

Firstsource Solutions Limited

AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2017

CIN: L64202MH2001PLC134147

Registered office: 5th Floor, Paradigm 'B' wing, Mindspace, Link Road, Malad (West), Mumbai 400 064

Tel: + 91 22 66660888 Fax: + 91 22 6666 0887 web: www.firstsource.com, email: complianceofficer@firstsource.com

(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
	2017	2017	2016	2017	2016	2017
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Income						
Revenue from operations	8,631.41	8,463.75	8,600.78	25,601.81	25,925.42	34,569.11
Other operating income, net	240.97	265.94	253.31	777.72	707.66	986.99
Other income	26.09	4.22	14.06	79.81	36.55	32.05
Total income	8,898.47	8,733.91	8,868.15	26,459.34	26,669.63	35,588.15
Expenses						
Employee benefits expenses	6,044.63	5,941.49	5,900.73	17,927.66	17,667.73	23,834.37
Depreciation and amortisation	171.74	162.31	155.71	486.90	479.17	589.61
Finance costs	103.84	101.97	98.82	315.07	339.00	453.16
Other expenses	1,666.42	1,691.48	1,881.66	5,187.69	5,575.49	7,341.83
Total expenses	7,986.63	7,897.25	8,036.92	23,917.32	24,061.39	32,218.97
Profit before tax and share in net (loss) of associate	911.84	836.66	831.23	2,542.02	2,608.24	3,369.18
Share in net profit / (loss) of associate	-	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)
Profit before tax	911.84	836.64	831.22	2,542.01	2,608.23	3,369.17
Tax expense (Refer Note 3)						
Current tax	145.80	110.01	116.73	360.57	354.53	454.36
Deferred tax	(229.51)	39.09	16.82	(155.66)	110.31	122.43
Net profit after tax	995.55	687.54	697.67	2,337.10	2,143.39	2,792.38
Other comprehensive income, net of taxes	(158.93)	53.16	89.96	(200.34)	(98.88)	(480.07)
Total comprehensive income	836.62	740.70	787.63	2,136.76	2,044.51	2,312.31
Profit attributable to:						
Owners of the equity	995.47	687.50	700.06	2,336.94	2,146.27	2,799.96
Non - controlling interest	0.08	0.04	(2.39)	0.16	(2.88)	(7.58)
	995.55	687.54	697.67	2,337.10	2,143.39	2,792.38
Total comprehensive income attributable to:						
Owners of the equity	836.94	740.47	790.31	2,136.93	2,047.04	2,312.69
Non - controlling interest	(0.32)	0.23	(2.68)	(0.17)	(2.53)	(0.38)
	836.62	740.70	787.63	2,136.76	2,044.51	2,312.31
Earning per share (Rs) : (Face value per share of Rs 10)						
-Basic	1.46	1.01	1.03	3.42	3.17	4.14
-Diluted	1.45	1.00	1.02	3.40	3.13	4.08

Notes to financials results :

1. The audited interim condensed consolidated financial statements for the quarter and nine months ended December 31, 2017 have been taken on record by the Board of Directors at its meeting held on February 7, 2018. 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. During the nine months ended December 31, 2017, 3,952,007 equity shares were issued pursuant to exercise of stock options under the Employee Stock Option Scheme of the Company.

3. Tax expense for the quarter ended and nine months ended 31 December 2017, is net of Deferred tax credit of Rs 240.77 million, after taking into account reduction in US Federal tax rate.

4. 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
	2017	2017	2016	2017	2016	2017
Total income	2,130.14	2,170.83	2,534.37	6,783.95	7,122.08	9,548.51
Net profit before taxation	606.06	510.31	599.10	1,704.45	1,540.43	2,187.36
Net profit after taxation and before other comprehensive income	510.88	438.53	526.30	1,454.98	1,337.96	1,884.59



(Rs in millions)

