

## Firstsource Solutions Limited

### AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2010

(Rs.in lakhs, except per share data)

Particulars	Quarter ended September 30,		Six months ended September 30,		Year ended March 31,
	2010	2009	2010	2009	2010
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Income from services	4,90,01.34	4,88,38.83	9,65,88.96	9,69,13.07	19,53,91.04
Other operating income	13,55.58	33.30	28,38.37	4,06.91	16,87.74
<b>Total income from operations</b>	<b>5,03,56.92</b>	<b>4,88,72.13</b>	<b>9,94,27.33</b>	<b>9,73,19.98</b>	<b>19,70,78.78</b>
Total expenditure					
Personnel costs	3,09,24.65	3,00,19.89	6,09,09.14	5,92,89.77	12,02,97.44
Operating costs	1,23,79.19	1,16,87.38	2,46,58.26	2,47,24.13	4,95,69.50
Depreciation and amortisation	21,29.76	22,62.55	42,58.81	45,32.68	87,26.32
<b>Profit before other income, finance charges, taxation and minority interest</b>	<b>49,23.32</b>	<b>49,02.31</b>	<b>96,01.12</b>	<b>87,73.40</b>	<b>1,84,85.52</b>
Other income	87.87	(1,21.82)	3,23.09	10,55.58	13,62.02
Gain on FCCB buyback, net	-	-	-	7,39.09	7,39.09
<b>Profit before finance charges, taxation and minority interest</b>	<b>50,11.19</b>	<b>47,80.49</b>	<b>99,24.21</b>	<b>1,05,68.07</b>	<b>2,05,86.63</b>
Finance charges, net	8,56.86	12,76.69	17,03.89	25,86.89	45,58.42
<b>Profit before taxation and minority interest</b>	<b>41,54.33</b>	<b>35,03.80</b>	<b>82,20.32</b>	<b>79,81.18</b>	<b>1,60,28.21</b>
Provision for taxation					
a) Current tax expense (Incl. foreign tax)	4,83.48	6,48.45	16,15.43	15,74.11	26,08.54
b) Deferred tax charge	6,38.33	1,53.51	4,92.62	1,49.36	10,85.04
c) Minimum alternate tax credit entitlement	(3,30.85)	(2,22.57)	(5,20.37)	(4,95.39)	(13,17.47)
<b>Profit after taxation and before minority interest</b>	<b>33,63.37</b>	<b>29,24.41</b>	<b>66,32.64</b>	<b>67,53.10</b>	<b>1,36,52.10</b>
Minority interest	41.98	12.24	1,03.99	38.97	45.00
<b>Profit after taxation and minority interest</b>	<b>33,21.39</b>	<b>29,12.17</b>	<b>65,28.65</b>	<b>67,14.13</b>	<b>1,36,07.10</b>
Paid-up Equity Share Capital (Face Value of Share Rs.10)	-	-	4,30,06.51	4,28,85.41	4,29,20.97
Reserves excluding revaluation reserve	-	-	9,74,81.47	9,56,60.52	9,94,81.59
Earning Per Share (Rs.) (Not Annualized) :					
-Basic	0.77	0.68	1.52	1.57	3.17
-Diluted	0.70	0.61	1.37	1.40	2.84
Aggregate of non-promoter shareholding (unaudited)					
- Number of shares of Rs. 10	338,829,753	314,460,460	338,829,753	314,460,460	337,316,385
- Percentage of shareholding	78.79%	73.33%	78.79%	73.33%	78.59%
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	91,235,304	114,393,597	91,235,304	114,393,597	91,893,297
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%	100.00%
- Percentage of shares (as a % of the total share capital of the company)	21.21%	26.67%	21.21%	26.67%	21.41%

#### Notes to financials results :

1. The above results were reviewed by the Audit Committee on October 26, 2010 and adopted by Board of Directors at their meeting held on October 27, 2010. The standalone financial results for the quarter and six months ended September 30, 2010 are available on the Company's website ([www.firstsource.com](http://www.firstsource.com)) and the websites of BSE ([www.bseindia.com](http://www.bseindia.com)) and NSE ([www.nseindia.com](http://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. 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)

	Quarter ended September 30,		Six months ended September 30,		Year ended March 31, 2010
	2010	2009	2010	2009	2010
Total income from operations	1,75,35.42	1,62,94.81	3,39,93.12	3,19,92.92	6,61,72.33
Profit before taxation	22,17.39	13,70.46	37,14.10	38,49.14	62,16.79
Profit after taxation	21,19.61	15,13.80	34,55.92	40,41.06	67,33.28

5. During the quarter, 300,000 equity shares were issued pursuant to exercise of stock options under the Employee Stock Option Scheme of the Company

6. During the quarter, 5 complaints were received from investors which were resolved. There were no complaints pending at the beginning and at the end of the quarter.

