

## Firstsource Solutions Limited

**AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 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			Nine months ended		Year ended
	December 31	September 30	December 31	December 31	December 31	March 31
	2016	2016	2015	2016	2015	2016
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
<b>Income from operations</b>						
Income from operations	8,600.78	8,572.11	8,016.48	25,925.42	23,091.32	31,616.56
Other operating income, net	253.31	271.44	169.45	707.66	386.88	555.97
<b>Total income from operations</b>	<b>8,854.09</b>	<b>8,843.55</b>	<b>8,185.93</b>	<b>26,633.08</b>	<b>23,478.20</b>	<b>32,172.53</b>
<b>Expenses</b>						
Employee benefits expenses	5,900.73	5,949.92	5,579.00	17,667.73	15,919.86	21,723.62
Depreciation and amortisation	155.71	160.47	159.94	479.17	515.01	661.96
Other expenses	1,881.66	1,767.86	1,593.92	5,575.49	4,768.70	6,544.93
<b>Total expenses</b>	<b>7,938.10</b>	<b>7,878.25</b>	<b>7,332.86</b>	<b>23,722.39</b>	<b>21,203.57</b>	<b>28,930.51</b>
<b>Profit from operations before other income and finance costs</b>	<b>915.99</b>	<b>965.30</b>	<b>853.07</b>	<b>2,910.69</b>	<b>2,274.63</b>	<b>3,242.02</b>
Other income	14.06	3.91	20.57	36.55	75.16	94.44
<b>Profit from ordinary activities before finance costs</b>	<b>930.05</b>	<b>969.21</b>	<b>873.64</b>	<b>2,947.24</b>	<b>2,349.79</b>	<b>3,336.46</b>
Finance costs	98.82	108.62	124.46	339.00	397.79	527.49
<b>Profit from ordinary activities before tax and share in net (loss) of associate</b>	<b>831.23</b>	<b>860.59</b>	<b>749.18</b>	<b>2,608.24</b>	<b>1,952.00</b>	<b>2,808.97</b>
Share in net (loss) of associate	(0.01)	-	-	(0.01)	-	-
<b>Profit from ordinary activities before tax</b>	<b>831.22</b>	<b>860.59</b>	<b>749.18</b>	<b>2,608.23</b>	<b>1,952.00</b>	<b>2,808.97</b>
Tax expense	133.55	148.59	72.87	464.84	157.47	252.86
<b>Net profit from ordinary activities after tax</b>	<b>697.67</b>	<b>712.00</b>	<b>676.31</b>	<b>2,143.39</b>	<b>1,794.53</b>	<b>2,556.11</b>
Other comprehensive income, net of taxes	89.96	(157.42)	146.40	(98.88)	545.93	566.18
<b>Total comprehensive income</b>	<b>787.63</b>	<b>554.58</b>	<b>822.71</b>	<b>2,044.51</b>	<b>2,340.46</b>	<b>3,122.29</b>
<b>Profit attributable to:</b>						
Owners of the equity	700.06	712.61	674.49	2,146.27	1,789.78	2,551.73
Non - controlling interest	(2.39)	(0.61)	1.82	(2.88)	4.75	4.38
<b>Total comprehensive income attributable to:</b>	<b>697.67</b>	<b>712.00</b>	<b>676.31</b>	<b>2,143.39</b>	<b>1,794.53</b>	<b>2,556.11</b>
Owners of the equity	787.67	555.91	823.27	2,044.26	2,340.88	3,123.27
Non - controlling interest	(0.04)	(1.33)	(0.56)	0.25	(0.42)	(0.98)
<b>Total comprehensive income attributable to:</b>	<b>787.63</b>	<b>554.58</b>	<b>822.71</b>	<b>2,044.51</b>	<b>2,340.46</b>	<b>3,122.29</b>
Paid-up equity share capital (Face Value per share of Rs 10)	6,779.25	6,756.50	6,727.26	6,779.25	6,727.26	6,733.15
Earning per share (Rs) : (Face Value per share of Rs 10)						
-Basic	1.03	1.05	1.01	3.17	2.68	3.81
-Diluted	1.02	1.04	0.97	3.13	2.57	3.64

### Notes to financials results :

1. The audited interim condensed consolidated financial statements for the quarter and nine months ended December 31, 2016 have been taken on record by the Board of Directors at its meeting held on January 31, 2017. 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.

2. 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'.

3. During the quarter ended December 31, 2016, 2,274,375 equity shares were issued pursuant to exercise of stock options under the Employee Stock Option Scheme of the Company.

