

October 23, 2013

To:

National Stock Exchange of India Limited (Scrip Code: **FSL**) Fax. No. 66418124 /25/26
Exchange Plaza,
Plot no. C/1, G Block,
Bandra-Kurla Complex
Bandra (East),
Mumbai - 400 051

BSE Limited (Scrip Code: **532809**) Fax. No. 22723121/2037/2041
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

Dear Madam/ Sir,

**Sub: Clause 41: Declaration of Audited Standalone and Consolidated financial results for
the quarter ended September 30, 2013 (Q2 FY 2013-14)**

We wish to inform you that the Board of Directors of the Company have, at their meeting held today i.e. October 23, 2013, approved the Audited Standalone and Consolidated financial Results for the quarter ended September 30, 2013, copies of which are enclosed herewith alongwith copies of Auditors' Reports thereon.

We are also enclosing herewith copy of Press release relating to the financial results.

We request you to take the above on record.

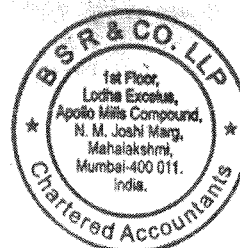
Thanking you,

For Firstsource Solutions Limited


Sanjay Gupta

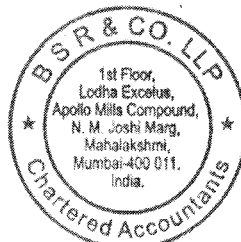
VP- Corporate Affairs & Company Secretary

Firstsource Solutions Limited						
AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2013						
Particulars	(Rupees, in millions, except per share data and per equity data)					
	Quarter ended			Six months ended		Year ended
	September 30 2013 (Audited)	June 30 2013 (Audited)	September 30 2012 (Audited)	September 30 2013 (Audited)	September 30 2012 (Audited)	March 31 2013 (Audited)
Income from operations						
Revenue from operations	7,978.97	7,234.29	7,255.12	15,213.26	14,107.55	28,440.18
Other operating income, net	(71.10)	(43.07)	(78.83)	(114.17)	(179.56)	(254.83)
Total income from operations	7,907.87	7,191.22	7,176.29	15,099.09	13,927.99	28,185.35
Expenses						
Employee benefit expense	5,484.97	4,922.20	4,950.49	10,367.17	9,611.49	19,348.72
Depreciation and amortisation	204.64	181.66	229.05	366.30	461.28	883.98
Other expenses	1,547.58	1,467.19	1,545.14	3,011.02	3,079.16	6,041.01
Total expenses	7,217.19	6,571.05	6,724.68	13,784.49	13,141.91	26,273.71
Profit from operations before other income and finance costs	690.68	620.17	451.61	1,314.60	786.08	1,911.64
Other income	8.51	23.00	150.23	27.76	342.86	463.95
Profit from ordinary activities before finance costs	699.19	643.17	601.84	1,342.36	1,128.94	2,375.59
Finance costs	228.81	213.42	189.69	442.03	378.88	763.65
Profit from ordinary activities before tax	470.38	429.75	412.15	900.33	750.06	1,591.94
Tax expense	22.71	20.13	54.55	42.84	97.46	129.23
Net profit from ordinary activities after tax	447.67	409.62	357.60	857.49	652.60	1,462.71
Minority interest	0.29	(0.85)	(1.73)	(0.58)	3.47	(3.21)
Net profit after tax and minority interest for the period	447.58	410.47	355.33	856.91	649.13	1,459.50
Paid-up equity share capital (Face value of share Rs 10)	6,583.05	6,581.74	4,307.76	6,583.05	4,307.76	6,576.74
Reserves excluding revaluation reserve	-	-	-	13,226.46	10,203.49	10,559.64
Earning Per Share (Rs.) : (Not Annualized)						
- Basic	0.68	0.62	0.83	1.30	1.51	2.91
- Diluted	0.67	0.61	0.76	1.28	1.41	2.82
Particulars of shareholding						
Public shareholding						
- Number of shares of Rs 10	284,328,328	284,197,078	345,246,044	284,328,328	345,246,044	283,697,078
- Percentage of shareholding	43.19%	43.18%	80.15%	43.19%	80.15%	43.14%
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	373,976,673	373,976,673	85,530,263	373,976,673	85,530,263	373,976,673
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
- Percentage of shares (as a % of the total share capital of the company)	56.81%	56.82%	19.85%	56.81%	19.85%	56.86%
Notes to financials results :						
1. The above results were reviewed by the Audit Committee and adopted by the Board of Directors at their meeting held on October 23, 2013. The standalone financial results for the quarter and six months ended September 30, 2013 are available on the Company's website (www.firstsource.com) and the websites of BSE (www.bseindia.com) and NSE (www.nseindia.com).						
2. 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 and losses in full. Minority interest's share of profits or losses is adjusted against income to arrive at the net income attributable to the Company's shareholders. Firstsource Philippines, branch of Firstsource is classified as a non-integral operation as against its earlier classification as an integral operation. However, the impact of this change in classification is not considered material.						
3. 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).						
4. Standalone information (Audited)						
Particulars	Quarter ended September 30,		Six months ended September 30,		Year ended March 31,	
	2013	2012	2013	2012	2013	
Total income from operations	2,378.12	2,105.00	4,828.52	4,060.00	8,808.15	
Net profit before taxation	392.02	310.61	608.74	451.80	1,173.89	
Net profit after taxation	392.02	310.61	608.74	451.80	1,359.65	
5. During the quarter, 131,250 equity shares were issued pursuant to exercise of stock options under the Employee Stock Option Scheme of the Company.						
6. During the quarter, 33 complaints were received from investors which were resolved. There was no complaint pending at the beginning and at the end of the quarter.						
7. Figures for the prior periods have been regrouped and / or reclassified wherever considered necessary.						



