

## Firstsource Solutions Limited

### AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2016

CIN: L64202MH2001PLC134147

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(Rs. in millions, except per share data and per equity data)

Particulars	Quarter ended			Six months ended		Year ended
	September 30	June 30	September 30	September 30	September 30	March 31
	2016	2016	2015	2016	2015	2016
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
<b>Income from operations</b>						
Income from operations	8,572.11	8,752.53	7,745.85	17,324.64	15,074.85	31,616.56
Other operating income, net	271.44	182.91	132.10	454.35	217.43	555.97
<b>Total income from operations</b>	<b>8,843.55</b>	<b>8,935.44</b>	<b>7,877.95</b>	<b>17,778.99</b>	<b>15,292.28</b>	<b>32,172.53</b>
<b>Expenses</b>						
Employee benefits expenses	5,949.92	5,817.08	5,343.85	11,767.00	10,340.86	21,723.62
Depreciation and amortisation	160.47	162.99	183.00	323.46	355.07	661.96
Other expenses	1,767.86	1,925.97	1,598.77	3,693.83	3,174.78	6,544.93
<b>Total expenses</b>	<b>7,878.25</b>	<b>7,906.04</b>	<b>7,125.62</b>	<b>15,784.29</b>	<b>13,870.71</b>	<b>28,930.51</b>
<b>Profit from operations before other income and finance costs</b>	<b>965.30</b>	<b>1,029.40</b>	<b>752.33</b>	<b>1,994.70</b>	<b>1,421.57</b>	<b>3,242.02</b>
Other income	3.91	18.58	9.17	22.49	54.59	94.44
<b>Profit from ordinary activities before finance costs</b>	<b>969.21</b>	<b>1,047.98</b>	<b>761.50</b>	<b>2,017.19</b>	<b>1,476.16</b>	<b>3,336.46</b>
Finance costs	108.62	131.56	130.62	240.18	273.34	527.49
<b>Profit from ordinary activities before tax</b>	<b>860.59</b>	<b>916.42</b>	<b>630.88</b>	<b>1,777.01</b>	<b>1,202.82</b>	<b>2,808.97</b>
Tax expense	148.59	182.69	42.89	331.28	84.60	252.86
<b>Net profit from ordinary activities after tax</b>	<b>712.00</b>	<b>733.73</b>	<b>587.99</b>	<b>1,445.73</b>	<b>1,118.22</b>	<b>2,556.11</b>
Non-Controlling interest	0.61	(0.12)	(1.35)	0.49	(2.93)	(4.38)
<b>Net profit after tax and minority interest</b>	<b>712.61</b>	<b>733.61</b>	<b>586.64</b>	<b>1,446.22</b>	<b>1,115.29</b>	<b>2,551.73</b>
<b>Other comprehensive income, net of taxes</b>	<b>(157.42)</b>	<b>(31.42)</b>	<b>326.61</b>	<b>(188.84)</b>	<b>399.53</b>	<b>566.18</b>
<b>Total comprehensive income</b>	<b>555.19</b>	<b>702.19</b>	<b>913.25</b>	<b>1,257.38</b>	<b>1,514.82</b>	<b>3,117.91</b>
Paid-up equity share capital (Face Value per share of Rs 10)	6,756.50	6,748.95	6,702.87	6,756.50	6,702.87	6,733.15
Earning per share (Rs) : (Face Value per share of Rs 10)						
-Basic	1.05	1.09	0.88	2.14	1.68	3.81
-Diluted	1.04	1.05	0.85	2.11	1.61	3.64

#### Notes to financials results :

- The audited interim condensed consolidated financial statements for the quarter and six months ended September 30, 2016 have been taken on record by the Board of Directors at its meeting held on October 27, 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 Group has adopted all the Ind AS on April 1, 2016 with the transition date as April 1, 2015 and the adoption was carried out in accordance with the 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'.
- During the quarter ended September 30, 2016, 755,725 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 six month / quarter presented are as under:

Particulars	Note	Six months ended	Quarter ended
		September 30,	September 30,
		2015	2015
Net profit as per previous GAAP		1,182.58	618.50
Revenue recognition under Ind AS 18	a	(101.93)	(46.83)
Share based compensation expense under Ind AS 102	b	(19.66)	(10.62)
Employee benefits under Ind AS 19	c	15.74	7.87
Tax effect of adjustments	d	38.56	17.72
<b>Total Adjustments</b>		<b>(67.29)</b>	<b>(31.86)</b>
<b>Net profit after adjustments as per Ind AS</b>		<b>1,115.29</b>	<b>586.64</b>
Other comprehensive Income, net of taxes		399.53	326.61
<b>Total comprehensive Income</b>		<b>1,514.82</b>	<b>913.25</b>

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

- On application of Ind AS 18, the Company aligned its revenue recognition relating to healthcare claims and collections business.
- 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.
- 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.
- Tax adjustments include deferred tax impact on account of differences between Previous GAAP and Ind AS.

5. Standalone Information (Audited) Under Ind AS						
Particulars	Quarter ended			Six months ended		Year ended
	September 30	June 30	September 30	September 30	September 30	March 31
	2016	2016	2015	2016	2015	2016
Total income from operations	2,312.72	2,219.07	2,267.87	4,531.79	4,378.39	8,748.78
Net profit before taxation	481.15	460.18	491.01	941.33	886.86	1,744.21
Net profit after taxation	424.50	387.16	467.03	811.66	790.09	1,500.38

#### 6. Statement of assets and liabilities (Consolidated - Audited)

Particulars	As at		
	September 30	March 31	April 1
	2016	2016	2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	883.40	891.85	770.73
Capital work-in-progress	80.20	78.80	84.68
Goodwill on consolidation	19,726.40	18,994.98	17,959.07
Intangible assets	499.85	435.97	332.19
<b>Financial assets</b>			
Investments	93.99	83.80	57.55
Other financial assets	470.15	363.38	358.64
Deferred tax assets (net)	3,725.40	3,664.06	3,154.53
Income tax assets (net)	582.16	514.80	570.66
Others assets	689.67	206.59	91.58
<b>Total non current assets</b>	<b>26,751.22</b>	<b>25,234.23</b>	<b>23,379.63</b>
<b>Current assets</b>			
<b>Financial assets</b>			
Investments	562.54	767.74	676.11
Trade receivables	3,012.47	3,040.75	2,889.51
Cash and cash equivalents	657.43	685.76	799.81
Other financial assets	2,395.26	1,672.62	1,692.43
Other assets	424.85	487.65	255.57
<b>Total current assets</b>	<b>7,052.55</b>	<b>6,654.52</b>	<b>6,313.43</b>
<b>Total assets</b>	<b>33,803.77</b>	<b>31,888.75</b>	<b>29,693.06</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	6,756.50	6,733.15	6,662.91
Other equity	12,470.37	11,162.33	8,280.79
<b>Total equity attributable to equity holders of the Company</b>	<b>19,226.87</b>	<b>17,895.48</b>	<b>14,943.70</b>
Non - controlling interest	19.52	19.71	16.31
<b>Total equity</b>	<b>19,246.39</b>	<b>17,915.19</b>	<b>14,960.01</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Long term borrowings	3,339.21	4,097.75	3,943.35
Other liabilities	54.80	34.02	12.63
Provisions for employee benefits	250.58	161.31	177.53
Differed tax liability	2,634.37	2,224.06	1,997.12
<b>Total non-current liabilities</b>	<b>6,278.96</b>	<b>6,517.14</b>	<b>6,130.63</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Short-term and other borrowings	5,426.52	4,809.17	6,220.51
Trade and other payables	1,059.43	868.68	812.71
Other financial liabilities	420.43	314.62	310.75
Other liabilities	1,289.26	1,382.14	1,179.34
Provisions for employee benefits	82.78	81.81	79.11
<b>Total current liabilities</b>	<b>8,278.42</b>	<b>7,456.42</b>	<b>8,602.42</b>
<b>Total equity and liabilities</b>	<b>33,803.77</b>	<b>31,888.75</b>	<b>29,693.06</b>

