Firstsource Solutions Limited

December 16, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long term / Short term bank facilities	351.00	CARE A+; Stable / CARE A1+	Reaffirmed
Commercial Paper@	50.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.
@Carved out of working capital limits

Rationale and key rating drivers

The reaffirmation of the ratings assigned to the bank facilities and instrument of Firstsource Solutions Limited (FSL) derives strength from the company's strong brand recall, established position in the business process management (BPM) industry, especially in overseas markets, and its well-diversified revenue profile spread across multiple verticals and geographies. The ratings also derive strength from the experience and resourcefulness of its promoters, the RP Sanjiv Goenka Group. FSL serves over 200 clients worldwide, supported by a workforce of approximately 34,651 employees across multiple regions. In FY25, FSL derives ~68% of its revenue from the US market and ~32% from the UK market and in the last three years (FY22-FY25), total operating income (TOI) increased at a compound annual growth rate (CAGR) of ~10% from ₹5,921 crore in FY22 to ₹7,974 crore in FY25. Further FSL has also delivered strong growth across all major segments in FY25. Healthcare, contributing the largest share (around 35% of the total revenue), grew by 33% YoY, driven by payer segment expansion and BPaaS adoption, including its largest-ever five-year BPaaS deal with a mid-market U.S. health plan. The segment added 16 new logos and five large deals, providing end-to-end claims management and Artificial Intelligence (AI)-powered workflows. Communications, Media & Technology (CMT) recorded 20% YoY growth in FY25 over FY24, (around 21% of the total revenue), adding eight new logos and securing partnerships with leading consumer tech firms for GenAI-driven content validation and optimisation. Banking and Financial Services (BFS) continued its transformation journey with 9% Y-o-Y growth in FY25 over FY24, (around 34% of the total revenue), expanding into building societies and pension administration in the UK and introducing AI-led mortgage solutions, supported by 18 new logos. Diverse Industries (Utilities & Retail) achieved 126% growth, aided by the Ascensos acquisition and a USD 200 million TCV contract with a leading UK energy supplier, covering customer service, debt collections, and smart metre support.

As on September 30, 2025, the company reported TOI of ₹4,535 crore, from which 69.4% revenue of the company is from the North America market,29.4% from Europe, Middle East, and Africa(EMEA) and 1.2% from the rest of the World, with the top 10 clients accounting for around 42% of the revenue share. The company has a global workforce of ~35,977 employees as on September 30, 2025, spread across ~10 countries, with the majority stationed in the US, UK, India, and the Philippines.

In FY25, FSL acquired two companies for a consideration of around ₹800 crore, leading to increase in term loan and working capital requirements, apart from increase in lease liabilities. Although moderated, despite of these acquisitions, the company's capital structure remains comfortable with total outside liabilities to total net worth TOL/TNW and overall gearing at 0.89x and 0.63x as on March 31, 2025 respectively (0.60 and 0.43 as on March 31, 2024). In addition, the company has maintained strong liquidity with more than ₹200 crore in cash and liquid investments along with around ₹900-1000 crore in annual cash accruals. Recently, FSL has completed the acquisition of UK based firm Pastdue Credit Solutions, with its headquarters in UK, primarily engaged in debt-collection business, with a strong presence in UK's financial and utility firms. The earlier acquisition of Ascensos has supported retail capabilities, with ongoing initiatives in cost optimisation and automation anticipated to deliver margin improvements over the coming years. Additionally, minority investments in Applied AI and Lyzr will accelerate the company's technology-led transformation, enabling process re-engineering, autonomous workflows, and innovative service offerings that enhance efficiency and customer experience. The ratings further take into consideration the relatively less volatility in the profitability margins which have been consistently maintained in the range of 14-17% over the last few fiscals, resulting in healthy net cash flow from operating activity of more than ₹769 crore annually.

