5.88)	213.45
Other employee benefits payable	42.10	-	10.16	-	5.47	57.73
Lease liabilities	117.14	-	5.81	-	(0.42)	122.53
Unused tax losses	6.85	-	-	-	-	6.85
Minimum alternate tax credit carried forward	2,304.94	-	56.63	-	-	2,361.57
Employee stock options	43.44	-	69.69	-	(0.01)	113.12
Foreign currency forward contracts	(28.18)	-	-	(29.35)	0.12	(57.41)
	2,691.89	-	156.02	(29.35)	(0.72)	2,817.84
<b>Deferred tax (asset) / liability on account of:</b>						
Goodwill	2,110.36	-	1.68	-	77.47	2,189.51
Business losses carried forward	(1,216.78)	-	453.35	-	(36.59)	(800.02)
Property, plant and equipment and intangibles	19.96	-	46.97	-	1.56	68.49
Other employee benefits payable	(76.78)	-	9.12	-	(2.65)	(70.31)
Lease liabilities	(58.72)	-	(20.47)	-	(2.51)	(81.70)
Accrued expenses / allowance for doubtful debts	(308.06)	-	(27.10)	-	(11.79)	(346.95)
	469.98	-	463.55	-	25.49	959.02

(₹ in million)		
	March 31, 2023	March 31, 2022
Income tax assets, net	786.49	794.10
Provision for income tax, net	-	(5.90)
	786.49	788.20

## Tax expense

Tax expense in the consolidated statement of profit and loss comprises:

(₹ in million)		
	March 31, 2023	March 31, 2022
Current taxes	657.63	741.55
Deferred taxes	357.40	364.16
<b>Tax expense</b>	<b>1,015.03</b>	<b>1,105.71</b>

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:

(₹ in million)		
	March 31, 2023	March 31, 2022
<b>Profit before income taxes</b>	<b>6,152.15</b>	<b>6,471.01</b>
Enacted tax rates in India	34.94%	34.94%
Computed expected tax expense	2,149.81	2,261.23
Income Exempt from Tax and Tax Holidays	(757.49)	(858.66)
Expenses not deductible for tax purposes	(6.54)	32.49
Effect of differential overseas tax rate	(370.13)	(231.24)
ESOP cost allowed for tax purpose	18.70	(34.15)
Prior year tax adjustments	(14.44)	(38.43)
Others	(4.89)	(25.53)
<b>Tax expense</b>	<b>1,015.03</b>	<b>1,105.71</b>

# Notes to the Consolidated Financial Statements

As at and for the year ended March 31, 2023

## 19. REVENUE FROM OPERATIONS

(₹ in million)

	Year ended	
	March 31, 2023	March 31, 2022
Sale of services	59,859.27	58,657.40
Other operating income, net	363.91	554.13
	60,223.18	59,211.53

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

(₹ in million)

	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>

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2022 by geography.

(₹ in million)

	BFS*	Healthcare	CMT**	Diverse Industries	Total
UK	6,084.50	31.07	10,041.86	1,028.89	17,186.32
USA	22,172.10	16,974.30	1,364.53	58.97	40,569.90
Asia and Rest of World	763.56	136.09	0.55	0.98	901.18
<b>Total</b>	<b>29,020.16</b>	<b>17,141.46</b>	<b>11,406.94</b>	<b>1,088.84</b>	<b>58,657.40</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 completed to date.

## 20. OTHER INCOME, NET

(₹ in million)

	Year ended	
	March 31, 2023	March 31, 2022
Profit on sale / redemption of current investments, net	47.54	30.37
Foreign exchange gain, net	(27.21)	(27.24)
Interest income	10.34	4.74
(Loss) / gain on sale of fixed assets, net	(7.20)	(3.10)
Miscellaneous income, net*	1,285.03	0.78
	1,308.50	5.55

\*Miscellaneous income, net includes ₹ 386.91 and ₹ 955.24 for the year ended March 31, 2023 on account of changes in the fair value of the liabilities for purchase of non-controlling interest and contingent considerations (non-cash transactions) respectively.

## 21. EMPLOYEE BENEFITS EXPENSE

(₹ in million)

	Year ended	
	March 31, 2023	March 31, 2022
Salaries and wages	35,485.81	35,886.29
Contribution to provident and other funds	1,547.34	1,406.05
Staff welfare expenses	1,413.74	1,476.11
Other personnel and outsourcing cost	-	379.12
Employee stock compensation expense	227.92	320.00
	38,674.81	39,467.57

# Notes to the Consolidated Financial Statements

As at and for the year ended March 31, 2023

## 22. FINANCE COSTS

(₹ in million)

	Year ended	
	March 31, 2023	March 31, 2022
Interest expense		
- on working capital demand loan and others	501.05	269.01
Interest expense on leased liabilities	288.65	370.38
	789.70	639.39

## 23. OTHER EXPENSES

(₹ in million)

	Year ended	
	March 31, 2023	March 31, 2022
Connectivity, Information and communication expenses	1,933.83	1,680.67
Computer expenses	1,482.67	1,308.27
Legal and professional fees	1,163.49	1,119.56
Repairs, maintenance and upkeep	663.38	691.72
Travel and conveyance	493.86	355.88
Car and other hire charges	301.00	288.93
Marketing and support fees	407.46	586.44
Electricity, water and power consumption	333.74	258.61
Recruitment and training expenses	515.26	413.18
Bank administration charges	312.82	225.64
Rates and taxes	270.54	224.74
Rent, net (refer note 4)	976.41	855.55
Insurance	328.33	268.27
Contribution to Corporate Social Responsibility	68.36	55.71
Allowance for expected credit loss/ bad debts written-off, net	185.36	77.95
Services rendered by business associates and others	3,730.89	1,475.87
Auditors remuneration and expenses		
- for audit fees	19.00	16.00
- for other services	5.60	5.60
- for reimbursement of expenses	0.60	0.60
Directors' sitting fees	5.60	5.41
Miscellaneous expenses, net	85.12	230.78
	13,283.32	10,145.38

## 24. FINANCIAL INSTRUMENTS:

### I. Financial instruments by category:

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

(₹ in million)

	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>



# Notes to the Consolidated Financial Statements

As at and for the year ended March 31, 2023

The carrying value and fair value of financial instruments by categories as at March 31, 2022 were as follows:

(₹ in million)

	Amortised cost	FVTPL	FVOCI	Total carrying amount	Total fair value
<b>Financial assets</b>					
Investments	26.66	1,185.38	-	1,212.04	1,212.04
Trade receivables	9,605.31	-	-	9,605.31	9,605.31
Cash and cash equivalents	828.20	-	-	828.20	828.20
Other balances with banks	70.14	-	-	70.14	70.14
Other financial assets	542.98	157.07	365.17	1,065.22	1,065.22
<b>Total</b>	<b>11,073.29</b>	<b>1,342.45</b>	<b>365.17</b>	<b>12,780.91</b>	<b>12,780.91</b>
<b>Financial liabilities</b>					
Borrowings	10,096.62	-	-	10,096.62	10,096.62
Lease Liabilities	7,740.42	-	-	7,740.42	7,740.42
Other financial liabilities	2,187.61	2,480.38	-	4,667.99	4,667.99
Trade payables	1,780.59	-	-	1,780.59	1,780.59
<b>Total</b>	<b>21,805.24</b>	<b>2,480.38</b>	<b>-</b>	<b>24,285.62</b>	<b>24,285.62</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, 2023:

(₹ in million)

	March 31, 2023	Fair value measurement at end of the reporting period 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 following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as March 31, 2022:

(₹ in million)

	March 31, 2022	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
<b>Investments</b>				
Investment in mutual and other funds	1,185.38	1,185.38	-	-
<b>Other financial assets</b>				
Foreign currency forward contracts	522.24	-	522.24	-
<b>Other financial liabilities</b>				
Liability for Purchase of Non-controlling Interest	(1,578.45)	-	-	(1,578.45)
Contingent consideration	(901.93)	-	-	(901.93)
<b>Total</b>	<b>(772.76)</b>	<b>1,185.38</b>	<b>522.24</b>	<b>(2,480.38)</b>

# Notes to the Consolidated Financial Statements

As at and for the year ended March 31, 2023

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, 2023:

	(₹ in million)				
	USD	GBP	PHP	Others*	Total
Total financial assets	69.13	250.34	41.33	1.18	361.98
Total financial liabilities	-	-	122.88	-	122.88

The following table analyzes foreign currency risk as of March 31, 2022:

	(₹ in million)				
	USD	GBP	PHP	Others*	Total
Total financial assets	53.10	187.54	38.16	0.29	279.09
Total financial liabilities	-	-	156.38	-	156.38

\* 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 ₹ 296.24 for the year ended March 31, 2023 (March 31, 2022: ₹ 401.81).

### 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, 2023		March 31, 2022	
	Foreign Currency in million	In ₹ million	Foreign Currency in million	In ₹ million
<b>Forward and option contracts</b>				
in USD	137.35	11,369.49	115.40	8,882.35
in GBP	111.11	11,587.20	45.85	4,658.90
<b>Total</b>		22,956.69		13,541.25

The foreign exchange forward contracts mature within sixty months.

# Notes to the Consolidated Financial Statements

As at and for the year ended March 31, 2023

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

	(₹ in million)	
	March 31, 2023	March 31, 2022
<b>Forward and option contracts in USD</b>		
Not later than one month	2,991.71	3,070.26
Later than one month and not later than three months	1,648.22	-
Later than three months	6,729.56	5,812.09
<b>Total</b>	<b>11,369.49</b>	<b>8,882.35</b>
<b>Forward and option contracts in GBP</b>		
Not later than one month	1,629.32	1,121.98
Later than one month and not later than three months	1,317.48	591.78
Later than three months	8,640.40	2,945.14
<b>Total</b>	<b>11,587.20</b>	<b>4,658.90</b>

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

	(₹ in million)	
	March 31, 2023	March 31, 2022
Balance at the beginning of the year	299.62	182.59
Changes in the fair value of effective portion of cash flow hedges	(464.28)	146.26
Deferred tax movement	75.58	(29.23)
<b>Balance at the end of the year</b>	<b>(89.08)</b>	<b>299.62</b>

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

	(₹ in million)	
	March 31, 2023	March 31, 2022
5% Appreciation of the underlying foreign currencies	(1,094.35)	(592.99)
5% Depreciation of the underlying foreign currencies	1,111.30	731.48

## 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 ₹ 6,800.47 and ₹ 6,446.25 as of March 31, 2023 and March 31, 2022 respectively and unbilled revenue amounting to ₹ 3,584.40 and ₹ 3,159.06 as of March 31, 2023 and March 31, 2022 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, 2023	March 31, 2022
Revenue from top five customers	37.21%	37.90%

## 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.

# Notes to the Consolidated Financial Statements

As at and for the year ended March 31, 2023

The following are contractual maturities of Lease Liabilities on an undiscounted basis as at March 31, 2023 and March 31, 2022:

(₹ in million)

	March 31, 2023	March 31, 2022
Less than one year	1,530.61	1,774.79
One to five years	3,911.17	5,925.98
More than five years	1,075.18	1,094.80
<b>Total</b>	<b>6,516.96</b>	<b>8,795.57</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, 2023. 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, 2023 and March 31, 2022:

(₹ in million)

	March 31, 2023		March 31, 2022	
	Less than 1 Year	More than 1 year	Less than 1 Year	More than 1 year
Trade payables	2,314.46	-	1,780.59	-
Borrowings	6,876.10	1,393.66	7,363.60	2,733.02
Lease Liabilities	1,194.69	4,467.15	1,486.89	6,253.53
Other financial liabilities	3,555.99	181.38	3,346.45	1,321.54

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.

## 25. RELATED PARTY TRANSACTIONS

Details of related parties including summary of transactions entered into during the year ended March 31, 2023 are summarized below:

Holding Company	RPSG Ventures Limited
Fellow Subsidiary Company (where transactions exists)	Guilfree Industries Limited RPSG Resources Private Limited APA Services Private Limited Bowlopedia Restaurants India 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	Vipul Khanna Dinesh Jain
Non - executive Directors	Dr Sanjiv Goenka Subrata Talukdar Shashwat Goenka Pradip Kumar Khaitan Grace Koshie (ceased to be director w.e.f. February 09, 2023) Pratip Chaudhuri Sunil Mitra Anjani K. Agrawal Vanita Uppal (appointed w.e.f. May 05, 2022) Utsav Parekh (appointed w.e.f. November 02, 2022) Charles Richard Vernon Stagg (ceased to be director w.e.f. May 05, 2022)
Companies under common control (where transactions exists)	Saregama India Limited Natures Basket Limited CESC Limited Spencer's Retail Limited



# Notes to the Consolidated Financial Statements

As at and for the year ended March 31, 2023

## Particulars of related party transactions:

(₹ in million)

Name of the related party	Description	Transaction value during the year ended		Receivable / (Payable) as at	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Nanobi	Redemption of debentures	-	2.00	-	-
	Interest Income	-	0.12	-	-
	Receipt of services from Nanobi	1.00	3.24	-	-
RPSG Ventures Limited	Dividend paid	1,308.92	1,308.92	-	-
CESC Limited	Receipt of services	0.10	0.61	-	-
Spencer's Retail Limited	Income from services	1.22	-	-	-
	Recovery of expenses	-	0.26	-	-
APA Services Private Limited	Recovery of expenses from APA Services Private Limited	0.59	0.45	-	-
Guiltfree Industries Limited	Recovery of expenses	-	0.07	-	-
Saregama India Limited	Recovery of expenses	-	0.08	-	-
Natures Basket Limited	Recovery of expenses	-	0.34	-	-
RPSG Resources Private Limited	Receipt of services	105.22	80.00	(32.13)	(23.89)
	Brand equity	101.35	120.00	(1.46)	(15.00)
Non executive directors	Sitting fees	5.60	5.41	-	-
Key Management Personnel and relatives	Remuneration*	240.51	218.59	-	-
	Dividend paid	3.51	3.02	-	-
Others	Recovery of expenses	-	0.02	-	-

(₹ in million)

Description	Year ended	
	March 31, 2023	March 31, 2022
Vipul Khanna*	198.50	179.23
Dinesh Jain*	42.01	39.36

\*Excludes ESOP, 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.

# Notes to the Consolidated Financial Statements

As at and for the year ended March 31, 2023

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Description	Year ended	
	March 31, 2023	March 31, 2022
(₹ in million)		
<b>Business segment</b>		
<b>Segment revenue</b>		
Banking and Financial Services	25,652.81	29,020.16
Healthcare	20,063.14	17,141.46
Communication, Media and Technology	12,644.53	11,406.94
Diverse Industries	1,498.79	1,088.84
Less: Inter Segment Revenue	-	-
<b>Net segment revenue</b>	<b>59,859.27</b>	<b>58,657.40</b>
<b>Segment results before tax and finance costs</b>		
Banking and Financial Services	2,477.39	5,074.52
Healthcare	3,537.03	3,060.93
Communication, Media and Technology	2,312.97	1,850.96
Diverse Industries	253.97	43.79
<b>Total</b>	<b>8,581.36</b>	<b>10,030.20</b>
Finance costs	(789.70)	(639.39)
Other un-allocable expenditure, net of un-allocable income	(1,639.51)	(2,919.80)
<b>Profit before taxation, minority interest and other comprehensive income</b>	<b>6,152.15</b>	<b>6,471.01</b>
Taxation	1,015.03	1,105.71
Non - controlling interest	(0.08)	(8.44)
<b>Profit attributable to owners of the company</b>	<b>5,137.20</b>	<b>5,373.74</b>

## Entity wide disclosure

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

Description	Year ended	
	March 31, 2023	March 31, 2022
(₹ in million)		
<b>Geographical information</b>		
<b>Segment revenue</b>		
UK	19,773.83	17,186.32
US	39,461.79	40,569.90
Asia and Rest of World	623.65	901.18
	<b>59,859.27</b>	<b>58,657.40</b>

Geographical information: Other non-current assets

Description	Year ended	
	March 31, 2023	March 31, 2022
(₹ in million)		
<b>Geographical information</b>		
<b>Other non-current assets</b>		
UK	893.31	966.16
US	92.60	87.23
Asia and Rest of World	40.04	100.47
	<b>1,025.95</b>	<b>1,153.86</b>

# Notes to the Consolidated Financial Statements

As at and for the year ended March 31, 2023

## 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 October 11, 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 02, 2019 and administered by the Committee. The key terms and conditions included in the ESOP 2019 Plan are in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended.