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6. Statement of assets and liabilities (Consolidated - Audited)						
Particulars	As at September 30, 2013		As at March 31, 2013			
Shareholders' funds						
Share capital	6,583.05		6,576.74			
Reserves and surplus	13,226.46		10,559.64			
Total Shareholders' funds	19,809.51		17,136.38			
Minority interest	12.17		11.36			
Non-current liabilities						
Long-term borrowings	8,382.44		8,500.64			
Deferred tax liabilities, net	368.64		282.80			
Other long-term liabilities	404.70		328.82			
Long-term provisions	256.62		223.07			
Total Non-current liabilities	9,410.40		9,335.53			
Current liabilities						
Short-term borrowings	2,087.08		1,628.60			
Trade payables	1,780.76		1,412.10			
Other current liabilities	4,800.93		3,905.14			
Short-term provisions	132.05		87.82			
Total Current liabilities	8,800.84		7,033.46			
Total - EQUITY AND LIABILITIES	38,032.92		33,516.73			
ASSETS						
Non-current assets						
Goodwill on consolidation	27,072.20		23,601.03			
Fixed assets						
- Tangible assets	865.30		1,091.90			
- Intangible assets	562.48		451.45			
- Capital work-in-progress	4.23		18.20			
	1,432.01		1,561.55			
Non-current investments						
Long-term loans and advances	28.46		26.81			
Other non-current assets	1,158.50		1,132.22			
	756.08		651.10			
Total Non-current assets	30,447.25		26,972.71			
Current assets						
Trade receivables	3,820.28		3,865.84			
Cash and bank balances	1,468.84		901.01			
Short-term loans and advances	384.58		319.73			
Other current assets	1,901.97		1,457.44			
Total Current assets	7,585.67		6,544.02			
TOTAL ASSETS	38,032.92		33,516.73			
Segment Reporting						
Particulars	Quarter ended			Six months ended		Year ended
	September 30	June 30	September 30	September 30	September 30	March 31
	2013	2013	2012	2013	2012	2013
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Segment revenue						
a) UK	2,857.74	2,493.19	2,545.17	5,350.93	4,798.22	9,724.63
b) USA and Canada	3,657.25	3,313.77	3,286.98	6,971.02	6,571.72	13,133.47
c) India	726.76	758.37	753.08	1,485.13	1,414.46	2,993.17
d) Rest of the world	737.22	668.96	669.89	1,406.18	1,323.15	2,589.01
Total	7,978.97	7,234.29	7,255.12	15,213.26	14,107.55	28,440.18
Less: Inter segment revenue						
	7,978.97	7,234.29	7,255.12	15,213.26	14,107.55	28,440.18
Net segment revenue						
Segment results before tax and finance costs						
a) UK	508.84	281.05	207.83	789.89	574.89	1,007.35
b) USA and Canada	414.46	492.05	432.23	908.51	785.69	1,772.66
c) India	73.12	85.07	37.49	158.19	(22.08)	119.63
d) Rest of the World	76.13	140.36	90.64	216.49	156.90	293.14
Total	1,072.55	898.53	768.19	2,071.08	1,495.42	3,192.78
i) Finance costs	(228.61)	(213.42)	(189.69)	(442.03)	(378.88)	(783.65)
ii) Other un-allocable expenditure net of un-allocable income	(373.37)	(355.36)	(166.35)	(728.73)	(366.48)	(817.19)
Profit before tax and minority interest	470.57	429.75	412.15	900.32	750.06	1,591.94
Capital Employed						
a) UK	2,184.49	1,989.15	1,351.68	2,184.49	1,351.68	1,911.96
b) USA and Canada	28,715.26	27,338.24	24,520.78	28,715.26	24,520.78	25,145.84
c) India	473.03	566.12	441.35	473.03	441.35	578.63
d) Rest of the World	619.44	519.02	465.95	619.44	465.95	628.01
e) Unallocated	514.87	2,151.38	10,305.71	514.87	10,305.71	1,804.97
	32,507.09	32,563.91	37,095.47	32,507.09	37,095.47	30,069.41
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 trade receivables 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.						
By order of the Board For Firstsource Solutions Limited						
Rajesh Subramaniam Managing Director and CEO						
Mumbai, India October 23, 2013						



