Management Discussion and Analysis

Overview

Firstsource Solutions Limited ("Firstsource" or "the Company"), part of the RP-Sanjiv Goenka Group, is a global intelligence partner to enterprises across Healthcare, Banking and Financial Services, Communications, Media and Technology, Retail, and Utilities. The Company combines deep domain expertise built over twenty-five years with an agent-first delivery model to transform, implement and operate intelligent enterprise operations - spanning the full customer lifecycle.

FY26 marked an inflection point in the Company's evolution. Building on the breakthrough momentum of FY25 and UnBPO™, Firstsource sharpened its positioning with "Intelligence That Operates" - the brand promise that domain expertise, encoded into AI, does not just advise or automate, but operates end-to-end with measurable accountability. This commitment was operationalized through the launch of Kairos, the Company's operating system for AI-native operations. The Company crossed the US$ 1 billion annual revenue mark for the first time, completed two capability-led acquisitions, extended its global footprint, and earned a sustained cadence of analyst leadership recognitions across Banking, Healthcare Payer, CX and Generative AI.

Guided by the Company's REACCH code - the value system that anchors a culture of excellence and accountability - Firstsource continues to deliver profitable growth for investors, meaningful career opportunities for employees, and tangible impact for the communities it serves.

Industry Structure and Developments

The global Business Process Management (BPM) industry continued its structural transformation through FY26, propelled by the operational deployment of Generative and Agentic AI, the convergence of consulting, technology and operations, and a decisive shift in commercial constructs from input-based pricing to outcome-linked models.

In its Strategic Review 2026, NASSCOM characterized the period as the technology industry's third inflection point - the decisive pivot to enterprise AI, following the earlier waves of offshoring and cloud-led digital transformation. The defining change of the year was the move from AI experimentation to industrialization: fragmented proofs-of-concept gave way to scalable, domain-centric, responsible-by-design platforms, and providers re-engineered their revenue models away from headcount-based delivery toward outcome-based, risk-sharing constructs as AI-driven productivity gains began to materialize. The industry also consolidated AI-native assets through purpose-led M&A and partnerships, while agentic systems moved AI from a supporting tool to an executor of work - embedding intelligence, governance and adaptable talent as new sources of competitive advantage.

Within this pivot, the BPM segment played a defining role, repositioning from labor arbitrage toward process-intelligence partnerships in which analytics, agentic AI and industry context are embedded directly into workflows to deliver measurable outcomes. Growth across the sector was driven less by headcount addition than by productivity uplift - a structural change that favors providers operating non-linear, intelligence-led delivery models. Governance, once treated as a compliance burden, has emerged as a differentiator, as enterprises demand transparency and auditability before allowing autonomous systems to operate at scale.

Three forces are reshaping the demand profile for the industry. First, the center of value creation is shifting from labor arbitrage to intelligence arbitrage - enterprises are no longer rewarding scale alone, but partners who can apply intelligence to compound value, learning and outcomes. Second, the gap between AI ambition and AI in production has become the defining boardroom issue, with a widening performance spread between enterprises that have re-architected their operating models and those still layering AI onto legacy stacks. Third, intensifying regulatory complexity is raising the premium on partners who can combine deep domain expertise with auditable, governed automation.

These shifts play directly into Firstsource's strengths. The Company's focus on regulated, mission-critical operations positions it as a credible challenger to scale players, while its inch-wide, mile-deep approach allows it to capture the rising demand for vertical-native, outcome-underwritten engagements.

Our Strategic Response

A year ago, Firstsource introduced UnBPO™ - and was ahead of the curve. It named a real shift: the traditional model built on labor arbitrage would not hold in an era where technology was creating unprecedented leverage. UnBPO™ was both the answer to that shift and a clear declaration of what the Company had chosen not to be.

In FY26, the Company was equally clear about who it is. Firstsource is increasingly engaged not as a back-office vendor but as a partner that advises, implements, runs and transforms in one continuous motion - redesigning how operations work rather than simply staffing them. That is what "Intelligence That Operates" means: domain expertise, encoded into AI, that does not merely advise or automate but operates end-to-end, with accountability for the result.

To make that promise real, the Company built an operating system: Kairos. A simple analogy captures its role. An AI agent is like a surgeon - highly capable, but only as effective as the operating room around it: the instruments, the protocols, the monitoring, the support team. Firstsource builds and runs that operating room. Kairos encodes twenty-five years of domain expertise as executable know-how, governance guardrails and continuous-learning loops, turning general-purpose AI into systems that can run regulated, high-stakes operations safely and at scale - and improve with every cycle.

Firstsource is well-positioned for this moment. At a little over a billion dollars in revenue, it is large enough to be credible to the world's most demanding enterprises, yet focused enough to move quickly. Roughly half of its revenue is already structured around non-linear, outcome-aligned commercials, well ahead of the industry. It does not carry the legacy headcount base that larger players must defend, and its intellectual property sits where it matters most - in the domain layer, built from decades of operational expertise across healthcare, financial services collections, mortgage and customer experience, rather than in a general-purpose model it is trying to monetize.

This combination - domain depth, full-stack delivery and outcome accountability, made operational through Kairos - is the foundation of the Company's strategic response to a market moving decisively in its direction.

Intelligence That Operates - the brand promise

Intelligence That Operates rests on five tenets that work together. Domain Intelligence: industry complexity encoded from day one. Full-Stack Delivery: one partner that transforms, implements and operates, eliminating the handoffs where accountability disappears. Compounding Intelligence: every decision and outcome feeds back into the system, so the operational advantage widens with every engagement. Outcome Accountability: revenue tied to results delivered, not resources consumed. Governed Autonomy: every system earning its autonomy incrementally, through transparent auditability and proven performance.

Kairos - the operating system that makes the promise real

Launched during the year, Kairos is the embedded intelligence engine through which Intelligence That Operates is delivered. It unifies three capabilities - Transform, Implement, Operate - into a single, continuous engagement, with one partner accountable for the outcome end to end. It is not a platform bolted onto existing operations; it is the architecture through which domain intelligence, AI and human expertise operate as one. Critically, Kairos was run inside Firstsource's own enterprise operations before it was offered to clients - twelve enterprise capabilities across HR, finance, legal, commercial and marketing were rebuilt as production systems. Clients inherit that proof, not the risk.

Kairos operates across four dimensions: (1) an engagement model spanning Transform, Implement and Operate as a single continuous motion; (2) a five-layer intelligence architecture, purpose-built for regulated industries, in which raw data and transactions are progressively converted into operational intelligence, organizational context, domain intelligence and AI-native operations; (3) a portfolio of deep-domain technology assets and accelerators - vertical-native platforms, prebuilt skills and domain harnesses that encode twenty-five years of operational expertise, deployable into any client tech stack; and (4) an outcomes-linked commercial model, under which Firstsource puts its own revenue behind the results it promises.

Early production engagements have delivered measurable outcomes. In healthcare revenue cycle management for one of the largest US health systems, Kairos delivered a 66% productivity uplift and 80% automation of denials triage. In financial services, the reimagination of the KYC and AML process for a leading UK fintech delivered 25% cost savings and 83% faster customer onboarding. Across lending and collections, AI-led platforms are now delivering up to 50% operational cost reduction for lenders and 70% reduction in cost to collect, with more than 100 prebuilt models and 60 solution accelerators in active deployment. Recognition of this direction is also coming from the market: Microsoft named Firstsource a Frontier Firm in its Frontier Firms of India and Southeast Asia recognition, reflecting how deeply AI is now embedded in the Company's own operations.