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

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

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

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

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

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

During the year ended March 31, 2023, the Trust has purchased 1,930,000 (March 31, 2022: 3,197,000) equity shares through secondary acquisition. As on March 31, 2023 trust holds 15,589,182 (March 31, 2022: 17,011,351) number of equity shares.

### GRANTS TO THE MD & CEO UNDER ESOP 2019 PLAN

In view of the Shareholder's approval via postal ballot on January 11, 2020 through a special resolution wherein it was approved that the MD & CEO shall be entitled to participate in the equity based LTI of the Company. Accordingly the Committee on February 28, 2020 has approved the grant of 10,066,204 options under ESOP

# Notes to the Consolidated Financial Statements

As at and for the year ended March 31, 2023

Plan 2019 at the face value of ₹ 10/- of the shares to the MD and CEO which are a mix of tenure based and performance based structures. The brief details of these grants are mentioned herein below:

## A. Grants under Tenure Based Structure :

No. of Stock Options	Vesting Date	Vesting Conditions
1,186,624	October 01, 2021	Continued employment
719,966	October 01, 2023	Continued employment

## B. Grants under Performance Based Structure :

No. of Stock Options	Vesting Date	Vesting Conditions
8,159,614	October 01, 2023	Achievement of Profits Before Tax **

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

## Employee stock option activity during the year ended March 31, 2023

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

Description	Exercise Range	March 31, 2023		March 31, 2022	
		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	23,441,255	101.11	25,146,204	110.76
	10.01 - 60.00	1,514,988	48.19	2,717,412	59.10
	60.01 - 75.00	781,712	77.23	1,212,527	89.40
		25,737,955		29,076,143	
Granted during the year	10.00	3,338,242		4,522,250	
	10.01 - 60.00	-		-	
	60.01 - 75.00	-		-	
		3,338,242		4,522,250	
Forfeited during the year	10.00	3,307,251		3,515,156	
	10.01 - 60.00	34,500		128,185	
	60.01 - 75.00	47,810		129,838	
		3,389,561		3,773,179	
Exercised during the year*	10.00	2,634,959		2,712,043	
	10.01 - 60.00	433,613		1,074,239	
	60.01 - 75.00	283,597		300,977	
		3,352,169		4,087,259	
Expired during the year	10.00	25,000		-	
	10.01 - 60.00	-		-	
	60.01 - 75.00	-		-	
		25,000		-	
Outstanding at the end 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
		22,309,467		25,737,955	
Exercisable at the end of the year	10.00	3,766,359	102.68	3,238,432	100.01
	10.01 - 60.00	1,046,875	45.71	1,514,988	48.19
	60.01 - 75.00	450,305	77.23	647,838	77.23
		5,263,539		5,401,258	

\* The weighted average share price of these options was ₹ 18.94 and ₹ 20.89 for the year ended March 31, 2023 and March 31, 2022 respectively.



# Notes to the Consolidated Financial Statements

As at and for the year ended March 31, 2023

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

Particulars	March 31, 2023	March 31, 2022
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 ₹ 227.92 and ₹ 320.00 for the year ended March 31, 2023 and March 31, 2022 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:

(₹ in million)		
Particulars	March 31, 2023	March 31, 2022
<b>Change in present value of obligations</b>		
Obligations at beginning of the year	166.13	154.69
Service cost	77.08	45.68
Interest cost	10.13	9.00
Actuarial (gain)/loss	(36.89)	(21.28)
Benefits paid	(32.54)	(21.96)
Obligations at the end of the year	183.91	166.13
<b>Change in plan assets</b>		
Fair value of plan assets at beginning of the year	28.67	50.79
Adjustments to Opening Fair Value of Plan Assets	-	-
Return on Plan Assets excluding interest income	(0.55)	(0.39)
Interest income	2.15	2.00
Contributions	48.81	(1.77)
Benefits paid	(32.20)	(21.96)
Fair value of plan assets at end of the year	46.88	28.67
<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	183.91	166.13
Fair value of plan assets at the end of year	(46.88)	(28.67)
Funded status being amount of liability recognised in the balance sheet	137.03	137.46

# Notes to the Consolidated Financial Statements

As at and for the year ended March 31, 2023

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

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
<b>Gratuity cost for the year</b>		
Service cost	77.08	45.68
Interest cost	7.98	7.00
Net gratuity cost	85.06	52.68
<b>Remeasurements of the net defined benefit liability/ (asset)</b>		
Actuarial (gains) / losses	(36.89)	(21.28)
(Return)/loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	0.55	0.39
Total actuarial (gain)/loss recognized in (OCI)	(36.34)	(20.89)
<b>Category of Assets</b>	<b>Total Amount</b>	<b>Target Allocation %</b>
Gratuity Fund (LIC of India and Birla Sunlife Insurance Co. Ltd)	36.85	100%
Total Itemized Assets	36.85	100%
<b>Assumptions</b>		
Mortality	IALM (2012-14) Ult.	IALM (2012-14) Ult.
Interest rate	7.29%	6.85%
Rate of growth in salary levels	6.00%	6.00%

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

The Company continues to fund to the trust in next year by reimbursing the actual payouts.

Gratuity cost, as disclosed above, is included under 'Employee benefit expense'.

## a) Contribution to Provident fund

The provident fund charge during the year amounts to ₹ 246.10 (March 31, 2022: ₹ 262.52).

## b) Compensated absences

Actuarial assumptions	March 31, 2023	March 31, 2022
Interest rate	7.29%	6.85%
Rate of growth in salary levels	6.00%	6.00%

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

(₹ in million)

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%	23,043.52	48.34%	2,483.42	-26.69%	(342.04)	33.36%	2,141.38
	<b>Subsidiaries - Indian</b>								
1	Firstsource Process Management Services Limited	0.04%	35.92	0.02%	1.18	0.00%	0.00	0.02%	1.18
	<b>Subsidiaries - Foreign</b>								
1	Firstsource Solutions UK Limited	5.07%	4,537.87	-4.20%	(215.67)	7.19%	92.19	-1.92%	(123.48)

# Notes to the Consolidated Financial Statements

As at and for the year ended March 31, 2023

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

(₹ in million)

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
2	Firstsource BPO Ireland Limited	0.02%	15.13	-0.04%	(2.31)	0.07%	0.87	-0.02%	(1.44)
3	Firstsource Dialog Solutions (Private) Limited	0.02%	13.45	-0.01%	(0.35)	-0.03%	(0.44)	-0.01%	(0.79)
4	Firstsource Solutions S.A.	0.00%	-	-	-	-	-	-	-
5	Firstsource Group USA, Inc.	29.48%	26,362.97	-12.38%	(635.87)	116.52%	1,493.10	13.36%	857.23
6	Firstsource Advantage LLC	1.45%	1,292.47	11.20%	575.48	-1.54%	(19.71)	8.66%	555.77
7	Firstsource Business Process Services, LLC	7.10%	6,352.14	10.14%	520.97	23.62%	302.66	12.83%	823.63
8	MedAssist Holding LLC	19.05%	17,036.12	34.72%	1,783.58	-9.95%	(127.49)	25.80%	1,656.09
9	Firstsource Health Plans and Healthcare Services, LLC	0.80%	717.02	13.31%	683.76	1.36%	17.49	10.93%	701.25
10	One Advantage LLC	0.66%	590.90	7.65%	393.05	1.85%	23.77	6.49%	416.82
11	Sourcepoint Fulfillment Services, Inc	0.23%	209.79	2.41%	123.91	-2.28%	(29.19)	1.48%	94.72
12	Sourcepoint, Inc.	7.72%	6,905.18	-7.11%	(365.04)	-10.32%	(132.19)	-7.75%	(497.23)
13	PatientMatters, LLC	-4.37%	(3,912.01)	-1.53%	(78.77)	-0.73%	(9.30)	-1.37%	(88.07)
14	Medical Advocacy Services for Healthcare, Inc	3.38%	3,022.34	-3.02%	(155.05)	0.64%	8.20	-2.29%	(146.85)
15	Kramer Technologies LLC (KT)	1.54%	1,374.35	-0.09%	(4.57)	0.04%	0.49	-0.06%	(4.08)
16	The StoneHill Group, Inc	0.53%	471.17	-1.97%	(101.38)	0.07%	0.89	-1.57%	(100.49)
17	American Recovery Service Incorporated	1.60%	1,427.40	3.59%	184.38	0.64%	8.15	3.00%	192.53
18	Firstsource Solutions México, S. de R.L. de C.V	-0.07%	(61.56)	-1.04%	(53.65)	-0.47%	(6.01)	-0.93%	(59.66)
19	Firstsource Solutions Jamaica Limited	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>100.00%</b>	<b>89,434.17</b>	<b>100.00%</b>	<b>5,137.07</b>	<b>100.00%</b>	<b>1,281.44</b>	<b>100.00%</b>	<b>6,418.51</b>
	Non-controlling interest in all subsidiaries		3.50		(0.08)		(0.11)		(0.19)
	Adjustments		(55,769.22)		0.21		-		0.21
	<b>Total</b>		<b>33,668.45</b>		<b>5,137.20</b>		<b>1,281.33</b>		<b>6,418.53</b>

## 30. COMPUTATION FOR CALCULATING DILUTED EARNING PER SHARE

(₹ in million)

Description	Year ended	
	March 31, 2023	March 31, 2022
Number of shares considered as basic weighted average shares outstanding	680,585,300	680,124,130
Add: Effect of potential issue of shares/ stock options *	21,075,439	25,377,614
Number of shares considered as weighted average shares and potential shares outstanding	701,660,739	705,501,744
Net profit after tax attributable to shareholders	5,137.20	5,373.74
Net profit after tax for diluted earnings per share	5,137.20	5,373.74

\* 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.

# Notes to the Consolidated Financial Statements

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## 31. CAPITAL AND OTHER COMMITMENTS AND CONTINGENT LIABILITIES

	March 31, 2023	March 31, 2022
a) The estimated amount of contracts remaining to be executed on capital account and not provided for (net), against which advances paid are ₹ 0.59 (March 31, 2022: ₹ 16.75)	599.62	739.89
b) Claims not acknowledged as debts	1.35	1.35
c) Guarantees given to the customer and others*	10.00	10.00
d) Outstanding in respect of the Company has a purchase commitment towards Nanobi Data and Analytics Private Limited for the Optionally Convertible Debentures of ₹ 100 per unit of 120,000 units.	12.00	12.00

### Direct tax matters

Income tax demands amounting to ₹ 1,872.94 (March 31, 2022: ₹ 1,840.26) for the various assessment years are disputed in appeal by the Company in respect of which it has favourable decisions supporting its stand based on the past assessment or otherwise and hence, the provision for taxation is considered adequate. The Company has paid ₹ 10.38 (March 31, 2022: ₹ 10.38) tax under protest against the demand raised for the assessment year 2004-05, ₹ 12.50 (March 31, 2022: ₹ 12.50) tax under protest against the demand raised for the assessment year 2009-10, ₹ 80.00 (March 31, 2022: ₹ 80.00) tax under protest against the demand raised for the assessment year 2011-12, ₹ 5.00 (March 31, 2022: ₹ 5.00) tax under protest against the demand raised for the assessment year 2014-15, ₹ 2.50 (March 31, 2022: ₹ 2.50) tax under protest against the demand raised for the assessment year 2015-16.

### Indirect tax matters

Service tax demands amounting to ₹ 192.52 (March 31, 2022: ₹ 151.76) in respect of service tax input credit and FCCB issue expenses is disputed in appeal by the Company. The Company expects favourable appellate decision in this regard.

The Company's pending litigations comprise of claims against the Company and pertaining to proceedings pending with Income tax and service tax. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in the financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

\*Guarantees given pertain to guarantees given to customers and the Government of India, Customs and Central Excise department towards future duty obligations.

## 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 01, 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 01, 2022 has resulted in a reduction of ₹ 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.



# Notes to the Consolidated Financial Statements

As at and for the year ended March 31, 2023

## 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 ₹ 68.36 (March 31, 2022: ₹ 55.71)

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Opening balance	40.16	38.74
Contribution accrued for the year	68.36	55.71
Contribution to RPSG CSR Trust during the year	(90.84)	(38.74)
Amount spent by the Company during the year	(17.68)	(15.55)
Closing balance payable*	-	40.16

\*Unspent amount of ₹ Nil and ₹ 40.16 has been transferred to a earmarked special bank account on March 31, 2023 and March 31, 2022 for the year ended March 31, 2023 and March 31, 2022 respectively.

