

Firstsource Solutions Limited

AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2008

(Rs.in lakhs, except per share data)

Particulars	Quarter ended December 31,		Nine months ended December 31,		Year ended March 31,
	2008	2007	2008	2007	2008
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Income from services	4,47,33.57	3,58,91.95	12,77,90.28	8,71,37.10	12,40,61.38
Other operating income	(3,13.05)	14,78.26	(82.91)	51,80.90	58,18.11
Total income from operations	4,44,20.52	3,73,70.21	12,77,07.37	9,23,18.00	12,98,79.49
Personnel costs	2,68,29.59	2,12,41.89	7,48,02.02	5,00,54.36	7,12,03.69
Operating costs	1,30,36.22	1,03,56.55	3,58,54.13	2,54,94.21	3,55,81.35
Depreciation and amortisation	25,49.56	23,10.76	68,97.75	63,38.65	86,08.20
Profit before other income, finance charges, tax and minority interest	20,05.15	34,61.01	1,01,53.47	1,04,30.78	1,44,86.25
Other income	(1,08.79)	845.46	(3,92.53)	32,30.99	34,92.33
Profit before Finance charges, tax and minority interest	18,96.36	43,06.47	97,60.94	13,661.77	1,79,78.58
Finance charges, net					
a) Finance cost, net (Note 3 (b))	3,90.30	19,27.93	11,88.23	15,48.42	17,34.90
b) Foreign exchange loss on FCCB (Note 3 (a))	-	(13.75)	77,82.42	(13.75)	19,25.00
Net profit / (loss) before tax and minority interest	15,06.06	23,92.29	7,90.29	1,21,27.10	1,43,18.68
Provision for Taxation					
a) Current tax expenses (Incl. foreign tax)	5,06.65	5,82.66	19,81.10	22,55.22	28,76.98
b) Fringe benefit tax	78.45	41.39	1,78.86	1,25.80	2,32.08
c) Deferred tax charge /(release)	(2,56.42)	(2,52.82)	(3,62.43)	(12,45.05)	(18,44.26)
Net profit / (loss) after tax and before minority interest	11,77.38	20,21.06	(10,07.24)	1,09,91.13	1,30,53.88
Minority Interest	20.83	(41.76)	12.90	(62.45)	(1,02.08)
Net profit / (loss) after tax and minority interest	11,56.55	20,62.82	(10,20.14)	1,10,53.58	1,31,55.96
Paid-up Equity Share Capital (Face Value of Share Rs.: 10)	-	-	4,28,18.97	4,27,01.84	4,27,31.30
Reserves excluding Revaluation Reserve	-	-	-	-	3,12,72.50
Earning Per Share (Rs.) : (Not Annualized)					
-Basic	0.27	0.48	(0.24)	2.60	3.09
-Diluted	0.21	0.44	(0.24)	2.52	2.83
Aggregate of non-promoter shareholding (unaudited)					
- Number of shares of Rs. 10	313,696,085	314,166,839	313,696,085	314,166,839	312,807,371
- Percentage of shareholding	73.26%	73.57%	73.26%	73.57%	73.20%

Notes to financials results :

1. The above results were reviewed by the Audit Committee and taken on record by Board of Directors at their meeting held on January 31, 2009. The standalone financial results for the quarter ended December 31, 2008 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. Unrealised losses resulting from intra-group transactions have also been eliminated unless cost cannot be recovered. 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 (a). In December 2007, the ICAI issued AS 30, Financial Instruments : Recognition and Measurement (AS30). Although AS 30 becomes recommendatory in respect of accounting periods commencing on or after April 1, 2009 and mandatory in respect of accounting periods commencing on or after April 1, 2011, in March 2008 the ICAI announced that the earlier adoption of AS 30 is encouraged. AS 30, along with limited revision to other accounting standards has currently not been notified under Companies (Accounting Standard) Rules, 2006.

On July 1, 2008, the Company has early adopted AS 30 read with AS 31 - 'Financial Instruments: Presentation' effective April 1, 2008 and the limited revisions to other accounting standards which come into effect upon adoption of AS 30.

AS 30 states that particular sections of other accounting standards; AS 4, Contingencies and Events Occurring after Balance sheet Date, to the extent it deals with contingencies; AS 11(revised 2003), The Effects of Changes in Foreign Exchange Rates, to the extent it deals with the 'forward exchange contracts' and AS 13, Accounting for Investments, except to the extent it relates to accounting for investment properties, would stand withdrawn only from the date AS 30 becomes mandatory (April 1, 2011 for the Company).

As permitted by AS 30, the Company designated FCCB as a hedging instrument to hedge its net investments in the non-integral foreign operations effective July 1, 2008. Accordingly, the translation loss of Rs 49,97.14 lacs for the quarter and Rs 1,58,26.57 lacs for the nine months ended December 31, 2008, which is determined to be effective hedge of net investment in non integral foreign operations has been recognised in the translation reserve account. The amounts recognised in translation reserve would be transferred to profit and loss account upon sale or disposal of non-integral foreign operations.