FY26 strategic priorities and progress

Within this overarching framework, the Company executed against six strategic priorities during FY26:

- **Sharpen positioning and the operating system.** Codified "Intelligence That Operates" as the brand promise and launched Kairos as the operating system. The transition from a blueprint (UnBPO™) to a productized operating system represents a meaningful evolution in commercial posture and analyst engagement.
- **Institutionalize large-deal momentum and strategic logos.** Closed 17 large deals during the year and added 47 new logos, including 24 strategic logos - doubling strategic-account additions versus FY25. Large deals are now characteristically multi-tower, cross-border, and structured around outcomes rather than inputs, with the closing deal pipeline crossing the US$ 1 billion mark.
- **Expand capabilities through targeted acquisitions.** Acquired Pastdue Credit Solutions Limited (UK - white-label early arrears and debt collections services) for GBP 22 million; and TeleMedik (US - clinical management, utilization review and bilingual care management) for up to US$ 3 million. Neither acquisition was made for scale; both were made for capability.
- **Embed AI across the value chain.** Continued investment in proprietary, vertical-native AI platforms and rolled out Kairos as the digital delivery anchor across Healthcare Payer engagements. During the year the Company brought to market three significant platform launches - the Agentic AI Studio, the Gigsourcing Platform and the Mortgage Language Model, which now processes over two million mortgage loans annually across all 50 US states via Sourcepoint, the Company's US mortgage arm.
- **Extend the geographic footprint.** Extended operations during FY26 to take the global footprint to twelve countries across 57 centers, with 36,205 employees representing 94 nationalities. The Company now operates across the US, UK, India, Philippines, Mexico, Romania, Trinidad & Tobago, South Africa, Australia, Canada, Turkey and UAE.
- **Drive disciplined margin expansion.** Sustained EBIT margin expansion despite acquisition and integration costs. The Company remains committed to durable double-digit constant-currency revenue growth alongside steady margin expansion.

Business Segments

Firstsource serves clients through four reportable verticals - Banking and Financial Services (BFS), Healthcare, Communications, Media and Technology (CMT), and Diverse Industries (which includes Utilities, Retail and other emerging segments). Each vertical now combines deep domain expertise with vertical-native AI platforms operated under the Kairos model.

Banking and Financial Services (BFS)

The BFS industry continued to navigate an environment defined by elevated interest rates, deposit pressure, regulatory

complexity and the operational deployment of Generative AI in regulated processes. In Europe, transaction volumes remained subdued and the pace of digital transformation was slower than in North America, where consumer lending, mortgage services and fintech innovation provided a more resilient demand backdrop. Across both regions, banks and financial institutions accelerated their adoption of GenAI, cloud platforms and advanced data analytics across lending, payments, servicing, compliance, fraud management, document processing and workflow automation.

Firstsource's BFS vertical accounted for 32.4% of total revenues in FY26 and grew 9% YoY in constant currency terms. The vertical added 17 new logos during the year, including significant traction in collections (now extended into non-BFS verticals such as healthcare and utilities) and continued expansion into fintech, BNPL and personal finance. Notable progress points during the year included the acquisition of Pastdue Credit Solutions Limited - adding genuine white-label debt collections expertise across energy, utility and financial services in the UK, with a significant share of the business already outcome-based - and the further productization of the Company's Mortgage Language Model, which now processes over two million mortgage loans annually across all 50 US states via Sourcepoint.

Healthcare

The Healthcare industry remained in the midst of structural transformation as payers and providers navigated rising medical costs, evolving care models and increasing regulatory and interoperability requirements. In the US, margin pressures across health plans - driven by elevated Medicare utilization, payment-rate constraints and inflation - continued to fuel demand for scalable, cost-effective intelligent operations, BPaaS solutions and AI-enabled decision support across the value chain. On the provider side, financial stress and clinical-workforce shortages accelerated the shift toward technology-led Revenue Cycle Management (RCM) platforms and integrated service delivery models.

Firstsource's Healthcare vertical accounted for 33.3% of total revenues in FY26 and grew 10% YoY in constant currency terms. The vertical added 12 new logos during the year, including the Company's largest-ever healthcare contract - a transformation-led mandate with one of America's largest healthcare organizations covering claims at scale, the compliance burden, and the decisions that touch patients' lives. The TeleMedik acquisition (completed in January 2026) deepened the Company's reach across Medicare Advantage, Medicaid and dual-eligible populations across Puerto Rico and the mainland US, complementing the BPaaS model now in production across multiple payer programs. The launch of the Revenue Command Center (RCC) gave US health systems a single, outcome-guaranteed service across patient access, mid-cycle integrity and back-end A/R, denials and collections - operating under contractual KPIs (such as initial denial rate, net collection rate and denial overturn rate) rather than FTE counts. The Agentic HealthPlan Catalog, built on Kairos, extended these capabilities into payer operations and clinical delivery.

Communications, Media and Technology (CMT)

The global CMT sector continued to converge across traditional and digital-first players, with consumer technology companies leading the deployment of Generative AI to personalize interactions, automate content creation and reimagine product discovery. Traditional media and telecom players intensified their focus on modernizing legacy systems, streamlining service operations and improving cost efficiency through intelligent automation.

Firstsource's CMT vertical accounted for 21.3% of total revenues in FY26, grew 12% YoY in constant currency terms, and added 13 new logos during the year - the Company's fastest-growing segment. The vertical continued to deepen relationships with a Silicon Valley client base that is both technically demanding and commercially aggressive - supporting AI-native businesses at scale through content validation, optimization and engineering services that help refine and scale leading Generative AI models. In communications and media, the Company won market share by positioning itself as a challenger to incumbent service providers and by deepening multi-tower engagements with several large global communications and media customers. FY26 also saw the celebration of the 25-year partnership with one of the Company's longest-standing relationships.

Diverse Industries

The Diverse Industries vertical comprises Utilities, Retail and other emerging segments. In Utilities, customer-service transformation continued to be a priority as providers modernized legacy systems and responded to regulatory focus on billing accuracy, service responsiveness and vulnerable-customer management. In Retail, the integration of Ascensos enabled the Company to extend nearshore, multilingual customer-experience services across an expanded set of UK and European retail brands.

Diverse Industries accounted for 13% of total revenues in FY26 and grew 45% in constant currency terms. The vertical added 5 new logos during the year and saw further deepening of full-spectrum CX, digital transformation and customer-insights engagements with several leading UK and European retailers. The Company also continued to extend its CX-led capabilities to retail prospects in other geographies.

Sustainability and ESG

Firstsource's sustainability strategy is anchored in FirstConscious, the Company's holistic ESG framework, which is closely integrated with the Enterprise Risk Management practice. The Board-level Risk Management Committee oversees ESG risks and opportunities, and an annual review of the materiality assessment ensures that the Company's focus areas remain aligned with evolving regulatory expectations and stakeholder priorities.

Environmental

- Full disclosure of Scope 1 & 2 with greenhouse-gas data externally assured.
- Approximately 22% of operations powered by renewable energy.
- Targets aligned with the Science Based Targets initiative (SBTi — validation underway), with a commitment to Net Zero emissions by 2050.
- EV transition underway across the corporate fleet, with a target of 50% conversion by 2027.
- Approximately 85% of supplier spend assessed against ESG criteria, with active engagement on emissions targets and value-chain collaboration.

Social

The Company's social-impact agenda spans inclusive workforce growth, well-being and structured community engagement. Detailed disclosures are provided in the "Human Resources" and "Corporate Social Responsibility" sections that follow. Highlights include a continued focus on gender diversity, scale-up of well-being and Employee Assistance Programmes across geographies, and the launch of an enterprise-wide Employee Value Proposition (EVP) — "Brilliant People. Bold Tech. Uncommon Careers."

Governance and ESG intelligence

- Continued rollout of ESGfirst, Firstsource's real-time ESG data platform aligned with global frameworks including GRI, TCFD, CDP, EcoVadis and BRSR.
- Adopted the TCFD framework to ensure transparency in climate-related risks and opportunities; alignment with the UN Global Compact's Ten Principles on human rights, labour, environment and anti-corruption.
- Strengthened ESG policies, processes and supplier code of conduct.

Human Resources

Workforce growth and global expansion

As of March 31, 2026, Firstsource employed 36,205 professionals — a 4.5% increase from 34,651 on March 31, 2025. This growth was driven by a combination of organic and inorganic expansion, including the extension of the Company's geographic footprint to the UAE and Egypt. This expansion enhances talent diversification and enables more effective deployment of skills across markets, while supporting long-term profitability and global competitiveness.

Awards and recognition (people and culture)

In FY26, Firstsource earned the prestigious Great Place to Work® certification across key geographies — including India and the Philippines. This recognition, based on rigorous employee feedback and cultural assessment, reinforces the Company's commitment to an empowering, inclusive and purpose-driven workplace. Firstsource was ranked among India's Top 100 Best Companies to Work For and the Top 25 Best Workplaces for IT & IT-BPM, while also being recognised among the Top 100 Inspiring Workplaces in both the UK and the USA for excellence in HR innovation, talent analytics and leadership.

