

FOR IMMEDIATE RELEASE

Firstsource reports first quarter FY 2009 total income of Rs. 4096 million

Y-o-Y Income growth of 47.5% and sequential growth of 8.0%

Operating EBIT declines marginally from Rs. 396 million to Rs.382 million sequentially

PAT declines from Rs. 210 million in Q4 FY 08 to a loss of Rs. 510 million largely due to restatement of outstanding FCCBs at current exchange rates.

Mumbai, July 30, 2008: Firstsource Solutions Limited (NSE:FSL, BSE:532809), among India's leading pure-play BPO companies reported its consolidated financial results for the quarter ended June 2008 according to Indian GAAP.

Financial Highlights of Quarter ended June 2008

- Total Income was Rs. 4,096 million Y-o-Y growth of 47.5% and Q-o-Q growth of 8.0%
- Revenue from Operations at Rs. 4,079 million Y-o-Y growth of 49.3% and Q-o-Q growth of 8.6% In USD terms growth in revenue from operations was 48.3% Y-o-Y and 4.5% Q-o-Q
- Operating EBIT at Rs. 382 million for the quarter ended June 2008 as compared to Rs. 396 million for quarter ended March 2008 and Rs. 396 million for the quarter ended June 2007. The marginal decline is on account of seasonality in Collections business and tapering off of grant income from Northern Ireland.
- The company has Foreign Currency Convertible Bonds (FCCB) of US \$275 million, which was issued by the company in December 2007. The P&L charge arising from the foreign exchange variation of the outstanding FCCB was Rs 801 million for the quarter ended June 30, 2008 as compared to Rs 193 million for quarter ended March 31, 2008. This is a non-operational, non-cash charge.
 - After including the charge the net loss for the quarter is Rs. 503 million as compared to the net profit of Rs. 210 million for the quarter ended March 2008.
 - Excluding this charge, the profit after tax was Rs. 297 million for the quarter ended June 2008 as compared to Rs. 403 million for the quarter ended March 2008. and Rs. 443 million for the quarter ended June 2007

- Diluted EPS for the quarter ended June 30, 2008, excluding the FCCB exchange variation impact is Rs. 0.54 as compared to Rs. 0.73 for the quarter ended March 2008 and Rs. 0.99 for the quarter ended June 2007
- Firstsource's employee strength was 18,353 as of June 2008 with 984 employees added this quarter.
- Q4 annualized attrition (post 180 days) of 38.7% compared to 38.9% in the previous quarter.

Other Highlights

- The quarter saw Firstsource's business with Airtel expand to include customer services for Airtel's operations in the North. Firstsource currently delivers a suite of BPO services in areas such as customer accounting, VAS provisioning, fraud & credit monitoring, collections, customer retention to Airtel from its centres in Chennai and Mumbai.
- Firstsource is building out centres in Bhubaneswar, Jalandhar and Siliguri to further expand its India delivery footprint which already includes centres in Vijaywada, Indore, Hubli, Trichy Pondicherry and Kochi in addition to the metro centres.
- Firstsource won the Transaction and Services category award at IQPC Six Sigma excellence awards, London
- Firstsource won the Everest Group Outsourcing Excellence Award 2008 for Most Flexible Partnership with C&G

Commenting on the performance **Ananda Mukerji, MD & CEO** said, "We have had a reasonable quarter with 8.6% sequential growth in topline and fairly stable operating EBIT in a difficult market environment. The long term growth prospects continue to be strong, particularly in the Telecoms & Media and Healthcare verticals. As anticipated, growth in the BFSI vertical is subdued and we will be closely watching developments in that vertical, particularly in the collections business, over the next few quarters. Integration of the MedAssist acquisition is proceeding well with good potential for revenue and cost synergies likely to come in during the latter part of the year."

Farid Kazani, CFO said, “The company’s operational performance for the quarter has been good considering seasonality and challenges in the external environment. The PAT has been affected by the foreign exchange variation on FCCB, which is a non-cash and non-operational charge. The company is focusing on improving profitability through productivity enhancement measures and operating leverage and expects to see a positive movement in the margins during the next few quarters.”

About Firstsource

Firstsource (NSE: FSL, BSE: 532809, Reuters: FISO.BO, Bloomberg: FSOL@IN) is among India’s leading BPO (business process outsourcing) service providers. Firstsource provides customized business process management to global leaders in the Banking & Financial Services, Telecom & Media and Healthcare sectors. Its clients include Fortune 500 banks, telecommunications companies and healthcare companies. Firstsource has a global delivery model with operations in India, US, UK, Argentina and Philippines. (www.firstsource.com).

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