Had the Company not early adopted AS 30 and the related limited revisions consolidated profit after taxation for the quarter and nine months ended 31 December 2008 would have been lower by Rs 47,12.81 lacs and Rs. 1,50,18.29 lacs respectively. The effect of transition on early adoption of AS 30 has been accounted through Reserves and Surplus.

Also during the nine months period ended December 31, 2008, the Company has changed the accounting policy for Premium payable on redemption of FCCB. Accordingly, the premium payable on redemption is now amortized on a pro-rata basis over the period of the bonds by debiting Securities Premium Account as permitted by Section 78 of the Companies Act, 1956 as against the earlier policy of charging the entire premium payable on redemption to the Securities Premium Account upfront in the year of issue of bonds.

3 (b). Finance charge for the quarter and nine months ended December 31, 2008 includes Rs. 2,95.44 lacs and Rs. 8,12.93 lacs pertaining to interest provided on FCCB as per requirements of AS 30.

4. Figures for the prior periods have been regrouped and / or reclassified wherever considered necessary.

5. During the quarter, 4 complaints were received from the investors, 5 were resolved including 2 pending at the beginning of quarter and 1 was pending at the end of the quarter, which will be resolved shortly.

Segment Reporting

(Rs. in lakhs)

Particulars	Quarter ended December 31,		Nine months ended December 31,		Year ended March 31,
	2008	2007	2008	2007	2008
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Segment Revenue					
a) UK	1,13,76.03	1,07,67.27	3,41,02.52	3,27,56.96	4,33,88.33
b) USA and Canada	2,86,05.23	2,13,32.09	8,01,69.81	4,43,20.02	6,70,51.62
c) India	45,22.92	37,50.81	1,31,80.25	99,31.68	1,34,44.63
d) Rest of the world	2,29.39	41.78	3,37.70	1,28.44	1,76.80
Total	4,47,33.57	3,58,91.95	12,77,90.28	8,71,37.10	12,40,61.38
Less: Inter Segment Revenue	-	-	-	-	-
Net Segment Revenue	4,47,33.57	3,58,91.95	12,77,90.28	8,71,37.10	12,40,61.38
Segment results before Tax and Interest					
a) UK	42,17.91	46,60.99	1,07,97.17	1,30,91.43	1,65,42.00
b) USA and Canada	28,69.85	7,18.25	84,07.77	38,84.33	64,07.20
c) India	(4,11.87)	8,16.45	25,42.26	28,13.41	37,61.56
d) Rest of the world	51.71	12.48	63.36	34.69	49.85
Total	67,27.60	62,08.17	2,18,10.56	1,98,23.86	2,67,60.61
i) Finance charges, net	(3,90.30)	(19,14.18)	(89,70.65)	(15,34.67)	(36,59.90)
ii) Other unallocable expenditure net of unallocable Income	(48,31.24)	(19,01.70)	(1,20,49.62)	(61,62.09)	(87,82.03)
Profit / (loss) before tax and minority interest	15,06.06	23,92.29	7,90.29	1,21,27.10	1,43,18.68

Capital Employed

a) UK	48,01.03	77,14.38	79,06.84
b) USA and Canada	1,45,21.03	99,30.64	1,17,06.38
c) India	37,40.90	5,07.03	8,89.64
d) Rest of the world	48.14	57.09	34.99
Total	2,31,11.10	1,82,09.14	2,05,37.85

Notes on segment information

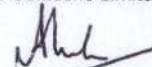
Primary segments

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 World.

Capital Employed

Capital employed comprises of debtors, classified by 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.

By order of the Board
For Firstsource Solutions Limited



Ananda Mukerji
Managing Director and CEO

Mumbai, India
January 31, 2009

Firstsource Solutions Limited

AUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2008

(Rs. in lakhs, except per share data)