Progress in diversity and inclusion was reinforced through recognition as a Best Workplace for Women, improved CEI scores in the US, and multiple DE&I awards. The Company's commitment to sustainability and CSR was acknowledged through national and international honours spanning environmental impact, healthcare, volunteering and community development.

Talent management strategy

Talent acquisition

The Company's hiring teams reached a milestone by recruiting 21,916 individuals globally since April 2025, with a 100% on-time delivery rate. This success stems from an AI-first, Global Talent Acquisition Strategy that leverages advanced technologies, robust policies and innovative practices to attract and integrate top-tier talent.

In alignment with the Company's commitment to nurturing future leaders, Firstsource continued to leverage apprentice hiring under the National Apprenticeship Promotion Scheme (NAPS) and the National Apprentice Training Scheme (NATS), onboarding 2,379 apprentices in FY26.

Talent branding — Employee Value Proposition

In FY26, the Company defined and launched its global Employee Value Proposition (EVP), "Brilliant People. Bold Tech. Uncommon Careers." The EVP integrates three strategic dimensions: the quality and capability of its talent, the centrality of technology in shaping the business and the workplace, and the differentiated career pathways available at the Company.

This EVP establishes a scalable and cohesive framework to strengthen the Company's positioning in a competitive talent market. It reinforces the shift toward a skills-first, AI-enabled and growth-oriented value proposition, aligned to evolving workforce expectations and long-term business priorities.

Talent retention and internal mobility

Targeted retention initiatives — ranging from leadership training and early onboarding to enhanced employee engagement — resulted in attrition stabilising with a 0.1 percentage-point year-on-year reduction, bringing it to 29.7%. In addition, 3,094 employees benefited from internal role opportunities, supported by 'FirstLeap', a programme designed to upskill and certify employees for critical internal roles.

Investing in a future-ready talent operating model

In FY26, the Company undertook a strategic shift from discrete, programmatic HR interventions to integrated, scalable talent systems designed to drive sustained capability building, workforce mobility and measurable business outcomes.

A key milestone in this transformation was the establishment of UnBound, the Company's foundational architecture for a future-ready, skill-based and AI-enabled talent ecosystem. UnBound enables a transition from traditional role-based workforce management to a skills- and outcomes-driven model across talent acquisition, deployment, development and internal mobility.

UnBound comprises two integrated components:

1. **Skills foundation — SkillPrism**
   - Implementation of an enterprise-wide, standardised skills taxonomy encompassing over 1,800 skills across six categories: Domain, Technical, Functional, Tasks, Tools and Languages.

- Creation of dynamic skill profiles for employees, incorporating experience, education, credentials and work history; current adoption stands at 70% of the workforce.
- Continuous updating of skill profiles through AI-enabled parsing of learning data and role changes, ensuring real-time accuracy.
- Establishment of a single source of truth for enterprise-wide skills supply, enabling greater visibility and workforce-planning precision.

2. **Talent value chain — IntelliPrism**
   - Translation of business and client demand into predefined, capability-aligned skill bundles to improve demand clarity and workforce alignment.
   - Enablement of skills-based internal mobility, deployment and hiring through AI-driven search and matching capabilities.
   - Support for personalised capability development through targeted upskilling pathways and planned hiring aligned to emerging business needs.

Talent development

During FY26, the Company scaled AI and digital skilling as a strategic priority, enabling approximately 14,800 learners through ~169,000 hours of structured learning. This included targeted capability building within technology teams, with 575 engineers completing an average of 31 hours of training.

Adoption of the learning ecosystem strengthened further, with 72% penetration on the FirstLearn platform and 83% participation among leadership cohorts, reflecting the integration of learning into the operating rhythm of the business. The Company also developed a certified internal talent pool across critical supervisory roles, achieving 36% deployment — evidence of early progress in translating skilling investments into deployable, business-aligned talent supply.

AI and automation in people experience

During the year, the Company launched OneFirstsource, an AI-powered employee experience platform designed to enhance productivity, engagement and access to organisational resources. The platform provides a unified, intuitive interface — integrating profile management, enterprise applications, collaboration tools and policy access — thereby delivering a seamless and personalised employee experience.

In addition, the Company consolidated its global payroll operations by transitioning from multiple regional vendors to a single global partner, ADP. This transition strengthens standardisation, enhances compliance and improves service reliability across geographies.

Employee engagement

Leveraging Microsoft Viva Glint, the Company's lifecycle and pulse surveys provide actionable insights into the key drivers of employee engagement and experience. Two pulse surveys were conducted during the year, recording an average participation rate of 76% and a consistent favourability score of 81%, reflecting sustained employee engagement.

The Company's rewards and recognition programmes, delivered through the Advantage Club platform, further strengthened the employee experience. During FY26, over 30,000 monetary awards and 18,000 non-monetary recognitions were distributed, reinforcing a culture of appreciation and performance.

During FY26, the Company strengthened its focus on employee well-being through a comprehensive and integrated approach spanning physical, mental, social and financial health. FitSource, the Company's flagship wellness programme, was expanded with enhanced digital resources and curated monthly interventions to deliver more personalised, context-relevant experiences across a diverse, multi-geography workforce. The First Responder Programme was further scaled to increase the network of trained Mental Health First Aiders, enabling timely, confidential support and reinforcing a culture of early intervention. In parallel, the Company deepened its engagement with certified Employee Assistance Programme (EAP) partners across India, the US and the UK, ensuring universal and stigma-free access to professional counselling services. These initiatives are reflected in sustained employee sentiment, with an 80% recommendation rate on Glassdoor and 81% favourability scores in internal surveys, underscoring the link between well-being investments and improved engagement, retention and organisational culture.

Corporate Social Responsibility

CSR impact overview

During the year, the Company — together with its acquired entities — continued to advance its commitment to responsible and inclusive growth through a unified and purpose-led CSR approach.

With a cumulative investment of ₹22.08 million across CSR programmes, corporate donations and employee giving initiatives, the Company positively impacted 76,148 lives through a diverse portfolio of community interventions. Employee participation remained central to these efforts, with 11,175 employees contributing to 842 community outreach initiatives and dedicating 26,958 volunteering hours during the year.

Aligned with its environmental stewardship objectives, the Company also undertook large-scale green initiatives, resulting in the planting and nurturing of 21,363 trees. These efforts reinforce the Company's long-term commitment to climate action, ecological restoration and building resilient communities.

CSR agenda and focus

As a purpose-driven organisation, the Company integrates sustainability into the core of its transformation journey, with the objective of creating long-term value for its people, clients, shareholders and the communities in which it operates. Through focused CSR programmes and employee volunteering initiatives, the Company seeks to deliver measurable, meaningful and scalable social impact.

The CSR agenda is closely aligned with the Company's strategic priorities and national development goals, with a clear focus on inclusive growth, community well-being and environmental sustainability. Programmes are designed and delivered through credible partnerships, robust governance mechanisms and active employee engagement, ensuring accountability and long-term outcomes.

Through this structured and intentional approach, the Company continues to strengthen community resilience, address critical social needs and contribute to a more equitable and sustainable future.

CSR projects

During the year, the Company's CSR team deployed ₹12.53 million across nine high-impact community projects implemented across India. The allocation of funds was strategically aligned to address priority social and environmental needs, as outlined below:

- 20% towards Empowerment & Gender Equality initiatives
- 20% towards Education programmes
- 13% towards Healthcare initiatives
- 47% towards Environmental Sustainability initiatives

Collectively, these interventions improved the lives of 22,069 beneficiaries and supported the planting and nurturing of 17,450 trees through partnerships with credible non-profit organisations. These efforts were further augmented by additional CSR initiatives implemented through the RP–Sanjiv Goenka Group CSR Trust, amplifying reach and deepening impact across focus areas.

Firstsource Provider Services Private Limited (formerly Quintessence Business Solutions & Services Private Limited)

Firstsource Provider Services Private Limited invested ₹1.5 million in CSR initiatives focused on Empowerment & Gender Equality. Through a well-designed and efficiently executed programme, the initiative positively impacted 400 youth, with balanced participation from boys and girls (50% each). The project contributed to improved access to opportunities, skills development and enhanced employability for young beneficiaries.

Employee volunteering and giving

Employee engagement continued to be a defining strength of the Company's social-impact efforts across geographies.