4. **Reconciliation between consolidated financial results, as per Previous GAAP and Ind AS for nine month / quarter presented are as under:**

Particulars	Note	Nine months ended	Quarter ended
		December 31	December 31
		2015	2015
Net profit as per Previous GAAP		1,857.75	672.24
Revenue recognition under Ind AS 18	a	(94.32)	7.62
Share based compensation expense under Ind AS 102	b	(28.19)	(8.53)
Employee benefits under Ind AS 19	c	23.61	7.87
Tax effect of adjustments	d	35.68	(2.88)
<b>Total adjustments</b>		<b>(63.22)</b>	<b>4.07</b>
<b>Net profit after adjustments as per Ind AS</b>		<b>1,794.53</b>	<b>676.31</b>
Other comprehensive Income, net of taxes		545.93	146.40
<b>Total comprehensive Income</b>		<b>2,340.46</b>	<b>822.71</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. 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			Nine months ended		Year ended
	December 31	September 30	December 31	December 31	December 31	March 31
	2016	2016	2015	2016	2015	2016
Total income from operations	2,468.11	2,312.72	2,280.43	6,999.90	6,658.82	8,748.78
Net profit before taxation	599.10	481.15	526.53	1,540.43	1,413.40	1,744.21
Net profit after taxation	526.30	424.50	436.17	1,337.96	1,226.27	1,500.38

#### 6. Segment Reporting - Consolidated audited

Particulars	Quarter ended			Nine month ended		Year ended
	December 31	September 30	December 31	December 31	December 31	March 31
	2016	2016	2015	2016	2015	2016
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
<b>Segment revenue</b>						
a) Customer management	4,343.20	4,397.83	3,917.72	13,244.10	10,834.67	14,880.94
b) Healthcare	2,841.96	2,733.41	2,832.56	8,390.27	8,418.37	11,443.76
c) Collections	932.13	936.88	775.50	2,800.43	2,350.34	3,304.80
d) Domestic Business (India)	483.49	503.99	490.70	1,490.62	1,487.94	1,987.06
<b>Total</b>	<b>8,600.78</b>	<b>8,572.11</b>	<b>8,016.48</b>	<b>25,925.42</b>	<b>23,091.32</b>	<b>31,616.56</b>
Less: Inter segment revenue	-	-	-	-	-	-
<b>Net segment revenue</b>	<b>8,600.78</b>	<b>8,572.11</b>	<b>8,016.48</b>	<b>25,925.42</b>	<b>23,091.32</b>	<b>31,616.56</b>
<b>Segment results before tax and finance costs</b>						
a) Customer management	825.90	882.61	719.49	2,494.91	1,694.47	2,384.90
b) Healthcare	415.07	366.34	253.58	1,196.54	935.35	1,282.80
c) Collections	106.95	113.39	62.94	336.29	239.72	375.63
d) Domestic Business (India)	28.21	26.37	22.21	102.33	62.13	140.71
<b>Total</b>	<b>1,376.13</b>	<b>1,388.71</b>	<b>1,058.22</b>	<b>4,130.07</b>	<b>2,931.67</b>	<b>4,184.04</b>
i) Finance costs	(98.82)	(108.62)	(124.46)	(339.00)	(397.79)	(527.49)
ii) Other unallocable expenditure net of unallocable income	(446.08)	(419.50)	(184.58)	(1,182.83)	(581.88)	(847.58)
iii) Share in net (loss) of associate	(0.01)	-	-	(0.01)	-	-
<b>Profit before tax and non-controlling interest</b>	<b>831.22</b>	<b>860.59</b>	<b>749.18</b>	<b>2,608.23</b>	<b>1,952.00</b>	<b>2,808.97</b>

Segment Assets						
a) Customer management	5,736.37	5,203.06	4,012.13	5,736.37	4,012.13	3,526.38
b) Healthcare	18,228.09	17,744.39	22,528.70	18,228.09	22,528.70	17,807.16
c) Collections	3,834.79	3,615.79	3,898.57	3,834.79	3,898.57	3,397.64
d) Domestic Business (India)	493.13	469.95	568.41	493.13	568.41	963.95
e) Unallocable	6,908.09	6,770.58	5,552.80	6,908.09	5,552.80	6,193.62
	<b>35,200.47</b>	<b>33,803.77</b>	<b>36,560.61</b>	<b>35,200.47</b>	<b>36,560.61</b>	<b>31,888.75</b>
Segment Liabilities						
a) Customer management	4,461.10	3,099.98	1,820.95	4,461.10	1,820.95	2,314.51
b) Healthcare	5,317.76	6,093.27	7,461.07	5,317.76	7,461.07	6,631.89
c) Collections	214.23	191.78	202.70	214.23	202.70	230.36
d) Domestic Business (India)	618.38	661.06	936.64	618.38	936.64	255.75
e) Unallocable	4,508.59	4,511.29	2,701.62	4,508.59	2,701.62	4,541.05
	<b>15,120.06</b>	<b>14,557.38</b>	<b>13,122.98</b>	<b>15,120.06</b>	<b>13,122.98</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  
January 31, 2017