5. Segment Reporting - Consolidated audited

Particulars	Quarter ended			Nine months ended		Year ended
	December 31	September 30	December 31	December 31	December 31	March 31
	2017	2017	2016	2017	2016	2017
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Segment revenue						
a) Customer management	4,702.13	4,766.31	4,826.69	14,202.52	14,734.72	19,286.23
b) Healthcare	3,063.52	2,844.18	2,841.96	8,790.53	8,390.27	11,425.12
c) Collections	865.76	853.26	932.13	2,608.76	2,800.43	3,857.76
Total	8,631.41	8,463.75	8,600.78	25,601.81	25,925.42	34,569.11
Less: Inter-segment revenue	-	-	-	-	-	-
Net segment revenue	8,631.41	8,463.75	8,600.78	25,601.81	25,925.42	34,569.11
Segment results before tax and finance costs						
a) Customer management	746.68	693.83	854.11	2,075.53	2,597.24	3,321.89
b) Healthcare	515.69	462.74	415.07	1,451.46	1,196.54	1,676.45
c) Collections	92.54	52.43	106.95	221.52	336.29	495.69
Total	1,354.91	1,209.00	1,376.13	3,748.51	4,130.07	5,494.03
i) Finance costs	(103.84)	(101.97)	(98.82)	(315.07)	(339.00)	(453.16)
ii) Other unallocable expenditure net of unallocable income	(339.23)	(270.37)	(446.08)	(891.42)	(1,182.83)	(1,671.69)
iii) Share in net profit / (loss) of associate	-	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)
Profit before tax and other comprehensive income	911.84	836.64	831.22	2,542.01	2,608.23	3,369.17
Segment assets						
a) Customer management	7,066.25	6,735.12	6,229.50	7,066.25	6,229.50	5,347.73
b) Healthcare	17,541.71	17,852.71	18,228.09	17,541.71	18,228.09	17,253.82
c) Collections	3,830.44	3,950.26	3,834.79	3,830.44	3,834.79	3,850.46
e) Unallocable	4,879.13	5,426.43	4,700.17	4,879.13	4,700.17	6,285.31
	33,317.53	33,964.52	32,992.55	33,317.53	32,992.55	32,737.32
Segment liabilities						
a) Customer management	5,175.81	5,289.66	5,079.48	5,175.81	5,079.48	3,337.09
b) Healthcare	4,152.74	5,103.84	5,317.76	4,152.74	5,317.76	6,380.68
c) Collections	153.21	166.86	214.23	153.21	214.23	217.33
e) Unallocable	1,292.80	1,764.18	2,300.67	1,292.80	2,300.67	2,510.44
	10,774.56	12,324.54	12,912.14	10,774.56	12,912.14	12,445.54

Note 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 three key business segments comprising customer management, healthcare and collections. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments.

The Group has reclassified reportable segment 'Domestic business in India' to 'Customer Management' during the period ended December 31, 2017.



Kolkata, India
February 7, 2018

By order of the Board
For Firstsource Solutions Limited

Rajesh Subramaniam
Managing Director and CEO

INDEPENDENT AUDITORS' REPORT ON AUDIT OF INTERIM FINANCIAL RESULTS (CONSOLIDATED)

TO THE BOARD OF DIRECTORS OF FIRSTSOURCES SOLUTIONS LIMITED

1. We have audited the accompanying Statement of Consolidated Financial Results of **Firstsource Solutions Limited** (the "Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as the "Group"), and its share of the loss of its associate for the quarter ended and for the nine months ended December 31, 2017 (the "Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been compiled on the basis of the related interim condensed consolidated financial statements in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 (the "Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such interim condensed consolidated financial statements.

2. 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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Parent's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

3. In our opinion and to the best of our information and according to the explanations given to us, the Statement:

(i) includes the results of the following entities:

List of Subsidiaries:

1. Firstsource Group USA, Inc.
2. Firstsource Solutions UK Limited
3. Firstsource Solutions S.A.
4. Firstsource Advantage LLC
5. Firstsource Business Process Services, LLC
6. Firstsource Transaction Services LLC
7. Firstsource Process Management Services Limited
8. Firstsource BPO Ireland Limited
9. Firstsource Dialog Solutions (Private) Limited
10. One Advantage LLC
11. MedAssist Holdings LLC
12. Firstsource Solutions USA, LLC
13. ISGN Solutions, Inc.
14. ISGN Fulfillment Services, Inc.
15. ISGN FulfillmentAgency, LLC

List of Associate:

16. Nanobi Data and Analytics Private Limited

- (ii) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016; and
- (iii) gives a true and fair view in conformity with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India of the net profit and total comprehensive income and other financial information of the Group for the quarter ended and for the nine months ended December 31, 2017.
4. a) The comparative financial information of the Company for the quarter and for the nine months ended December 31, 2016 and for the year ended March 31, 2017 prepared in accordance with Ind AS included in this Statement have been audited by the predecessor auditor. The report of the predecessor auditor on these comparative financial information dated January 31, 2017 and May 5, 2017 respectively expressed an unmodified opinion.