The rating strengths are, however, limited by FSL's exposure to certain risks. The company still depends heavily on its top five clients, who contribute 31% of its revenue, which creates customer concentration risk. FSL also works in a highly competitive ITeS/BPM industry, where it faces strong pressure from large global IT companies, pure-play BPM providers, and fast-growing Global Capability Centers (GCCs). These players are quickly adopting digital technologies, AI-driven automation, and outcome-

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

based pricing, increasing competitive intensity. In addition, since more than 99% of FSL's revenue comes from overseas markets, the company remains exposed to foreign exchange fluctuations and protectionist policies in countries like the US and UK, which can raise operating costs or disrupt business. Although FSL reduces some of these risks through hedging and by maintaining a strong onshore presence in the US and UK, these challenges continue to be important factors affecting its overall business environment. Furthermore, any significantly large-sized debt funded acquisition, leading to weakening of the coverage indicators, will remain key monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Total debt (excl. lease) by gross cash accruals (TD/GCA) below 1.0x on a sustained basis.
- Current ratio greater than 1.50x on a sustained basis.

Negative factors

- Deterioration in total debt/profit before interest, lease rentals, depreciation, and taxation (PBILDT) beyond 2.50x or total debt (excl. Lease)/PBILDT beyond 1.75x on a sustained basis.
- Any large-sized debt-funded capex, mergers or acquisitions or unrelated diversification resulting in overall gearing over 0.75x on a sustained basis.

Analytical approach: Consolidated
CARE Ratings Limited (CareEdge Ratings) has considered the consolidated approach to analyse FSL, since the subsidiaries and parent have significant operational, financial, and management linkages between them. The list of entities consolidated with FSL has been placed in Annexure-6.

Outlook: Stable
The business performance of FSL is expected to be stable given diversified revenue streams and additional business from the existing and new clients notwithstanding muted growth in the mortgage segment in FY25. The financial profile of the company remains comfortable on the back of healthy cash flows emanating from the operating activities.

Detailed description of key rating drivers:

Key strengths

Established track record with experienced management
FSL was promoted by ICICI Bank Limited in 2001. In FY12 (FY refers to April 01 to March 31), Spen Liq Private Limited, a wholly owned subsidiary of CESC Limited (part of the RP Sanjiv Goenka Group), acquired 56.82% stake in FSL to become the majority shareholder. Following restructuring in the RP Sanjiv Goenka Group, majority ownership of 53.66% in FSL now vests with the Group as on September 30, 2025. With a long-standing presence in international markets, FSL has established a strong footing in overseas markets, reflected by over 99% of its revenue coming from the US and UK markets. The management continues to explore inorganic growth options, with one proposed acquisition in September 2025.

Steady profitability and operational performance
In the last three years (FY22-FY25), (TOI) increased at a CAGR of ~10% from ₹5,921 crore in FY22 to ₹7,974 crore in FY25. The growth was driven by higher business from the existing client base and inorganic growth. In FY25, FSL added 43 new clients, including 12 strategic accounts with potential to generate over $5 million in annual revenue. In FY25, FSL derived ~68% of its revenue from the North American (largely USA) market and ~32% from the EMEA (Europe, Middle East and Africa) (largely UK) market. In addition to that all the sectors has seen healthy growth in the revenue generation. Among which healthcare led with 33% YoY growth, driven by payer expansion, BPaaS adoption, and its largest-ever five-year BPaaS deal, adding 16 new logos and five large contracts. CMT grew 20% YoY, securing eight new logos and GenAI partnerships for content optimisation. BFS grew by 9% Y-o-Y, with advancing its UK presence with building societies, pension administration, and AI-led mortgage solutions, adding 18 new logos. Diverse Industries surged 126%, supported by the Ascensos acquisition and a $200M TCV deal with a leading UK energy supplier.

PBILDT margins have remained stable; in FY25, it stood at 15.52% compared to 15.72% in FY24. Further, in EBITDA margin across sectors, there was an increase only in the BFSI sector, from 14% in FY24 to 17% in FY25, while other sectors remained stable or declined, primarily due to costs related to acquisitions. Profit after taxation (PAT) margins declined by 76 bps to 7.45%, mainly due to higher interest costs from increased working capital borrowings. Management expects this impact to normalise in the coming quarters, with the finance cost structure stabilising going forward.

Strategic acquisitions driving growth and sector footprint expansion

FSL has pursued strategic acquisitions and investments to enhance its capabilities and expand market presence, primarily funded through internal accruals. The acquisition of Pastdue Credit Solutions is expected to strengthen FSL's position in the UK utilities segment and create cross-sell opportunities in North America and Australia by leveraging domain expertise and established client relationships. The earlier acquisition of Ascensos has supported retail capabilities, with ongoing initiatives in cost optimisation and automation anticipated to deliver margin improvements over the coming years. Additionally, minority investments in AppliedAI and Lyzr will accelerate the company's technology-led transformation, enabling process re-engineering, autonomous workflows, and innovative service offerings that enhance efficiency and customer experience. Collectively, these strategies have strengthened Firstsource's portfolio, broaden its market footprint, and position it for sustainable growth.