India: Employees demonstrated strong participation across environmental sustainability, healthcare, education and community development initiatives. Key activities included plantation drives, clean-up campaigns, microgreen growing, weekend farming, eco-friendly initiatives and blood donation drives. Education and youth empowerment remained key focus areas, with employees volunteering for storytelling sessions, mentoring school and college students, providing career guidance, supporting scholarship evaluation processes, livelihood initiatives, donation drives and NGO partnerships. Hybrid formats and client-inclusive initiatives further enhanced outreach and impact.

Philippines: Community initiatives focused on health, environment and education. Key interventions included establishing a school-based medical clinic, organising blood donation drives, coastal clean-up activities and the planting of approximately 2,700 trees. Employees also participated in the "School Brigade" programme and distributed school supplies. The Company responded swiftly to humanitarian needs arising from floods in Manila and earthquakes in Cebu by distributing food packs and relief materials. During the Cebu earthquakes, employees from the United States, India and the Philippines contributed through payroll giving, which was matched by the Company, with the combined funds used to provide financial assistance to severely affected colleagues.

United Kingdom: Volunteers, along with the leadership team, hosted children at the office to promote early exposure to STEM (Science, Technology, Engineering and Mathematics) learning and career awareness. Ascensos sponsored Mountbatten (Isle of Wight) with the Walk the Wight challenge and raised funds for Make-A-Wish UK (Motherwell / Clydebank / Isle of Wight) via the KiltWalk challenge and various other internal fundraising activities.

Australia: Employees and leaders participated in blood donation drives and supported donation campaigns through Kmart and Share the Dignity, contributing gifts and essential hygiene products to underserved communities.

Romania: Through corporate donations, the Company partnered with eight non-profit organisations, supporting diverse community outreach programmes and positively impacting 129 beneficiaries.

United States: Across US locations, employees actively engaged in initiatives addressing health, food security, inclusion and environmental stewardship. In Amherst, volunteers participated in a blood donation drive in partnership with ConnectLife, while others supported the United Way of Buffalo through food distribution and World Environment Day clean-up activities. In Louisville, the Norton Candy Drive continued as a long-standing tradition, with more than 50 employees contributing candies and donations worth USD 1,500 for children at Norton Children's Hospital. Employees across locations also participated in a virtual American Sign Language (ASL) learning session, reinforcing inclusive communication and empathy.

The Company's annual payroll giving initiatives in India — Gift a Smile and Book a Smile — continued to make a meaningful difference, benefiting over 5,000 students across India by supporting their education, health and overall well-being.

Beyond financial contributions, employees participated in multiple donation drives, supporting circular-economy initiatives through clothing donations and providing relief materials during disasters. Reflecting a strong culture of compassion and service, 1,141 employees globally participated in blood donation drives, collectively contributing to an estimated 3,362 lives saved.

Together, these efforts underscore the Company's enduring commitment to fostering inclusive growth, empathy and social responsibility across its global workforce.

Looking ahead

The Company's CSR initiatives continue to deliver sustained and measurable outcomes across its focus areas. Anchored in a strong commitment to sustainability, community development and employee engagement, the Company aims to further scale its outreach and strengthen programme depth in the year ahead.

Future priorities include expanding structured employee-led mentoring, tutoring, pro-bono engagements and skills-based volunteering initiatives, while continuing to innovate in programme design and partnerships to enhance long-term impact.

The Company places on record its sincere appreciation to all employees, leaders, partners and communities for their continued support and contribution to its CSR journey. Their collective efforts remain integral to advancing the Company's vision of building a more inclusive, resilient and sustainable future.

Risks and Concerns and Their Mitigation

This risk management section describes the Company's enterprise-wide risk management philosophy, structure and practices. We caution readers 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 these forward-looking statements. Readers are requested to exercise their 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 face multiple risks; creating and sustaining stakeholder value therefore requires robust governance and a robust risk management function.

Our risk management framework

The Company has designed and implemented its risk management framework based on the COSO Framework (Committee of Sponsoring Organisations of the Treadway Commission). This globally accepted and recognised framework provides guidance and thought leadership on enterprise risk management and internal controls. Enterprise risk management at Firstsource seeks to minimise the adverse impact of risks on key business objectives and enables the Company to leverage market opportunities effectively. Risks are continuously tracked with the help of Key Risk Indicators (KRIs) 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 that encompasses both a top-down and a bottom-up risk assessment process.

Top-down: Strategically focused on broader cross-cutting risks and macroeconomic factors that affect the entire organisation and the Company's ability to achieve its goals and strategic objectives. This is at the forefront of the leadership's agenda.

Bottom-up: Focused on an in-depth assessment of the Company's business processes, specific risks and how those risks are controlled.

Aligning transactional risk data from operational risk registers, internal audits and operational risk events with the broader enterprise-level risks identified through management discussions, workshops and macroeconomic assessment creates a line of sight into what is causing an enterprise risk and how that risk could be mitigated or responded to. Risks are identified across the defined risk categories considering the Company's business objectives. Stakeholders with clearly defined roles and responsibilities at various levels take up response, remediation, monitoring, tracking, reporting and review at defined periodicities.

Remuneration and financial incentives

The Company's remuneration system is aligned with risk management principles. At the highest level of the organisation, decisions on the remuneration of Firstsource's executive director and senior management incorporate the necessary precautions to avoid assuming excessive risks or rewarding unfavourable management results. The variable remuneration paid to the heads of departments that manage Company risk (e.g. Compliance, Prevention of Occupational Risk, Information Security) is dependent upon the proper management, disclosure and integration of risks throughout the whole Company.

Key business risks and their mitigation

The Company's critical business risks and their mitigation measures are summarised below.

A. Strategic risks

Risks	Risk description
Growth risk	We derive most of our revenues from a few large US and UK-based clients. Hence, any economic slowdown or downturn in these economies and industries may affect the Company's business. Increasing technology disruptions and digitisation trends have made inventing and adapting digital technologies imperative. Improper adaption could impact the Company's ability to grow. The Company's healthcare-industry services are less prone to economic or recessionary cycles. However, the customer-management business is relatively low-margin and more prone to economic variations — hence any technology disruption could see volume shrinkage and have an adverse impact on growth. The Company's continued focus on creating digital business practices, anchored by Intelligence that Operates and the Kairos operating system, has enabled differentiated, productised services across industry segments. These services are based on AI, automation, data analytics and other technology-enabled solutions that allow the Company to retain and grow wallet share with existing clients and win new logos.
Country risk	The Company has a global footprint, with operations in multiple geographies, including intermediate or operating subsidiaries and branches incorporated in India, the US, the UK, the Philippines, Mexico, South Africa, Australia, Dubai (UAE) and Egypt. Consequently, the Company is exposed to various geopolitical and regulatory risks that are beyond the Company's control. From a macroeconomic perspective, the proposed US HIRE Act — which contemplates a 25% tax on payments made by US companies to foreign service providers, including Indian IT and BPO companies — represents a legislative risk to monitor. US–India trade tensions spilling into services is another key risk. The Company has local management teams in all operating countries, who understand country-specific economic and operating nuances. The Company has invested significantly in creating a management structure in these geographies and has a well-diversified geographic spread to mitigate these risks.
ESG	The Company's inability to demonstrate the outcomes of its ESG programme — covering areas such as climate change, GHG reductions, responsible supply chains and governance — can have an adverse impact on operations, reputation and stakeholder trust. Expectations may also change due to evolving regulatory and stakeholder requirements. We have established a robust ESG governance framework, anchored in the FirstConscious framework, that is closely aligned with our Enterprise Risk Management practice. ESG-related risks and opportunities are regularly reviewed and reported to the Board-level Risk Management Committee, ensuring strong oversight and accountability. To stay responsive to evolving stakeholder expectations and regulatory requirements, an annual review of the materiality assessment is conducted, and any necessary changes are integrated into the risk management framework.