**Rajesh Subramaniam**  
Managing Director and CEO

## Firstsource Solutions Limited

**AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 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			Nine months ended		Year ended
	December 31	September 30	December 31	December 31	December 31	March 31
	2016	2016	2015	2016	2015	2016
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
<b>Income from operations</b>						
Income from operations	2,225.06	2,045.94	2,121.29	6,314.21	6,331.86	8,262.12
Other operating income, net	243.05	266.78	159.14	685.69	326.96	486.66
<b>Total income from operations</b>	<b>2,468.11</b>	<b>2,312.72</b>	<b>2,280.43</b>	<b>6,999.90</b>	<b>6,658.82</b>	<b>8,748.78</b>
<b>Expenses</b>						
Employee benefits expenses	1,189.91	1,167.39	1,088.51	3,451.32	3,155.81	4,236.25
Depreciation and amortisation	51.60	50.69	70.70	151.14	279.30	329.93
Other expenses	654.29	620.50	597.47	1,896.37	1,872.97	2,529.70
<b>Total expenses</b>	<b>1,895.80</b>	<b>1,838.58</b>	<b>1,756.68</b>	<b>5,498.83</b>	<b>5,308.08</b>	<b>7,095.88</b>
<b>Profit from operations before other income and finance costs</b>	<b>572.31</b>	<b>474.14</b>	<b>523.75</b>	<b>1,501.07</b>	<b>1,350.74</b>	<b>1,652.90</b>
Other income	66.26	4.90	41.35	122.18	195.42	256.53
<b>Profit from ordinary activities before finance costs</b>	<b>638.57</b>	<b>479.04</b>	<b>565.10</b>	<b>1,623.25</b>	<b>1,546.16</b>	<b>1,909.43</b>
Finance costs	39.47	(2.11)	38.57	82.82	132.76	165.22
<b>Profit from ordinary activities before tax</b>	<b>599.10</b>	<b>481.15</b>	<b>526.53</b>	<b>1,540.43</b>	<b>1,413.40</b>	<b>1,744.21</b>
Tax expense	72.80	56.65	90.36	202.47	187.13	243.83
<b>Net profit from ordinary activities after tax</b>	<b>526.30</b>	<b>424.50</b>	<b>436.17</b>	<b>1,337.96</b>	<b>1,226.27</b>	<b>1,500.38</b>
Other comprehensive income, net of taxes	55.65	116.01	80.44	143.37	(283.20)	(220.12)
<b>Total comprehensive income</b>	<b>581.95</b>	<b>540.51</b>	<b>516.61</b>	<b>1,481.33</b>	<b>943.07</b>	<b>1,280.26</b>
Paid-up equity share capital (Face value per share of Rs 10)	6,779.25	6,756.50	6,727.26	6,779.25	6,727.26	6,733.15
Earning per share (Rs): (Face value per share of Rs 10)						
-Basic	0.78	0.63	0.65	1.98	1.83	2.24
-Diluted	0.77	0.62	0.63	1.95	1.75	2.14

### Notes to financials results :

1. The audited interim condensed standalone financial statements for the quarter ended and nine months ended December 31, 2016 have been taken on record by the Board of Directors at its meeting held on January 31, 2017. 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 December 31, 2016, 2,274,375 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 nine months / quarter presented are as under:

Particulars	Note	Nine months ended	Quarter ended
		December 31	December 31
		2015	2015
Net profit as per Previous GAAP		1,220.41	433.12
Share based compensation expense under Ind AS 102	a	(18.17)	(4.97)
Employee benefits under Ind AS 19	b	24.03	8.01
<b>Total adjustments</b>		<b>5.86</b>	<b>3.04</b>
<b>Net profit after adjustments as per Ind AS</b>		<b>1,226.27</b>	<b>436.17</b>
Other comprehensive income, net of taxes		(283.20)	80.44
<b>Total comprehensive income</b>		<b>943.07</b>	<b>516.61</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.

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

**Rajesh Subramaniam**  
Managing Director and CEO

Kolkata, India  
January 31, 2017