Despite significant acquisitions, financial risk profile remains comfortable, aided by comfortable debt coverage metrics and healthy cash accruals

During FY25, FSL acquired two companies for a consideration of around ₹800 crores, leading to increase in term loan and working capital requirements, apart from increase in lease liabilities. Although moderated, despite of these acquisitions, the company's capital structure remains comfortable with TOL/TNW and overall gearing at 0.89x and 0.63x as on March 31, 2025 respectively (0.60 and 0.43 as on March 31, 2024). In addition, the company has maintained strong liquidity with more than ₹200 crore in cash and liquid investments along with around ₹ 900-1000 crore in annual cash accruals. Furthermore, the maximum overall gearing for the company over the last five fiscals has been 0.63x, which is in comfortable range and TOL/TNW has also remained comfortable below unity all throughout the last 5 fiscals and is likely to showcase an improving trend during the projected period.

Global delivery capabilities

FSL has presence across geographies and services its clients through its global delivery centres. As on March 31, 2025, the company along with its 33 subsidiaries has 51 global delivery centers of which 16 are in India, 17 in the North America, 13 in the EMEA, 4 in the Philippines and 1 in Australia. The global delivery capability enables FSL to deliver wide range of services and gives the company proximity to its clients. The presence of its delivery centres across various geographies enables FSL to use locations and skills most appropriate for delivering BPO services to clients located across various geographies.

Key weaknesses

Customer concentration risk

In FY25, FSL derived 31% of its total revenue from its top five clients, down from 36% in FY24. While this indicates reduced concentration, the company remains exposed to customer concentration risk. Any non-renewal of major contracts could significantly impact revenues. However, this risk is mitigated by FSL's long-standing relationships with these clients and its proven ability to secure repeat business over the years.

Increasing industry competition

The Indian IT-enabled services (ITeS) and BPM sector is undergoing rapid transformation, driven by AI adoption, cloud-first strategies, and digital modernization. Competition remains intense as global IT majors (TCS, Infosys, Accenture, Wipro), pure-play BPM providers (Genpact, WNS, Hinduja Global Solutions), and emerging niche players vie for market share. Additionally, Global Capability Centers (GCCs) and captive shared service models are expanding aggressively, offering enterprises greater control and cost efficiency, which further reduces the outsourcing addressable market. Clients are increasingly shifting from transactional outsourcing to strategic partnerships, demanding AI-led automation, advanced analytics, and outcome-based pricing.

FSL is one of the established dominant players in the BPO segment, leveraging deep domain expertise and its new UnBPO framework to differentiate itself against traditional outsourcing models. The BPO market is highly competitive, driven by technology disruptions and digitisation trends, with competition comprising third-party providers in India and the Philippines, local providers in the US and UK, divisions of global IT companies, and in-house captives of potential clients. FSL sustains its competitive edge through investments in domain expertise, digital capabilities, operational efficiency and innovation. In FY25, FSL's focus on AI, automation and outcome-based engagement has helped it gain market share and position itself as a transformation partner rather than a transactional service provider.

Foreign exchange fluctuation risk

Since over 99% of revenue is derived from client in USA, UK, and Asia Pacific region, FSL is exposed to foreign exchange fluctuation risk on cross-currency exposure (revenues and cost in different currencies) where the company caters to international customers from the delivery centres in India (primarily). The company has a policy to hedge its exposure on a 12-month rolling basis through forward cover contracts and options. However, the company is still exposed to foreign exchange fluctuation risk for any unhedged exposure

Impact of protectionist policies in developed countries

The operations remain exposed to government policies and preferences relating to factors such as local supply requirements, changes in duties, and protectionist measures adopted by foreign countries. This poses a risk of increased operating costs or potential loss of business in the event of adverse regulatory shifts. To partly mitigate this exposure, the company has developed significant local presence in the US and UK.