BSR & Co. LLP

Chartered Accountants

1st Floor, Lodha Excelus
Apollo Mills Compound
N. M. Joshi Marg, Mahalakshmi
Mumbai - 400 011

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Independent Auditors' Report

To the Board of Directors of Firstsource Solutions Limited

Report on the Consolidated Quarterly Financial Results and Year to Date Financial Results of Firstsource Solutions Limited Pursuant to Clause 41 of the Listing Agreement

We have audited the consolidated financial results of Firstsource Solutions Limited ('the Company') and its subsidiaries for the quarter ended 30 September 2013 and year to date financial results for the period from 1 April 2013 to 30 September 2013 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 Financial Results

These consolidated quarterly financial results as well as year to date consolidated financial results have been prepared on the basis of the condensed consolidated interim financial statements and in compliance with Clause 41 of the Listing Agreement, which is the responsibility of the Company's management. These condensed 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 referred to in sub-section (3C) Section 211 of the Companies Act, 1956 which, as per a clarification issued by the Ministry of Corporate Affairs, continues to apply under Section 133 of the Companies Act 2013 (which has superseded section 211(3C) of the Companies Act 1956 w.e.f. 12 September 2013) and other accounting principles generally accepted in India. Additionally, the Company has early adopted Accounting Standard (AS) 30, Financial Instruments: Recognition and Measurements, read with AS-31, Financial Instruments – Presentation along with prescribed limited revisions to other accounting standards, issued by the Institute of Chartered Accountants of India.

This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial results that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial results based on our audit of such condensed 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 plan and perform the audit to obtain reasonable assurance about whether the consolidated financial results are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

B S R & Co. LLP

Independent Auditors' Report (Continued)

Firstsource Solutions Limited

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the condensed consolidated interim financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the condensed consolidated interim financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the condensed consolidated interim 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 condensed consolidated interim financial statements.

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, the consolidated quarterly financial results as well as the year to date consolidated financial results:

- i. include the consolidated quarterly financial results as well as year to date consolidated financial result of the following entities:
 - a. Firstsource Solutions Limited
 - b. Firstsource Group USA, Inc.
 - c. Firstsource Solutions UK Limited
 - d. Firstsource Solutions S.A.
 - e. Firstsource Advantage LLC
 - 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, consolidated statement of assets and liabilities and other financial information as at and for the quarter ended 30 September 2013 and year to date results for the period from 1 April 2013 to 30 September 2013.

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Independent Auditors' Report (Continued)**Firstsource Solutions Limited****Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note 3 to the consolidated financial results that describes the early adoption by the Company of AS 30, Financial Instruments: Recognition and Measurements, read with AS 31, Financial Instruments – Presentation 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 Committee 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 September 2013 and for the period from 1 April 2013 to 30 September 2013 is higher by Rs 549 million and Rs 806 million respectively.