B. Industry and macroeconomic risks

Risks	Risk description
Long selling cycle	The Company's selling cycle for BPS ranges from months to multiple years and requires significant capital, resources and time from both clients and the Company. The Company has robust marketing, sales and business-development teams across geographies, with an aggressive transition methodology that helps move new wins quickly into service-delivery mode. Most contracts with existing clients are long-term, ensuring sustainable and scalable business.
Highly competitive environment	The market for BPS has become highly competitive over the years. Competitors include third-party 'pure-play' BPS providers based largely in India and the Philippines, local/onshore BPS providers in the US and the UK, BPS divisions of global IT companies and in-house captives of potential clients. The Company invests significantly in strengthening domain expertise, digital capabilities, process excellence and operational rigour, and in building a robust transformation framework anchored by Kairos. These measures help differentiate the Company versus competition and aid non-linear growth in revenues and margins.
ESG	The Company's inability to demonstrate the outcomes of its ESG programme — covering areas such as climate change, GHG reductions, responsible supply chains and governance — can have an adverse impact on operations, reputation and stakeholder trust. Expectations may also change due to evolving regulatory and stakeholder requirements. We have established a robust ESG governance framework, anchored in the FirstConscious framework, that is closely aligned with our Enterprise Risk Management practice. ESG-related risks and opportunities are regularly reviewed and reported to the Board-level Risk Management Committee, ensuring strong oversight and accountability. To stay responsive to evolving stakeholder expectations and regulatory requirements, an annual review of the materiality assessment is conducted, and any necessary changes are integrated into the risk management framework.

C. Financial risks

Risks	Risk description
Currency volatility	The exchange rates between INR and GBP, and INR and USD, have been volatile in recent years, and these currencies may continue to fluctuate significantly. The Company's operating results will continue to be impacted by such fluctuations. The Indian rupee has steadily weakened against the US dollar over 2025, depreciating by approximately 4–5%. While a weaker rupee initially boosts revenue realisations, prolonged instability could raise import costs for IT-related infrastructure. The Company has a dedicated treasury function and an internal foreign-exchange risk management policy that proactively hedges exposures. In line with internal guidelines, the Company has been judiciously hedging its net exposures regularly through forward cover contracts and other suitable products.

Risks	Risk description
Customer credit risk	This risk relates to the possible inability to collect from clients, or delays in collecting the Company's dues. While this risk did not materially impact the Company in the current year, pressure may continue due to liquidity situations and challenges faced by certain clients' businesses. This could have an impact on the Company's cash receivables, and may require enhancement of short-term lines of credit temporarily to continue operations. The Company addresses this risk through a well-defined governance mechanism to ensure adequate liquidity and solvency.
Liquidity and solvency risk	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. Furthermore, the Company uses financial leverage to ensure optimum solvency. Timely borrowing, repayment and raising funds at the right cost are important aspects of financial management, which would otherwise adversely impact profitability and solvency. The Company has implemented a robust internal financial controls framework that helps mitigate these risks.

D. Operational risks

Risks	Risk description
Non-renewal of key client contracts	The Company continues to maintain existing accounts and acquire new clients. Contracts with clients are of varying duration, between one and ten years. After a term expires, contracts are typically put out for tender through a procurement process. Non-renewal may significantly affect the Company's revenues. The Company recognises that providing excellent services and constant value enhancement is critical to ensuring a high probability of contractual renewal at the expiry of the term. The Company's sales and CRM teams constantly strive to enhance relationships with key stakeholders to position the Company's services favourably.
Cybersecurity and data privacy risk	As part of the services offered to clients, the Company handles confidential data and proprietary information. Any leakage of this information harms the Company's reputation. The Company faces heightened cybersecurity risk due to possible attacks on data centres and technology infrastructure. The Company addresses this risk through a robust information and data security, privacy and cybersecurity framework and processes that apply to all offices and employees. Various operation centres are ISO 27001-certified, the international standard for Information Security Management Systems (ISMS). Many processes are also certified under HIPAA, HITRUST and SOC2 accreditations. Audits are conducted on a periodic basis, and any non-conformance observed is remediated immediately. The Company adopts a zero-tolerance policy towards non-compliance with this framework. NextGen cybersecurity controls are deployed at the network perimeter, servers, network devices, data centres and end-user computing, including threat and vulnerability management with early detection on core infrastructure and proactive mitigation; comprehensive technical compliance reviews through accredited third parties (covering vulnerability assessment, penetration testing, web application security assessment, ASV scans for PCI DSS, desktop scans for PCI DSS, source-code reviews, segmentation penetration testing, firewall rule and configuration reviews, cloud-infrastructure reviews and network configuration reviews); a 24x7 Security Operations Centre and continuous Digital Footprint Monitoring; EDR/XDR coverage on all endpoints, servers and cloud assets monitored through 24x7 Managed Detection and Response (MDR) services; Zero-Trust Network Access (CATO) and SASE-routed VPN with two-factor authentication (Cisco Duo); endpoint protection through SentinelOne EDR/XDR; secure email gateway controls (Proofpoint) protecting against malware, spam, phishing, ransomware and spoofing; data-loss prevention across O365 channels; and Shadow-AI controls via SentinelOne Prompt Security to block sensitive-information leakage. Logins to servers are routed through a secure channel using a privileged-access management tool with two-factor authentication.
Risks due to operational errors, frauds and internal non-compliance with policies and procedures	The Company has internal policies, procedures and norms for operational activities, process compliance and controls. These norms are specified to achieve various control objectives and to prevent fraud and errors. Non-adherence can lead to operational errors, fraud and internal non-compliance. The Company has strong internal controls to check compliance with policies and procedures across various levels of management. These controls are also subject to risk-based internal audits by an independent internal-audit team, which helps identify and remedy gaps promptly.
Reputational risks	The Company's clients are large and reputed corporates. A loss of reputation can adversely affect operations and the ability to contract with clients. As a public company, Firstsource is scrutinised by many constituents, including the media. The Company has not been impacted by any event that has jeopardised its reputation in the past. Well-managed operations do not expose employees and clients to major risks, and the corporate communications function proactively manages minor situations that may arise.
Legal risks	The Company has long-term contracts with customers and delivers services from offices across the US, UK, India, Mexico, South Africa, the Philippines and other geographies. The Company must ensure compliance with applicable laws and regulations in those geographies, including but not limited to employment, tax and environmental laws, while safeguarding intellectual property against infringement and ensuring compliance with third-party licences. The legal team, in addition to advising and ensuring documentary safeguarding, closely works with business and support functions to enable compliance with contractual and regulatory requirements.

E. Human resources risks

Risks	Risk description
Risk related to attrition	In the BPM industry, talent continuity directly impacts operational performance, client satisfaction and cost efficiency. The accelerating pace of change — driven by automation, AI and agentic technologies — is reshaping roles and skills, increasing pressure to retain agile, multi-skilled talent. Evolving employee expectations, especially across generations, further complicate retention. To mitigate this, the Company has adopted a targeted retention strategy with a focus on critical roles: strengthening onboarding and early lifecycle experiences for faster integration; advancing digital and leadership capability building; accelerating internal mobility through curated programmes aligned with individual aspirations and business needs; expanding internal learning academies for continuous upskilling and reskilling; driving well-being, career enablement and continuous learning to deepen engagement; and investing in first-line manager development to improve team stability and employee experience.
Risk related to ability to recruit employees at large scale and manage inflationary wage costs	The Company's ability to attract and onboard skilled talent at scale remains core to business growth. As digital transformation reshapes the BPM industry, demand for new capabilities — particularly in AI, analytics and customer-centric roles — is rising. Simultaneously, wage inflation and talent shortages have made hiring more competitive and costly. To manage these pressures, the Company has evolved its talent acquisition model to build a sustainable, future-ready pipeline, including: a robust employee referral program that drives ~30% of hiring; a structured apprentice-hiring strategy that brings in early-career talent for digital and emerging roles, reducing hiring costs and enabling long-term capability building; AI-enabled hiring platforms that enhance recruitment speed, accuracy and market reach; strong employer branding through career events, digital outreach and local partnerships; strategic tie-ups with educational institutions in tier-II and tier-III cities to expand access to untapped talent pools; and focused investment in internal mobility to fill lateral roles from within.
Risk related to leadership and succession planning	Effective leadership is essential to navigate market shifts, drive strategy and sustain client trust. In a rapidly evolving environment, leadership attrition can impact business continuity, operational stability and cultural cohesion. To mitigate this risk, a disciplined, future-oriented succession strategy is followed: identifying and prioritising 'Value Creator' roles — those with the greatest impact on strategic execution, client outcomes and business growth — and ensuring succession plans are in place for each; reviewing succession plans and talent fitment regularly; ensuring leadership compensation is competitive, performance-linked and aligned with retention objectives; and using internal talent reviews and development programmes to build a future-fit leadership pipeline.
Risk of unethical business practices and misconduct	The BPS industry is people-centric with a large employee base across cultures and geographies. Client-driven incentive programmes in many businesses may lead to potential misconduct cases and resultant client or reputational issues. The Company has a well-defined Code of Conduct on which every employee is trained and certifies compliance. A robust whistle-blowing mechanism enables employees to report any misconduct, which is independently investigated and remediated. The Company also operates a variety of training and refresher programmes throughout the year. A systematic background-check verification programme (for employees) and due-diligence process (for vendors and third parties) is followed at appointment. The Company demonstrates zero tolerance towards cases of unethical business practices or misconduct.