Liquidity: Adequate

Liquidity profile remains adequate with cash and liquid investments of ₹232 crore as on September 30, 2025. The current ratio for the company is 1.01x as on March 31, 2025, and has consistently stayed in this range. This is due to current lease obligations and reliance on unsecured working capital borrowings (line of credit from banks). On the other hand, FSL has no long-term debt repayments for FY26. The debt service coverage ratio (DSCR) for the company has remained comfortable and above unity. With debtor days of 64 days and creditor days of 19 days result in a working capital gap, necessitating short-term borrowings to meet immediate obligations and support day-to-day operations. Consequently, working capital borrowings constitute a significant portion of total debt and are expected to rise in line with the growing scale of operations. Last 12-month ending October 31, 2025, average utilisation of fund-based and non-fund-based limits are at a comfortable level being 36% and 1%, respectively.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

	Risk factors
Environmental	**GHG emissions: Low** • There has been a reduction of absolute 100% reduction of Scope 1 and in total Scope 1 & Scope 2 GHG (greenhouse gas) emissions has been reduced by 42% due to increased use of renewable energy mix. This was also due to due to allowing remote work resulting in reduced office space, and lean GHG management implementation to improve operations and resource usage • Increasing focus towards the Science Based Targets initiative (SBTi) and target to achieve Net Zero emissions by 2050. **Energy consumption: Increased** • Total energy consumption within the organisation, increased by 2.62% from 83,611 GJ in FY24 to 85,803 GJ in FY25. • All offices in UK are powered by green/ clean energy.
Social	**Gender diversity: Adequate** • Around 46% women in workforce (employees and workers) and 33.3% representation in key management personnel. **LTIFR: Moderate** • Lost time injury frequency rate (per 1 million person per hour worked) has been 0.31 in FY25 (vs. 0.19) for non-permanent employees. **Attrition rate: High** • The attrition rate, which is typically high in the industry, has shown improvement at FSL. Trailing 12-month attrition rate stood at 29.8% for FY25
Governance	**Board independence: Equally balanced** • 54% of the board comprises independent directors. **Data governance risk: Moderate** • The industry is inherently exposed to risks related to cybersecurity, information security and data privacy. Adequate data governance practices with operational centres being certified with ISO 27001 (which is international standard for Information security management system). • In FY25, no reported incidents of corruption, money laundering, anti-competitive behaviour, or violations of anti-trust and monopoly laws. • Strong adherence to regulatory frameworks and governance standards.

Applicable criteria

[Definition of Default]
[Liquidity Analysis of Non-financial sector entities]
[Rating Outlook and Rating Watch]
[Service Sector Companies]
[Financial Ratios – Non financial Sector]
[Short Term Instruments]
[Consolidation & Combined Approach]

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Information Technology	Information Technology	IT - Services	IT Enabled Services

FSL is a leading global provider of BPM services through end-to-end customer life cycle management across different industry verticals, telecom & media, BFSI, and healthcare. The company, on a consolidated basis, as on March 31, 2025, has 51 global delivery centres located in India, USA, UK, Philippines and Mexico. FSL was promoted as ICICI Infotech Upstream Limited on December 6, 2001, by ICICI Bank Limited. In 2012–13, the RP-Sanjiv Goenka Group acquired a 56.82% stake in FSL through Spen Liq Private Limited (SLPL), a wholly owned subsidiary of CESC Limited. Following restructuring in the RP Sanjiv Goenka group, majority ownership of 53.66% in FSL now vests with the group. The RP-Sanjiv Goenka group has interests across diverse business sectors such as power & natural resources, infrastructure, carbon black, retail, education, and media and entertainment.

Brief Financials (₹ crore) (Consolidated)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	6,338	7,974	4535
PBILDT	996	1,237	728
PAT	515	594	348
Overall gearing (times)	0.42	0.63	-
Interest coverage (times)	7.04	4.61	8.46