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, 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
23 October 2013

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



Vijay Bhatt
Partner

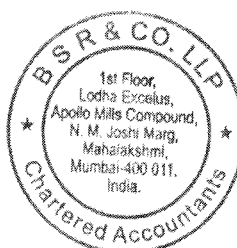
Membership No: 036647

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Firstsource Solutions Limited						
AUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2013						
Particulars	(Rupees, in millions, except per share data and per equity data)					
	Quarter ended			Six months ended		Year ended
	September 30	June 30	September 30	September 30	September 30	March 31
	2013	2013	2012	2013	2012	2013
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Income from operations						
Revenue from operations	2,492.27	2,304.82	2,182.52	4,797.09	4,236.55	9,106.37
Other operating income, net	(114.15)	(56.42)	(77.52)	(170.57)	(176.55)	(298.22)
Total income from operations	2,378.12	2,248.40	2,105.00	4,626.52	4,060.00	8,808.15
Expenses						
Employee benefit expense	1,188.57	1,181.88	1,105.83	2,370.45	2,218.72	4,715.57
Depreciation and amortisation	145.92	129.36	140.09	275.28	283.79	576.58
Other expenses	645.31	678.46	666.12	1,323.77	1,326.96	2,739.89
Total expenses	1,979.80	1,989.70	1,912.04	3,969.50	3,829.47	8,032.04
Profit from operations before other income and finance costs	398.32	258.70	192.96	657.02	230.53	776.11
Other income	46.31	(10.46)	276.81	35.85	540.69	925.76
Profit from ordinary activities before finance costs	444.63	248.24	469.77	692.87	771.22	1,701.87
Finance costs	52.61	31.52	159.16	84.13	319.42	527.98
Profit from ordinary activities before tax	392.02	216.72	310.61	608.74	451.80	1,173.89
Tax expense	-	-	-	-	-	-
Profit after taxation before adjustment for results of RevIT for the year ended March 31, 2012	392.02	216.72	310.61	608.74	451.80	1,173.89
Profit after tax for the year ended 31 March 2012 of RevIT (including reversal of excess provision) incorporated pursuant to the scheme of amalgamation	-	-	-	-	-	185.76
Net profit from ordinary activities after tax	392.02	216.72	310.61	608.74	451.80	1,359.65
Paid-up equity share capital (face value of share Rs. 10)	6,583.05	6,581.74	4,307.76	6,583.05	4,307.76	6,576.74
Reserves excluding revaluation reserve	-	-	-	5,886.64	4,535.11	5,748.17
Earning per share (Rs.) (not annualised)						
- Basic	0.60	0.33	0.72	0.93	1.05	2.70
- Diluted	0.59	0.32	0.68	0.91	1.05	2.66
Particulars of shareholding						
Public shareholding						
- Number of shares of Rs. 10	284,328,328	284,197,078	345,246,044	284,328,328	345,246,044	283,697,078
- Percentage of shareholding	43.19%	43.18%	80.15%	43.19%	80.15%	43.14%
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	373,976,673	373,976,673	85,530,263	373,976,673	85,530,263	373,976,673
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100%	100%	100%	100%	100%	100%
- Percentage of shares (as a % of the total share capital of the company)	56.81%	56.82%	19.85%	56.81%	19.85%	56.86%

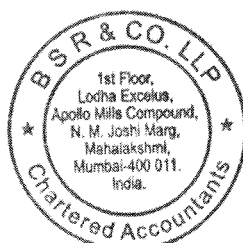
Notes to financials results :

- The above results were reviewed by the Audit Committee and adopted by the Board of Directors at their meeting held on October 23, 2013.
- 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, 131,250 Equity shares were issued pursuant to exercise of stock options under the Employee Stock Option Scheme of the Company.
- During the quarter, Firstsource Philippines, branch of Firstsource is classified as a non-integral operation as against its earlier classification as an integral operation. However, the impact of this change in classification is not considered material.
- During the quarter, 33 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.