As per our report of even date attached.  
For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
Firm's Registration No: 117366W/W-100018

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

**Sanjiv V. Pilgaonkar**  
Partner  
Membership No: 39826

**Dr Sanjiv Goenka**  
Chairman  
(DIN 00074796)

**Vipul Khanna**  
MD and CEO  
(DIN 00889710)

**Shashwat Goenka**  
Vice-Chairman  
(DIN 03486121)

**Subrata Talukdar**  
Director  
(DIN 01794978)

**Sunil Mitra**  
Director  
(DIN 00113473)

**Utsav Parekh**  
Director  
(DIN 00027642)

**Anjani K. Agrawal**  
Director  
(DIN 08579812)

**Pradip Kumar Khaitan**  
Director  
(DIN 00004821)

**Pratip Chaudhuri**  
Director  
(DIN 00915201)

**Vanita Uppal**  
Director  
(DIN 07286115)

Mumbai  
May 04, 2023

Mumbai  
May 04, 2023

**Pooja Nambiar**  
Company Secretary

**Dinesh Jain**  
President & CFO

# Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Account) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

## PART "A": SUBSIDIARIES

Sr. No.	Particulars	Firstsource Process Management Services Limited	First source Group USA, Inc.	First source Business Process Services, LLC	Firstsource Advantage LLC	One Advantage LLC	Firstsource Solutions UK Limited	Firstsource USA LLC	MedAssist Holding, LLC.	Firstsource Health Plans and Healthcare Services, LLC	Firstsource BPO Ireland Ltd	Firstsource-Dialog Solutions (Private) Limited	Firstsource Solution S.A	Sourcepoint, Inc.	Sourcepoint Fulfillment Services, Inc	Patient Matters, LLC	Medical Advocacy Services for Healthcare, Inc	Kramer Technologies LLC	The Stone Hill Group, Inc.	American Recovery Service Incorporated	Firstsource Solutions Mexico, S de R.L de C.V.	Firstsource Solutions Jamaica Limited
1	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	01-04-2022 to 31-03-2023	01-04-2022 to 31-03-2023	01-04-2022 to 31-03-2023	01-04-2022 to 31-03-2023	01-04-2022 to 31-03-2023	01-04-2022 to 31-03-2023	01-04-2022 to 31-03-2023	01-04-2022 to 31-03-2023	01-04-2022 to 31-03-2023	01-04-2022 to 31-03-2023	01-04-2022 to 31-03-2023	01-04-2022 to 31-03-2023	01-04-2022 to 31-03-2023	01-04-2022 to 31-03-2023	01-04-2022 to 31-03-2023	01-04-2022 to 31-03-2023	01-04-2022 to 31-03-2023	01-04-2022 to 31-03-2023	01-04-2022 to 31-03-2023	01-04-2022 to 31-03-2023	13-04-2022 to 31-03-2023
2	Reporting currency	INR	Dollar	Dollar	Dollar	Dollar	Pound	Dollar	Dollar	Dollar	Euro	LKR	-	Dollar	Dollar	Dollar	Dollar	Dollar	Dollar	Dollar	MXN	-
3	Exchange rate	1	82.17	82.17	82.17	82.17	101.65	82.17	82.17	82.17	89.44	0.25	0.00	82.17	82.17	82.17	82.17	82.17	82.17	82.17	4.55	0.00
4	Paid-up Share Capital	10.50	21.12	-	0.82	-	288.14	-	-	-	-	1.15	-	6.02	32.93	-	-	-	0.04	0.21	0.45	-
5	Reserves & Surplus	25.42	26,340.86	6,352.14	1,291.70	590.90	3,938.86	-	26,980.02	718.52	15.13	12.30	-	6,899.16	177.07	(3,912.01)	3,022.33	1,374.35	246.06	1,007.65	(62.02)	-
6	Total Assets	36.23	48,627.93	7,621.73	4,142.90	1,887.66	12,029.52	-	29,340.55	5,761.21	16.31	13.92	-	9,299.62	635.56	1,256.16	3,027.55	1,381.72	541.51	1,983.38	126.19	-
7	Total Liabilities (excluding Capital and Reserves)	0.31	22,265.95	1,269.59	2,850.38	1,296.76	7,802.52	-	2,360.53	5,042.69	1.18	0.47	-	2,394.44	425.56	5,168.17	5.22	7.37	295.41	975.52	187.76	-
8	Investments (excluding Investments in Subsidiaries)	35.02	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Total Income*	1.91	6,362.63	3,492.23	5,667.89	1,049.49	19,239.47	-	7,203.28	11,018.92	(0.00)	0.18	-	6,297.03	580.95	272.64	515.70	5.62	1,181.71	5,287.39	160.78	-
10	Profit / (Loss) Before Tax*	1.68	4,057.95	3,491.40	589.08	402.35	(315.93)	-	1,824.24	701.42	(2.47)	(0.35)	-	(373.67)	126.84	(80.63)	(158.72)	(4.67)	(16.75)	345.97	(59.66)	-
11	Provision for Tax	0.50	497.55	-	-	-	(103.67)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Profit / (Loss) After Tax*	1.18	3,560.40	3,491.40	589.08	402.35	(212.26)	-	1,824.24	701.42	(2.47)	(0.35)	-	(373.67)	126.84	(80.63)	(158.72)	(4.67)	(16.75)	345.97	(59.66)	-
13	Proposed Dividend (including Tax thereon)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	% of Shareholding	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	74%	99.98%	100%	100%	100%	100%	100%	100%	100%	100%	100%

### Note:

\*Total Income, Profit/(loss) before tax and Profit/(loss) after tax include inter company dividend within US Subsidiaries which is eliminated at consolidated financials, and has no impact on consolidated numbers.

Figures mentioned in MedAssist Holding LLC are consolidated figures of MedAssist Holding LLC and Firstsource Solutions USA LLC.

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Account) Rules, 2014)  
Statement containing silent features of the financial statement of subsidiaries/associate companies/joint ventures.

PART “B”:ASSOCIATES AND JOINT VENTURES:

		(₹ in million)
S. NO.	Particulars	Nanobi Data and Analytics Private Limited
1	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	01-04-2022 to 31-03-2023
2	Reporting currency	INR
3	Exchange rate	1
4	Paid-up Share Capital	36.63
5	Reserves & Surplus	(43.48)
6	Total Assets	41.64
7	Total Liabilities (excluding Capital and Reserves)	48.49
8	Investments (excluding Investments in Subsidiaries)	-
9	Total Income	28.64
10	Profit / (Loss) Before Tax	1.61
11	Provision for Tax	0.32
12	Profit / (Loss) After Tax	1.29
13	Proposed Dividend (including Tax thereon)	-
14	% of Shareholding	21.79%

As per our report of even date attached.  
For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
Firm's Registration No: 117366W/W-100018

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

**Sanjiv V. Pilgaonkar**  
Partner  
Membership No: 39826

**Dr Sanjiv Goenka**  
Chairman  
(DIN 00074796)

**Vipul Khanna**  
MD and CEO  
(DIN 00889710)

**Shashwat Goenka**  
Vice-Chairman  
(DIN 03486121)

**Subrata Talukdar**  
Director  
(DIN 01794978)

**Sunil Mitra**  
Director  
(DIN 00113473)

**Utsav Parekh**  
Director  
(DIN 00027642)

**Anjani K. Agrawal**  
Director  
(DIN 08579812)

**Pradip Kumar Khaitan**  
Director  
(DIN 00004821)

**Pratip Chaudhuri**  
Director  
(DIN 00915201)

**Vanita Uppal**  
Director  
(DIN 07286115)

Mumbai  
May 04, 2023

Mumbai  
May 04, 2023

**Pooja Nambiar**  
Company Secretary

**Dinesh Jain**  
President & CFO

# Independent Auditor's Report

To the Members of FIRSTSOURCE SOLUTIONS LIMITED

Report on the Audit of the Standalone Financial Statements

## OPINION

We have audited the accompanying standalone financial statements of Firstsource Solutions Limited (the 'Company'), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Standalone Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the 'standalone financial statements')

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

## BASIS FOR OPINION

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act ('SA's'). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current financial year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	<p><b><u>Revenue recognition and measurement in respect of un-invoiced amounts</u></b></p> <p><b><u>(Refer Note 9 of the Standalone Financial Statements)</u></b></p> <p>The Company, in its contracts with customers, promises to transfer distinct services ('performance obligations') to its customers which may be rendered in the form of customer management, transaction processing (including revenue cycle management in the healthcare industry) and debt collection services. Revenue is recognised based on the pattern of benefits from the performance obligations to the customer in an amount that reflects the consideration received or expected to be received in exchange for the services ('transaction price'). The agreed contractual terms for service deliveries that are based on unit-of-work, time and material or a specified contingency (such as recovery of dues or disbursement of loans) adjusted for rebates, volume discounts, incentives or penalties ('variable consideration'). At each reporting date, revenue is accrued for work performed that may not have been invoiced. Identifying whether the Company's performance 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><b><u>Principal audit procedures performed</u></b></p> <p>a. We gained an understanding of the Company's processes in collating the evidence supporting delivery of services for each disaggregated type of revenue. We also obtained an understanding of the design of key controls for quantifying units of services that would be invoiced and the application of appropriate prices for each of such services.</p> <p>b. We have tested the design and operating effectiveness of management's key controls in collating the units of services delivered and in the application of accurate prices for each of such services for a sample of the un-invoiced revenue entries, which included testing of access and change management controls exercised in respect of related information systems.</p> <p>c. We have tested a sample of un-invoiced revenue entries with reference to the reports from the information system that record the inputs relating to the services delivered to confirm the units of services delivered and contractual rates for the application of appropriate price for each of services. We also tested the adjustments on account of volume discounts and committed service levels of performance. With regard to incentives, our tests were focused to ensure that accruals were restricted to only those items where contingencies were minimal.</p>



Sr. No.	Key Audit Matter	Auditor's Response
		<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 appropriately disaggregated data.</p> <p>e. We also extended our testing upto the date of approval of the standalone 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 is recognized.</p> <p>g. 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><u>Assessment of recoverability of Minimum Alternate Tax ('MAT') Credit for Special Economic Zone ('SEZ') units</u></b>  <b><u>(Refer Note 12 of the Standalone Financial Statements)</u></b></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 (and consequently the Group) 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 ₹ 2,348.93 million.</p> <p>The Company's evaluation of the recoverability of deferred tax asset in respect of MAT credit requires Management to make significant estimates and assumptions related to forecasts of future taxable profits. Also, a significant portion of the Company's profits in the past have arisen from export of services from delivery centers set up in Special Economic Zones ('SEZs'). Export profits derived from SEZs are entitled to a 100% deduction in determining the total taxable income for the first five years. The deduction is reduced to 50% for the next ten years (subject to meeting certain additional conditions in the last five years).</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>	<p><b><u>Principal audit procedures performed</u></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 a sensitivity analysis on the key assumptions to assess their impact on the Company's determination that the MAT was realisable.</p>

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Report of the Board of Directors including Annexures thereto, Management Discussion and Analysis report, Business Responsibility report and report on Corporate Governance, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Company's Board of Directors is also responsible for overseeing the Company's financial reporting process.

## AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and Standalone Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.
- d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- e. On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the

Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 31 to the standalone financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. (a) The Management has represented that, to the best of its 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 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 ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company 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; and
- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, 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.
- v. With respect to dividend declared and paid:
  - 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. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording

audit trail (edit log) facility is applicable to the Company w.e.f. April 01, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. As required by the Companies (Auditor's Report) Order, 2020 (the 'Order') issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Mumbai, May 04, 2023

**SANJIV V. PILGAONKAR**  
Partner  
(Membership No. 39826)  
(UDIN: 23039826BGXRZG2974)



## 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 STANDALONE 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 standalone financial statements of Firstsource Solutions Limited (the 'Company') as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls with reference to standalone financial statements of the Company based on our audit.

We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls with reference to standalone 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 standalone financial 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 with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone 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 standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the

Company's internal financial controls with reference to standalone financial statements.

### MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

A company's internal financial control with reference to standalone 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 standalone 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 STANDALONE FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone 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, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to standalone financial statements established by the Company considering the essential components of internal control stated in the Guidance Note.

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

Mumbai, May 04, 2023

**SANJIV V. PILGAONKAR**  
Partner  
(Membership No. 39826)  
(UDIN: 23039826BGXRZG2974)

## Annexure 'B' to the Independent Auditor's Report

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

To the best of our information and according to the explanations provided to us by the Company and the books of account examined by us in the normal course of audit, we state that:

i. In respect of the Company's Property, Plant and Equipment:

- (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of its Property, Plant and Equipment, Capital Work-in-Progress and the relevant details of its Right-of-Use assets.

B. The Company has maintained proper records showing full particulars of Intangible Assets.

- (b) The property, plant and equipment, capital work in progress and right-of-use assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. No material discrepancies were noticed on such verification.
- (c) The Company does not hold any immovable properties (other than properties where the Company is the lessee,

and the lease agreements are duly executed in favour of the Company). Hence reporting under paragraph 3(i)(c) of the Order is not applicable.

- (d) The Company has not revalued any of its Property, Plant and Equipment, Right-of-Use Assets and Intangible Assets during the year.

- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii. In respect of the Company's inventories:

- (a) The Company is in the business of rendering services and consequently does not hold any physical inventories. Accordingly, the provisions of paragraph 3(ii)(a) of the Order is not applicable.
- (b) The Company has not been sanctioned any working capital facility by banks or financial institutions during the year on the basis of security of its current assets.

iii. The Company has granted loans and provided guarantees to parties listed in (a) below, during the year, in respect of which:

- (a) The details of the aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans and guarantees are tabulated below:

(₹ in million)		
Particulars	Loans	Guarantees
Aggregate amount granted/ provided during the year		
Subsidiaries:	-	-
Other Parties:		
Employees	105.97	-
Balance outstanding as at balance sheet date		
Subsidiaries:		
- Firstsource Solution UK Limited	-	2337.89
- Firstsource Group USA, Inc.	-	13,393.71
Other Parties:		
Employees	81.06	

The Company has not provided security nor has it granted any advances in the nature of loans to any other entity during the year.

- (b) The investments made, terms and conditions for grant of loans and guarantees provided during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.
- (c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and repayments of principal amount and receipt of interest are regular as per stipulation.
- (d) According to information and explanations given to us and based on the audit procedures performed, in respect of loan granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet

date. Therefore reporting under the provisions of paragraph 3(iii)(d) is not applicable.

- (e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
- (f) According to the information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence reporting under paragraph 3(iii)(f) is not applicable.

- iv. In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.
- v. The Company has not accepted any deposits or amounts which are deemed to be deposits. Hence reporting under paragraph 3(v) of the Order is not applicable.
- vi. The maintenance of cost records has not been specified for the activities of the Company by the Central Government under section 148 (1) of the Companies Act, 2013.
- vii. In respect of statutory dues:

- (a) The Company has generally been regular in depositing undisputed statutory dues, including Goods and Service Tax Provident Fund, Employees' State Insurance, Income Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. As explained to us, the Company did not have any dues payable on account of duty of customs and duty of excise.
- (b) There were no undisputed amounts payable in respect of Goods and Service Tax Provident Fund, Employees' State Insurance, Income Tax, Cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.
- (c) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes are given below:

Name of the statute	Nature of dues	Forum where the dispute is pending	Financial years to which the dispute relates	₹ million
Income Tax Act, 1961	Income Tax	Assistant Commissioner of Income Tax	2009-10, 2010-11, 2011-12	452.27
	Income Tax	Commissioner of Income Tax (Appeals)	2008-09, 2012-13, 2013-14 2015-16, 2016-17, 2017-18	416.27
	Income Tax	Income Tax Appellate Tribunal	2008-09, 2010-11, 2013-14, 2014-15	247.57
Internal Revenue Code, Philippines	Income Tax, Withholding Tax and Value Added Tax	Court of Tax Appeals	2014-15	756.83
Finance Act, 1994	Service Tax	Commissioner of Service Tax	2006 to 2017	192.52

- viii. There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- ix. With respect to reporting requirements of paragraph 3(ix) of the Order:
- (a) The Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (b) The Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.
- (c) Term loans availed by the Company were, applied by the Company during the year for the purposes for which the loan were obtained.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associate company. The Company does not have any joint venture.
- (f) The Company has not raised any loan during the year on the pledge of securities held in its subsidiaries or associate company.
- x. (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, reporting under paragraph 3(x)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partially or optionally). Therefore, reporting under paragraph 3(x)(b) of the Order is not applicable to the Company.
- xi. (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) We have taken into consideration, the whistle blower complaints received by the Company during the year (and upto the date of this report) and provided to us, when determining the nature, timing and extent of our audit procedures.
- xii. In our opinion, the Company is not a Nidhi Company and hence reporting under paragraph 3(xii) of the Order is not applicable.
- xiii. In our opinion, the Company has complied with the provisions of section 177 and 188 of the Act, for all applicable transactions

with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- xiv. (a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. During the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its Directors.
- xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under paragraph 3(xvi) (b) and (c) of the Order is not applicable.
- (b) The Group has more than one Core Investment Company (CIC) as part of the Group. There are 5 CIC forming part of the group.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its

liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- xx. (a) There are no unspent amounts towards Corporate Social Responsibility ('CSR') on other than ongoing projects requiring transfer to a Fund specified in Schedule VII to the Act, in compliance with section 135(5) of the Act. Accordingly, reporting under paragraph 3(xx)(a) of the Order is not applicable.
- (b) In respect of ongoing projects, the Company has transferred the unspent amount towards CSR, to a special account within a period of 30 days from the end of the financial year, in compliance with the provisions of section 135(6) of the Act.
- xxi. According to the information and explanations given to us and based on the report issued by the auditor of the subsidiary included in the consolidated financial statements of the Company, to which reporting on matters specified in paragraph 3 and 4 of the Order is applicable, provided to us by the Management of the Company, we have not identified any qualifications or adverse remarks made by the auditor in its report on matters specified in paragraphs 3 and 4 of the Order.