#### Equity Reconciliation

Particulars	Note	As at March 31	As at April 1
		2016	2015
Equity under previous GAAP		24,250.80	20,886.37
Business combination as per Ind AS 103	a	(5,697.43)	(5,377.28)
Revenue recognition under Ind AS 18	b	(666.48)	(585.44)
Acquisition cost under Ind AS 103, business combination	c	(11.92)	-
Accounting for lease rentals under Ind AS 17		20.51	20.05
<b>Total Adjustments, net of taxes</b>		<b>(6,355.32)</b>	<b>(5,942.67)</b>
<b>Equity after adjustments as per Ind AS</b>		<b>17,895.48</b>	<b>14,943.70</b>

#### Explanations for reconciliation of consolidated equity as reported under IGAAP to Ind AS

a The Company has elected to apply Ind AS 103, business combinations retrospectively to past business combinations from the date of acquisition. As a result, Intangibles were identified at the fair value on the date of acquisition and were amortized over their useful life. The effect of change is; decrease in "Goodwill on consolidation". As, the intangibles identified are fully depreciated on the opening balance-sheet date, there is corresponding decrease in equity.

b. On application of Ind AS 18, the Company aligned its revenue recognition relating to healthcare claims and collections business.

c. On application of Ind AS 103 to business combinations.

**7. Segment Reporting - Consolidated audited**

Particulars	Quarter ended			Six month ended		Year ended
	September 30	June 30	September 30	September 30	September 30	March 31
	2016	2016	2015	2016	2015	2016
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
<b>Segment revenue</b>						
a) Customer management	4,397.83	4,503.07	3,613.65	8,900.90	6,916.95	14,880.94
b) Healthcare	2,733.41	2,814.90	2,857.87	5,548.31	5,585.81	11,443.76
c) Collections	936.88	931.42	779.69	1,868.30	1,574.84	3,304.80
d) Domestic Business (India)	503.99	503.14	494.63	1,007.13	997.25	1,987.06
<b>Total</b>	<b>8,572.11</b>	<b>8,752.53</b>	<b>7,745.84</b>	<b>17,324.64</b>	<b>15,074.85</b>	<b>31,616.56</b>
Less: Inter segment revenue	-	-	-	-	-	-
<b>Net segment revenue</b>	<b>8,572.11</b>	<b>8,752.53</b>	<b>7,745.84</b>	<b>17,324.64</b>	<b>15,074.85</b>	<b>31,616.56</b>
<b>Segment results before tax and finance costs</b>						
a) Customer management	882.61	786.40	577.68	1,669.01	974.97	2,384.90
b) Healthcare	366.34	415.13	300.28	781.47	681.77	1,282.80
c) Collections	113.39	115.95	72.89	229.34	176.78	375.63
d) Domestic Business (India)	26.37	47.77	44.79	74.13	39.93	140.71
<b>Total</b>	<b>1,388.71</b>	<b>1,365.25</b>	<b>995.64</b>	<b>2,753.95</b>	<b>1,873.45</b>	<b>4,184.04</b>
i) Finance costs	(108.62)	(131.56)	(130.62)	(240.18)	(273.34)	(527.49)
ii) Other unallocable expenditure net of unallocable income	(419.49)	(317.27)	(234.14)	(736.76)	(397.29)	(847.58)
<b>Profit before tax and minority interest</b>	<b>860.59</b>	<b>916.42</b>	<b>630.88</b>	<b>1,777.01</b>	<b>1,202.82</b>	<b>2,808.97</b>

<b>Segment Assets</b>						
a) Customer management	5,203.06	5,280.39	3,927.51	5,203.06	3,927.51	3,526.38
b) Healthcare	17,744.39	18,055.51	23,135.45	17,744.39	23,135.45	17,807.16
c) Collections	3,615.79	3,568.48	4,256.59	3,615.79	4,256.59	3,397.64
d) Domestic Business (India)	469.95	1,032.82	329.77	469.95	329.77	963.95
e) Unallocable	6,770.58	5,703.41	3,741.51	6,770.58	3,741.51	6,193.62
	<b>33,803.77</b>	<b>33,640.61</b>	<b>35,390.83</b>	<b>33,803.77</b>	<b>35,390.83</b>	<b>31,888.75</b>
<b>Segment Liabilities</b>						
a) Customer management	3,099.98	3,278.93	1,597.65	3,099.98	1,597.65	2,314.51
b) Healthcare	6,093.27	6,857.52	8,051.34	6,093.27	8,051.34	6,631.89
c) Collections	191.78	215.09	230.85	191.78	230.85	230.36
d) Domestic Business (India)	661.06	250.10	440.39	661.06	440.39	255.75
e) Unallocable	4,511.29	3,938.38	4,432.87	4,511.29	4,432.87	4,541.05
	<b>14,557.38</b>	<b>14,540.02</b>	<b>14,753.10</b>	<b>14,557.38</b>	<b>14,753.10</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 Maker 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