F. Compliance risks

Risks	Risk description
Compliance and regulatory risks in various geographies	As the Company has grown, its geographic presence, customer base and exposure to various regulatory and compliance risks have also increased. The Company has a relatively high proportion of regulated businesses in its overall portfolio, which enhances the regulatory risk. 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 inspections, notices, penalties, and revocation of permits or licences. The Company has implemented a robust regulatory and contractual compliance framework to identify, assess, monitor, control and report compliance status concerning laws and regulations specific to each operating country and to client-specific work, in a consistent manner across the globe. The framework ensures alignment of compliance ownerships, awareness among responsible personnel, status reporting, and timely action. All laws and regulations are verified for applicability, detailed at the provision level, and tracked for compliance at the function and location level.

G. Technology risks

Risks	Risk description
Advent of disruptive technologies	The overall business environment continues to witness emerging disruptive technologies. Clients seek to cut additional back-office costs amid continued budget pressures, while suppliers create additional services and associated revenues. Technologies such as cloud computing, artificial intelligence, agentic AI, data analytics software, social media platforms and process-automation software are being used in the BPS industry to enable businesses to lower costs and be more effective. BPS companies are moving fast to offer additional value-added services through technology enablement, partnerships and alliances. Through Kairos, the Company has developed a comprehensive suite of vertical-native AI platforms, accelerators and reusable domain harnesses. The combination of domain and process expertise with best-in-class technology, supported by an orchestrated ecosystem of more than fifty partners, helps the Company pursue significant opportunities and embed AI in every Firstsource platform.

Discussion on Financial Position relating to Operational Performance

Shareholders' funds

The authorised share capital of the Company is ₹ 8,720.00 Million with 872 Million Equity shares of ₹ 10 each. The paid up share capital as of March 31, 2026 stands at ₹ 6,969.91 Million compared to ₹ 6,969.91 Million as of March 31, 2025.

There is no increase in equity share capital.

The Other equity of the Company increased from ₹ 34,006.39 Million to ₹ 36,875.39 Million. The details of increase in Reserves and surplus by ₹ 2,869.00 Million are as below:

(Amount in ₹ millions)

Particulars	Amount
Increase on account of:	
Profit for the year less appropriation	6,728.30
Exchange Difference on consolidation of non-integral subsidiaries/entities	3,049.40
Employee stock option reserve	266.71
Equity Instruments through FVOCI	258.17
Decrease on account of:	
Dividend (Net)	(3,801.29)
Effective portion of cash flow hedges	(3,447.43)
Treasury shares, net	(184.86)
Net increase in Other Equity	**2,869.00**

Minority interest

Minority interest is created on account of 74% consolidation of Firstsource Dialog Solutions (Private) Limited, Sri Lanka.

Minority interest as of March 31, 2026 is ₹ 3.95 Million as compared to ₹ 3.96 Million as of March 31, 2025.

Long-term borrowings

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

Unsecured long-term borrowings outstanding as of March 31, 2026 were ₹ 1,896.70 Million as compared to ₹ 3,419.00 Million as of March 31, 2025. The net decrease was majorly due to reclass to Current maturities of long-term borrowings.

Deferred tax liabilities

Deferred tax liabilities as of March 31, 2026 were ₹ 1,886.41 Million as compared to ₹ 1,645.11 Million as of March 31, 2025. This is majorly due to utilisation of deferred tax on business losses and foreign currency upward movement during the year.

Lease liabilities

Lease liabilities for the company as of March 31, 2026 were ₹ 9,844.24 Million and for March 31, 2025 were ₹ 10,365.67 Million. The decrease is majorly on account of payment of leases.

Provisions

Provisions represents provision for gratuity and compensated absences liability to employees based on actuarial valuation done by an independent actuary. These provisions as of March 31, 2026 were ₹ 2,112.81 Million as compared to ₹ 884.16 Million in March 31, 2025.

Short-term and other borrowings

Short-term borrowings as of March 31, 2026 were ₹ 17,478.01 Million as compared to ₹ 11,907.95 Million as of March 31, 2025. The increase is on account of additional line of credit from banks netted off by decrease in current maturities of long term borrowings.

Trade payables

Trade payables as of March 31, 2026 were ₹ 5,579.33 Million as compared to ₹ 3,976.20 Million as of March 31, 2025.

Other financial liabilities

Other financial liabilities as of March 31, 2026 were ₹ 6,469.49 Million as compared to ₹ 4,208.59 Million as of March 31, 2025. The increase in other financial liabilities is majorly on account of increase in Foreign currency forward contracts and contingent consideration.

Other liabilities

Other current liabilities as of March 31, 2026 were ₹ 1,404.61 Million as compared to ₹ 1,105.52 Million as of March 31, 2025.

Goodwill

Goodwill as of March 31, 2026 was ₹ 42,655.34 Million as compared to ₹ 36,799.24 Million as of March 31, 2025. The increase in goodwill was due to acquisition of Pastdue Credit Solutions Limited, Jaye, Inc. d/b/a TeleMedik and foreign currency upward movement during the year.

Fixed assets

The net block of tangible assets, intangible assets and capital work-in progress amounting to ₹ 4,754.04 Million as of March 31, 2026 as compared to ₹ 4,501.91 Million as of March 31, 2025, resulted in a net increase of the assets to the extent of ₹ 252.13 Million. This is majorly due to net additions and assets acquired on acquisition of ₹2,022.92 Million and by foreign currency upward movement of ₹ 305.49 Million and depreciation charge for the year amounting to ₹ 2,076.28 Million.

Right of use assets

Right of use assets of the company was ₹ 8,558.20 Million on March 31, 2026 and ₹ 9,125.76 Million on March 31, 2025. The decrease is due to depreciation charge for the year amounting to ₹ 2,563.98 Million offset by net additions and assets acquired on acquisition of ₹ 1,538.79 Million and foreign currency upward movement of ₹ 457.63 Million.

Investments

The investments of the company represent non-current investments of ₹ 657.73 Million and current investments of ₹ 501.56 Million as on March 31, 2026 as compared to ₹ 115.21 Million and ₹ 615.63 Million respectively as on March 31, 2025.

Deferred tax assets

Deferred Tax assets of the company as of March 31, 2026 were ₹ 3,910.41 Million as compared to ₹ 2,734.63 Million as of March 31, 2025.

Income tax assets

Income Tax assets of the company as of March 31, 2026 were ₹ 895.81 Million as compared to ₹ 713.93 Million as of March 31, 2025.

Other non-current assets

The other non-current assets of the company as of March 31, 2026 were ₹ 3,227.97 Million as compared to ₹ 1,964.65 Million as of March 31, 2025. This Increase is due to increase in non-current portion of deferred contract cost and Prepaid expenses.

Trade receivables – billed

Billed trade receivables amount to ₹ 13,093.86 Million (net of provision for doubtful debts amounting to ₹ 1,480.49 Million) as of March 31, 2026 as compared to ₹ 11,677.13 Million (net of provision for doubtful debts amounting to ₹ 1,269.81 Million) as of March 31, 2025. 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. The Company constantly focuses on reducing its receivables period by improving its collection efforts.

Trade receivables – unbilled

Unbilled trade receivables amount to ₹ 7,692.03 Million as of March 31, 2026 as compared to ₹ 5,183.18 Million as of March 31, 2025.

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, 2026 was ₹ 2,585.84 Million as compared to ₹ 1,542.12 Million as of March 31, 2025. This increase in cash was due to cash generated from operating activities offset by cash used in investing activities & financing activities.