However, with respect to an associate, viz., Nanobi Data and Analytics Private Limited (U72200KA2012PTC062235) included in the consolidated financial statements of the Company, as the audit (under section 143 of the Act) of the associate has not yet been completed, the report of the auditor covering matters specified in paragraphs 3 and 4 of the Order, was not provided to us.

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

Mumbai, May 04, 2023

**SANJIV V. PILGAONKAR**  
Partner  
(Membership No. 39826)  
(UDIN: 23039826BGXRZG2974)



# Standalone Balance sheet

As at March 31, 2023

(₹ in million)

Particulars	Note	March 31, 2023	March 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3(i)	713.75	907.44
Capital work-in-progress	3(ii)	34.24	-
Right-of-use assets	4	1,221.98	2,072.98
Goodwill		40.14	40.14
Other intangible assets	5	104.57	106.31
<b>Financial assets</b>			
Investments	6(i)	12,323.62	12,208.50
Other financial assets	7(i)	335.17	436.72
Other non-current assets	8(i)	40.04	113.41
Deferred tax assets (net)	12	2,804.66	2,791.57
Income tax assets (net)	12	762.10	739.11
<b>Total non-current assets</b>		<b>18,380.27</b>	<b>19,416.18</b>
<b>Current assets</b>			
<b>Financial assets</b>			
Investments	6(ii)	560.48	1,151.86
Trade receivables	9		
- Billed		6,177.26	5,172.44
- Unbilled		197.33	196.30
Cash and cash equivalents	10	174.61	189.23
Other balances with banks	11	40.14	70.14
Other financial assets	7(ii)	38.07	527.55
Other current assets	8(ii)	623.82	757.91
<b>Total current assets</b>		<b>7,811.71</b>	<b>8,065.43</b>
<b>Total assets</b>		<b>26,191.98</b>	<b>27,481.61</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	13	6,969.91	6,969.91
Other equity	14	16,073.61	16,228.34
<b>Total equity</b>		<b>23,043.52</b>	<b>23,198.25</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Long-term borrowings	15(i)	37.85	42.39
Lease liabilities		1,127.36	1,998.69
Other financial liabilities	17(i)	32.32	-
Provisions for employee benefits	18(i)	137.03	137.46
<b>Total non-current liabilities</b>		<b>1,334.56</b>	<b>2,178.54</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	15(ii)	43.85	72.72
Trade payables	16	528.30	465.99
Lease liabilities		369.79	538.92
Other financial liabilities	17(ii)	640.03	775.13
Provisions for employee benefits	18(ii)	116.25	136.92
Other current liabilities	19	115.68	109.24
Provision for income tax (net)	12	-	5.90
<b>Total current liabilities</b>		<b>1,813.90</b>	<b>2,104.82</b>
<b>Total equity and liabilities</b>		<b>26,191.98</b>	<b>27,481.61</b>

## Significant accounting policies.

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

As per our report of even date attached.  
For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
Firm's Registration No: 117366W/W-100018

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

**Sanjiv V. Pilgaonkar**  
Partner  
Membership No: 39826

**Dr Sanjiv Goenka**  
Chairman  
(DIN 00074796)

**Shashwat Goenka**  
Vice-Chairman  
(DIN 03486121)

**Sunil Mitra**  
Director  
(DIN 00113473)

**Pradip Kumar Khaitan**  
Director  
(DIN 00004821)

**Utsav Parekh**  
Director  
(DIN 00027642)

**Pratip Chaudhuri**  
Director  
(DIN 00915201)

**Pooja Nambiar**  
Company Secretary

**Vipul Khanna**  
MD and CEO  
(DIN 00889710)

**Subrata Talukdar**  
Director  
(DIN 01794978)

**Anjani K. Agrawal**  
Director  
(DIN 08579812)

**Vanita Uppal**  
Director  
(DIN 07286115)

**Dinesh Jain**  
President & CFO

Mumbai  
May 04, 2023

Mumbai  
May 04, 2023

# Standalone Statement of Profit and Loss

For the year ended March 31, 2023

(₹ in million)

(₹ in million)

Particulars	Note	Year ended	
		March 31, 2023	March 31, 2022
INCOME			
Revenue from operations	20	13,757.00	15,920.06
Other income, (net)	21	337.44	307.50
Total income		14,094.44	16,227.56
EXPENSES			
Employee benefits expenses	22	7,121.33	8,000.45
Finance costs	23	149.41	200.68
Depreciation and amortization expenses	3(i),4&5	888.38	881.98
Other expenses	24	2,824.77	2,610.87
Total expenses		10,983.89	11,693.98
Profit before tax		3,110.55	4,533.58
Tax expense			
Current tax	12	564.66	747.86
Deferred tax	12	62.47	(90.17)
Profit for the year		2,483.42	3,875.89
Other comprehensive income			
Items that will not be reclassified subsequently to the statement of profit and loss			
Remeasurement of the net defined benefit liability/asset		36.34	20.89
Items that will be reclassified subsequently to the statement of profit and loss			
Net changes in fair value on derivatives designated as cash flow hedges		(464.59)	146.57
Deferred tax on items that will be reclassified to statement of profit and loss		75.58	(29.23)
Exchange difference on translation of foreign operations		10.63	(9.97)
Total other comprehensive income, net of taxes		(342.04)	128.26
Total comprehensive income for the year		2,141.38	4,004.15
Weighted average number of equity shares outstanding during the year			
Basic	30	680,585,300	680,124,130
Diluted	30	701,660,739	705,501,744
Earnings per equity share			
Basic	30	3.65	5.70
Diluted	30	3.54	5.49

## Significant accounting policies.

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

As per our report of even date attached.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

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

**Sanjiv V. Pilgaonkar**  
Partner  
Membership No: 39826

**Dr Sanjiv Goenka**  
Chairman  
(DIN 00074796)

**Vipul Khanna**  
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**Pratip Chaudhuri**  
Director  
(DIN 00915201)

**Vanita Uppal**  
Director  
(DIN 07286115)

Mumbai  
May 04, 2023

Mumbai  
May 04, 2023

**Pooja Nambiar**  
Company Secretary

**Dinesh Jain**  
President & CFO

# Standalone Statement of Changes in Equity

As at and for the year ended March 31, 2023

	Equity share capital	Attributable to owners of the Company									Total	
		Reserve and surplus							Items of other comprehensive income			
		Share application money pending allotment	Treasury shares	Amalgamation deficit reserve	Special Economic Zone re-investment reserve	Securities premium	Other reserve	Retained earnings	Employee stock option reserve	Effective portion of cash flow hedges		Exchange differences on translating the financial statements of a foreign operation/ subsidiaries
Balance as at April 01, 2022	6,969.91	-	(1,198.25)	(1,136.72)	-	2,290.48	30.68	15,210.92	514.33	299.93	216.97	23,198.25
Other comprehensive income for the year (Net of tax)	-	-	-	-	-	-	-	36.34	-	(389.01)	10.63	(342.04)
Profit for the year	-	-	-	-	-	-	-	2,483.42	-	-	-	2,483.42
Dividend, net	-	-	-	-	-	-	-	(2,384.45)	-	-	-	(2,384.45)
Share based payments	-	-	-	-	-	-	-	-	227.92	-	-	227.92
Treasury shares, net	-	-	40.11	-	-	-	-	(99.69)	(80.00)	-	-	(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)	-	-	-
Balance at the end of the March 31, 2023	6,969.91	-	(1,158.14)	(1,136.72)	15.28	2,290.48	30.68	15,241.85	651.66	(89.08)	227.60	23,043.52

# Standalone Statement of Changes in Equity

As at and for the year ended March 31, 2023

(₹ in million)

	Equity share capital	Attributable to owners of the Company									Total	
		Share application money pending allotment	Treasury shares	Reserve and surplus					Items of other comprehensive income			
				Amalgamation deficit reserve	Special Economic Zone re-investment reserve	Securities premium	Other reserve	Retained earnings	Employee stock option reserve	Effective portion of cash flow hedges		Exchange differences on translating the financial statements of a foreign operation/ subsidiaries
Balance as at April 01, 2021	6,960.99	0.41	(742.16)	(1,136.72)	-	2,244.41	30.68	13,669.95	283.63	182.59	226.94	21,720.72
Other comprehensive income for the year (Net of tax)	-	-	-	-	-	-	-	20.89	-	117.34	(9.97)	128.26
Profit for the year	-	-	-	-	-	-	-	3,875.89	-	-	-	3,875.89
Dividend, net	-	-	-	-	-	-	-	(2,383.96)	-	-	-	(2,383.96)
Share based payments	-	-	-	-	-	-	-	-	320.00	-	-	320.00
Issue of equity shares on exercise of options	8.92	(0.41)	-	-	-	46.07	-	-	(17.26)	-	-	37.32
Treasury shares, net	-	-	(456.09)	-	-	-	-	22.16	(66.05)	-	-	(499.98)
Transfer to Special Economic Zone re-investment reserve	-	-	-	-	22.20	-	-	(22.20)	-	-	-	-
Utilised from Special Economic Zone re-investment reserve	-	-	-	-	(22.20)	-	-	22.20	-	-	-	-
Transfer to retained earning for options forfeited	-	-	-	-	-	-	-	5.99	(5.99)	-	-	-
Balance at the end of the March 31, 2022	6,969.91	-	(1,198.25)	(1,136.72)	-	2,290.48	30.68	15,210.92	514.33	299.93	216.97	23,198.25

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

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**Shashwat Goenka**

Vice-Chairman

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(DIN 00113473)

Mumbai

May 04, 2023

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**Utsav Parekh**

Director

(DIN 00027642)

**Anjani K. Agrawal**

Director

(DIN 08579812)

**Pooja Nambiar**

Company Secretary



# Standalone Cash Flow Statement

For the year ended March 31, 2023

(₹ in million)

Particulars	Year ended	
	March 31, 2023	March 31, 2022
<b>Cash flow from operating activities</b>		
Net Profit before taxation	3,110.55	4,533.58
Adjustments for		
Depreciation and amortisation	888.38	881.98
Allowance for expected credit loss / bad debt written off, net	5.12	-
(Loss)/Gain on sale of Property, Plant and Equipment	(3.12)	2.64
Foreign exchange loss / (gain), net unrealised	(183.11)	(27.13)
Finance costs	149.41	200.68
Interest income	(10.18)	(4.42)
Profit on sale / redemption of investments	(45.63)	(29.26)
Employee stock compensation expense	59.07	130.69
<b>Operating cash flow before changes in working capital</b>	<b>3,970.49</b>	<b>5,688.76</b>
<b>Changes in working capital</b>		
(Increase) / decrease in trade receivables	(985.91)	4.66
Decrease / (increase) in loans and advances and other assets	457.61	(335.77)
Decrease in liabilities and provisions	(146.73)	(209.77)
<b>Net changes in working capital</b>	<b>(675.03)</b>	<b>(540.88)</b>
Income taxes paid	(593.55)	(991.01)
<b>Net cash generated from operating activities (A)</b>	<b>2,701.91</b>	<b>4,156.87</b>
<b>Cash flow from investing activities</b>		
Purchase of current investments	(14,521.92)	(14,838.15)
Proceeds from sale of current investments	15,158.93	14,510.75
Interest income received	10.18	4.42
Purchase of property plant and equipment	(222.79)	(378.55)
Proceeds from sale of property plant and equipment	16.98	26.68
Earmarked funds placed with banks	30.00	(12.96)
Capital advances refunded	-	185.92
<b>Net cash generated from / (used in) investing activities (B)</b>	<b>471.38</b>	<b>(501.89)</b>
<b>Cash flow from financing activities</b>		
Proceeds from long term borrowings	50.49	29.55
Repayment of long term borrowings	(83.90)	(76.84)
Interest paid on leased liabilities and other borrowings	(149.41)	(200.68)
Purchase of treasury shares, net	(139.58)	(462.66)
Repayment of lease liabilities	(483.17)	(467.14)
Dividend paid, net	(2,384.45)	(2,383.96)
<b>Net cash used in financing activities (C)</b>	<b>(3,190.02)</b>	<b>(3,561.73)</b>
<b>Net (decrease) / increase in cash and cash equivalents at the end of the year (A+B+C)</b>	<b>(16.73)</b>	<b>93.25</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>189.23</b>	<b>99.21</b>
<b>Foreign exchange gain / (loss) on translating Cash and cash equivalents</b>	<b>2.11</b>	<b>(3.23)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>174.61</b>	<b>189.23</b>

# Standalone Cash Flow Statement

For the year ended March 31, 2023

## NOTES TO THE CASH FLOW STATEMENT

Cash and cash equivalents consist of cash on hand and balances with bank. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

(₹ in million)		
Particulars	March 31, 2023	March 31, 2022
<b>Balances with banks</b>		
- in current accounts	174.61	189.23
<b>Cash and cash equivalents</b>	<b>174.61</b>	<b>189.23</b>

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

(₹ in million)				
Particulars	As at March 31, 2022	Proceeds	Repayment	As at March 31, 2023
Long Term Borrowings	115.11	50.49	(83.90)	81.70
<b>Total Liabilities from financing activities</b>	<b>115.11</b>	<b>50.49</b>	<b>(83.90)</b>	<b>81.70</b>

## Reconciliation of liabilities from financing activities for the year ended March 31, 2022

(₹ in million)				
Particulars	As at March 31, 2021	Proceeds	Repayment	As at March 31, 2022
Long Term Borrowings	162.40	29.55	(76.84)	115.11
<b>Total Liabilities from financing activities</b>	<b>162.40</b>	<b>29.55</b>	<b>(76.84)</b>	<b>115.11</b>

As per our report of even date attached.  
For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
Firm's Registration No: 117366W/W-100018

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

**Sanjiv V. Pilgaonkar**  
Partner  
Membership No: 39826

**Dr Sanjiv Goenka**  
Chairman  
(DIN 00074796)

**Shashwat Goenka**  
Vice-Chairman  
(DIN 03486121)

**Sunil Mitra**  
Director  
(DIN 00113473)

**Pradip Kumar Khaitan**  
Director  
(DIN 00004821)

Mumbai  
May 04, 2023

Mumbai  
May 04, 2023

**Utsav Parekh**  
Director  
(DIN 00027642)

**Pratip Chaudhuri**  
Director  
(DIN 00915201)

**Pooja Nambiar**  
Company Secretary

**Vipul Khanna**  
MD and CEO  
(DIN 00889710)

**Subrata Talukdar**  
Director  
(DIN 01794978)

**Anjani K. Agrawal**  
Director  
(DIN 08579812)

**Vanita Uppal**  
Director  
(DIN 07286115)

**Dinesh Jain**  
President & CFO

# Notes to the Standalone Financial Statements

As at and for the year ended March 31, 2023

## 1. COMPANY OVERVIEW

Firstsource Solutions Limited ('the Company') (Corporate Identification Number (CIN) L64202MH2001PLC134147) was incorporated on December 06, 2001. The Company is engaged in the business of providing customer management services like contact center, transaction processing and debt collection services including revenue cycle management in the healthcare industry.

