

## **Independent Auditors' Report**

### **To the Board of Directors of Firstsource Solutions Limited**

#### **Report on the Consolidated Quarterly Financial Results of Firstsource Solution Limited Pursuant to the Clause 41 of the Listing Agreement**

We have audited the consolidated quarterly financial results of Firstsource Solutions Limited ('the Company') for the quarter ended 30 June 2012 and the year to date results for the period from 1 April 2012 to 30 June 2012 attached herewith, being submitted by the Company pursuant to the requirements of Clause 41 of the Listing Agreement, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the Management and have not been audited by us.

#### **Management's Responsibility for the Consolidated Quarterly Financial Results**

These consolidated quarterly financial results have been prepared on the basis of the consolidated interim financial statements, which are the responsibility of the Company's management. These consolidated interim financial statements have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, prescribed by the Companies (Accounting Standard) Rules, 2006 as per section 211(3C) of the Companies Act, 1956, accounting standards issued by the Institute of Chartered Accountants of India and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated quarterly financial results based on our audit of such consolidated interim financial statements. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated quarterly financial results are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated quarterly financial results. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated quarterly financial results, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the condensed financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated quarterly financial results.

## **Independent Auditors' Report (Continued)**

### **Firstsource Solutions Limited**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, read with emphasis of matter noted below, the consolidated quarterly financial results:

- i. include the quarterly financial results of the following entities:
  - a. Firstsource Solutions Limited
  - b. Firstsource Group USA, Inc.
  - c. Firstsource Solutions UK Limited
  - d. Firstsource Advantage LLC
  - e. RevIT Systems Private Limited
  - f. Firstsource Business Process Services, LLC
  - g. MedAssist Holding, Inc
  - h. Firstsource Solutions USA LLC
  - i. Firstsource Transaction Services LLC
  - j. Twin Lake Property LLC-I
  - k. Twin Lake Property LLC-II
  - l. Firstsource Dialog Solutions (Private) Limited
  - m. Anunta Tech Infrastructure Services Limited
  - n. Firstsource BPO Ireland Limited
- ii. are presented in accordance with the requirements of Clause 41 of the Listing Agreement in this regard; and
- iii. give a true and fair view of the consolidated net profit and other financial information for the quarter ended 30 June 2012 and the year to date results for the period from 1 April 2012 to 30 June 2012.

#### **Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note 3 of the consolidated financial results that describes the adoption by the Company of AS 30, Financial Instruments: Recognition and Measurements, read with AS 31, Financial Instruments – Presentation, as applicable, along with the prescribed limited revisions to other accounting standards, issued by the Institute of Chartered Accountants of India, as in management's opinion, it more appropriately reflects the nature/substance of the related transactions. AS 30, along with limited revisions to the other accounting standards, has not currently been notified by the National Advisory Council for Accounting Standards (NACAS) pursuant to the Companies (Accounting Standards) Rules, 2006 as per Section 211(3C) of the Companies Act, 1956. Consequent to early adoption of AS 30 and the related limited revisions, consolidated profit after taxation for the quarter ended 30 June 2012 and for the period from 1 April 2012 to 30 June 2012 is higher by Rs 1,060 millions.

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## **Independent Auditors' Report (*Continued*)**

### **Firstsource Solutions Limited**

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

Further, we also report that we have, on the basis of books of account and other records and information and explanations given to us by the management, also verified the number of shares as well as percentage of shareholdings in respect of aggregate amount of public shareholdings, as furnished by the Company in terms of Clause 35 of the Listing agreement and found the same to be correct.

For B S R & Co.  
*Chartered Accountants*  
Firm's Registration No: 101248W



**Vijay Bhatt**  
*Partner*

Membership No:036647

Mumbai  
30 July 2012

# Firstsource Solutions Limited

## AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2012

(Rs. in millions, except per share data)

