RP - Sanjiv Goenka Group
Growing Legacies

firstsource

November 14, 2014

To:
National Stock Exchange of India Limited (Scrip Code: **FSL**)
Exchange Plaza,
Plot no. C/1, G Block,
Bandra-Kurla Complex
Bandra (East),
Mumbai - 400 051

BSE Limited (Scrip Code: **532809**)
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

Dear Madam/ Sir,

Sub: Clause 41: Declaration of Audited Standalone and Consolidated financial results for the quarter ended September 30, 2014 (Q2 FY 2014-15)

We wish to inform you that the Board of Directors of the Company have, at their meeting held today i.e. November 14, 2014, approved the Audited Standalone and Consolidated financial Results for the quarter ended September 30, 2014, copies of which are enclosed herewith alongwith copies of Auditors' Reports thereon.

We are also enclosing herewith copy of Press release relating to the financial results.

We request you to take the above on record.

Thanking you,

For **Firstsource Solutions Limited**

Sanjay Gupta
Senior VP- Corporate Affairs & Company Secretary

Firstsource Solutions Limited

AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2014

CIN: L64202MH2001PLC134147
Registered office: 5th Floor, Paradigm 'B' wing, Mindspace, Link Road, Malad (West), Mumbai 400 064
Tel: + 91 22 66560888 Fax: + 91 22 6656 0887 web: www.firstsource.com, email-complianceofficer@firstsource.com

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

Particulars	Quarter ended			Six months ended		Year ended
	September 30 2014 (Audited)	June 30 2014 (Audited)	September 30 2013 (Audited)	September 30 2014 (Audited)	September 30 2013 (Audited)	March 31 2014 (Audited)
Income from operations						
Income from operations	7,698.00	7,619.34	7,978.97	15,317.34	15,213.26	31,270.23
Other operating income, net	41.85	(63.30)	(71.10)	(21.45)	(114.17)	(211.47)
Total income from operations	7,739.85	7,556.04	7,907.87	15,295.89	15,099.09	31,058.76
Expenses						
Employee benefits expense	5,200.04	5,074.92	5,464.97	10,274.96	10,367.17	21,294.05
Depreciation and amortisation	177.28	175.46	204.64	352.72	388.30	757.02
Other expenses	1,591.09	1,550.69	1,547.58	3,141.78	3,011.02	6,143.46
Total expenses	6,968.39	6,801.07	7,217.19	13,769.46	13,784.49	28,194.53
Profit from operations before other income and finance costs	771.46	754.97	690.68	1,526.43	1,314.60	2,864.23
Other income	46.97	(10.25)	8.51	36.73	27.78	20.04
Profit from ordinary activities before finance costs	818.43	744.72	699.19	1,563.16	1,342.38	2,884.27
Finance costs	180.70	183.73	228.61	364.43	442.03	851.47
Profit from ordinary activities before tax	637.73	560.99	470.58	1,198.73	900.33	2,032.80
Tax expense	24.71	27.85	22.71	52.56	42.84	100.89
Net profit from ordinary activities after tax	613.02	533.14	447.87	1,146.17	857.49	1,931.91
Minority interest	0.61	0.66	0.29	1.27	(0.56)	2.29
Net profit after tax and minority interest	612.41	532.48	447.58	1,144.90	858.05	1,929.62
Paid-up Equity Share Capital (Face Value of Share Rs. 10)	6,630.05	6,614.21	6,583.05	6,630.05	6,583.05	6,597.35
Reserves excluding Revaluation Reserve				16,160.32	13,226.48	14,316.86
Earning Per Share (Rs.) : (Not Annualized)						
-Basic	0.93	0.81	0.68	1.73	1.30	2.93
-Diluted	0.87	0.77	0.67	1.62	1.28	2.82
Particulars of shareholding						
Public shareholding						
- Number of shares of Rs. 10	289,028,015	287,444,765	284,328,328	289,028,015	284,326,328	285,758,203
- Percentage of shareholding	43.59%	43.46%	43.19%	43.59%	43.19%	43.31%
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	373,976,673	373,976,673	373,976,673	373,976,673	373,976,673	373,976,673
- 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)	56.41%	56.54%	56.81%	56.41%	56.81%	56.69%

Notes to financials results :

1. The above results were reviewed by the Audit Committee on November 13, 2014 and adopted by the Board of Directors at their meeting held on November 14, 2014. The standalone financial results for the quarter and six months ended September 30, 2014 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 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.