The Company is a public limited company incorporated and domiciled in India having registered office at Mumbai, Maharashtra, India. The Company is listed on the Bombay Stock Exchange and National Stock Exchange in India.

The Company's standalone financial statements are approved for issue by the Board of Directors on May 04, 2023.

### Basis of Preparation and Statement of Compliance

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

The list of entities with percentage holding is as below:

Subsidiaries / Entities	Country of incorporation and other particulars	Percentage of holding by voting rights	Year of consolidation
Firstsource Solutions UK Limited (FSL UK)	A subsidiary of Firstsource Solutions Limited, incorporated under the laws of United Kingdom.	100%	2002-2003
Firstsource Solutions S.A. (FSL-Arg)	A subsidiary of Firstsource Solutions UK Limited, incorporated under the laws of Argentina.	99.98%	2006-2007
Firstsource BPO Ireland Limited (FSL Ireland)	A subsidiary of Firstsource Solutions UK Limited, incorporated under the laws of Ireland.	100%	2011-2012
Firstsource Dialog Solutions (Private) Limited (FDS)	A subsidiary of Firstsource Solutions Limited, incorporated under the laws of Sri Lanka.	74%	2011-2012
Firstsource Process Management Services Limited (FPMSL)	A subsidiary of Firstsource Solutions Limited, incorporated under the laws of India.	100%	2010-2011
Firstsource Group USA, Inc. (FG US)	A subsidiary of Firstsource Solutions Limited, incorporated in the State of Delaware, USA.	100%	2009-2010
Firstsource Business Process Services, LLC (FBPS)	A subsidiary of FG US, incorporated in the State of Delaware, USA.	100%	2009-2010
Firstsource Advantage LLC (FAL)	A subsidiary of FBPS, incorporated under the laws of the State of New York, USA.	100%	2004-2005
One Advantage LLC (OAL)	A subsidiary of FBPS, incorporated in the state of Delaware, USA.	100%	2014-2015
Medassist Holding LLC (MedAssist)	A subsidiary of FG US, incorporated under the laws of the State of Delaware, USA.	100%	2014-2015
Firstsource Solutions USA LLC	A subsidiary of MedAssist, incorporated in the State of Delaware, USA.	100%	2009-2010
Firstsource Health Plans and Healthcare Services, LLC	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

# Notes to the Standalone Financial Statements

As at and for the year ended March 31, 2023

Subsidiaries / Entities	Country of incorporation and other particulars	Percentage of holding by voting rights	Year of consolidation
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 Solutions Jamaica Limited	A subsidiary of FG US, incorporated in the state of Jamaica (incorporated w.e.f. April 13, 2022)	100%	2022-2023
Firstsource Employee Benefit Trust	A trust of Firstsource Solutions Limited, incorporated under the laws of India.	100%	2019-2020
Nanobi Data and Analytics Private Limited (Nanobi)	Associate of the Company.	21.79%	2016-2017

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of income and expenses for the period. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revisions to accounting estimates are recognised prospectively in current and future periods. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 2.1.1.

#### 2.1.1 Critical accounting estimates

##### a) Income taxes

The Company's major tax jurisdiction is India. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions. Also refer to Note 2.8.

##### b) Property, plant and equipment

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

##### c) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116 and identification of lease requires significant judgement. Ind AS 116 additionally requires lessees to determine the lease term as the non-cancellable period of lease adjusted with any option to extend or terminate the lease,

if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in the future periods is reassessed to ensure the lease term reflects the current economic circumstances.

##### d) Impairment of goodwill

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

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

### 2.2 Revenue recognition

The Company, in its contracts with customers, promises to transfer distinct services rendered either in the form of customer management, healthcare (transaction processing and revenue cycle management) or collection.

Each distinct service, results in a simultaneous benefit to the corresponding customer. Also, the Company has an enforceable right to payment from the customer for the performance completed to date. Revenue from unit price based contracts is



# Notes to the Standalone Financial Statements

As at and for the year ended March 31, 2023

measured by multiplying the units of output delivered with the agreed transaction price per unit while in the case of time and material based contracts, revenue is the product of the efforts expended and the agreed transaction price per unit.

The Company continually reassesses the estimated discounts, rebates, price concessions, refunds, credits, incentives, performance bonuses, etc. (variable consideration) against each performance obligation each reporting period and recognises changes to estimated variable consideration as changes to the transaction price (i.e. revenue) of the applicable performance obligation.

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

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

## 2.3 Goodwill

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

## 2.4 Property, plant and equipment

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

Asset category		Useful life (in years)
<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 Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those property, plant and equipment which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

## 2.5 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)
Domain name	3
Software*	2 – 4
* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II to the Act.	

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

The amortisation period and the amortisation method are reviewed at the end of each reporting period. If the expected useful life of the product is shorter from previous estimates, the amortisation period is changed accordingly.

# Notes to the Standalone Financial Statements

As at and for the year ended March 31, 2023

## 2.6 Impairment

### a) Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

### b) Non-financial assets

#### i. Goodwill

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

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

#### ii. Intangible assets and property, plant and equipment

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

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

## 2.7 Employee benefits

### a) Post employment benefits

#### Gratuity

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

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

#### Defined contribution plans

In accordance with Indian regulations, all employees receive benefits from a Government administered provident fund scheme. This is a defined contribution retirement plan in which both, the Company and the employee contribute at a determined rate. Monthly contributions payable to the provident fund are charged to the statement of profit and loss as incurred.

### b) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

### c) Other long-term employee benefits

#### Compensated absences

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

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

# Notes to the Standalone Financial Statements

As at and for the year ended March 31, 2023

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

## d) Share-based compensation

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

## 2.8 Income taxes

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

### Current income taxes

The current income tax expense includes income taxes payable by the Company and its overseas branch. The current tax payable is after taking credit for tax relief available for export operations in Special Economic Zones (SEZs).

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

### Deferred income taxes

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

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

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be recognised. Deferred

income tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be recognised.

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

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

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

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

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

## 2.9 Leases

The Company enters into contract as a lessee for assets taken on lease. The Company at the inception of a contract assesses whether the contract contains a lease by conveying the right to control the use of an identified asset for a period of time in exchange for consideration. A Right-of-use asset is recognised representing its Right-of-use the underlying asset for the lease term at the lease commencement date except in case of short term leases with a term of twelve months or less and low value leases which are accounted as an operating expense on a straight line basis over the lease term. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the conditions

# Notes to the Standalone Financial Statements

As at and for the year ended March 31, 2023

required by the terms and conditions of the lease, a provision for costs are included in the related Right-of-use asset. The Right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The Right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

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

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

## 2.10 Foreign currency

### Functional currency and presentation currency

The financial statements of the Company are presented in the Indian Rupee ('INR') which is also the functional currency of the Company (excluding its foreign branch) whereas the functional currency of the foreign branch is the currency of their country of domicile.. The numbers are rounded off to million: one million equals to ten lakhs.

### Transactions and translations

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

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

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

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

## 2.11 Earnings per equity share

The basic earnings per equity share is computed by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which may be issued on the conversion of all dilutive potential shares, unless the results would be anti-dilutive.

## 2.12 Provisions and contingencies

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

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

## 2.13 Financial instruments

### 2.13.1 Initial recognition

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. However, trade receivables with no significant financing component are measured at transaction price.



# Notes to the Standalone Financial Statements

As at and for the year ended March 31, 2023

## 2.13.2 Classification and subsequent measurement

### a) Non-derivative financial instruments

#### i) Cash and cash equivalents

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

#### ii) Financial assets at amortised cost

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

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

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

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

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

#### v) Financial liabilities

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

#### vi) Equity instruments

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

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

### b) Derivative financial instruments

#### Cash flow hedge

The Company designates certain foreign exchange forward, option and future contracts as hedge instruments in respect of foreign exchange risks. These hedges are accounted for as cash flow hedges.

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

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

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

### c) Share capital

#### Ordinary shares

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

## 2.13.3 De-recognition of financial instruments

The Company de-recognises a financial asset when the contractual rights to the cash flows from the financial assets expire or it transfers the financial assets and such transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of financial liability) is de-recognised from the Company's balance sheet when obligation specified in the contract is discharged or cancelled or expired.

## 2.13.4 Fair value of financial instrument

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

## 2.14 Business combinations

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations.

The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Company. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

# Notes to the Standalone Financial Statements

As at and for the year ended March 31, 2023

Business combinations between entities under common control is accounted for at carrying value.

Transaction costs that the Company incurs in connection with a business combination such as finders' fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

## 2.15 Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

## 2.16 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.

## 2.17 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 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.

## 2.18 Recent Accounting Pronouncements:

On March 31, 2023, the Ministry of Company Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2023 effective for annual periods beginning on or after April 01, 2023 which include amendments / clarifications in the following accounting standards applicable to the Group:

- a) Ind AS 1 – Presentation of Financial Statements
- b) Ind AS 8 – Accounting policies, Changes in Accounting Estimates and Errors
- c) Ind AS 12 – Income Taxes

The effect of application of these amendments / clarifications on the standalone financial statements of the Company is expected to be insignificant.

# Notes to the Standalone Financial Statements

As at March 31, 2023

## 3. (I) PROPERTY, PLANT AND EQUIPMENT

(₹ in million)

	Leasehold improvements	Computers	Service equipment	Office equipment	Furniture and fixture	Total
<b>Gross block</b>						
<b>As at April 01, 2022</b>	<b>931.80</b>	<b>1,158.10</b>	<b>468.12</b>	<b>634.93</b>	<b>236.31</b>	<b>3,429.26</b>
Additions / adjustments during the year	82.30	20.17	7.32	28.46	6.43	144.68
Deletions during the year	(28.11)	(132.35)	(17.48)	(30.71)	(15.01)	(223.66)
Foreign exchange on translation	10.74	3.44	3.02	0.69	2.25	20.14
<b>As at March 31, 2023</b>	<b>996.73</b>	<b>1,049.36</b>	<b>460.98</b>	<b>633.37</b>	<b>229.98</b>	<b>3,370.42</b>
<b>Accumulated depreciation / amortization</b>						
<b>As at April 01, 2022</b>	<b>515.91</b>	<b>870.89</b>	<b>396.29</b>	<b>550.31</b>	<b>188.42</b>	<b>2,521.82</b>
Charge for the period	121.80	137.53	24.28	39.31	3.34	326.26
On deletions / adjustments during the year	(20.62)	(128.01)	(12.98)	(28.70)	(14.35)	(204.66)
Foreign exchange on translation	7.70	2.66	0.47	1.88	0.54	13.25
<b>As at March 31, 2023</b>	<b>624.79</b>	<b>883.07</b>	<b>408.06</b>	<b>562.80</b>	<b>177.95</b>	<b>2,656.67</b>
<b>Net block</b>						
<b>As at March 31, 2023</b>	<b>371.94</b>	<b>166.29</b>	<b>52.92</b>	<b>70.57</b>	<b>52.03</b>	<b>713.75</b>
As at March 31, 2022	415.89	287.21	71.83	84.62	47.89	907.44

(₹ in million)

	Leasehold improvements	Computers	Service equipment	Office equipment	Furniture and fixture	Total
<b>Gross block</b>						
<b>As at April 01, 2021</b>	<b>656.43</b>	<b>1,104.69</b>	<b>452.09</b>	<b>581.96</b>	<b>241.16</b>	<b>3,036.33</b>
Additions / adjustments during the year	283.36	90.46	18.89	53.35	2.08	448.14
Deletions during the year	-	(33.86)	-	(0.02)	(4.79)	(38.67)
Foreign exchange on translation	(7.99)	(3.19)	(2.86)	(0.37)	(2.13)	(16.54)
<b>As at March 31, 2022</b>	<b>931.80</b>	<b>1,158.10</b>	<b>468.12</b>	<b>634.93</b>	<b>236.31</b>	<b>3,429.26</b>
<b>Accumulated depreciation / amortization</b>						
<b>As at April 01, 2021</b>	<b>452.78</b>	<b>723.78</b>	<b>370.80</b>	<b>522.02</b>	<b>180.99</b>	<b>2,250.37</b>
Charge for the year	70.23	154.06	28.01	28.38	14.20	294.88
On deletions / adjustments during the year	-	(4.63)	-	(0.01)	(4.71)	(9.35)
Foreign exchange on translation	(7.10)	(2.32)	(2.52)	(0.08)	(2.06)	(14.08)
<b>As at March 31, 2022</b>	<b>515.91</b>	<b>870.89</b>	<b>396.29</b>	<b>550.31</b>	<b>188.42</b>	<b>2,521.82</b>
<b>Net block</b>						
<b>As at March 31, 2022</b>	<b>415.89</b>	<b>287.21</b>	<b>71.83</b>	<b>84.62</b>	<b>47.89</b>	<b>907.44</b>
As at March 31, 2021	203.65	380.91	81.29	59.94	60.17	785.96

## (II) CAPITAL WORK-IN-PROGRESS

(₹ in million)

	March 31, 2023	March 31, 2022
Capital work-in-progress	34.24	-
	34.24	-

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

# Notes to the Standalone Financial Statements

As at March 31, 2023

## 4. LEASES

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

(₹ in million)

	As at April 01, 2022	Addition during the year	Deletions/ adjustment during the year	Depreciation for the year	Foreign exchange on translation	Net Carrying value as at March 31, 2023
Leasehold properties	2,049.86	137.51	(544.03)	(465.53)	3.88	1,181.69
Service equipment	21.62	17.39	-	(11.20)	-	27.81
Vehicles	1.50	15.49	-	(4.51)	-	12.48
	2,072.98	170.39	(544.03)	(481.24)	3.88	1,221.98

(₹ in million)

	As at April 01, 2021	Addition during the year	Deletions during the year	Depreciation for the year	Foreign exchange on translation	Net Carrying value as at March 31, 2022
Leasehold properties	1,908.14	732.06	(111.10)	(475.07)	(4.17)	2,049.86
Service equipment	14.94	16.59	-	(9.91)	-	21.62
Vehicles	6.00	-	-	(4.50)	-	1.50
	1,929.08	748.65	(111.10)	(489.48)	(4.17)	2,072.98

Rent includes expense towards short term lease payments amounting to ₹ 25.68 (March 31, 2022: ₹ 13.50), expense towards low value leases assets amounting to ₹ 315.91 (March 31, 2022: ₹ 223.12) and common area maintenance for leased properties amounting to ₹ 124.45 (March 31, 2022: ₹ 103.57) during the year ended March 31, 2023.