Particulars	Quarter ended December 31,		Nine months ended December 31,		Year ended March 31,
	2008	2007	2008	2007	2008
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Income from services	1,41,15.09	1,23,18.13	4,17,78.14	3,54,78.28	4,89,63.78
Other operating income	(5,83.08)	8,28.15	(9,21.19)	9,23.41	4,27.08
Total income from operations	1,35,32.01	1,31,46.28	4,08,56.95	3,64,01.69	4,93,90.86
Total Expenditure					
Personnel costs	73,90.39	62,89.03	2,05,63.19	1,77,01.79	2,36,33.22
Operating costs	51,59.03	37,85.29	1,38,89.33	1,16,04.76	1,55,87.98
Depreciation and amortisation	14,70.91	13,75.11	38,46.14	40,26.58	53,28.20
Profit / (Loss) before other income, finance charges and tax	(4,88.32)	16,96.85	25,58.29	30,68.56	48,41.46
Other income	2,09.36	(3,82.30)	9,35.80	(29.01)	10,77.94
Profit / (Loss) before Finance charges and tax	(2,78.96)	13,14.55	34,94.09	30,39.55	59,19.40
Finance charges, net					
a) Finance cost, net (Note 2 (b))	2,70.94	1,93.33	(11,63.52)	(9,12.38)	(6,93.45)
b) Foreign exchange (gain) / loss on FCCB (Note 2 (a))	(2,33.83)	(13.75)	77,82.42	(13.75)	19,25.00
Net profit / (loss) before tax	(3,16.07)	11,34.97	(3,124.81)	39,65.68	46,87.85
Provision for Taxation					
a) Current tax expenses net of MAT credit	(21.15)	1,45.31	3,77.31	3,37.65	6,39.69
b) Fringe benefit tax	76.00	38.41	1,68.10	1,14.57	2,14.41
c) Deferred tax charge / (release)	(2,76.68)	(5,38.05)	(4,50.78)	(14,17.57)	(19,30.56)
Net profit / (loss) after Tax	(94.24)	14,89.30	(32,19.44)	49,31.03	57,64.31
Paid-up Equity Share Capital (Face Value of Share Rs.: 10)	-	-	4,28,18.97	4,27,01.84	4,27,31.30
Reserves excluding Revaluation Reserve	-	-	-	-	2,01,96.62
Earning Per Share (Rs.) : (Not Annualized)					
-Basic	(0.02)	0.35	(0.75)	1.16	1.35
-Diluted	(0.02)	0.32	(0.75)	1.12	1.24
Aggregate of non- promoter shareholding (unaudited)					
- Number of shares of Rs. 10	313,696,085	314,166,839	313,696,085	314,166,839	312,807,371
- Percentage of shareholding	73.26%	73.57%	73.26%	73.57%	73.20%

Notes to financials results :

1. The above results were reviewed by the Audit Committee and taken on record by Board of Directors at their meeting held on January 31, 2009.

2 (a). In accordance with the announcement dated March 27, 2008 issued by the Institute of Chartered Accountants of India, the Company had made an early adoption of the proposed standard on the Financial Instruments: Recognition and Measurement (AS 30) with effect from March 2008 in so far as it relates to the derivatives. The Company also made an early adoption of AS30 in so far as it relates to hedging with effect from July 1, 2008. On October 1, 2008, the Company has early adopted AS 30 in its entirety, read with AS 31 - 'Financial Instruments: Presentation', effective April 1, 2008 and the limited revisions to other accounting standards which come into effect upon adoption of AS 30.

AS 30 states that particular sections of other accounting standards; AS 4, Contingencies and Events Occurring after Balance sheet Date, to the extent it deals with contingencies, AS 11(revised 2003), The Effects of Changes in Foreign Exchange Rates, to the extent it deals with the 'forward exchange contracts' and AS 13, Accounting for Investments, except to the extent it relates to accounting for investment properties, would stand withdrawn only from the date AS 30 becomes mandatory (April 1, 2011 for the Company).

As permitted by AS 30, the Company designated FCCB as a hedging instrument to hedge its net investments in the non-integral foreign operations effective July 1, 2008. Accordingly, the translation loss of Rs 49,97.14 lacs for the quarter and Rs 1,58,26.57 lacs for the nine months ended December 31, 2008, which is determined to be effective hedge of net investment in non integral foreign operations has been recognised in the hedging reserve account. The amounts recognised in hedging reserve would be transferred to profit and loss account upon sale or disposal of non-integral foreign operations. This has been a matter of reference in report of statutory auditors.

Had the Company not early adopted AS 30 and the related limited revisions, profit after taxation for the three months and nine months ended 31 December 2008 would have been lower by Rs 1,50,17.90 lacs. The effect of transition on early adoption of AS 30 has been accounted through Reserves and Surplus.

Also, during the nine months period ended December 31, 2008, the Company has changed the accounting policy for Premium payable on redemption of FCCB. Accordingly, the premium payable on redemption is now amortized on a pro-rata basis over the period of the bonds by debiting Securities Premium Account as permitted by Section 78 of the Companies Act, 1956 as against the earlier policy of charging the entire premium payable on redemption to the Securities Premium Account upfront in the year of issue of bonds.

2 (b). Finance charge for the quarter and nine months ended December 31, 2008 includes Rs. 8,12.93 lacs pertaining to interest provided on FCCB as per AS 30.

3. Figures for the prior periods have been regrouped and / or reclassified wherever considered necessary.

4. During the quarter, 4 complaints were received from the investors, 5 were resolved including 2 pending at the beginning of quarter and 1 was pending at the end of the quarter, which will be resolved shortly.

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For Firstsource Solutions Limited

Ananda Mukerji
Managing Director and CEO

Mumbai, India
January 31, 2009