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 2014	June 30 2014	September 30 2013	September 30 2014	September 30 2013	March 31 2014
Total income from operations	2,385.05	2,212.28	2,378.12	4,597.33	4,626.52	9,173.28
Net profit before taxation	527.50	383.30	392.02	910.80	608.74	1,344.70
Net profit after taxation	537.93	383.30	392.02	921.23	608.74	1,344.70

5. During the quarter ended September 30, 2014, 1,583,250 equity shares were issued pursuant to exercise of stock options under the Employee Stock Option Scheme of the Company.

6. During the quarter ended September 30, 2014, 41 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.

S R & CO. LLP
Lodha Excelus,
Apollo Mills Compound,
N. M. Joshi Marg,
Mahalakshmi,
Mumbai-400 011.
India.
Chartered Accountants

B. Statement of assets and liabilities (Consolidated - Audited)

Particulars	As at September 30 2014	As at March 31 2014
Shareholders' funds		
Share capital	6,630.05	6,597.35
Reserves and surplus	16,160.32	14,316.86
Total Shareholders' funds	22,790.37	20,914.21
Share application money received under ESOP scheme	0.11	0.66
Minority Interest	16.09	14.35
Non-current liabilities		
Long-term borrowings	5,454.77	6,641.50
Deferred tax liabilities, net	323.55	317.17
Other long-term liabilities	199.83	199.53
Long-term provisions	267.86	239.83
Total Non-current liabilities	6,246.01	7,398.03
Current liabilities		
Short-term borrowings	3,030.73	2,458.83
Trade payables	1,069.91	1,129.31
Other current liabilities	4,574.89	4,788.89
Short-term provisions	143.46	192.25
Total Current liabilities	8,818.99	8,567.28
Total - EQUITY AND LIABILITIES	37,871.57	36,894.52
ASSETS		
Non-current assets		
Goodwill on consolidation	26,712.47	25,940.39
Fixed assets		
- Tangible assets	804.49	855.45
- Intangible assets	430.08	508.44
- Capital work-in-progress	4.01	4.01
	1,238.58	1,367.90
Non-current investments	58.97	26.39
Long-term loans and advances	1,067.70	1,160.19
Other non-current assets	1,090.49	918.42
Total Non-current assets	30,168.21	29,413.29
Current assets		
Current investments	237.00	26.00
Trade receivables	2,905.89	3,019.26
Cash and bank balances	1,606.02	1,663.21
Short-term loans and advances	438.25	410.28
Other current assets	2,518.20	2,162.48
Total Current assets	7,705.36	7,481.23
TOTAL - ASSETS	37,871.57	36,894.52