## 5. OTHER INTANGIBLE ASSETS

(₹ in million)

	Domain name	Software	Total
<b>Gross block</b>			
<b>As at April 01, 2022</b>	6.72	807.94	814.66
Additions	-	79.04	79.04
Deletions during the year	-	(2.76)	(2.76)
Foreign exchange on translation	-	0.66	0.66
<b>As at March 31, 2023</b>	6.72	884.88	891.60
<b>Accumulated depreciation / amortization</b>			
<b>As at April 01, 2022</b>	6.72	701.63	708.35
Charge for the year	-	80.88	80.88
On deletions	-	(2.76)	(2.76)
Foreign exchange on translation	-	0.56	0.56
<b>As at March 31, 2023</b>	6.72	780.31	787.03
<b>Net Block</b>			
<b>As at March 31, 2023</b>	-	104.57	104.57
As at March 31, 2022	-	106.31	106.31



# Notes to the Standalone Financial Statements

As at March 31, 2023

(₹ in million)

	Domain name	Software	Total
<b>Gross block</b>			
<b>As at April 01, 2021</b>	6.72	762.79	769.51
Additions	-	45.70	45.70
Deletions during the year	-	-	-
Foreign exchange on translation	-	(0.55)	(0.55)
<b>As at March 31, 2022</b>	6.72	807.94	814.66
<b>Accumulated depreciation / amortization</b>			
<b>As at April 01, 2021</b>	6.72	604.42	611.14
Charge for the year	-	97.62	97.62
On deletions	-	-	-
Foreign exchange on translation	-	(0.41)	(0.41)
<b>As at March 31, 2022</b>	6.72	701.63	708.35
<b>Net Block</b>			
<b>As at March 31, 2022</b>	-	106.31	106.31
As at March 31, 2021	-	158.37	158.37

## 6. INVESTMENTS

(₹ in million)

	March 31, 2023	March 31, 2022
<b>(i) Non-current</b>		
<b>Unquoted</b>		
<b>Investments carried at cost (Investment in equity instruments of subsidiaries)</b>		
218,483 (March 31, 2022: 218,483) fully paid-up common stock of USD 1 each of Firstsource Group USA Inc. #	12,058.47	11,958.04
2,834,672 (March 31, 2022: 2,834,672) fully paid up equity shares of GBP 1 each of Firstsource Solutions UK Limited #	98.34	84.65
1,050,000 (March 31, 2022: 1,050,000) fully paid-up common stock of ₹ 10 each of Firstsource Process Management Services Limited	100.50	100.50
3,411,785 (March 31, 2022: 3,411,785) fully paid-up common stock of LKR 10 each of Firstsource Dialog Solutions (Private) Limited	23.09	23.09
	12,280.40	12,166.28
Provision for impairment of investment in Firstsource Dialog Solutions (Private) Limited and Firstsource Process Management Services Limited	(72.44)	(72.44)
	12,207.96	12,093.84
<b>Investment in associate</b>		
<b>-at cost</b>		
1,000 (March 31, 2022: 1,000) fully paid equity shares of ₹ 10 each of Nanobi Data and Analytics Private Limited	0.08	0.08
838,705 (March 31, 2022: 838,705) fully paid compulsorily convertible cumulative preference shares of ₹ 10 each of Nanobi Data and Analytics Private Limited	87.92	87.92
<b>At amortised cost</b>		
Philippines treasury bills*	27.66	26.66
	115.66	114.66
	12,323.62	12,208.50
* These securities have been earmarked in favor of Securities and exchange commission, Philippines in compliance with Corporation Code of Philippines.		
# includes ESOP cost pertaining to employees of the overseas subsidiaries.		
<b>(ii) Current</b>		
<b>Investments carried at fair value through statement of profit and loss</b>		
Mutual and other funds (quoted)	560.48	1,151.86
	560.48	1,151.86

# Notes to the Standalone Financial Statements

As at March 31, 2023

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## 7. OTHER FINANCIAL ASSETS

(₹ in million)		
Particulars	March 31, 2023	March 31, 2022
(Unsecured, considered good)		
<b>(i) Other non-current financial assets</b>		
Deposits	292.18	387.16
Foreign currency forward contracts (net)	-	21.38
Lease rentals receivable	42.99	28.18
	335.17	436.72
<b>(ii) Other current financial assets</b>		
Foreign currency forward contracts (net)	-	493.03
Lease rentals receivable	21.24	18.76
Loans and advances to employees	16.83	15.76
	38.07	527.55

## 8. OTHER ASSETS

(₹ in million)		
Particulars	March 31, 2023	March 31, 2022
(Unsecured, considered good)		
<b>(i) Other non-current assets</b>		
Capital advances	0.59	29.70
Prepaid expenses	9.92	41.98
Deferred contract cost	29.53	41.73
	40.04	113.41
<b>(ii) Other current assets</b>		
Prepaid expenses	235.85	259.58
Indirect tax recoverable	275.21	360.49
Other advances	100.33	107.25
Deferred contract cost	12.43	30.59
<b>Total</b>	<b>623.82</b>	<b>757.91</b>

## 9. TRADE RECEIVABLES

(₹ in million)		
Particulars	March 31, 2023	March 31, 2022
(Unsecured)		
<b>Billed</b>		
Considered doubtful	5.11	-
Less: Allowance for expected credit loss	5.11	-
Considered good	6,177.26	5,172.44
	6,177.26	5,172.44
<b>Unbilled</b>		
Unbilled revenues	197.33	196.30
	197.33	196.30

- 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.
- No trade or other receivables are due from directors or other officers of the Company either severally or jointly. For receivables from related party refer note 27

# Notes to the Standalone Financial Statements

As at March 31, 2023

## Trade receivables Ageing Schedule

As at March 31, 2023

	(₹ in million)					
	Not due	Outstanding for following periods from due date of payment				
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years
Undisputed Trade Receivables – considered good	1,774.74	4,402.52	-	-	-	-
Undisputed Trade receivable – considered doubtful	-	-	5.11	-	-	-
<b>Total</b>	<b>1,774.74</b>	<b>4,402.52</b>	<b>5.11</b>	<b>-</b>	<b>-</b>	<b>-</b>

As at March 31, 2022

	(₹ in million)					
	Not due	Outstanding for following periods from due date of payment				
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years
Undisputed Trade Receivables – considered good	1,781.30	3,391.14	-	-	-	-
Undisputed Trade receivable – considered doubtful	-	-	-	-	-	-
<b>Total</b>	<b>1,781.30</b>	<b>3,391.14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 10. CASH AND CASH EQUIVALENTS

	(₹ in million)	
Particulars	March 31, 2023	March 31, 2022
Balances with banks		
- in current accounts	174.61	189.23
	<b>174.61</b>	<b>189.23</b>

## 11. OTHER BALANCES WITH BANKS

	(₹ in million)	
Particulars	March 31, 2023	March 31, 2022
Earmarked balances with banks*	40.14	70.14
	<b>40.14</b>	<b>70.14</b>

\*Earmarked balances with banks represents unclaimed dividend as at March 31, 2023 and unclaimed dividend and unspent amount of Corporate Social Responsibility ('CSR') as at March 31, 2022.

## 12. TAXATION

As at March 31, 2023

	(₹ in million)			
Taxation	Opening balance	Recognised in Profit and loss	Recognised in Other Comprehensive Income and exchange	Closing Balance
<b>Deferred tax assets / (liability) on account of:</b>				
Property, plant and equipment and intangibles	207.22	32.22	-	239.44
Employee stock options	113.12	(40.28)	-	72.84
Other employee benefits payable	57.74	1.06	-	58.80
Unused tax losses	6.85	-	-	6.85
Minimum alternate tax credit carried forward	2,361.57	(12.64)	-	2,348.93
Lease Liabilities	102.48	(42.83)	(0.02)	59.63
Foreign currency forward contracts	(57.41)	-	75.58	18.17
	<b>2,791.57</b>	<b>(62.47)</b>	<b>75.56</b>	<b>2,804.66</b>

# Notes to the Standalone Financial Statements

As at March 31, 2023

As at March 31, 2022

(₹ in million)

Taxation	Opening balance	Recognised in Profit and loss	Recognised in Other Comprehensive Income	Closing Balance
Deferred tax assets / (liability) on account of:				
Property, plant and equipment and intangibles	203.80	3.42	-	207.22
Employee stock options	43.44	69.68	-	113.12
Other employee benefits payable	42.10	15.64	-	57.74
Unused tax losses	6.85	-	-	6.85
Minimum alternate tax credit carried forward	2,304.94	56.63	-	2,361.57
Lease Liabilities	101.16	1.43	(0.11)	102.48
Foreign currency forward contracts	(28.18)	-	(29.23)	(57.41)
	2,674.11	146.80	(29.34)	2,791.57

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

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Income tax assets, net	762.10	739.11
Provision for income tax, net	-	(5.90)
	762.10	733.21

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

(₹ in million)

Particulars	Year ended	
	March 31, 2023	March 31, 2022
Current taxes	564.66	747.86
Deferred taxes	62.47	(90.17)
<b>Tax expense</b>	<b>627.13</b>	<b>657.69</b>

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:

(₹ in million)

Particulars	Year ended	
	March 31, 2023	March 31, 2022
<b>Profit before income taxes</b>	<b>3,110.55</b>	<b>4,533.58</b>
Enacted tax rates in India	34.94%	34.94%
Computed expected tax expense	1,086.95	1,584.21
Income Exempt from Tax and Tax Holidays	(475.64)	(858.66)
Expenses not deductible for tax purposes	5.14	13.75
ESOP cost allowed for tax purpose	18.70	(34.15)
Others	(8.02)	(42.86)
Previous years tax adjustments	-	(4.60)
<b>Tax expense</b>	<b>627.13</b>	<b>657.69</b>



# Notes to the Standalone Financial Statements

As at March 31, 2023

## 13. SHARE CAPITAL

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
<b>Authorised</b>		
872,000,000 (March 31, 2022: 872,000,000) equity shares of ₹ 10 each	8,720.00	8,720.00
	8,720.00	8,720.00
<b>Issued, subscribed and paid-up</b>		
696,990,826 (March 31, 2022: 696,990,826) equity shares of ₹ 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 year

(₹ in million)

Particulars	March 31, 2023		March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	696,990,826	6,969.91	696,099,216	6,960.99
Shares allotted during the year - employee stock option scheme	-	-	891,610	8.92
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

(₹ in million)

Particulars	March 31, 2023		March 31, 2022	
	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%
% Change in holding company shares during the year		-		(0.06%)

### c) Shares held by holding company

(₹ in million)

Particulars	March 31, 2023		March 31, 2022	
	Number of shares	% of total shares	Number of shares	% of total shares
RPSG Ventures Limited	373,976,673	3,739.77	373,976,673	3,739.77

### d) Employee stock options

During the period ended March 31, 2023, the Company granted 3,338,242 (March 31, 2022: 4,522,250) options at an exercise price of ₹ 10 (March 31, 2022: ₹ 10.00).

### e) Shares reserved for issue under options

22,309,467 (March 31, 2022: 25,737,955) number of shares are reserved for employees for issue under the employee stock options plan (ESOP) amounting to ₹ 223.09 (March 31, 2022: ₹ 257.38).

### f) Rights, preferences and restrictions attached to equity shares

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

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

### g) Share application money received under ESOP scheme

The Company received ₹ Nil (March 31, 2022: ₹ 37.32) as share application money under ESOP scheme during the year ended March 31, 2023 in respect of which Nil (March 31, 2022: 891,610) shares were allotted during the year.

### h) Dividend

During the year ended March 31, 2023, the Company has declared interim dividend of ₹ 3.50 per share (March 31, 2022: ₹ 3.50 per share), the Company has incurred a net cash outflow of ₹ 2,384.45 (March 31, 2022: ₹ 2,383.96) (excluding dividend paid on treasury shares).

# Notes to the Standalone Financial Statements

As at March 31, 2023

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## i) Treasury Shares - pursuant to ESOP 2019 PLAN

(₹ in million)

Particulars	March 31, 2023		March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	17,011,351	1,198.25	17,010,000	742.16
Purchased during the year	1,930,000	203.07	3,197,000	547.47
Allotted during the year	(3,352,169)	(243.18)	(3,195,649)	(91.38)
<b>At the end of the year</b>	<b>15,589,182</b>	<b>1,158.14</b>	<b>17,011,351</b>	<b>1,198.25</b>

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.

## 14. OTHER EQUITY

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
<b>Securities premium</b>		
At the commencement of the year	2,290.48	2,244.41
Add: Issue of equity shares on exercise of options	-	46.07
At the end of the year	2,290.48	2,290.48
<b>Amalgamation deficit adjustment reserve</b>	(1,136.72)	(1,136.72)
Share application money pending allotment		
At the commencement of the year	-	0.41
Add : Movement during the year	-	(0.41)
At the end of the year	-	-
<b>Treasury shares</b>		
At the commencement of the year	(1,198.25)	(742.16)
Add: Movement during the year	40.11	(456.09)
At the end of the year	(1,158.14)	(1,198.25)
<b>Other reserve</b>		
At the commencement of the year	30.68	30.68
At the end of the year	30.68	30.68
<b>Special Economic Zone re-investment reserve</b>		
At the commencement of the year	-	-
Add : Transfer from Retained Earnings	32.74	22.20
Less : Transfer to Retained Earning on utilisation	(17.46)	(22.20)
At the end of the year	15.28	-
<b>Employee stock option reserve</b>		
At the commencement of the year	514.33	283.63
Add : Share based payments	227.92	320.00
Less : Issue of equity shares on exercise of options	-	(17.26)
Less : Treasury shares	(80.00)	(66.05)
Less : Transfer to retained earning for options forfeited	(10.59)	(5.99)
At the end of the year	651.66	514.33
<b>Effective portion of cash flow hedges (Other comprehensive income)</b>		
At the commencement of the year	299.93	182.59
Movement during the year	(389.01)	117.34
At the end of the year	(89.08)	299.93
<b>Exchange differences on translating the financial statements of a foreign operation (Other comprehensive income)</b>		
At the commencement of the year	216.97	226.94
Movement during the year	10.63	(9.97)
At the end of the year	227.60	216.97

# Notes to the Standalone Financial Statements

As at March 31, 2023

## 14. OTHER EQUITY

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
<b>Retained earnings</b>		
At the commencement of the year	15,210.92	13,669.95
Add: Net profit for the year	2,483.42	3,875.89
Add: Other comprehensive income for the year	36.34	20.89
Less: Dividend (net)	(2,384.45)	(2,383.96)
Less: Transfer to Special Economic Zone re-investment reserve	(32.74)	(22.20)
Add: Utilised from Special Economic Zone re-investment reserve	17.46	22.20
Less: Treasury shares (net)	(99.69)	22.16
Add: Transfer to retained earning for options forfeited	10.59	5.99
At the end of the year	15,241.85	15,210.92
<b>Total other equity</b>	<b>16,073.61</b>	<b>16,228.34</b>

## 15. BORROWINGS

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
<b>(i) Long-term borrowings</b>		
Unsecured		
Loan from Banks (refer note 'a')	37.85	24.24
Loan from other parties (refer note 'a')	-	18.15
	37.85	42.39
<b>(ii) Current portion of long term borrowings</b>		
Unsecured		
- Loan from Banks	25.70	19.77
- Loan from other parties	18.15	52.95
	43.85	72.72

### Note:

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

## 16. TRADE PAYABLES

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
<b>Trade Payables</b>		
- total outstanding dues of micro enterprises and small enterprises	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	528.30	465.99
	528.30	465.99

# Notes to the Standalone Financial Statements

As at March 31, 2023

## Trade payables Ageing Schedule

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 micro enterprises and small enterprises	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	477.73	50.57	-	-	-	528.30
<b>Total</b>	<b>477.73</b>	<b>50.57</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>528.30</b>

(₹ in million)

As at March 31, 2022

	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 micro enterprises and small enterprises	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	398.82	67.17	-	-	-	465.99
<b>Total</b>	<b>398.82</b>	<b>67.17</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>465.99</b>

(₹ in million)

There are no disputed dues to MSME and others as on March 31, 2023 and March 31, 2022.

