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Firstsource reports 3rd Quarter FY 2008 total income of Rs. 3825 million and PAT of Rs. 206 million

Income growth for nine-month period at 70.5% compared to corresponding period of the previous year

PAT growth for nine-month period at 77.3% compared to corresponding period of the previous year

Mumbai, January 29, 2008: Firstsource Solutions Limited (NSE:FSL, BSE:532809), among India's leading pure-play BPO companies reported its results for the quarter ended December 2007 according to Indian GAAP.

Highlights of Quarter ended December 2007

- Total income of Rs. 3825 million for the quarter ended December 2007 a growth of 71.6% over corresponding quarter of the previous year and a growth of 29% over the previous quarter. In US dollar terms growth would be 82% and 37% respectively.
- Total income for nine-month period was Rs. 9600 million growth of 70.5% compared to corresponding period of the previous year. In US dollar terms growth would be 81%.
- Profit After Tax for the quarter at Rs. 206 million was down 31.7% as compared to Rs. 302 million in the corresponding period of the previous year and down 54.8% as compared to Rs. 456 million in the previous quarter.
- PAT for the quarter is lower due to
 - Interest on loan taken for MedAssist acquisition
 - Lower forex gains as compared to previous quarter
 - Difficult credit environment in US affecting the financial services collections business
 - One time charges primarily relating to MedAssist acquisition
- Profit after tax for nine-month period was Rs. 1105 million compared to Rs. 623 million in the corresponding period of previous year, a growth of 77.3%
- EPS for the quarter ended December 2007 was Rs 0.44 per share and was Rs. 2.52 per share for nine-month period ended December 2007.
- Firstsource's employee strength was at 17,090 as of December 2007.
- Firstsource achieved Q3 annualized attrition (post 90-days) of 48.8% which is lower compared to previous quarter of 58.4% whereas Q3 annualized attrition (post 180 days) is 34.4% as compared to 34.8% in the previous quarter.

- Firstsource successfully completed a US \$275 million FCCB issue at zero coupon and at a 35% premium on December 3, 2007. Proceeds of the issue have been utilized to retire high cost loan taken for the MedAssist acquisition which would reduce interest burden on the Company going forward.
- Firstsource commenced operations in Salt Lake City, Utah, USA

Ananda Mukerji, MD & CEO said, “The quarter saw emerging challenges in the Collections business due to a deteriorating credit environment in the USA. While this presents short-term pressures on profitability, the Company believes Collections continues to be an attractive business segment, and the current environment presents opportunities to expand its customer base and grow market share. Other segments of business continue to perform well, particularly the thrust in the APAC market. Integration of MedAssist is progressing well on schedule with significant revenue and cost synergies already identified.”

Rajesh Subramaniam, CFO said, “This quarter saw profitability decline on account of underperformance of the Collections business and quarterly variations in business volumes. Quarter-on-Quarter variations in profitability are inherent in the business. Significantly, the company has seen growth in both revenues and profits on a Year-To-Date basis and expects profitability to improve in Q4. Overall the Company expects to continue to maintain net income margins in the targeted 11-13% range.”

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 six “Fortune Global 500” banks, two “Fortune Global 500” telecommunications companies and three “Fortune 100” healthcare companies. Firstsource has a global delivery model with operations in India, US, UK, Argentina and Philippines. (www.firstsource.com).

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