

## Firstsource Solutions Limited

**AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2016 UNDER IND AS**

CIN: L64202MH2001PLC134147

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(Rs in millions, except per share data)

Particulars	Quarter ended June 30,	Quarter ended March 31,	Quarter ended June 30,	Year ended March 31,
	2016	2016	2015	2016
	(Audited)	(Audited)	(Audited)	(Audited)
<b>Income from operations</b>				
Income from operations	8,752.53	8,525.24	7,329.00	31,616.56
Other operating income, net	182.91	169.09	85.33	555.97
<b>Total income from operations</b>	<b>8,935.44</b>	<b>8,694.33</b>	<b>7,414.33</b>	<b>32,172.53</b>
<b>Expenses</b>				
Employee benefit expenses	5,817.08	5,803.76	4,997.01	21,723.62
Depreciation and amortisation	162.99	146.95	172.07	661.96
Other expenses	1,925.97	1,776.23	1,576.01	6,544.93
<b>Total expenses</b>	<b>7,906.04</b>	<b>7,726.94</b>	<b>6,745.09</b>	<b>28,930.51</b>
<b>Profit from operations before other income and finance costs</b>	<b>1,029.40</b>	<b>967.39</b>	<b>669.24</b>	<b>3,242.02</b>
Other income	18.58	19.28	45.42	94.44
<b>Profit from ordinary activities before finance costs</b>	<b>1,047.98</b>	<b>986.67</b>	<b>714.66</b>	<b>3,336.46</b>
Finance costs	131.56	129.70	142.72	527.49
<b>Profit from ordinary activities before tax</b>	<b>916.42</b>	<b>856.97</b>	<b>571.94</b>	<b>2,808.97</b>
Tax expense	182.69	95.39	41.71	252.86
<b>Net profit from ordinary activities after tax</b>	<b>733.73</b>	<b>761.58</b>	<b>530.23</b>	<b>2,556.11</b>
Non-Controlling interest	(0.12)	0.37	(1.58)	(4.38)
<b>Net profit after tax and minority interest</b>	<b>733.61</b>	<b>761.95</b>	<b>528.65</b>	<b>2,551.73</b>
Other comprehensive income, net of taxes	407.41	20.25	72.92	566.18
<b>Total comprehensive income</b>	<b>1,141.02</b>	<b>782.20</b>	<b>601.57</b>	<b>3,117.91</b>
Paid-up equity share capital (Face value per share of Rs 10)	6,748.95	6,733.15	6,668.45	6,733.15
Earning per share (Rs) : (Face value per share of Rs 10)				
-Basic	1.09	1.13	0.79	3.81
-Diluted	1.05	1.09	0.76	3.64

### Notes to financial result :

- The audited interim condensed consolidated financial statements for the quarter ended June 30, 2016 have been taken on record by the Board of Directors at its meeting held on July 26, 2016. The statutory auditors have expressed an unmodified audit opinion. The information presented above is extracted from the audited interim condensed consolidated financial statements. These financial statements are prepared in accordance with the Indian Accounting Standard (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.
- The aforesaid financial statements are the Group's first Ind AS financial statements. The Group has adopted all the Ind AS and the adoptions were carried out in accordance with Ind AS 101 - First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP) which was the 'Previous GAAP'.
- Effective April 1, 2016 the Group completed the equitable close for the acquisition of ISGN Solutions Inc, USA and its subsidiaries through Firstsource Group USA Inc, USA for INR 907.03 million and the BPO division of ISGN Novasoft Technologies Limited, India through a slump sale agreement for INR 30 million with a formal legal close on May 18, 2016.
- During the quarter ended June 30, 2016, 1,579,750 equity shares were issued pursuant to exercise of stock options under the Employee Stock Option Scheme of the Company.
- Reconciliation between consolidated financial results, as per Previous GAAP and Ind AS for quarters/year presented are as under:

Particulars	Note	Quarter ended March 31,	Quarter ended June 30,	Year ended March 31
		2016	2015	2016
		Net profit as per previous GAAP		796.69
Revenue recognition under Ind AS 18	a	(36.04)	(55.10)	(130.35)
Share based compensation expense under Ind AS 102	b	(8.28)	(9.03)	(36.47)
Employee benefits under Ind AS 19	c	7.87	7.87	31.48
Acquisition cost under Ind AS 103, business combination	d	(11.92)	-	(11.92)
Tax effect of adjustments	e	13.63	20.83	49.30
<b>Net profit after adjustments as per Ind AS</b>		<b>761.95</b>	<b>528.65</b>	<b>2,551.73</b>
Other comprehensive Income, net of taxes		20.25	72.92	566.18
<b>Total comprehensive Income</b>		<b>782.20</b>	<b>601.57</b>	<b>3,117.91</b>