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper-Commercial Paper (Standalone)		Not yet placed	Not yet placed	7-365 days	50.00	CARE A1+
Fund-based/Non-fund-based-LT/ST		-	-	-	351.00	CARE A+; Stable / CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Commercial Paper-Commercial Paper (Standalone)	ST	50.00	CARE A1+	-	1)CARE A1+ (17-Dec-24)	1)CARE A1+ (18-Dec-23)	1)CARE A1+ (19-Dec-22)
2	Fund-based/Non-fund-based-LT/ST	LT/ST	351.00	CARE A+; Stable / CARE A1+	-	1)CARE A+; Stable / CARE A1+ (17-Dec-24)	1)CARE A+; Stable / CARE A1+ (18-Dec-23)	1)CARE A+; Stable / CARE A1+ (19-Dec-22)
3	Non-fund-based - ST-BG/LC	ST	-	-	-	-	-	1)Withdrawn (19-Dec-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial Paper-Commercial Paper (Standalone)	Simple
2	Fund-based/Non-fund-based-LT/ST	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr. No.	Name of the entity	Extent of Consolidation	Rationale for consolidation
1	Firstsource Solutions UK Limited (FSL UK)	Full	Subsidiary
2	Firstsource Solutions S.A. (FSL-Arg)	Full	Subsidiary
3	Firstsource BPO Ireland Limited (FSL Ireland)	Full	Subsidiary
4	Firstsource Dialog Solutions (Private) Limited	Full	Subsidiary
5	Firstsource Process Management Services Limited (FPMSL)	Full	Subsidiary
6	Firstsource Group USA, Inc. (FG US)	Full	Subsidiary
7	Firstsource Business Process Services, LLC (FBPS)	Full	Subsidiary
8	Firstsource Advantage LLC (FAL)	Full	Subsidiary
9	One Advantage LLC (OAL)	Full	Subsidiary
10	Medassist Holding LLC (MedAssist)	Full	Subsidiary
11	Firstsource Solutions USA LLC	Full	Subsidiary
12	Firstsource Health Plans and Healthcare Services, LLC	Full	Subsidiary
13	Sourcepoint, Inc	Full	Subsidiary
14	Sourcepoint Fulfillment Services, Inc.	Full	Subsidiary
15	PatientMatters, LLC (PM)	Full	Subsidiary
16	Medical Advocacy Services for Healthcare, Inc (MASH)	Full	Subsidiary
17	Kramer Technologies LLC (KT)	Full	Subsidiary
18	The StoneHill Group, Inc	Full	Subsidiary
19	American Recovery Service Incorporated	Full	Subsidiary
20	Firstsource Solutions México, S. de R.L. de C.V	Full	Subsidiary
21	Firstsource Solutions Jamaica Limited	Full	Subsidiary
22	Firstsource Employee Benefit Trust	Full	Subsidiary
23	Nanobi Data and Analytics Private Limited (Nanobi)	Proportionate	Associate
24	Firstsource BPO South Africa (Pty) Limited	Full	Subsidiary
25	Firstsource Solutions Australia Pty Limited	Full	Subsidiary
26	Firstsource Provider Services Private Limited w.e.f. October 10, 2024 (Formerly known as Quintessence Business Solutions & Services Private Limited)	Full	Subsidiary
27	QBSS Health LLC (acquired on May 3, 2024)	Full	Subsidiary
28	Ascensos Limited (acquired on September 23, 2024)	Full	Subsidiary
29	Ascensos South Africa (RF) (PTY) Ltd (acquired on September 23, 2024)	Full	Subsidiary
30	Ascensos Trinidad Limited (acquired on September 23, 2024)	Full	Subsidiary
31	Ascensos Contact Centres Romania SRL (acquired on September 23, 2024)	Full	Subsidiary
32	AccunAI India Services Private Limited	Full	Subsidiary
33	Firstsource Solutions Limited Colombia S.A.S	Full	Subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

<table>
<tr><td>

Media Contact

Mradul Mishra
Director
CARE Ratings Limited
Phone: +91-22-6754 3596
E-mail: mradul.mishra@careedge.in

Relationship Contact

Saikat Roy
Senior Director
CARE Ratings Limited
Phone: 91 22 6754 3404
E-mail: saikat.roy@careedge.in

</td><td>

Analytical Contacts

Name: Pulkit Agarwal
Director
CARE Ratings Limited
Phone: +91-22- 6754 3505
E-mail: pulkit.agarwal@careedge.in

Name: Hitesh Avachat
Associate Director
CARE Ratings Limited
Phone: +91-22- 6754 3510
E-mail: hitesh.avachat@careedge.in

Name: Tanya Panjwani
Analyst
CARE Ratings Limited
E-mail: Tanya.panjwani@careedge.in

</td></tr>
</table>

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

For detailed Rating Report and subscription information,
please visit www.careratings.com