## 17. OTHER FINANCIAL LIABILITIES

Particulars	(₹ in million)	
	March 31, 2023	March 31, 2022
<b>(i) Other non current financial liabilities</b>		
Foreign currency forward contracts (net)	32.32	-
	<b>32.32</b>	-
<b>(ii) Other current financial liabilities</b>		
Book credit in bank accounts	98.97	109.98
Foreign currency forward contracts (net)	120.49	-
Creditors for capital goods	0.98	7.46
Employee benefits payable	292.96	261.36
Payable to subsidiaries	86.42	366.29
Unclaimed dividends	40.21	30.04
	<b>640.03</b>	<b>775.13</b>

## 18. PROVISION FOR EMPLOYEE BENEFITS

Particulars	(₹ in million)	
	March 31, 2023	March 31, 2022
<b>(i) Non-current</b>		
Gratuity	137.03	137.46
	<b>137.03</b>	<b>137.46</b>
<b>(ii) Current</b>		
Compensated absences	116.25	136.92
	<b>116.25</b>	<b>136.92</b>



# Notes to the Standalone Financial Statements

As at and for the year ended March 31, 2023

## 19. OTHER LIABILITIES

(₹ in million)

Particulars	Year ended	
	March 31, 2023	March 31, 2022
<b>Other current liabilities</b>		
Tax deducted at source	64.48	55.89
Statutory Dues	51.20	53.35
	<b>115.68</b>	109.24

## 20. REVENUE FROM OPERATIONS

(₹ in million)

Particulars	Year ended	
	March 31, 2023	March 31, 2022
Sale of services	13,424.77	15,356.00
Other operating income, net	332.23	564.06
	<b>13,757.00</b>	15,920.06

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

(₹ in million)

	BFS*	Healthcare	CMT**	Diverse Industries	Total
UK	1,503.69	-	3,538.79	6.59	5,049.07
USA	4,544.02	2,679.18	514.93	36.95	7,775.08
Asia and Rest of World	484.65	93.65	11.69	10.63	600.62
<b>Total</b>	<b>6,532.36</b>	<b>2,772.83</b>	<b>4,065.41</b>	<b>54.17</b>	<b>13,424.77</b>

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2022 by geography.

(₹ in million)

	BFS*	Healthcare	CMT**	Diverse Industries	Total
UK	1,251.90	-	2,943.67	195.10	4,390.67
USA	8,383.48	1,601.44	52.63	66.32	10,103.87
Asia and Rest of World	740.05	119.88	0.55	0.98	861.46
<b>Total</b>	<b>10,375.43</b>	<b>1,721.32</b>	<b>2,996.85</b>	<b>262.40</b>	<b>15,356.00</b>

\*BFS - Banking and Financial Services

\*\* CMT - Communication, media and Technology

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

## 21. OTHER INCOME, NET

(₹ in million)

Particulars	Year ended	
	March 31, 2023	March 31, 2022
Profit on sale / redemption of current investments, net	45.63	29.26
Interest income	10.18	4.42
Foreign exchange (loss), net	(28.82)	(19.28)
(Loss)/Gain on sale of Property Plant and Equipment	3.12	(2.64)
Miscellaneous income, net	0.92	0.78
Guarantee Commission and other recoveries from subsidiaries	306.41	294.96
	<b>337.44</b>	307.50

# Notes to the Standalone Financial Statements

As at and for the year ended March 31, 2023

## 22. EMPLOYEE BENEFITS EXPENSES

(₹ in million)

Particulars	Year ended	
	March 31, 2023	March 31, 2022
Salaries and wages	6,603.74	7,406.28
Contribution to provident and other funds	385.31	398.97
Staff welfare expenses	73.21	64.51
Employee stock compensation expense	59.07	130.69
	7,121.33	8,000.45

## 23. FINANCE COSTS

(₹ in million)

Particulars	Year ended	
	March 31, 2023	March 31, 2022
<b>Interest expense</b>		
- on borrowings	7.28	15.70
Interest expense on leased liabilities	142.13	184.98
	149.41	200.68

## 24. OTHER EXPENSES

(₹ in million)

Particulars	Year ended	
	March 31, 2023	March 31, 2022
Computer expenses	635.01	550.09
Repairs, maintenance and upkeep	264.16	256.30
Car and other hire charges	226.25	222.94
Electricity, water and power consumption	173.53	141.89
Connectivity, information and communication expenses	243.85	275.38
Legal and professional fees	295.19	256.53
Recruitment and training expenses	144.24	102.55
Travel and conveyance	141.43	102.28
Contribution to Corporate Social Responsibility	68.36	55.71
Rent ( Refer Note No 4)	466.04	340.20
Insurance	138.04	106.05
Meeting and seminar expenses	3.37	4.05
Directors' sitting fees	5.60	5.41
Auditors remuneration and expenses		
- for audit fees	19.00	16.00
- for other services	5.60	5.60
- for reimbursement of expenses	0.60	0.60
Rates and taxes	8.93	13.79
Bank administration charges	3.12	1.29
Allowance for expected credit loss / bad debts written off, net	5.12	-
Miscellaneous expenses, net	(22.67)	154.21
	2,824.77	2,610.87

# Notes to the Standalone Financial Statements

As at and for the year ended March 31, 2023

## 25. FINANCIAL INSTRUMENTS

### I. Financial instruments by category:

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

(₹ in million)

	Amortised cost	FVTPL	FVOCI	Total carrying amount	Total fair value
<b>Financial assets</b>					
Investments	27.66	560.48	-	588.14	588.14
Trade receivables	6,374.59	-	-	6,374.59	6,374.59
Cash and cash equivalents	174.61	-	-	174.61	174.61
Other balances with banks	40.14	-	-	40.14	40.14
Other financial assets	373.24	-	-	373.24	373.24
<b>Total</b>	<b>6,990.24</b>	<b>560.48</b>	<b>-</b>	<b>7,550.72</b>	<b>7,550.72</b>
<b>Financial liabilities</b>					
Borrowings	81.70	-	-	81.70	81.70
Lease liabilities	1,497.15	-	-	1,497.15	1,497.15
Other financial liabilities	519.54	25.06	127.75	672.35	672.35
Trade and other payables	528.30	-	-	528.30	528.30
<b>Total</b>	<b>2,626.69</b>	<b>25.06</b>	<b>127.75</b>	<b>2,779.50</b>	<b>2,779.50</b>

The carrying value and fair value of financial instruments by categories as at March 31, 2022 were as follows:

(₹ in million)

	Amortised cost	FVTPL	FVOCI	Total carrying amount	Total fair value
<b>Financial assets</b>					
Investments	26.66	1,151.86	-	1,178.52	1,178.52
Trade receivables	5,368.74	-	-	5,368.74	5,368.74
Cash and cash equivalents	189.23	-	-	189.23	189.23
Other balances with banks	70.14	-	-	70.14	70.14
Other financial assets	449.86	157.07	357.34	964.27	964.27
<b>Total</b>	<b>6,104.63</b>	<b>1,308.93</b>	<b>357.34</b>	<b>7,770.90</b>	<b>7,770.90</b>
<b>Financial liabilities</b>					
Borrowings	115.11	-	-	115.11	115.11
Lease liabilities	2,537.61	-	-	2,537.61	2,537.61
Other financial liabilities	775.13	-	-	775.13	775.13
Trade and other payables	465.99	-	-	465.99	465.99
<b>Total</b>	<b>3,893.84</b>	<b>-</b>	<b>-</b>	<b>3,893.84</b>	<b>3,893.84</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).

# Notes to the Standalone Financial Statements

As at and for the year ended March 31, 2023

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

	March 31, 2023	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
<b>Investments</b>				
Investment in liquid mutual fund units	560.48	560.48	-	-
<b>Total</b>	560.48	560.48	-	-
Derivative financial instruments - foreign currency forward contract	(152.81)	-	(152.81)	-

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2022: (₹ in million)

	March 31, 2022	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
<b>Investments</b>				
Investment in liquid mutual fund units	1,151.86	1,151.86	-	-
<b>Total</b>	1,151.86	1,151.86	-	-
Derivative financial instruments - foreign currency forward contract	514.41	-	514.41	-

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

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

## III. Financial risk management:

### Financial risk factors:

The Company's activities are exposed to a variety of financial risks: market risk, credit risk, and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial

instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

### a) Market risk

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

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

	(₹ in million)				
	USD	GBP	PHP	Others*	Total
Total financial assets	3,508.37	2,643.50	41.33	0.29	6,193.49
Total financial liabilities	-	-	122.88	-	122.88

The following table analyzes foreign currency risk as of March 31, 2022:

	(₹ in million)				
	USD	GBP	PHP	Others*	Total
Total financial assets	1,610.29	2,142.18	38.16	0.15	3,790.78
Total financial liabilities	-	-	154.43	-	154.43

\*Others includes LKR AUD, etc.



# Notes to the Standalone Financial Statements

As at and for the year ended March 31, 2023

5% appreciation/ depreciation of the respective foreign currencies with respect to functional currency Firstsource Solutions Limited would result in increase / decrease in the Company's profit before tax approximately ₹ 300.25 for the year ended March 31, 2023 (March 31, 2022: ₹ 248.97).

## Derivative financial instruments

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

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

Particulars	March 31, 2023		March 31, 2022	
	In million	In ₹ million	In million	In ₹ million
<b>Forward contracts</b>				
in USD	96.85	8,032.69	92.90	7,169.19
in GBP	86.11	9,039.97	45.85	4,658.90
<b>Total</b>		<b>17,072.66</b>		<b>11,828.09</b>

The foreign exchange forward contracts mature within sixty months.

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

Particulars	March 31, 2023		March 31, 2022	
	(₹ in million)			
<b>Forward contracts in USD</b>				
Not later than one month	2,991.71		3,070.26	
Later than one month and not later than three months	825.29		-	
Later than three months	4,215.69		4,098.93	
	8,032.69		7,169.19	
<b>Forward contracts in GBP</b>				
Not later than one month	1,629.32		1,121.98	
Later than one month and not later than three months	807.04		591.78	
Later than three months	6,603.61		2,945.14	
	9,039.97		4,658.90	

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

	March 31, 2023		March 31, 2022	
	(₹ in million)			
Balance at the beginning of the year	299.93		182.59	
Changes in the fair value of effective portion of cash flow hedges	(464.59)		146.57	
Deferred tax movement	75.58		(29.23)	
(Gains)/Losses transferred to statement of profit and loss on occurrence of forecasted hedge transaction	-		-	
<b>Balance at the end of the year</b>	<b>(89.08)</b>		<b>299.93</b>	

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, 2023		March 31, 2022	
	(₹ in million)			
5% appreciation of the underlying foreign currencies	(799.79)		(591.07)	
5% depreciation of the underlying foreign currencies	817.33		568.50	

# Notes to the Standalone Financial Statements

As at and for the year ended March 31, 2023

## 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 ₹ 6,177.26 as at March 31, 2023 (March 31, 2022 : ₹ 5,172.44) and unbilled revenue amounting to ₹ 197.33 as at March 31, 2023 (March 31, 2022 : ₹ 196.30). Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States, United Kingdom, Philippines and other locations. Credit risk has always been managed by the Company by continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business.

## c) Liquidity risk

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

The following are contractual maturities of Lease Liabilities on an undiscounted basis as at March 31, 2023:

	(₹ in million)	
	March 31, 2023	March 31, 2022
Less than one year	458.54	694.90
One to five years	1,083.04	2,056.27
More than five years	211.04	283.95
<b>Total</b>	<b>1,752.62</b>	<b>3,035.12</b>

Future cash outflows in respect of certain leasehold properties to which the Company is potentially exposed as a lessee that are not reflected in the measurement of the lease liabilities include exposures from options of extension and termination. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Management has considered all relevant facts and circumstances that create an economic incentive for the Company as a lessee to exercise the option to extend the lease or not to exercise the option to terminate the lease as at March 31, 2023. The Company shall revise the lease term when there is a change in the facts and circumstances.

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2023 and March 31, 2022:

Particulars	(₹ in million)			
	March 31, 2023		March 31, 2022	
	Less than 1 Year	More than 1 year	Less than 1 Year	More than 1 year
Trade payables	528.30	-	465.99	-
Borrowings	43.85	37.85	72.72	42.39
Lease liabilities	369.79	1,127.36	538.92	1,998.69
Other financial liabilities	640.03	32.32	775.13	-

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

## 26. 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 October 11, 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.

# Notes to the Standalone Financial Statements

As at and for the year ended March 31, 2023

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 02, 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 the 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, 2023, the Trust has purchased 1,930,000 (March 31, 2022: 3,197,000) equity shares through secondary acquisition. As on March 31, 2023 trust holds 15,589,182 (March 31, 2022: 17,011,351) number of equity shares.

## GRANTS TO THE MD & CEO UNDER ESOP 2019 PLAN

In view of the Shareholder's approval via postal ballot on January 11, 2020 through a special resolution wherein it was approved that the MD & CEO shall be entitled to participate in the equity

based LTI of the Company. Accordingly the Committee on February 28, 2020 has approved the grant of 10,066,204 options under ESOP Plan 2019 at the face value of ₹ 10/- of the shares to the MD and CEO which are a mix of tenure based and performance based structures. The brief details of these grants are mentioned herein below:

### A. Grants under Tenure Based Structure:

No. of Stock Options	Vesting Date	Vesting Conditions
1,186,624	October 01, 2021	Continued employment
719,966	October 01, 2023	Continued employment

### B. Grants under Performance Based Structure:

No. of Stock Options	Vesting Date	Vesting Conditions
8,159,614	October 01, 2023	Achievement of Profits Before Tax **

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

# Notes to the Standalone Financial Statements

As at and for the year ended March 31, 2023

## Employee stock option activity during the year ended March 31, 2023

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

Description	Exercise Range	March 31, 2023		March 31, 2022	
		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	23,441,255	101.11	25,146,204	110.76
	10.01 - 60.00	1,514,988	48.19	2,717,412	59.10
	60.01 - 75.00	781,712	77.23	1,212,527	89.40
		25,737,955		29,076,143	
Granted during the year	10.00	3,338,242		4,522,250	
	10.01 - 60.00	-		-	
	60.01 - 75.00	-		-	
		3,338,242		4,522,250	
Forfeited during the year	10.00	3,307,251		3,515,156	
	10.01 - 60.00	34,500		128,185	
	60.01 - 75.00	47,810		129,838	
		3,389,561		3,773,179	
Exercised during the year*	10.00	2,634,959		2,712,043	
	10.01 - 60.00	433,613		1,074,239	
	60.01 - 75.00	283,597		300,977	
		3,352,169		4,087,259	
Expired during the year	10.00	25,000		-	
	10.01 - 60.00	-		-	
	60.01 - 75.00	-		-	
		25,000		-	
Outstanding at the end 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
		22,309,467		25,737,955	
Exercisable at the end of the year	10.00	3,766,359	102.68	3,238,432	100.01
	10.01 - 60.00	1,046,875	45.71	1,514,988	48.19
	60.01 - 75.00	450,305	77.23	647,838	77.23
		5,263,539		5,401,258	

\* The weighted average share price of these options was ₹ 18.94 and ₹ 20.89 for the year ended March 31, 2023 and March 31, 2022 respectively.

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

	March 31, 2023	March 31, 2022
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 ₹ 227.92 and ₹ 320.00 for the year ended March 31, 2023 and March 31, 2022 respectively. The cost related to employee stock options of its subsidiary companies is recognised as addition to investment. Accordingly, the amount of ₹ 13.68 and ₹ 14.46 is recognised as investments in Firstsource Solutions UK Limited for the year ended March 31, 2023 and March 31, 2022 respectively, ₹ 100.43 and ₹ 124.12 is recognised as investment in Firstsource Group USA Inc. for the year ended March 31, 2023 and March 31, 2022 respectively.