Segment Reporting

Particulars	Quarter ended September 30 2014 (Audited)	Quarter ended June 30 2014 (Audited)	Quarter ended September 30 2013 (Audited)	Six month ended September 30 2014 (Audited)	Six month ended September 30 2013 (Audited)	Year ended March 31 2014 (Audited)
Segment Revenue						
a) UK	2,784.62	2,733.69	2,857.74	5,518.31	5,350.93	11,135.07
b) USA and Canada	3,606.25	3,620.13	3,657.25	7,226.38	6,971.02	14,583.73
c) India	641.71	614.41	728.76	1,256.12	1,485.13	2,784.20
d) Rest of the World	665.42	651.11	737.22	1,316.53	1,406.18	2,767.23
Total	7,698.00	7,619.34	7,978.97	15,317.34	15,213.26	31,270.23
Less: Inter Segment Revenue	-	-	-	-	-	-
Net Segment Revenue	7,698.00	7,619.34	7,978.97	15,317.34	15,213.26	31,270.23
Segment results before tax and finance costs						
a) UK	553.77	425.64	508.84	979.41	789.89	1,905.51
b) USA and Canada	465.62	541.02	414.46	1,006.64	906.51	1,804.27
c) India	88.18	59.23	73.12	147.41	158.19	369.13
d) Rest of the World	67.15	64.10	76.13	131.25	216.49	266.36
Total	1,174.92	1,089.99	1,072.55	2,264.91	2,071.08	4,345.27
i) Finance costs	(180.70)	(163.73)	(228.61)	(384.43)	(442.03)	(851.47)
ii) Other unallocable expenditure net of unallocable income	(356.49)	(345.27)	(373.36)	(701.75)	(728.72)	(1,461.00)
Profit before tax and minority interest	637.73	580.99	470.58	1,198.73	900.33	2,032.80
Capital Employed						
a) UK	1,216.29	1,552.76	2,184.49	1,216.29	2,184.49	1,475.99
b) USA and Canada	28,800.85	27,532.65	28,715.26	28,800.85	28,715.26	27,207.95
c) India	494.75	802.98	473.03	494.75	473.03	771.28
d) Rest of the World	646.72	679.92	619.44	646.72	619.44	881.29
e) Unallocated	1,980.10	1,901.63	514.67	1,980.10	514.67	1,559.41
	33,138.71	32,469.94	32,507.09	33,138.71	32,507.09	31,895.92

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 debtors 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

Rajesh Subramaniam
Managing Director and CEO

Mumbai, India
November 14 2014

B S R & Co. LLP
Chartered Accountants

1st Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 3989 6000
Fax +91 (22) 3090 2511

Independent Auditors' Report

To the Board of Directors of Firstsource Solutions Limited

Report on the Consolidated Quarterly and Year to Date Financial Results of Firstsource Solutions Limited Pursuant to Clause 41 of the Listing Agreement

We have audited the consolidated financial results of Firstsource Solutions Limited ('the Company') and its subsidiaries for the quarter ended 30 September 2014 and year to date financial results for the period from 1 April 2014 to 30 September 2014 attached herewith, being submitted by the Company pursuant to the requirements of Clause 41 of the Listing Agreement, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the Management and have not been audited by us.

Management's Responsibility for the Consolidated Financial Results

These consolidated quarterly financial results as well as year to date consolidated financial results have been prepared on the basis of the interim condensed consolidated financial statements and in compliance with Clause 41 of the Listing Agreement, which is the responsibility of the Company's management. These interim condensed consolidated financial statements have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, issued pursuant to in the Companies (Accounting Standard) Rules, 2006 which continues to apply under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. Additionally, the Company has early adopted Accounting Standard (AS) 30, Financial Instruments: Recognition and Measurement, read with AS-31, Financial Instruments – Presentation, along with prescribed limited revisions to other accounting standards, issued by the Institute of Chartered Accountants of India.

This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial results that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial results based on our audit of such interim condensed consolidated financial statements. 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 plan and perform the audit to obtain reasonable assurance about whether the consolidated financial results are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

Independent Auditors' Report *(Continued)*

Firstsource Solutions Limited

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim condensed consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the interim condensed consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the interim condensed consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the interim condensed consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated quarterly financial results as well as the year to date consolidated financial results:

i. include the consolidated quarterly financial results as well as year to date consolidated financial result of the following entities:

   a. Firstsource Solutions Limited
   b. Firstsource Group USA, Inc.
   c. Firstsource Solutions UK Limited
   d. Firstsource Solutions S.A.
   e. Firstsource Advantage LLC
   f. Firstsource Business Process Services, LLC
   g. MedAssist Holding, Inc
   h. Firstsource Solutions USA LLC
   i. Firstsource Transaction Services LLC
   j. Firstsource Dialog Solutions (Private) Limited
   k. Anunta Tech Infrastructure Services Limited
   l. Firstsource BPO Ireland Limited

ii. are presented in accordance with the requirements of Clause 41 of the Listing Agreement in this regard; and

iii. give a true and fair view of the consolidated net profit and other financial information for the quarter ended 30 September 2014 and year to date results for the period from 1 April 2014 to 30 September 2014.

