

Firstsource Solutions Limited
AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2013

(Rupees. 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
	2013 (Audited)	2013 (Audited)	2012 (Audited)	2013 (Audited)	2012 (Audited)	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	5,464.97	4,922.20	4,950.49	10,387.17	9,611.49	19,348.72
Depreciation and amortisation	204.64	181.66	229.05	386.30	451.26	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	228.61	213.42	189.69	442.03	378.88	783.65
Profit from ordinary activities before tax	470.58	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	447.87	409.62	357.60	857.49	652.60	1,462.71
Minority Interest	0.29	(0.85)	(1.73)	(0.56)	3.47	(3.21)
Net profit after tax and minority interest for the period	447.58	410.47	359.33	858.05	649.13	1,465.92
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	28,43,28,328	28,41,97,078	34,52,46,044	28,43,28,328	34,52,46,044	28,36,97,078
- 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	37,39,76,673	37,39,76,673	8,55,30,263	37,39,76,673	8,55,30,263	37,39,76,673
- 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		Six months ended		Year ended
	September 30,	September 30,	September 30,	September 30,	March 31,
	2013	2012	2013	2012	2013
Total income from operations	2,378.12	2,105.00	4,626.52	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.

8. 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	366.64	282.90
Other long-term liabilities	404.70	328.92
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	1,780.78	1,412.10
Other current liabilities	4,800.93	3,905.14
Short-term provisions	132.05	87.62
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	28.46	26.81
Long-term loans and advances	1,158.50	1,132.22
Other non-current assets	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	394.58	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	9,724.53
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	-	-	-	-	-	-
Net segment revenue	7,978.97	7,234.29	7,255.12	15,213.26	14,107.55	28,440.18
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	906.51	785.69	1,772.66
c) India	73.12	85.07	37.49	158.19	(22.06)	119.63
d) Rest of the World	76.13	140.36	90.64	216.49	156.90	293.14
Total	1,072.55	998.53	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	1,361.68	2,184.49	1,361.68	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

Firstsource Solutions Limited
AUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2013

(Rupees. 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
	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	28,43,28,328	28,41,97,078	34,52,46,044	28,43,28,328	34,52,46,044	28,36,97,078
- 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	37,39,76,673	37,39,76,673	8,55,30,263	37,39,76,673	8,55,30,263	37,39,76,673
- 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.

7. Statement of Assets and liabilities (Standalone Audited)

Particulars	As at September, 30	As at March, 31
	2013	2013
<u>EQUITIES AND LIABILITIES</u>		
Shareholders' funds		
Share capital	6,583.05	6,576.74
Reserves and surplus	5,886.64	5,748.17
Total Shareholders' funds	12,469.69	12,324.91
Non-current liabilities		
Long-term borrowings	1,294.61	1,127.64
Long-term provisions	90.67	95.59
Total Non-current liabilities	1,385.28	1,223.23
Current liabilities		
Short-term borrowings	208.87	-
Trade payables	440.37	443.61
Other current liabilities	2,467.03	2,162.31
Short-term provisions	60.24	49.92
Total Current liabilities	3,176.51	2,655.84
TOTAL - EQUITY AND LIABILITIES	17,031.48	16,203.98
<u>ASSETS</u>		
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
	1,051.94	981.73
Non-current investments	11,854.52	11,686.07
Deferred tax assets (net)	406.64	406.64
Long-term loans and advances	881.45	868.79
Other non-current assets	764.78	650.67
Total Non-current assets	14,959.33	14,593.90
Current Assets		
Trade receivables	1,285.28	827.18
Cash and bank balances	236.90	253.32
Short-term loans and advances	245.23	249.24
Other current assets	304.74	280.34
Total Current assets	2,072.15	1,610.08
TOTAL - ASSETS	17,031.48	16,203.98

By order of the Board
For Firstsource Solutions Limited

Rajesh Subramaniam
Managing Director and CEO

Mumbai, India
October 23, 2013