Other financial assets

Other Financial Assets as of March 31, 2026 were ₹ 1,153.44 Million as compared to ₹ 1,232.78 Million as of March 31, 2025. The decrease in these assets was on account of decrease in Foreign currency forward contracts (net).

Other current assets

The other current assets of the Company as of March 31, 2026 were ₹ 3,407.28 Million as compared to ₹ 2,888.28 Million as of March 31, 2025. This increase is majorly due to increase in Deferred contract cost.

Results of operations

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

	FY 2025-26		FY 2024-25	
	₹ Million	% of income	₹ Million	% of income
Income from services	96,161.20	-	79,721.00	-
Other operating income	(597.26)	-	82.14	-
Revenue from operations	**95,563.94**	**100.0%**	**79,803.14**	**100%**
EXPENDITURE				
Personnel cost	55,902.91	58.5%	49,957.80	62.6%
Other expenses	24,099.24	25.2%	17,769.14	22.3%
Operating EBITDA (Earnings before Interest, Tax and Depreciation)	**15,561.79**	**16.3%**	**12,076.2**	**15.1%**
Depreciation and amortisation	4,340.89	4.5%	3,270.35	4.1%
Operating EBIT (Earnings before Interest and Tax)	**11,220.90**	**11.7%**	**8,805.85**	**11.0%**
Finance charges	1,814.66	1.9%	1,478.76	1.9%
Share in net (profit) / loss of associate	-	-	-	-
Other income/(expense)	74.53	0.1%	(8.67)	0.0%
Profit before exceptional item and tax	**9,480.77**	**9.9%**	**7,318.42**	**9.2%**
Exceptional items, net (expense)/income	(982.34)	1.0%	88.09	0.1%
Profit before tax	**8,498.43**	**8.9%**	**7,406.51**	**9.3%**
Provision for taxation				
- Current tax expense	1,868.81	2.0%	1,294.64	1.6%
- Deferred tax Charge	(114.50)	(0.1%)	167.36	0.2%
Profit after tax before minority interest	**6,744.12**	**7.1%**	**5,944.51**	**7.4%**
Minority interest	(0.13)	0.0%	(0.04)	0.0%
Profit after tax	**6,744.25**	**7.1%**	**5,944.55**	**7.4%**

Management Discussion and Analysis

Income

Income from services

Income from services increased by 20.6% to ₹ 96,161.20 Million in FY 2025-26 from ₹ 79,721.00 Million in FY 2024-25. The Company attributes this increase in its income from services to acquisition of Pastdue Credit Solutions Limited, Firstsource Middle East Services L.L.C and TeleMedik, new business from existing clients and addition of few new clients. The average exchange rate for consolidation of subsidiaries for USD and GBP in FY 2025-26 was ₹ 88.36 per USD and ₹ 118.44 per GBP as compared to ₹ 84.55 per USD and ₹ 107.87 per GBP in FY 2024-25.

Consolidated revenues by segment

The Company serves clients for Banking and Financial Services, Healthcare, Communication, Media & Technology and Diverse Industries. Clients from Banking and Financial Services accounted for 32.4% (FY 2024-25: 34.0%), clients from Healthcare accounted for 33.4% (FY 2024-25: 34.9%), clients from Communication, Media and Technology accounted for 21.2% (FY 2024-25: 21.2%), clients from Diverse Industries accounted for 13% (FY 2024-25: 9.9%) of the income from services in FY 2025-26.

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

Amount (₹ Million)

	FY 2025-26	FY 2024-25
Business Segment		
Banking and Financial Services	31,128.21	27,119.16
Healthcare	32,090.70	27,823.87
Communication, Media and Technology	20,437.21	16,897.74
Diverse Industries	12,505.08	7,880.23
Total	**96,161.20**	**79,721.00**

Consolidated revenues by geography

The Company reports its revenue based on geography, categorizing clients into the USA, UK and Rest of the World. Clients from USA accounted for 68.3% (FY 2024-25: 67.7%), clients from UK accounted for 30.5% (FY 2024-25: 32.0%), clients from Rest of the World accounted for 1.2% (FY 2024-25: 0.3%). The following table gives a segment wise breakdown of the income from services for the corresponding periods:

Amount (₹ Million)

	FY 2025-26	FY 2024-25
Geography		
UK	29,290.06	25,534.70
USA	65,666.91	53,923.55
Rest of the World	1,204.23	262.75
Total	**96,161.20**	**79,721.00**

Client concentration

In FY 2025-26 income from the Company's five largest clients amounted to ₹ 27,530.02 Million versus ₹ 24,876.56 Million in FY 2024-25, accounting for 28.6% versus 31.2% of total income from services respectively. In FY 2025-26, the Company had 42 clients contributing individually over $5 Million each in annual revenues as compared to 30 clients in FY 2024-25. Although the Company continues to increase and diversify its client base, it focuses on gradually reducing this concentration by adding more high-value clients.

Other operating income

Other operating income of ₹ (597.26) Million in FY 2025-26 (FY 2024-25: ₹ 82.14 Million) includes exchange gain of on restatement and settlement of trade receivables 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 19.7% to ₹ 95,563.94 Million in FY 2025-26 from ₹ 79,803.14 Million in FY 2024-25 in rupee terms and grew by 13.6% in constant currency terms.

Expenditure

Personnel costs

Personnel costs increased by 11.9% to ₹ 55,902.91 Million in FY 2025-26 from ₹ 49,957.80 Million in FY 2024-25, with the number of employees increasing to 36,205 as of March 31, 2026 from 34,651 as of March 31, 2025.

Other expenses

Other expenses for FY 2025-26 amounted to 25.2 % of the income for that period, as compared to 22.3% of income in FY 2024-25. Operating costs increased to ₹ 24,099.24 Million in FY 2025-26 from ₹ 17,769.14 Million in FY 2024-25. This increase is majorly due to increment in operating expenses with high variability.

Operating EBITDA (Earnings before Interest, Tax and Depreciation)

Operating EBITDA increased to ₹ 15,561.79 Million in FY 2025-26 from 12,076.20 Million in FY 2024-25. Operating EBITDA in FY 2025-26 is 16.3% of income as compared to 15.1% in FY 2024-25.

Depreciation

Depreciation costs for FY 2025-26 amounted to 4.5% of the income for that period, as compared to 4.1% in FY 2024-25. Depreciation increased year-on-year to ₹ 4,340.89 Million in FY 2025-26 from ₹ 3,270.35 Million in FY 2024-25.

Operating EBIT (Earnings before interest and tax)

Operating Earnings before Interest and Tax (EBIT) increased by ₹ 2,415.05 Million to ₹ 11,220.90 Million in FY 2025-26 from ₹ 8,805.85 Million in FY 2024-25. Operating EBIT in FY 2025-26 is 11.7% compared to 11.0% in FY 2024-25.

Finance cost

Finance cost for FY 2025-26 amounted to 1.9% of income for that period, as compared to 1.9% of income in FY 2024-25. Finance charges increased to ₹ 1,814.66 Million in FY 2025-26 from ₹ 1,478.76 Million in FY 2024-25.

Other income

Other income / (expense), net increased to ₹ 74.53 Million in FY 2025-26 from ₹ (8.67) Million in FY 2024-25. The components of other income in FY 2025-26 were profit from the sale/ redemption of current investments of ₹ 60.44 Million, loss on sale of Property, Plant and Equipments of ₹ 17.77 Million, interest income of ₹ 40.70 Million, foreign exchange loss of ₹ 18.34 Million and other miscellaneous income, net of ₹ 9.50 Million.

Profit before tax

Profit before tax increased to ₹ 8,498.43 Million in FY 2025-26 from a profit before tax of ₹ 7,406.51 Million in FY 2024-25. Profit before tax in FY 2025-26 was 8.9% of the income, as compared to 9.3% of the income in FY 2024-25.

Tax expense

Tax Expense increased to ₹ 1,754.31 Million in FY 2025-26, from ₹ 1,462.00 Million in FY 2024-25. Income tax expense comprises of current tax, net change in the deferred tax assets and liabilities in the applicable FY period and minimum alternate tax credit. Current tax expense comprises tax on income from operations in India and foreign tax jurisdictions. The Company had the benefit of tax-holiday under Section 10AA under the Special Economic Zone scheme, since few of the centres in India are in Special Economic Zone.