Independent Auditors' Report *(Continued)*

Firstsource Solutions Limited

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 3 to the consolidated financial results that describes the early adoption by the Company of AS 30, Financial Instruments: Recognition and Measurement, read with AS 31, Financial Instruments – Presentation along with prescribed limited revisions to other Accounting Standards, issued by the Institute of Chartered Accountants of India, as in management's opinion, it more appropriately reflects the nature/ substance of the related transactions. AS 30, along with limited revisions to the other accounting standards, has not currently been notified by the National Advisory Committee on Accounting Standards (NACAS) pursuant to the Companies (Accounting Standards) Rules, 2006 which continues to apply under Section 133 of the Companies Act, 2013. Consequent to early adoption of AS 30 and the related limited revisions, consolidated profit after taxation for the quarter ended 30 September 2014 is lower by Rs 22 million and for the period from 1 April 2014 to 30 September 2014 is higher by Rs 22 million.

Report on Other Legal and Regulatory Requirements

Further, we also report that we have, on the basis of books of account and other records and information and explanations given to us by the management, verified the number of shares as well as percentage of shareholdings in respect of aggregate amount of public shareholdings, as furnished by the Company in terms of Clause 35 of the Listing agreement and found the same to be correct.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Mumbai
14 November 2014

Firstsource Solutions Limited

AUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2014

CIN: L64202MH2001PLC134147
Registered office: 5th Floor, Paradigm 'B' wing, Mindspace, Link Road, Malad (West), Mumbai 400 064
Tel: + 91 22 66560888 Fax: + 91 22 6566 0887 web: www.firstsource.com, email-complianceofficer@firstsource.com

(Rs. in millions, except per share data)

Particulars	Quarter ended			Six months ended		Year ended
	September 30 2014 (Audited)	June 30 2014 (Audited)	September 30 2013 (Audited)	September 30 2014 (Audited)	September 30 2013 (Audited)	March 31, 2014 (Audited)
Income from operations						
Income from operations	2,346.44	2,283.00	2,492.27	4,629.44	4,797.09	9,541.72
Other operating income, net	38.61	(70.72)	(114.15)	(32.11)	(170.57)	(368.44)
Total income from operations	2,385.05	2,212.28	2,378.12	4,597.33	4,626.52	9,173.28
Expenses						
Employee benefits expense	1,111.94	1,068.03	1,168.57	2,179.97	2,370.46	4,607.91
Depreciation and amortisation	117.80	118.28	145.92	236.08	275.28	527.19
Other expenses	675.50	660.04	645.31	1,335.54	1,323.77	2,668.42
Total expenses	1,905.24	1,846.35	1,979.80	3,751.59	3,969.50	7,803.52
Profit from operations before other income and finance costs	479.81	365.93	398.32	845.74	657.02	1,369.76
Other income	99.04	67.55	46.31	166.59	35.85	152.13
Profit from ordinary activities before finance costs	578.85	433.48	444.63	1,012.33	692.87	1,521.89
Finance costs	51.35	50.18	52.61	101.53	84.13	177.19
Profit from ordinary activities before tax	527.50	383.30	392.02	910.80	608.74	1,344.70
Tax expense	(10.43)	-	-	(10.43)	-	-
Net profit from ordinary activities after tax	537.93	383.30	392.02	921.23	608.74	1,344.70
Paid-up Equity Share Capital (Face Value of Share Rs. 10)	6,630.05	6,614.21	6,583.05	6,630.05	6,583.05	6,597.35
Reserves excluding Revaluation Reserve				8,365.27	5,886.64	7,204.60
Earning Per Share (Rs.) (not annualised)						
-Basic	0.81	0.58	0.60	1.39	0.93	2.04
-Diluted	0.76	0.55	0.59	1.31	0.91	1.96
Particulars of shareholding						
Public shareholding						
- Number of shares of Rs. 10	289,028,015	287,444,765	284,328,328	289,028,015	284,328,328	285,758,203
- Percentage of shareholding	43.59%	43.46%	43.19%	43.59%	43.19%	43.31%
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	373,976,673	373,976,673	373,976,673	373,976,673	373,976,673	373,976,673
- 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)	56.41%	56.54%	56.81%	56.41%	56.81%	56.69%