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- b) The interim condensed consolidated financial statements include the Group's share of profit of ₹ Nil (less than 0.01) million and ₹ 0.01 million for the quarter and nine months ended December 31, 2017 in respect of the associate is based on the associate's unaudited interim condensed financial statements as at and for the period ended December 31, 2017 furnished to us by the Management of the Company. Our opinion on the interim condensed consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of the associate is based solely on these unaudited financial statements.

Our report is not modified in respect of these matters.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Sanjiv V. Pilgaonkar
Partner
(Membership No. 039826)

Kolkata, February 7, 2018

Firstsource Solutions Limited

AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2017

CIN: L64202MH2001PLC134147

Registered office: 5th Floor, Paradigm 'B' wing, Mindspace, Link Road, Malad (West), Mumbai 400 064

Tel: + 91 22 66660888 Fax: + 91 22 6666 0887 web: www.firstsource.com, email: complianceofficer@firstsource.com

(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
	2017	2017	2016	2017	2016	2017
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Income						
Revenue from operations	1,860.20	1,886.55	2,225.06	5,921.81	6,314.21	8,408.65
Other operating income, net	249.44	236.72	243.05	746.75	685.69	992.00
Other income	20.50	47.56	66.26	115.39	122.18	147.86
Total income	2,130.14	2,170.83	2,534.37	6,783.95	7,122.08	9,548.51
Expenses						
Employee benefits expenses	994.84	1,053.32	1,189.91	3,254.25	3,451.32	4,579.96
Depreciation and amortisation	56.04	54.10	51.60	160.22	151.14	190.32
Finance costs	(6.11)	22.11	39.47	35.38	82.82	67.75
Other expenses	479.31	530.99	654.29	1,629.65	1,896.37	2,523.12
Total expenses	1,524.08	1,660.52	1,935.27	5,079.50	5,581.65	7,361.15
Profit before tax	606.06	510.31	599.10	1,704.45	1,540.43	2,187.36
Tax expense						
Current tax	94.33	57.95	66.30	230.59	182.32	258.36
Deferred tax	0.85	13.83	6.50	18.88	20.15	44.41
Net profit after tax	510.88	438.53	526.30	1,454.98	1,337.96	1,884.59
Other comprehensive income, net of taxes	44.69	(189.85)	55.65	(319.24)	143.37	180.48
Total comprehensive income	555.57	248.68	581.95	1,135.74	1,481.33	2,065.07
Earning per share (Rs): (Face value per share of Rs 10)						
-Basic	0.75	0.64	0.78	2.13	1.98	2.79
-Diluted	0.74	0.64	0.77	2.12	1.95	2.75

Notes to financials results :

- The audited interim condensed standalone financial statements for the quarter and nine months ended December 31, 2017 have been taken on record by the Board of Directors at its meeting held on February 7, 2018. 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.
- During the nine months ended December 31, 2017, 3,952,007 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 condensed 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 condensed consolidated financial statements. Accordingly, information required to be presented under Ind AS 108 - Operating Segment has been given in the consolidated financial results.



Kolkata, India
February 7, 2018

By order of the Board
For Firstsource Solutions Limited


Rajesh Subramaniam
Managing Director and CEO

INDEPENDENT AUDITOR'S REPORT ON AUDIT OF INTERIM FINANCIAL RESULTS (STANDALONE)

TO THE BOARD OF DIRECTORS OF FIRSTSOURCE SOLUTIONS LIMITED

1. We have audited the accompanying Statement of Standalone Financial Results of **Firstsource Solutions Limited** (the "Company"), for the quarter and for the nine months ended December 31, 2017 (the "Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related interim condensed standalone financial statements which has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 Interim Financial Reporting ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 (the "Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such interim condensed standalone financial statements.

2. 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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

3. In our opinion and to the best of our information and according to the explanations given to us, the Statement:

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Deloitte Haskins & Sells LLP

- a. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016; and
 - b. gives a true and fair view in conformity with the aforesaid Indian Accounting Standards ("Ind AS") and other accounting principles generally accepted in India of the net profit and total comprehensive income and other financial information of the Company for the quarter and for the nine months ended December 31, 2017.
4. The comparative financial information of the Company for the quarter and for the nine months ended December 31, 2016 and for the year ended March 31, 2017 prepared in accordance with Ind AS included in this Statement have been audited by the predecessor auditor. The report of the predecessor auditor on these comparative financial information dated January 31, 2017 and May 5, 2017 respectively expressed an unmodified opinion.

Our report is not modified in respect of this matter.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Sanjiv V. Pilgaonkar
Partner
(Membership No. 039826)

Kolkata, February 7, 2018