Current tax expense amounted to ₹ 1,868.81 Million in FY 2025-26 as compared to ₹ 1,294.64 Million in FY 2024-25, and deferred tax charge of ₹ (114.50) Million in FY 2025-26 compared to a deferred tax charge of ₹ 167.36 Million in FY 2024-25.

Profit after tax before minority interest

As a result of the foregoing, profit after tax before minority interest increased to ₹ 6,744.12 Million for FY 2025-26 from profit after tax before minority interest of ₹ 5,944.51 Million in FY 2024-25.

Minority interest

Minority interest is ₹ (0.13) Million in FY 2025-26 as compared to ₹ (0.04) Million in FY 2024-25.

Profit after tax

As a result of the foregoing, profit after tax to ₹ 6,744.25 Million in FY 2025-26 from profit after tax of ₹ ₹ 5,944.55 Million in FY 2024-25. Profit after tax in FY 2025-26 was 7.1% of the income, as compared to 7.4% of the income in FY 2024-25.

Liquidity and capital resources cash flows

The Company needs cash to fund the technology and infrastructure requirements in its operation centres, to fund its working capital needs, to pay interest and taxes, to fund acquisitions and for other general corporate purposes. The Company funds these capital requirements through variety of sources, including cash from operations, short and long-term lines of credit and issuances of share capital. As of March 31, 2026, the Company had cash and cash equivalents of ₹ 2,585.84 Million. This represents cash and balances with banks in India and abroad.

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

Amount (₹ Million)

	FY 2025-26	FY 2024-25
Net Cash flow from Operating activities	12,139.76	7,010.96
Net Cash flow generated from / (used in) from Investing Activities	(4,523.62)	(7,458.96)
Net Cash flow generated/used in Financing Activities	(6,667.76)	225.92
Cash and cash equivalents at the beginning of the year	1,542.12	1,747.74
Foreign exchange gain on translating Cash and cash equivalents	95.34	16.46
Cash and cash equivalents at the end of the year	2,585.84	1,542.12

Operating activities

Net cash generated from the Company's operating activities in FY 2025-26 amounted to ₹ 12,139.76 Million. This consisted of net profit before tax of ₹ 8,498.43 Million and a net upward adjustment of ₹ 8,620.62 Million relating to various non-cash items and non-operating items including depreciation of ₹ 4,340.89 Million; net decrease in working capital of ₹ 3,082.33 Million; and income taxes paid of ₹ 1,896.96 Million. The working capital change was due to increase in trade receivables of ₹ 3,435.35 Million, increase in loans and advances by ₹ 1,862.04 Million and increase in liabilities and provisions by ₹ 2,215.06 Million.

Net cash generated from the Company's operating activities in FY 2024-25 amounted to ₹ 7,010.96 Million. This consisted of net profit before tax of ₹ 7,406.51 Million and a net upward adjustment of ₹ 5,767.14 Million relating to various non-cash items and non-operating items including depreciation of ₹ 3,270.35 Million; net decrease in working capital of ₹ 4,943.97 Million; and income taxes paid of ₹ 1,218.72 Million. The working capital change was due to increase in trade receivables of ₹ 4,208.57 Million, increase in loans and advances by ₹ 1,233.46 Million and increase in liabilities and provisions by ₹ 498.06 Million.

Investing activities

In FY 2025-26, the Company used ₹ 4,523.62 of cash from its investing activities. These investing activities included capital expenditure of ₹ 1,324.08 Million, including fixed assets purchased and replaced in connection with the Company's operation centres in UK, USA, Mexico, Australia, India and Philippines and net sale of money and debt market mutual funds amounting to ₹ 174.51 Million.

In FY 2024-25, the Company used ₹ 7,458.96 of cash from its investing activities. These investing activities included capital expenditure of ₹ 2,236.09 Million, including fixed assets purchased and replaced in connection with the Company's operation centres in UK, USA, Mexico, Australia, India and Phillipenes and net purchase of money and debt market mutual funds amounting to ₹ 159.80 Million.

Financing activities

In FY 2025-26, net cash used in financing activities amounted to ₹ 6,667.76 Million. This comprised of proceeds of short term borrowings of ₹ 2,018.70 Million. The Company paid towards interest of ₹ 1,788.35 Million, purchase of treasury shares (net) of ₹ 499.88 Million. During the year, the company also paid

dividend of ₹ 3,801.29 Million to its shareholders and repaid lease liabilities of ₹ 2,596.94 Million.

In FY 2024-25, net cash generated in financing activities amounted to ₹ 225.92 Million. This comprised of repayment of long term borrowings of ₹ 1,793.68 Million, proceeds from long term borrowings of ₹ 3,382.11 million, Proceeds of short term borrowings of ₹ 5,198.48 Million. The Company paid towards purchase of Non-controlling Interest in a subsidiary of ₹ 224.82 million, interest of ₹ 1,579.22 Million, purchase of treasury shares (net) of ₹ 362.00 Million. During the year, the company also paid dividend of ₹ 2,758.57 Million to its shareholders and repaid lease liabilities of ₹ 1,636.38 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, 2026, the Company had cash and bank balances of ₹ 2,585.84 Million as compared to ₹ 1,542.12 Million as of March 31, 2025.

Key financial ratios

Ratios	FY 2025-26	FY 2024-25
Debtors Turnover	7.34	6.83
Current Ratio	0.8	0.9
Debt Equity Ratio	0.4	0.4
Interest Coverage	6.2	5.9
Operating EBITDA	16.3%	15.1%
Operating EBIT	11.7%	11.0%
Net Profit Margin	7.1%	7.4%

Table presents key financial ratios, as applicable, for Firstsource Solutions Limited.

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. The internal-controls framework is integrated with the Enterprise Risk Management program and is subject to risk-based review by an independent internal-audit team. The Audit Committee of the Board reviews the adequacy and operating effectiveness of internal controls, the internal-audit function, and significant audit observations on a periodic basis.

Cautionary Statement

This document contains statements about expected future events, financial and operating results of the Company, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is 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 several factors could cause assumptions, actual future results and events to differ materially from those expressed in such 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 Management Discussion and Analysis section of Firstsource Solutions Limited's Annual Report for the Financial Year 2025-26.

CORPORATE INFORMATION

Board of Directors	Designation
Dr Sanjiv Goenka	Chairman, Non-Executive, Non-Independent Director
Shashwat Goenka	Vice - Chairman, Non-Executive, Non-Independent Director
Ritesh Idnani	Managing Director & CEO, Executive Director
Pradip Kumar Khaitan	Non-Executive, Non-Independent Director
Subrata Talukdar	Non-Executive, Non-Independent Director
Utsav Parekh	Non-Executive, Independent Director
T. C. Suseel Kumar	Non-Executive, Independent Director
Vanita Uppal	Non-Executive, Independent Director
Dr Rajiv Kumar	Non-Executive, Independent Director
Rekha Sethi	Non-Executive, Independent Director
Paras Kumar Chowdhary	Non-Executive, Independent Director (w.e.f. March 05, 2026)

COMPANY SECRETARY

Pooja Nambiar

COMMITTEE DETAILS

Audit Committee

Utsav Parekh - Chairman
T C Suseel Kumar
Paras Kumar Chowdhary (w.e.f. May 06, 2026)
Subrata Talukdar

Nomination and Remuneration Committee

T C Suseel Kumar - Chairman
Utsav Parekh
Subrata Talukdar

Stakeholders Relationship Committee

Subrata Talukdar - Chairman
Ritesh Idnani
Rekha Sethi

Corporate Social Responsibility Committee

Shashwat Goenka - Chairman
Ritesh Idnani
Subrata Talukdar
Dr Rajiv Kumar

Risk Management Committee

Shashwat Goenka - Chairman
Ritesh Idnani
Vanita Uppal
Dinesh Jain

Investment Committee

Subrata Talukdar - Chairman
Ritesh Idnani

Strategy Committee

Subrata Talukdar - Chairman
Ritesh Idnani

Registered Office

Firstsource Solutions Limited
CIN: L64202MH2001PLC134147
1st Floor, Athena Towers,
Mindspace Malad,
Goregaon - (West),
Mumbai - 400 063, India.
www.firstsource.com

Statutory Auditors

Deloitte Haskins & Sells LLP
Chartered Accountants
One International Center,
Tower 3, 27th-32nd 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
PNC Bank, N.A.