Notes to financials results :

1. The above results were reviewed by the Audit Committee on November 13, 2014 and adopted by the Board of Directors at their meeting held on November 14,2014.
2. 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).
3. During the quarter ended September 30, 2014, 1,583,250 Equity shares were issued pursuant to exercise of stock options under the Employee Stock Option Scheme of the Company.
4. During the quarter ended September 30, 2014, 41 complaints were received from investors which were resolved. There was no complaint pending at the beginning and at the end of the quarter.
5. Figures for the prior periods have been regrouped and / or reclassified wherever considered necessary.

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6. Statement of Assets and liabilities (Audited)

Particulars	As at September, 30 2014	As at March, 31 2014
EQUITIES AND LIABILITIES		
Shareholders' funds		
Share capital	6,630.05	6,597.35
Reserves and surplus	8,365.27	7,204.60
Total Shareholders' funds	14,995.32	13,801.95
Share application money received under ESOP scheme	0.11	0.66
Non-current liabilities		
Long-term borrowings	1,232.48	1,217.72
Long-term provisions	67.78	62.57
Total Non-current liabilities	1,300.26	1,280.29
Current liabilities		
Short-term borrowings	894.26	661.26
Trade payables	271.80	305.94
Other current liabilities	1,500.74	1,599.69
Short-term provisions	50.43	41.66
Total Current liabilities	2,717.23	2,608.55
TOTAL - EQUITY AND LIABILITIES	19,012.92	17,691.45
ASSETS		
Non current assets		
Fixed assets		
- Tangible assets	382.31	447.13
- Intangible assets	349.91	408.90
- Capital work-in-progress	0.50	0.50
	732.72	856.53
Non-current investments	11,798.26	11,731.28
Deferred tax assets (net)	417.07	408.64
Long-term loans and advances	871.69	932.65
Other non-current assets	1,090.49	918.29
Total Non-current assets	14,910.13	14,845.39
Current Assets		
Current investments	210.00	-
Trade receivables	2,358.44	1,852.43
Cash and bank balances	471.70	287.79
Short-term loans and advances	359.77	399.30
Other current assets	702.88	306.54
Total Current assets	4,102.79	2,846.06
TOTAL - ASSETS	19,012.92	17,691.45

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Chartered Accountants

By order of the Board
For Firstsource Solutions Limited

Rajesh Subramaniam
Managing Director and CEO

Mumbai, India
November 14, 2014

B S R & Co. LLP
Chartered Accountants

1st Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

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Fax +91 (22) 3090 2511

Independent Auditors' Report

To the Board of Directors of Firstsource Solutions Limited

Report on the Quarterly and Year to Date Financial Results of Firstsource Solutions Limited Pursuant to Clause 41 of the Listing Agreement

We have audited the financial results of Firstsource Solutions Limited ('the Company') for the quarter ended 30 September 2014 and year to date financial results for the period from 1 April 2014 to 30 September 2014 attached herewith, being submitted by the Company pursuant to the requirements of Clause 41 of the Listing Agreement, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the Management and have not been audited by us.