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7. Statement of Assets and liabilities (Standalone Audited)		
Particulars	As at September, 30	As at March, 31
	2013	2013
EQUITIES AND LIABILITIES		
Shareholders' funds		
Share capital		
Reserves and surplus	6,583.05	6,576.74
Total Shareholders' funds	5,886.64	5,748.17
Non-current liabilities	12,469.69	12,324.91
Long-term borrowings		
Long-term provisions	1,294.61	1,127.64
Total Non-current liabilities	90.67	95.59
Current liabilities	1,385.28	1,223.23
Short-term borrowings		
Trade payables	208.87	-
Other current liabilities	440.37	443.61
Short-term provisions	2,467.03	2,162.31
Total Current liabilities	60.24	49.92
TOTAL - EQUITY AND LIABILITIES	3,176.51	2,655.84
	17,031.48	16,203.98
ASSETS		
Non current assets		
Fixed assets		
- Tangible assets	505.55	538.96
- Intangible assets	544.74	425.17
- Capital work-in-progress	1.65	17.60
Non-current investments	1,051.94	981.73
Deferred tax assets (net)	11,854.52	11,686.07
Long-term loans and advances	406.64	406.64
Other non-current assets	881.45	868.79
Total Non-current assets	764.78	650.67
Current Assets	14,959.33	14,593.90
Trade receivables		
Cash and bank balances	1,285.28	827.18
Short-term loans and advances	236.90	253.32
Other current assets	245.23	249.24
Total Current assets	304.74	280.34
TOTAL - ASSETS	2,072.15	1,610.08
	17,031.48	16,203.98
<div style="display: flex; justify-content: space-between;"> <div> Mumbai, India October 23, 2013 </div> <div> By order of the Board For Firstsource Solutions Limited  Rajesh Subramaniam Managing Director and CEO </div> </div>		



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B S R & Co. LLP

Chartered Accountants

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Independent Auditors' Report

To the Board of Directors of Firstsource Solutions Limited

Report on the Quarterly Financial Results and Year to Date Financial Results of Firstsource Solutions Limited Pursuant to Clause 41 of the Listing Agreement

We have audited the financial results of Firstsource Solutions Limited ('the Company') for the quarter ended 30 September 2013 and year to date financial results for the period from 1 April 2013 to 30 September 2013 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 Financial Results

These quarterly financial results as well as year to date financial results have been prepared on the basis of the condensed interim financial statements and in compliance with Clause 41 of the Listing Agreement, which is the responsibility of the Company's management. These condensed 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 referred to in sub-section (3C) Section 211 of the Companies Act, 1956 which, as per a clarification issued by the Ministry of Corporate Affairs, continues to apply under Section 133 of the Companies Act 2013 (which has superseded section 211(3C) of the Companies Act 1956 w.e.f. 12 September 2013) and other accounting principles generally accepted in India. Additionally, the Company has early adopted Accounting Standard (AS) 30, Financial Instruments: Recognition and Measurements, read with AS-31, Financial Instruments – Presentation along with prescribed limited revisions to other accounting standards, issued by the Institute of Chartered Accountants of India.

This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial results that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial results based on our audit of such condensed 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 plan and perform the audit to obtain reasonable assurance about whether the consolidated financial results are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

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B S R & Co. is partnership firm with
Registration No. BA61223 converted into
B S R & Co. LLP (a Limited Liability Partnership
with LLP Registration No. AAB-81811)
with effect from October 14, 2013

Registered Office:
1st Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalakshmi
Mumbai - 400 011

B S R & Co. LLP

Independent Auditors' Report (Continued)

Firstsource Solutions Limited

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the condensed interim financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the condensed interim financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the condensed interim 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 condensed interim financial statements.

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, the quarterly financial results as well as the year to date 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, statement of assets and liabilities and other financial information as at and for the quarter ended 30 September 2013 and year to date results for the period from 1 April 2013 to 30 September 2013.


Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 to the financial results that describes the early adoption by the Company of AS 30, Financial Instruments: Recognition and Measurements, read with AS 31, Financial Instruments – Presentation 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 Committee 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 September 2013 and for the period from 1 April 2013 to 30 September 2013 is higher by Rs 576 million and Rs 843 million respectively.

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, 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. LLP
Chartered Accountants
Firm's Registration No: 101248W


Vijay Bhatt
Partner

Mumbai
23 October 2013

Membership No: 036647

11/13

Press Release



**Firstsource reports Second Quarter Fiscal 2014 revenues of ` 7,908 million
Up Y-o-Y growth of 10.2%, Q-o-Q by 10.0%**

**Operating EBIT of `691 million
Up Y-o-Y by 52.9%, Q-o-Q by 10.7%**

**PAT (profit after tax) of `448 million
Up Y-o-Y by 24.5%, Q-o-Q by 9.0%**

**EBIT up by 67.3% and PAT up by 32.2% for Half year ended Sept 30, 2013
EBIT and PAT margins expanded by 3.1% and 1% during the same period**

Mumbai, October 23, 2013: Firstsource Solutions Limited (NSE:FSL, BSE:532809), a global provider of customized Business Process Management (BPM) services company today reported its consolidated financial results for the quarter ended September 2013 according to Indian GAAP.