**Explanations for reconciliation of consolidated statement of profit and loss as reported under IGAAP to Ind AS**

- a. On application of Ind AS 18, the Company aligned its revenue recognition relating to healthcare claims and collections business.
- b. On first time adoption of Ind AS 101 the Company took an optional exemption to measure at fair value the unvested options on the transition date and accordingly recognised employee share based payment cost in the statement of profit and loss.
- c. As per Ind AS 19 - Employee Benefits, actuarial gain and losses are recognized in other comprehensive income and not classified to statement of profit and loss in a subsequent period.
- d. On retrospective application of Ind AS 103 to business combinations, expense have been debited to the statement of profit and loss account.
- e. Tax adjustments include deferred tax impact on account of differences between Previous GAAP and Ind AS.

## 6. Standalone Information (Audited) Under Ind AS

Particulars	Quarter ended June 30,	Quarter ended March 31,	Quarter ended June 30,	Year ended March 31
	2016	2016	2015	2016
Total income from operations	2,219.07	2,089.96	2,110.52	8,748.78
Net profit before taxation	460.18	330.81	395.85	1,744.21
Net profit after taxation	387.16	274.11	323.06	1,500.38

## 7. Segment Reporting - Consolidated audited

Particulars	Quarter ended June 30,	Quarter ended March 31,	Quarter ended June 30,	Year ended March 31
	2016	2016	2015	2016
	(Audited)	(Audited)	(Audited)	(Audited)
<b>Segment Revenue</b>				
a) Customer management	4,503.07	4,046.28	3,303.30	14,880.94
b) Healthcare	2,814.90	3,025.39	2,727.94	11,443.76
c) Collections	931.42	954.46	795.15	3,304.81
d) Domestic Business (India)	503.14	499.11	502.61	1,987.06
<b>Total</b>	<b>8,752.53</b>	<b>8,525.24</b>	<b>7,329.00</b>	<b>31,616.57</b>
Less: Inter Segment Revenue	-	-	-	-
<b>Net Segment Revenue</b>	<b>8,752.53</b>	<b>8,525.24</b>	<b>7,329.00</b>	<b>31,616.57</b>
<b>Segment results before tax and finance costs</b>				
a) Customer management	786.40	690.43	397.29	2,384.90
b) Healthcare	415.13	347.45	381.49	1,282.80
c) Collections	115.95	135.91	103.89	375.63
d) Domestic Business (India)	47.77	78.58	(4.86)	140.71
<b>Total</b>	<b>1,365.25</b>	<b>1,252.37</b>	<b>877.81</b>	<b>4,184.04</b>
i) Finance costs	(131.56)	(129.70)	(142.72)	(527.49)
ii) Other unallocable expenditure net of unallocable Income	(317.27)	(265.70)	(163.15)	(847.58)
<b>Profit before tax and minority interest</b>	<b>916.42</b>	<b>856.97</b>	<b>571.94</b>	<b>2,808.97</b>
<b>Segment Assets</b>				
a) Customer management	5,280.39	3,526.38	3,764.22	3,526.38
b) Healthcare	18,055.51	17,807.16	16,972.36	17,807.16
c) Collections	3,568.48	3,397.64	3,282.91	3,397.64
d) Domestic Business (India)	1,032.82	963.95	1,047.85	963.95
e) Unallocable	5,703.41	6,193.62	4,625.72	6,193.62
	<b>33,640.61</b>	<b>31,888.75</b>	<b>29,693.06</b>	<b>31,888.75</b>
<b>Segment Liabilities</b>				
a) Customer management	3,278.93	2,314.51	1,429.55	2,314.51
b) Healthcare	6,857.52	6,631.89	8,565.86	6,631.89
c) Collections	215.09	230.36	193.70	230.36
d) Domestic Business (India)	250.10	255.75	364.28	255.75
e) Unallocable	3,938.38	4,541.05	4,179.66	4,541.05
	<b>14,540.02</b>	<b>13,973.56</b>	<b>14,733.05</b>	<b>13,973.56</b>

**Notes on segment information***Business segments*

Based on the "management approach" as defined in Ind AS 108 - Operating Segments, the Chief Operating Decision Marker evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented into four key business segments comprising customer management, healthcare, collections and domestic business in India. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments.

The Group reclassified the segment disclosure as prescribed under Ind AS 108 and accordingly previous period / year ended disclosure has been restated accordingly.