Management's Responsibility for the Financial Results

These quarterly financial results as well as the year to date financial results have been prepared on the basis of the interim condensed financial statements and in compliance with Clause 41 of the Listing Agreement, which is the responsibility of the Company's management. These interim condensed financial statements have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, issued pursuant to in the Companies (Accounting Standard) Rules, 2006 which continues to apply under Section 133 of the Companies Act 2013 and other accounting principles generally accepted in India. Additionally, the Company has early adopted Accounting Standard (AS) 30, Financial Instruments: Recognition and Measurement, read with AS-31, Financial Instruments – Presentation, along with prescribed limited revisions to other accounting standards, issued by the Institute of Chartered Accountants of India.

This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial results that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial results based on our audit of such interim condensed financial statements. 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 plan and perform the audit to obtain reasonable assurance about whether the financial results are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

Independent Auditors' Report *(Continued)*

Firstsource Solutions Limited

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim condensed financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the interim condensed financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the interim condensed financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the interim condensed financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the quarterly financial results as well as the year to date financial results:

i. are presented in accordance with the requirements of Clause 41 of the Listing Agreement in this regard; and

ii. give a true and fair view of the net profit and other financial information for the quarter ended 30 September 2014 and year to date results for the period from 1 April 2014 to 30 September 2014.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 to the financial results that describes the early adoption by the Company of AS 30, Financial Instruments: Recognition and Measurement, read with AS 31, Financial Instruments – Presentation, along with prescribed limited revisions to other Accounting Standards, issued by the Institute of Chartered Accountants of India, as in management's opinion, it more appropriately reflects the nature/ substance of the related transactions. AS 30, along with limited revisions to the other accounting standards, has not currently been notified by the National Advisory Committee on Accounting Standards (NACAS) pursuant to the Companies (Accounting Standards) Rules, 2006 which continue to apply under Section 133 of the Companies Act, 2013. Consequent to early adoption of AS 30 and the related limited revisions, profit after taxation for the quarter ended 30 September 2014 and for the period from 1 April 2014 to 30 September 2014 is lower by Rs 52 million and Rs 37 million respectively.

Report on Other Legal and Regulatory Requirements

Further, we also report that we have, on the basis of books of account and other records and information and explanations given to us by the management, verified the number of shares as well as percentage of shareholdings in respect of aggregate amount of public shareholdings, as furnished by the Company in terms of Clause 35 of the Listing agreement and found the same to be correct.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Mumbai
14 November 2014

Press Release

RP-Sanjiv Goenka Group
Growing Legacies

firstsource

Firstsource reports Second Quarter Fiscal 2015 revenues of ₹ 7,740million
Y-o-Y de-growth of 2.1%, Q-o-Q growth of 2.4%

Operating EBIT of ₹771million
Up Y-o-Y by 11.7%, Q-o-Q by 2.2%

PAT (profit after tax) of ₹612million
Up Y-o-Y by 36.8%, Q-o-Q by 15.0%

Revenue up by 1.3%, EBIT up by 16.0% and PAT up by 33.4% for Half year ended Sept 30, 2014
EBIT and PAT margins expanded by 1.3% and 1.8% during the same period

Mumbai, November 14, 2014: Firstsource Solutions Limited (NSE:FSL, BSE:532809), a global provider of customized Business Process Management (BPM) services company today reported its consolidated financial results for the quarter ended September 2014 according to Indian GAAP.

Highlights for the Quarter ended September 30, 2014:

- Revenues of ₹7,740million, up 2.4% Q-o-Q compared to ₹ 7,556million for the quarter ended June 2014 and down 2.1% Y-o-Y compared to ₹7,908million for the quarter ended September 2013.
- Operating EBIT (earnings before interest and tax) of ₹771million, up 2.2% Q-o-Q compared to ₹755million for the quarter ended June 2014 and up 11.7% Y-o-Y compared to ₹691million for the quarter ended September 2013.
- PAT (profit after tax) of ₹612million, up 15.0% Q-o-Q compared to ₹532million for the quarter ended June 2014 and up 36.8% Y-o-Y compared to ₹448million for the quarter ended September 2013.
- Cash position is at ₹1,843million.
- Employee strength at 26,923 as of September 30, 2014. Reduction of 224 employees in the quarter.
- Q2 annualized attrition (post 180 days) :
    - Offshore (India and Philippines) - 49.6% compared to 56.6% in Q1 FY2015
    - Onshore (US and Europe) - 43.6% compared to 46.4% in Q1 FY2015
    - Domestic (India and Sri Lanka) - 85.7% compared to 102.5% in Q1 FY2015
- As of September 30, 2014, Firstsource derived 47% revenues from the US, 36% from UK and 17% from Rest of World, including India.
- As of September 30, 2014, Firstsource derived 46% revenues from Telecom & Media, 34% from Healthcare, 20% from BFSI.

Key Company Highlights during the Quarter:

- **New Business**:
  - Firstsource reported additional wins of approx. **USD 45million** for the quarter ACV (annual contract value) across the business verticals with existing and new customers. This includes the entry and cross selling of Customer Management services into the Healthcare vertical in the US.
- Firstsource made a **strategic investment in NanoBI**, Bangalore based analytic company.
- Firstsource launched **WF Suite,** the fifth productized solution that encompasses Consulting, Managed Services and Capability Development.
- Added a **new center in Louisville** as a result of a significant contract expansion with a leading US telecommunications company.
- MedAssist, Firstsource's Provider business earned for the seventh consecutive year the HFMA Peer Review Designation.
- **Debt repayment:**
  - Firstsource Group USA, wholly owned subsidiary of Firstsource Solutions successfully made its sixth quarterly principal repayment of USD 11.25million on its outstanding debt on Sept. 30th, 2014.
- **Awards & Recognitions:**
  - Received two awards for: "Best Outsourced Customer Service Team" and "Best Business Process Outsourcing"at National Outsourcing Association's Outsourcing Professional Awards (Global) in partnership with giffgaff.
  - Retained 7th position in the Top 15 BPM Exporters rankings released by NASSCOM for 2014.

Financial Highlights for Half Year ended September 2014:

- Revenues at ₹15,296million for the half year ended September 2014, a growth of 1.3% over corresponding period of the previous year.
- Operating EBIT of ₹1,526million for the half year ended September 2014, up 16.0% over corresponding period of the previous year.
- Profit after tax ₹1,145million for the half year ended September 2014, up 33.4% over corresponding period of the previous year.
- The YTD ACV (annual contract value) wins across business verticals is USD 51million net of client consolidation.

Commenting on the results, Sanjiv Goenka, Chairman, RP-Sanjiv Goenka Group and Firstsource, said, "*I am delighted with the progress that Firstsource has made demonstrating a 36.8% net profit growth year on year. This fiscal the company has signed significant new business wins, which will translate into revenues over ensuing quarters. The investment into Analytics strengthens our capabilities to provide valuable insights to our clients. The focus on profitable margin growth and customer satisfaction continues as we deliver value to our clients.*"

About Firstsource:

Firstsource (NSE: FSL, BSE: 532809, Reuters: FISO.BO, Bloomberg: FSOL@IN) is a leading global provider of customized Business Process Outsourcing (BPO) services to the Healthcare, Telecom & Media and Banking & Financial Services industries. The company's clients include Fortune 500, FTSE 100 & Nifty 50 companies. Firstsource has a "rightshore" delivery model with operations in India, Ireland, Philippines, Sri Lanka, UK and U.S. (www.firstsource.com).

For More Information Please Contact:

Media:
smita.gaikwad@firstsource.com
+91 (22) 6666 0841 | +91 98201 22336
Pooja.shah@text100.co.in
+91 98338 38808

Investors:
ganesh.iyer@firstsource.com
+91 (22) 6666 0808 | +91 9892002590
dpingle@christensenir.com
+91 (22) 4215 0210 | +91 98339 04971