Kolkata, India  
October 27 2016

**Rajesh Subramaniam**  
Managing Director and CEO

## Firstsource Solutions Limited

**AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2016**

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 and per equity data)

Particulars	Quarter ended			Six months ended		Year ended
	September 30	June 30	September 30	September 30	September 30	March 31,
	2016	2016	2015	2016	2015	2016
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
<b>Income from operations</b>						
Income from operations	2,045.94	2,043.21	2,158.78	4,089.15	4,210.57	8,262.12
Other operating income, net	266.78	175.86	109.09	442.64	167.82	486.66
<b>Total income from operations</b>	<b>2,312.72</b>	<b>2,219.07</b>	<b>2,267.87</b>	<b>4,531.79</b>	<b>4,378.39</b>	<b>8,748.78</b>
<b>Expenses</b>						
Employee benefits expenses	1,167.39	1,094.01	1,048.84	2,261.40	2,067.29	4,236.25
Depreciation and amortisation	50.69	48.85	104.26	99.54	208.60	329.93
Other expenses	620.50	621.59	645.91	1,242.09	1,275.50	2,529.70
<b>Total expenses</b>	<b>1,838.58</b>	<b>1,764.45</b>	<b>1,799.01</b>	<b>3,603.03</b>	<b>3,551.39</b>	<b>7,095.88</b>
<b>Profit from operations before other income and finance costs</b>	<b>474.14</b>	<b>454.62</b>	<b>468.86</b>	<b>928.76</b>	<b>827.00</b>	<b>1,652.90</b>
Other income	4.90	51.02	68.81	55.92	154.06	256.53
<b>Profit from ordinary activities before finance costs</b>	<b>479.04</b>	<b>505.64</b>	<b>537.67</b>	<b>984.68</b>	<b>981.06</b>	<b>1,909.43</b>
Finance costs	(2.11)	45.46	46.66	43.35	94.20	165.22
<b>Profit from ordinary activities before tax</b>	<b>481.15</b>	<b>460.18</b>	<b>491.01</b>	<b>941.33</b>	<b>886.86</b>	<b>1,744.21</b>
Tax expense	56.65	73.02	23.98	129.67	96.77	243.83
<b>Net profit from ordinary activities after tax</b>	<b>424.50</b>	<b>387.16</b>	<b>467.03</b>	<b>811.66</b>	<b>790.09</b>	<b>1,500.38</b>
Other comprehensive income, net of taxes	116.01	(28.29)	12.44	87.72	(363.65)	(220.12)
<b>Total comprehensive income</b>	<b>540.51</b>	<b>358.87</b>	<b>479.47</b>	<b>899.38</b>	<b>426.44</b>	<b>1,280.26</b>
Paid-up equity share capital (Face value of share Rs 10)	6,756.50	6,748.95	6,702.87	6,756.50	6,702.87	6,733.15
Earning per share (Rs) (Face value of share Rs 10)						
-Basic	0.63	0.57	0.70	1.20	1.19	2.24
-Diluted	0.62	0.56	0.67	1.18	1.14	2.14

### Notes to financials results :

1. The audited interim condensed standalone financial statements for the quarter ended and six months ended September 30, 2016 have been taken on record by the Board of Directors at its meeting held on October 27, 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.

2. The Company has adopted all the Ind AS on April 1, 2016 with the transition date as April 1, 2015 and the adoption was carried out in accordance with the 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'.