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

Mumbai, India  
July 26, 2016

**Rajesh Subramaniam**  
Managing Director and CEO

## Firstsource Solutions Limited

### AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2016 UNDER IND AS

CIN: L64202MH2001PLC134147

Registered office: 5th Floor, Paradigm 'B' wing, Mindspace, Link Road, Malad (West), Mumbai 400 064  
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(Rs in millions, except per share data)

Particulars	Quarter ended June 30,	Quarter ended March 31,	Quarter ended June 30,	Year ended March 31,
	2016	2016	2015	2016
	(Audited)	(Audited)	(Audited)	(Audited)
<b>Income from operations</b>				
Income from operations	2,043.21	1,930.26	2,051.79	8,262.12
Other operating income, net	175.86	159.70	58.73	486.66
<b>Total income from operations</b>	<b>2,219.07</b>	<b>2,089.96</b>	<b>2,110.52</b>	<b>8,748.78</b>
<b>Expenses</b>				
Employee benefits expense	1,094.01	1,080.44	1,018.45	4,236.25
Depreciation and amortisation	48.85	50.63	104.34	329.93
Other expenses	621.59	656.74	629.59	2,529.70
<b>Total expenses</b>	<b>1,764.45</b>	<b>1,787.81</b>	<b>1,752.38</b>	<b>7,095.88</b>
<b>Profit from operations before other income and finance costs</b>	<b>454.62</b>	<b>302.15</b>	<b>358.14</b>	<b>1,652.90</b>
Other income	51.02	61.11	85.25	256.53
<b>Profit from ordinary activities before finance costs</b>	<b>505.64</b>	<b>363.26</b>	<b>443.39</b>	<b>1,909.43</b>
Finance costs	45.46	32.45	47.54	165.22
<b>Profit from ordinary activities before tax</b>	<b>460.18</b>	<b>330.81</b>	<b>395.85</b>	<b>1,744.21</b>
Tax expense	73.02	56.70	72.79	243.83
<b>Net profit from ordinary activities after tax</b>	<b>387.16</b>	<b>274.11</b>	<b>323.06</b>	<b>1,500.38</b>
Other comprehensive income, net of taxes	410.03	63.07	(376.09)	(220.12)
<b>Total comprehensive income</b>	<b>797.19</b>	<b>337.18</b>	<b>(53.03)</b>	<b>1,280.26</b>
Paid-up equity share capital (Face value per share of Rs 10)	6,748.95	6,733.15	6,668.45	6,733.15
Earning per share (Rs) : (Face value per share of Rs 10)				
-Basic	0.57	0.41	0.48	2.24
-Diluted	0.56	0.39	0.46	2.14

#### Notes to financials results :

- The audited interim condensed standalone financial statements for the quarter ended June 30, 2016 have been taken on record by the Board of Directors at its meeting held on July 26, 2016. The statutory auditors have expressed an unmodified audit opinion. The information presented above is extracted from the audited interim condensed standalone financial statements. These financial statements are prepared in accordance with the Indian Accounting Standard (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.
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- Effective April 1, 2016 the Company completed the acquisition of the BPO division of ISGN Novasoft Technologies Limited, India through a slump sale agreement for Rs 30 million with a formal legal close on May 18, 2016.
- During the quarter ended June 30, 2016, 1,579,750 equity shares were issued pursuant to exercise of stock options under the Employee Stock Option Scheme of the Company.
- As per Ind AS 108 - Operating Segment, if a financial report contains both consolidated financial statements of a parent that is within the scope of this Ind AS as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements. Accordingly, information required to be presented under Ind AS 108 - Operating Segment has been given in the consolidated financial results.
- Reconciliation between standalone financial results, as per Previous GAAP and Ind AS for quarters/year presented are as under:

Particulars	Note	Quarter ended March 31, 2016	Quarter ended June 30, 2015	Year ended March 31, 2016
Net profit as per previous GAAP		276.94	321.15	1,497.36
Share based compensation expense under Ind AS 102	a	(4.89)	(6.10)	(23.05)
Employee benefits under Ind AS 19	b	8.01	8.01	32.02
Acquisition cost under Ind AS 103, business combination	c	(5.95)	-	(5.95)
<b>Net profit after adjustments as per Ind AS</b>		<b>274.11</b>	<b>323.06</b>	<b>1,500.38</b>
Other comprehensive income, net of taxes		63.07	(376.09)	(220.12)
<b>Total comprehensive income</b>		<b>337.18</b>	<b>(53.03)</b>	<b>1,280.26</b>

#### Explanations for reconciliation of standalone statement of profit and loss as reported under IGAAP to Ind AS

- On first time adoption of Ind AS 101 the Company exercised the optional exemption to measure unvested options on the transition date and accordingly recognised employee share based payment cost in the statement of profit and loss.
- As per Ind AS 19 - Employee Benefits, actuarial gain and losses are recognized in other comprehensive income and not classified to statement of profit and loss in a subsequent period.
- On retrospective application of Ind AS 103 to business combinations, acquisition expenses have been debited to the statement of profit and loss.

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

Mumbai, India  
July 26, 2016

**Rajesh Subramaniam**  
Managing Director and CEO