Particulars	Quarter ended June 30,	Quarter ended March 31,	Quarter ended June 30,	Year ended March 31,
	2012	2012	2011	2012
	(Audited)	(Audited)	(Audited)	(Audited)
Revenue from operations	6,852.43	6,258.89	5,188.92	22,548.51
Other operating income, net	(100.73)	(40.64)	41.84	1.41
<b>Total income from operations</b>	<b>6,751.70</b>	<b>6,218.25</b>	<b>5,230.76</b>	<b>22,549.92</b>
<b>Expenses</b>				
Employee benefits expense	4,661.00	4,255.70	3,461.53	15,224.95
Depreciation and amortisation	222.21	218.31	219.59	892.63
Other expenses	1,534.02	1,434.30	1,340.48	5,474.11
<b>Total expenses</b>	<b>6,417.23</b>	<b>5,908.31</b>	<b>5,021.60</b>	<b>21,591.69</b>
<b>Profit from operations before other income and finance costs</b>	<b>334.47</b>	<b>309.94</b>	<b>209.16</b>	<b>958.23</b>
Other income	192.63	116.16	44.07	386.49
<b>Profit from ordinary activities before finance costs</b>	<b>527.10</b>	<b>426.10</b>	<b>253.23</b>	<b>1,344.72</b>
Finance costs	189.19	174.57	99.61	584.88
<b>Profit from ordinary activities before tax</b>	<b>337.91</b>	<b>251.53</b>	<b>153.62</b>	<b>759.84</b>
Tax expense	42.91	21.75	45.87	137.73
<b>Net profit from ordinary activities after tax</b>	<b>295.00</b>	<b>229.78</b>	<b>107.75</b>	<b>622.11</b>
Minority Interest	5.20	(0.98)	1.30	1.80
<b>Net profit for the period</b>	<b>289.80</b>	<b>230.76</b>	<b>106.45</b>	<b>620.31</b>
Paid-up Equity Share Capital (Face Value of Share Rs. 10)	4,307.76	4,307.76	4,306.54	4,307.76
Reserves excluding Revaluation Reserve	-	-	-	9,991.07
Earning Per Share (Rs.) : (not annualised)				
-Basic	0.67	0.54	0.25	1.44
-Diluted	0.65	0.53	0.25	1.44
<b>Particulars of shareholding</b>				
Public shareholding				
- Number of shares of Rs. 10	34,52,36,587	34,52,36,587	34,51,14,087	34,52,36,587
- Percentage of shareholding	80.14%	80.14%	80.14%	80.14%
Promoters' and promoter group shareholding				
a) Pledged/ Encumbered				
- Number of shares	-	-	-	-
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-
- Percentage of shares (as a % of the total share capital of the company)	-	-	-	-
b) Non-encumbered				
- Number of shares	8,55,39,720	8,55,39,720	8,55,39,720	8,55,39,720
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%
- Percentage of shares (as a % of the total share capital of the company)	19.86%	19.86%	19.86%	19.86%

### Notes to financials results :

- The above results were reviewed by the Audit Committee and adopted by the Board of Directors at their meeting held on July 30, 2012. The standalone financial results for the quarter ended June 30, 2012 are available on the Company's website ([www.firstsource.com](http://www.firstsource.com)) and the websites of BSE ([www.bseindia.com](http://www.bseindia.com)) and NSE ([www.nseindia.com](http://www.nseindia.com)).
- The financial statements of the Parent Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances/ transactions and resulting unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated unless cost cannot be recovered. Minority interest's share of profits or losses is adjusted against income to arrive at the net income attributable to the Company's shareholders.
- Effective year ended March 31, 2009, the company has early adopted Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement", pursuant to announcement made by the Institute of Chartered Accountants of India (ICAI).
- The Company has filed an application with the Bombay High Court for the merger of its wholly owned subsidiary, Rev IT Systems Private Limited with the Company effective 1 April 2011.





5. Standalone Information (Audited)

	Quarter ended June 30, 2012	Quarter ended March 31, 2012	Quarter ended June 30, 2011	Year ended 31 March 2012
Total income from operations	1,955.00	1,890.31	1,828.42	7,542.56
Net profit before taxation	141.19	91.82	71.37	418.58
Net profit after taxation	141.19	106.83	71.70	453.59

6. During the quarter, no equity shares were issued pursuant to exercise of stock options under the Employee Stock Option Scheme of the Company.

7. During the quarter, 2 complaints were received from investors which were resolved. There was no complaint pending at the beginning and at the end of the quarter.