Highlights for the Quarter ended September 30, 2013:

- Revenues of `7,908 million, up 10.0% Q-o-Q compared to ` 7,191 million for the quarter ended June 2013 and up 10.2% Y-o-Y compared to `7,176 million for the quarter ended September 2012.
- Operating EBIT (earnings before interest and tax) of `691 million, up 10.7% Q-o-Q compared to `624 million for the quarter ended June 2013 and up 52.9% Y-o-Y compared to `452 million for the quarter ended September 2012.
- PAT (profit after tax) of `448 million, up 9.0% Q-o-Q compared to `410 million for the quarter ended June 2013 and up 24.5% Y-o-Y compared to `359 million for the quarter ended September 2012.
- Cash position is at `1,500 million.
- Employee strength at 30,390 as of September 30, 2013. Reduction of 1,233 employees in the quarter.
- Q2 annualized attrition (post 180 days) :
 - Offshore (India and Philippines) – 57.3% compared to 52.7% in Q1 FY2014
 - Onshore (US and Europe) – 47.4% compared to 39.9% in Q1 FY2014
 - Domestic (India and Sri Lanka) – 85.6% compared to 101.3% in Q1 FY2014

Press Release



- As of September 30, 2013, Firstsource derived 46% revenues from the US, 36% from UK and 18% from Rest of World, including India.
- As of September 30, 2013, Firstsource derived 45% revenues from Telecom & Media, 32% from Healthcare, 22% from BFSI and 1% from others.

Key Company Highlights during the quarter:

- **Debt repayment:** Firstsource Group USA, wholly owned subsidiary of Firstsource Solutions successfully made its second quarterly principal repayment of USD11.25 million on its outstanding debt on Sept. 30th, 2013.
- **New Appointment:** Firstsource appointed Stephanie Wilson as Executive Vice President - Operations for Europe and US. Stephanie will be responsible for Client engagement and Operations for the Customer Management business.
- **New Business:**
 - L.A. Care Health Plan – Added a new logo to the Healthcare Payer clientele list in US. The company will provide Claims Adjudication support from the US.
 - Won an additional contract with an existing client – a leading credit card issuer in the UK. The contract is for CPI (Card Protection) and IPA (Identity Protection) queries and will be managed from the UK center.
 - Signed an additional contract with the Largest Pay TV Provider in the UK to provide a range of services such as Broadband support (Voice) and support for Billing & Technical queries for TV, BB & Telephony products (Web Chat). These will be delivered from Northern Ireland and India.

Financial Highlights for half-year ended September 2013:

- Revenues at `15,099 million for the half year ended September 2013, a growth of 8.4% over corresponding period of the previous year.
- Operating EBIT of `1,315 million for the half year ended September 2013, up 67.3% over corresponding period of the previous year.
- Profit after tax `858 million for the half year ended September 2013, up 32.2% over corresponding period of the previous year.

Press Release



Speaking on the occasion, **Sanjiv Goenka, Chairman, RP-Sanjiv Goenka Group and Firstsource**, said, *"I am delighted with the progress that Firstsource has made over the quarters. The company's focus on driving value and customer satisfaction is razor sharp and we are seeing results to this effect. I believe that Firstsource is well positioned for growth in the BPM industry."*

Commenting on the performance, **Rajesh Subramaniam, Managing Director & Chief Executive Officer**, said, *"Our second quarter results have demonstrated margin expansion on the back of a strong operational performance. We continue on the path of profitable growth. Our investment in productisation of services is seeing traction from clients and a concerted effort is being made to broaden our capability suite of value added services. The quarterly repayment of USD 11.25 million on the outstanding debt was successfully paid."*

About Firstsource:

Firstsource (NSE: FSL, BSE: 532809, Reuters: FISO.BO, Bloomberg: FSOL@IN) is a leading global provider of customized Business Process Outsourcing (BPO) services to the Healthcare, Telecom & Media and Banking & Financial Services industries. The company's clients include Fortune 500, FTSE 100 & Nifty 50 companies. Firstsource has a "rightshore" delivery model with operations in India, Ireland, Philippines, Sri Lanka, UK and U.S. (www.firstsource.com).

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