# Notes to the Standalone Financial Statements

As at and for the year ended March 31, 2023

## 27. RELATED PARTY TRANSACTIONS

Details of related parties including summary of transactions entered into during the year ended March 31, 2023 are summarized below:

Holding Company	RPSG Ventures Limited
Fellow Subsidiary Companies (where transactions exists)	Guilfree Industries Limited APA Services Private Limited (earlier known as Kolkata Games and Sports Private Limited)
Subsidiaries	The related parties where control exists are subsidiaries as referred to in Note 1 to the financial statements.
Associate	Nanobi Data and Analytics Private Limited
Key Managerial Personnel	Vipul Khanna Dinesh Jain
Non - executive Directors	Dr Sanjiv Goenka Subrata Talukdar Shashwat Goenka Pradip Kumar Khaitan Grace Koshie (ceased to be director w.e.f. February 09, 2023) Pratip Chaudhuri Sunil Mitra Anjani K. Agrawal Charles Richard Vernon Stagg (ceased to be director w.e.f. May 05, 2022) Vanita Uppal (appointed w.e.f. May 05, 2022) Utsav Parekh (appointed w.e.f. Nov 02, 2022)
Companies under common control (where transactions exists)	Spencer's Retail Limited RPSG Resources Private Ltd CESC Limited Saregama India Limited Natures Basket Limited

### Particulars of related party transactions:

Name of the related party	Description	Transaction value during the year ended		Receivable / (Payable) as at	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
FSL UK	Income from services	3,664.91	3,068.16	2,347.13	1,914.02
	Reimbursement of expenses to FSL UK	7.79	10.04	-	-
	Recovery of expense from FSL UK	124.74	68.06	20.83	17.78
	Parental guarantee commission from FSL UK	24.48	59.01	4.27	13.89
	Brand Equity	72.58	62.13	21.04	14.54
FAL	Income from services	1,037.62	925.06	398.85	157.82
	Reimbursement of expenses to FAL	5.32	0.11	-	-
	Recovery of expense from FAL	18.41	13.90	2.32	3.68
	Brand Equity	22.71	17.75	6.71	4.72
MedAssist	Income from services	67.98	72.20	11.63	18.43
	Reimbursement of expenses to MedAssist	0.25	0.01	-	-
	Recovery of expense from MedAssist	74.16	63.94	11.75	12.46
	Brand Equity	37.04	31.90	10.89	7.91
FG US	Income from services	778.10	75.62	682.00	4.90
	Reimbursement of expenses to FG US	7.44	1.20	-	-
	Recovery of expense from FG US	74.04	55.08	38.35	15.54
	Parental guarantee commission from FG US	96.74	59.08	24.44	19.87
	Brand Equity	1.22	1.51	0.43	0.49

# Notes to the Standalone Financial Statements

As at and for the year ended March 31, 2023

## Particulars of related party transactions:

Name of the related party	Description	Transaction value during the year ended		Receivable / (Payable) as at	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
FHPHS	Income from services	2,395.12	1,346.77	1,172.81	377.58
	Recovery of expense from FHPHS	49.34	29.23	1.01	7.02
	Reimbursement of expenses to FHPHS	5.53	2.61	-	-
	Brand Equity	39.83	34.77	8.48	9.37
OAL	Income from services	5.78	7.52	-	2.00
	Recovery of expense from OAL	2.70	2.61	-	0.72
	Brand Equity	3.63	3.52	1.00	0.94
Sourcepoint - FFS	Income from Services	94.71	237.14	37.18	15.39
	Recovery of expense from Sourcepoint-FFS	0.61	0.06	0.01	-
	Reimbursement of expenses to Sourcepoint-FFS	0.04	-	-	-
Sourcepoint, Inc	Income from services	3,232.87	7,059.55	1,060.69	2,046.49
	Recovery of expense from Sourcepoint, Inc	33.04	29.44	9.30	5.43
	Reimbursement of expenses to Sourcepoint, Inc	1.47	4.38	-	-
	Brand Equity	8.16	25.30	1.56	4.65
PM	Income from services	0.68	-	0.68	-
	Recovery of expense from PM	2.43	-	2.46	-
Stonehill	Income from services	1.00	-	-	-
	Recovery of expense from Stonehill	3.14	-	-	-
ARSI	Income from services	9.90	-	-	-
	Reimbursement of expenses to ARSI	4.52	-	-	-
	Recovery of expense from ARSI	4.09	-	-	-
Nanobi	Redemption of debentures	-	2.00	-	-
Nanobi	Interest income	-	0.12	-	-
Nanobi	Receipt of services from Nanobi	1.00	3.24	-	-
RPSG Ventures Limited	Dividend paid	1,308.92	1,308.92	-	-
APA Services Private Limited	Recovery of expenses	0.59	0.45	-	-
Guiltfree Industries Limited	Recovery of expenses	-	0.07	-	-
Saregama India Limited	Recovery of expenses	-	0.08	-	-
Natures Basket Limited	Recovery of expenses	-	0.34	-	-
CESC Limited	Receipt of services	0.10	0.61	-	-
Spencer's Retail Limited	Income from services	1.22	-	-	-
	Recovery of expenses	-	0.26	-	-
RPSG Resources Private Ltd	Receipt of services	105.22	80.00	(32.13)	(23.89)
	Brand Equity	101.35	120.00	(1.46)	(15.00)
Non-executive directors	Sitting fees	5.60	5.41	-	-
Key Managerial Personnel	Remuneration*	65.63	60.69	-	-
	Dividend paid	3.51	3.02	-	-
Others	Recovery of expenses	-	0.02	-	-

# Notes to the Standalone Financial Statements

As at and for the year ended March 31, 2023

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

(₹ in million)

Description	Year ended	
	March 31, 2023	March 31, 2022
Vipul Khanna*	23.62	21.33
Dinesh Jain*	42.01	39.36

\*Excludes ESOP, gratuity and compensated absences.

## 28. EMPLOYEE BENEFITS

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

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

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

### a) Gratuity plan

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

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

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
<b>Change in present value of obligations</b>		
Obligations at beginning of the year	166.13	154.69
Service cost	77.08	45.68
Interest cost	10.13	9.00
Actuarial (gain)/loss	(36.89)	(21.28)
Benefits paid	(32.54)	(21.96)
Obligations at the end of the year	183.91	166.13
<b>Change in plan assets</b>		
Fair value of plan assets at beginning of the year	28.67	50.79
Adjustments to opening fair value of plan assets	-	-
Return on plan assets excluding interest income	(0.55)	(0.39)
Interest income	2.15	2.00
Contributions	48.81	(1.77)
Benefits paid	(32.20)	(21.96)
Fair value of plan assets at end of the year,	46.88	28.67
<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	183.91	166.13
Fair value of plan assets at the end of year	(46.88)	(28.67)
Funded status being amount of liability recognised in the balance sheet	137.03	137.46

# Notes to the Standalone Financial Statements

As at and for the year ended March 31, 2023

## a) Gratuity plan

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

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

(₹ in million)		
Particulars	March 31, 2023	March 31, 2022
<b>Gratuity cost for the year</b>		
Service cost	77.08	45.68
Net Interest cost	7.98	7.00
Net gratuity cost	85.06	52.68
<b>Remeasurements of the net defined benefit liability/ (asset)</b>		
Actuarial (gains) / losses	(36.89)	(21.28)
(Return)/loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	0.55	0.39
Total actuarial (gain)/loss recognized in (OCI)	(36.34)	(20.89)
<b>Category of Assets</b>	<b>Total Amount</b>	<b>Target Allocation %</b>
Gratuity Fund (LIC of India and Birla Sunlife Insurance Co. Ltd)	36.85	100%
Total Itemized Assets	36.85	100%
<b>Assumptions</b>		
Mortality	IALM (2012-14) Ult.	IALM (2012-14) Ult.
Interest rate	7.29%	6.85%
Rate of growth in salary levels	6.00%	6.00%

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

The Company continues to fund to the trust in next year by reimbursing the actual payouts.

Gratuity cost, as disclosed above, is included under 'Employee benefit expense'.

## b) Contribution to Provident fund

The provident fund charge during the year amounts to ₹ 246.10 (March 31, 2022: ₹ 262.52).

## c) Compensated absences

(₹ in million)		
Actuarial assumptions	March 31, 2023	March 31, 2022
Interest rate	7.29%	6.85%
Rate of growth in salary levels	6.00%	6.00%

## 29. SEGMENT REPORTING

As per Ind AS 108 - Operating Segments ('Ind AS 108'), if a financial report contains both consolidated financial statements of a parent that is within the scope of this Ind AS as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements. Accordingly, information required to be presented under Ind AS 108 has been given in the consolidated financial statements of the Company.



# Notes to the Standalone Financial Statements

As at and for the year ended March 31, 2023

## 30. COMPUTATION FOR CALCULATING DILUTED EARNINGS PER SHARE

(₹ in million)

Description	Year ended	
	March 31, 2023	March 31, 2022
Number of shares considered as basic weighted average shares outstanding	680,585,300	680,124,130
Add: Effect of potential issue of shares/ stock options	21,075,439	25,377,615
Number of shares considered as weighted average shares and potential shares outstanding	701,660,739	705,501,744
Net profit after tax attributable to shareholders	2,483.42	3,875.89
Net profit after tax for diluted earnings per share	2,483.42	3,875.89
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 period, excluding equity shares purchased by the Company and held as treasury shares.		
Diluted earnings per share is calculated by adjusting the weighted average number of equity shares outstanding during the period for assumed conversion of all dilutive potential equity shares. Employee share options are dilutive potential equity shares for the Company.		

## 31. CAPITAL AND OTHER COMMITMENTS AND CONTINGENT LIABILITIES

(₹ in million)

	March 31, 2023	March 31, 2022
a) The estimated amount of contracts remaining to be executed on capital account and not provided for (net), against which advances paid are ₹ 0.59 (March 31, 2022 - ₹ 29.70)	337.67	294.07
b) Claims not acknowledged as debts	1.35	1.35
c) Guarantees given to the Government of India, Customs and Central excise department in relation to future duty obligation and letter of credit given (Refer table below)	15,741.60	18,331.48
d) The Company has a purchase commitment towards Nanobi Data and Analytics Private Limited for the Optionally Convertible Debentures of ₹ 100 per unit of 1,20,000 units.	12.00	12.00

### Guarantees

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Guarantees given for working capital facilities and finance lease on behalf of Firstsource Solution UK Limited (FSL-UK)	2,337.89	5,967.30
Guarantees given for credit facilities and term loans on behalf of Firstsource Group USA, Inc. (FG US)	13,393.71	12,354.18
Guarantees given to the customer and others*	10.00	10.00
	15,741.60	18,331.48

### Direct tax matters

Income tax demands amounting to ₹ 1,872.94 (March 31, 2022: ₹ 1,840.26) for the various assessment years are disputed in appeal by the Company in respect of which it has favourable decisions supporting its stand based on the past assessment or otherwise and hence, the provision for taxation is considered adequate. The Company has paid ₹ 10.38 (March 31, 2022: ₹ 10.38) tax under protest against the demand raised for the assessment year 2004-05, ₹ 12.50 (March 31, 2022: ₹ 12.50) tax under protest against the demand raised for the assessment year 2009-10, ₹ 80.00 (March

31, 2022: ₹ 80.00) tax under protest against the demand raised for the assessment year 2011-12. ₹ 5.00 (March 31, 2020: ₹ 5.00) tax under protest against the demand raised for the assessment year 2014-15, ₹ 2.50 (March 31, 2022: ₹ 2.50) tax under protest against the demand raised for the assessment year 2015-16.

### Indirect tax matters

Service tax demands amounting to ₹ 192.52 (March 31, 2022: ₹ 151.76) in respect of service tax input credit and FCCB issue expenses is disputed in appeal by the Company. The Company expects favourable appellate decision in this regard.

# Notes to the Standalone Financial Statements

As at and for the year ended March 31, 2023

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.

## 32. LONG-TERM CONTRACTS

The Company has a process whereby yearly all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law /

Accounting Standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of account.

## 33. 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 ₹ 68.36 (March 31, 2022: ₹ 55.71)

Particulars	(₹ in million)	
	March 31, 2023	March 31, 2022
Opening balance	40.16	38.74
Contribution accrued for the year	68.36	55.71
Contribution to RPSG CSR Trust during the year	(90.84)	(38.74)
Amount spent by the Company during the year	(17.68)	(15.55)
Closing balance payable*	-	40.16

\*Unspent amount of ₹ Nil and ₹ 40.16 has been transferred to a earmarked special bank account on March 31, 2023 and March 31, 2022 respectively.

## 34. RATIO ANALYSIS AND ITS ELEMENTS

(₹ in million)				
Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022
Current ratio	Current Assets	Current Liabilities	4.31	3.83
Debt- Equity Ratio	Total Debt	Shareholder's Equity	0.00	0.00
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Depreciation	Debt service = Interest & Lease Payments + Principal Repayments	4.71	6.39
Return on Equity ratio	Net Profits after taxes	Average Shareholder's Equity	10.7%	17.3%
Trade Receivable Turnover Ratio	Sale of services	Average Trade Receivable	2.29	2.86
Trade Payable Turnover Ratio	Other expenses	Average Trade Payable	5.68	6.08
Net Capital Turnover Ratio	Sale of services	Working capital = Current assets – Current liabilities (excluding Short term and other borrowings)	2.22	2.55
Net Profit ratio	Net Profit	Sale of services	18.5%	25.2%
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Net worth + Lease liabilities - Deferred tax assets + Long term and short term borrowings	14.9%	20.5%
Return on investment ratio	Income generated from invested funds	Average investments in mutual funds/ deposit accounts	6.5%	3.5%

Change in the ratios of more than 25% as compared to the preceding year is a derivation of the change in the numerator defined against each ratio.

# Notes to the Standalone Financial Statements

As at and for the year ended March 31, 2023

## 35. MICRO, SMALL AND MEDIUM ENTERPRISES

There are no outstanding dues to Micro and Small enterprises as at March 31, 2023 and March 31, 2022 respectively. Micro and Small Enterprises have been identified based on information collected by the Company.

As per our report of even date attached.  
For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
Firm's Registration No: 117366W/W-100018

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

**Sanjiv V. Pilgaonkar**  
Partner  
Membership No: 39826

**Dr Sanjiv Goenka**  
Chairman  
(DIN 00074796)

**Vipul Khanna**  
MD and CEO  
(DIN 00889710)

**Shashwat Goenka**  
Vice-Chairman  
(DIN 03486121)

**Subrata Talukdar**  
Director  
(DIN 01794978)

**Sunil Mitra**  
Director  
(DIN 00113473)

**Utsav Parekh**  
Director  
(DIN 00027642)

**Anjani K. Agrawal**  
Director  
(DIN 08579812)

**Pradip Kumar Khaitan**  
Director  
(DIN 00004821)

**Pratip Chaudhuri**  
Director  
(DIN 00915201)

**Vanita Uppal**  
Director  
(DIN 07286115)

Mumbai  
May 04, 2023

Mumbai  
May 04, 2023

**Pooja Nambiar**  
Company Secretary

**Dinesh Jain**  
President & CFO



#### REGISTERED OFFICE

Firstsource Solutions Limited  
CIN: L64202MH2001PLC134147  
5th Floor, Paradigm 'B' Wing,  
Mindspace, Link Road, Malad (West),  
Mumbai – 400 064, India.