8. During the quarter, the Company has sold the investment in its subsidiary "Firstsource Solutions S.A." .

9. The Company acquired 80% ownership in "Twin Lakes Property LLC - II", effective April 1, 2012.

10. Figures for the prior periods have been regrouped and / or reclassified wherever considered necessary.

**Segment Reporting**

	Quarter ended June 30, 2012 (Audited)	Quarter ended March 31, 2012 (Audited)	Quarter ended June 30, 2011 (Audited)	Year ended 31 March 2012 (Audited)
<b>Particulars</b>				
<b>Segment Revenue</b>				
a) UK	2,253.05	1,846.64	1,689.79	7,071.98
b) USA and Canada	3,284.74	3,150.45	2,794.80	11,687.33
c) India	661.38	655.89	623.92	2,700.61
d) Rest of the World	653.26	605.91	80.41	1,088.59
<b>Total</b>	<b>6,852.43</b>	<b>6,258.89</b>	<b>5,188.92</b>	<b>22,548.51</b>
Less: Inter Segment Revenue	-	-	-	-
<b>Net Segment Revenue</b>	<b>6,852.43</b>	<b>6,258.89</b>	<b>5,188.92</b>	<b>22,548.51</b>
<b>Segment results before tax and finance costs</b>				
a) UK	367.06	229.58	373.18	1,161.71
b) USA and Canada	353.46	325.58	263.14	1,187.21
c) India	(59.55)	(5.07)	28.30	209.03
d) Rest of the World	66.26	44.00	28.20	108.79
<b>Total</b>	<b>727.23</b>	<b>594.09</b>	<b>692.82</b>	<b>2,666.74</b>
i) Finance costs	(189.19)	(174.57)	(99.61)	(584.88)
ii) Other unallocable expenditure net of unallocable Income	(200.13)	(167.99)	(439.59)	(1,322.02)
<b>Profit before tax and minority interest</b>	<b>337.91</b>	<b>251.53</b>	<b>153.62</b>	<b>759.84</b>

**Capital Employed**

a) UK	1,661.96	1,460.90	1,398.37	1,460.90
b) USA and Canada	26,028.82	23,710.59	20,719.68	23,710.59
c) India	435.99	334.80	566.74	334.80
d) Rest of the World	520.07	454.53	94.38	454.53
e) Unallocated	9,021.35	9,579.14	6,197.26	9,579.14
	<b>37,668.19</b>	<b>35,539.96</b>	<b>28,976.43</b>	<b>35,539.96</b>

**Notes on segment information**

*Primary segments*

The Primary segment of the company is geography, identified on the basis of the location of the customer which in the opinion of management, is the predominant source of risk and rewards. The business of the Group is organized into four key geographic segments comprising United Kingdom, United States of America and Canada, India and Rest of the World.

*Capital Employed*

Capital employed comprises debtors including unbilled receivables and goodwill on consolidation directly attributable to the reportable segments. As the fixed assets and services are used interchangeably between the segments by the Group's businesses and liabilities contracted have not been identified to any of the reportable segments, the Group believes that it is currently not practicable to provide segment disclosures relating to these assets and liabilities and hence, has been included under unallocated.

Mumbai, India  
July 30, 2012



By order of the Board  
For Firstsource Solutions Limited

  
Rajesh Subramaniam  
Managing Director and CEO

**B S R & Co.**

(Registered)  
Chartered Accountants

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## **Independent Auditors' Report**

### **To the Board of Directors of Firstsource Solutions Limited**

#### **Report on the Quarterly Financial Results of Firstsource Solution Limited Pursuant to the Clause 41 of the Listing Agreement**

We have audited the quarterly financial results of Firstsource Solutions Limited ('the Company') for the quarter ended 30 June 2012 and the year to date results for the period from 1 April 2012 to 30 June 2012 attached herewith, being submitted by the Company pursuant to the requirements of Clause 41 of the Listing Agreement, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the Management and have not been audited by us.

#### **Management's Responsibility for the Quarterly Financial Results**

These quarterly financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the Company's management. These interim financial statements have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, prescribed by the Companies (Accounting Standard) Rules, 2006 as per section 211(3C) of the Companies Act, 1956, accounting standards issued by the Institute of Chartered Accountants of India and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these quarterly financial results based on our audit of such interim financial statements. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the quarterly financial results are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the quarterly financial results. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the quarterly financial results, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the condensed financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the quarterly financial results.



## **Independent Auditors' Report (*Continued*)**

### **Firstsource Solutions Limited**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, read with emphasis of matter noted below, the quarterly financial results:

- i. are presented in accordance with the requirements of Clause 41 of the Listing Agreement in this regard; and
- ii. give a true and fair view of the net profit and other financial information for the quarter ended 30 June 2012 and the year to date results for the period from 1 April 2012 to 30 June 2012.

#### **Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note 3 of the financial results that describes the adoption by the Company of AS 30, Financial Instruments: Recognition and Measurements, read with AS 31, Financial Instruments – Presentation, as applicable, along with prescribed limited revisions to other accounting standards, issued by the Institute of Chartered Accountants of India, as in management's opinion, it more appropriately reflects the nature/ substance of the related transactions. AS 30, along with limited revisions to the other accounting standards, has not currently been notified by the National Advisory Council for Accounting Standards (NACAS) pursuant to the Companies (Accounting Standards) Rules, 2006 as per Section 211(3C) of the Companies Act, 1956. Consequent to early adoption of AS 30 and the related limited revisions, profit after taxation for the quarter ended 30 June 2012 and for the period from 1 April 2012 to 30 June 2012 is higher by Rs 963 millions.