3. During the quarter ended September 30, 2016, 755,725 equity shares were issued pursuant to exercise of stock options under the Employee Stock Option Scheme of the Company.

4. 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.

### 5. Reconciliation between standalone financial results, as per Previous GAAP and Ind AS for six months / quarter presented are as under:

Particulars	Note	Six months ended September 30,	Quarter ended September 30,
		2015	2015
		Net profit as per previous GAAP	
Share based compensation expense under Ind AS 102	a	(13.21)	(7.11)
Employee benefits under Ind AS 19	b	16.02	8.01
<b>Net profit after adjustments as per Ind AS</b>		<b>790.09</b>	<b>467.03</b>
Other comprehensive income, net of taxes		(363.65)	12.44
<b>Total comprehensive income</b>		<b>426.44</b>	<b>479.47</b>

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

a. 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. The cost related to options allotted to employees of the subsidiaries has been shown as investment made in subsidiaries.

b. 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.

**6. Statement of Assets and liabilities (Audited)**

Particulars	As at		
	September, 30	March, 31	April, 1
	2016	2016	2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	243.67	265.49	322.27
Capital work-in-progress	11.55	14.40	0.50
Goodwill	40.14	-	-
Intangible assets	160.78	132.98	262.50
<b>Financial assets</b>			
Investments	11,963.96	11,938.28	11,825.33
Other financial assets	372.67	312.99	314.17
Other assets	28.29	49.33	66.61
Deferred tax assets	1,559.72	1,782.77	1,654.98
Income tax assets	675.60	693.62	625.87
<b>Total non-current assets</b>	<b>15,056.38</b>	<b>15,189.86</b>	<b>15,072.23</b>
<b>Current assets</b>			
Financial assets			
Investments	535.03	740.24	649.11
Trade receivables	3,988.23	3,195.57	2,335.48
Cash and cash equivalents	214.91	362.99	258.50
Other financial assets	1,168.01	729.64	932.60
Other assets	809.89	354.25	388.13
<b>Total current assets</b>	<b>6,716.07</b>	<b>5,382.69</b>	<b>4,563.82</b>
<b>Total assets</b>	<b>21,772.45</b>	<b>20,572.55</b>	<b>19,636.05</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	6,756.50	6,733.15	6,662.91
Other equity	11,957.31	11,006.96	9,643.40
<b>Total equity</b>	<b>18,713.81</b>	<b>17,740.11</b>	<b>16,306.31</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Long term borrowings	893.00	1,159.51	1,214.78
Other liabilities	32.50	10.19	7.76
Provisions for employee benefits	141.38	111.48	73.41
<b>Total non-current liabilities</b>	<b>1,066.88</b>	<b>1,281.18</b>	<b>1,295.95</b>
<b>Current liabilities</b>			
Financial liabilities			
Short term borrowings	1,103.66	770.09	1,130.86
Trade and other payables	334.01	243.94	242.59
Other financial liabilities	326.55	314.62	310.75
Provisions for employee benefits	39.79	33.70	38.10
Other liabilities	187.75	188.91	311.49
<b>Total current liabilities</b>	<b>1,991.76</b>	<b>1,551.26</b>	<b>2,033.79</b>
<b>Total equity and liabilities</b>	<b>21,772.45</b>	<b>20,572.55</b>	<b>19,636.05</b>

**Equity Reconciliation**

Particulars	Note	As at 31 March 2016	As at April 01 2015
Equity under previous GAAP		17,709.61	16,283.28
Share based compensation expense under Ind AS 102	a	25.04	11.62
Acquisition cost under Ind AS 103, business combination	b	(5.95)	-
Accounting for lease rentals under Ind AS 17		11.41	11.41
<b>Total Adjustments, net of taxes</b>		<b>30.50</b>	<b>23.04</b>
<b>Equity after adjustments as per Ind AS</b>		<b>17,740.11</b>	<b>16,306.31</b>

**Explanations for reconciliation of standalone equity as reported under IGAAP to Ind AS**

- a. 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.
- b. On application of Ind AS 103 business combinations.

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

Kolkata, India  
October 27, 2016

**Rajesh Subramaniam**  
Managing Director and CEO