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

Further, we also report that we have, on the basis of books of account and other records and information and explanations given to us by the management, also verified the number of shares as well as percentage of shareholdings in respect of aggregate amount of public shareholdings, as furnished by the Company in terms of Clause 35 of the Listing agreement and found the same to be correct.

Mumbai  
30 July 2012

For B S R & Co.  
*Chartered Accountants*  
Firm's registration No: 101248W



**Vijay Bhatt**  
Partner

Membership No:036647



# Firstsource Solutions Limited

**AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2012**

(Rs. in millions, except per share data)

Particulars	Quarter ended June 30, 2012	Quarter ended March 31, 2012	Quarter ended June 30, 2011	Year ended March 31, 2012
	(Audited)	(Audited)	(Audited)	(Audited)
Revenue from operations	2,054.03	1,924.25	1,800.73	7,596.70
Other operating income, net	(99.03)	(33.94)	27.69	(54.14)
<b>Total income from operations</b>	<b>1,955.00</b>	<b>1,890.31</b>	<b>1,828.42</b>	<b>7,542.56</b>
<b>Expenses</b>				
Employee benefits expense	1,112.89	1,095.29	1,014.57	4,264.82
Depreciation and amortisation expense	143.70	152.73	144.92	598.79
Other expenses	660.84	671.51	658.43	2,623.95
<b>Total Expenses</b>	<b>1,917.43</b>	<b>1,919.53</b>	<b>1,817.92</b>	<b>7,487.56</b>
<b>Profit / (Loss) from operations before other income and finance costs</b>	<b>37.57</b>	<b>(29.22)</b>	<b>10.50</b>	<b>55.00</b>
Other income	263.88	277.20	153.70	1,019.23
<b>Profit from ordinary activities before finance costs</b>	<b>301.45</b>	<b>247.98</b>	<b>164.20</b>	<b>1,074.23</b>
Finance costs	160.26	156.16	92.83	655.65
<b>Profit from ordinary activities before tax</b>	<b>141.19</b>	<b>91.82</b>	<b>71.37</b>	<b>418.58</b>
Tax expense	-	(15.01)	(0.33)	(35.01)
<b>Net profit from ordinary activities after tax</b>	<b>141.19</b>	<b>106.83</b>	<b>71.70</b>	<b>453.59</b>
<b>Paid-up Equity Share Capital (Face Value of Share Rs. 10)</b>	<b>4,307.76</b>	<b>4,307.76</b>	<b>4,306.54</b>	<b>4,307.76</b>
<b>Reserves excluding Revaluation Reserve</b>				<b>4,493.22</b>
<b>Earning Per Share (Rs.) (not annualised)</b>				
-Basic	0.33	0.25	0.17	1.05
-Diluted	0.33	0.25	0.17	1.05
<b>Particulars of shareholding</b>				
<b>Public shareholding</b>				
- Number of shares of Rs. 10	34,52,36,587	34,52,36,587	34,51,14,087	34,52,36,587
- Percentage of shareholding	80.14%	80.14%	80.14%	80.14%
<b>Promoters' and promoter group shareholding</b>				
a) Pledged/ Encumbered				
- Number of shares	-	-	-	-
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-
- Percentage of shares (as a % of the total share capital of the company)	-	-	-	-
b) Non-encumbered				
- Number of shares	8,55,39,720	8,55,39,720	8,55,39,720	8,55,39,720
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100%	100%	100%	100%
- Percentage of shares (as a % of the total share capital of the company)	19.86%	19.86%	19.86%	19.86%

## Notes to financials results :

- The above results were reviewed by the Audit Committee and adopted by the Board of Directors at their meeting held on July 30, 2012.
- The Company has filed an application with the Bombay High Court for the merger of its wholly owned subsidiary, Rev IT Systems Private Limited with the Company effective 1 April 2011. Pending approval of the Honourable High Court at Mumbai, no effect of the Scheme is given in the above financial results.
- Effective year ended March 31, 2009, the Company has early adopted Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement", pursuant to announcement made by the Institute of Chartered Accountants of India (ICAI).
- During the quarter, no Equity shares were issued pursuant to exercise of stock options under the Employee Stock Option Scheme of the Company.
- During the quarter, 2 complaints were received from investors which were resolved. There was no complaint pending at the beginning and at the end of the quarter.
- Figures for the prior periods have been regrouped and / or reclassified wherever considered necessary.

**By order of the Board**  
For Firstsource Solutions Limited

**Rajesh Subramaniam**  
Managing Director and CEO

Mumbai, India  
July 30, 2012