7. On September 22, 2010, the Company has signed an agreement for selling the business and assets of its subsidiary "Pipal Research Corporation". As per the terms of the agreement, the sale is contingent upon fulfillment of certain conditions which is in process as at September 30, 2010.

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

**Statement of assets and liabilities (Consolidated - Audited)**

	As at September 30,		As at March 31,
	2010	2009	2010
<b>Shareholders' funds</b>			
Share capital	4,30,06.51	4,28,85.41	4,29,20.97
Share application money	-	-	34.50
Reserves and surplus	9,74,81.47	9,56,60.52	9,94,81.59
<b>Minority interest</b>	6,00.71	5,43.34	4,97.53
<b>Loan funds</b>	14,02,23.03	14,09,71.65	13,57,84.63
	<b>28,13,11.72</b>	<b>28,00,60.92</b>	<b>27,87,19.22</b>
<b>Goodwill on consolidation</b>	20,68,74.85	21,90,97.23	20,72,59.08
<b>Fixed assets</b>	15,714.18	20,127.01	18,380.28
<b>Investments</b>	1,20,85.67	62,39.23	1,00,53.08
<b>Deferred tax assets, net</b>	72.50	13,28.56	5,50.48
<b>Current Assets, loans and advances</b>			
Sundry debtors	3,06,79.09	2,48,28.58	2,61,05.78
Unbilled receivables	76,82.39	62,24.79	67,30.41
Cash and bank balances	1,31,06.59	1,18,55.92	1,21,75.12
Loans and advances	2,03,62.94	1,39,48.90	2,04,84.62
<b>Less: Current liabilities and provisions</b>			
Current liabilities	1,67,91.95	1,85,58.82	1,70,30.17
Provisions	84,74.54	50,30.48	59,89.46
<b>Net current assets</b>	4,65,64.52	3,32,68.89	4,24,76.30
	<b>28,13,11.72</b>	<b>28,00,60.92</b>	<b>27,87,19.22</b>

**Segment Reporting**

Particulars	Quarter ended September 30,		Six months ended September 30,		Year ended March 31,
	2010	2009	2010	2009	2010
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
<b>Segment Revenue</b>					
a) UK	1,40,86.74	1,32,25.15	2,68,15.78	2,54,42.67	5,27,62.73
b) USA and Canada	2,87,81.75	2,91,42.72	5,80,88.62	5,93,46.22	11,80,88.39
c) India	56,13.01	61,15.66	1,06,63.97	1,15,18.58	2,31,71.44
d) Rest of the world	5,19.84	3,55.30	10,20.59	6,05.60	13,68.48
<b>Total</b>	<b>4,90,01.34</b>	<b>4,88,38.83</b>	<b>9,65,88.96</b>	<b>9,69,13.07</b>	<b>19,53,91.04</b>
Less: Inter Segment Revenue	-	-	-	-	-
<b>Net Segment Revenue</b>	<b>4,90,01.34</b>	<b>4,88,38.83</b>	<b>9,65,88.96</b>	<b>9,69,13.07</b>	<b>19,53,91.04</b>
<b>Segment results before taxation and finance charges</b>					
a) UK	42,89.02	35,80.02	83,83.26	84,71.93	16,612.06
b) USA and Canada	30,30.27	31,28.85	70,91.40	52,76.24	99,27.34
c) India	6,45.01	9,63.28	8,79.06	13,72.11	20,34.42
d) Rest of the world	2,37.41	1,43.10	4,24.23	2,42.21	4,89.96
<b>Total</b>	<b>82,01.71</b>	<b>78,15.25</b>	<b>1,67,77.95</b>	<b>1,53,62.49</b>	<b>2,90,63.78</b>
i) Finance charges, net	(8,56.86)	(12,76.69)	(17,03.89)	(25,86.89)	(45,58.42)
ii) Other unallocable expenditure net of unallocable Income	(31,90.52)	(30,34.76)	(68,53.74)	(47,94.42)	(84,77.15)
<b>Profit before taxation and minority interest</b>	<b>41,54.33</b>	<b>35,03.80</b>	<b>82,20.32</b>	<b>79,81.18</b>	<b>1,60,28.21</b>

<b>Capital Employed</b>			
a) UK		1,61,72.33	1,01,06.53
b) USA and Canada		1,57,92.30	1,61,11.26
c) India		58,50.56	46,06.24
d) Rest of the world		5,46.29	2,29.34
		<b>3,83,61.48</b>	<b>3,10,53.37</b>

**Notes on segment information**

*Primary Segments*

The Primary segment of the Group 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 of debtors and unbilled receivables, 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

Mumbai , India  
October 27, 2010

**A.M.Vallance**  
Managing Director and CEO

## Firstsource Solutions Limited

### AUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2010

(Rs.in lakhs, except per share data)

Particulars	Quarter ended September 30,		Six months ended September 30,		Year ended March 31,
	2010	2009	2010	2009	2010
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Income from services	1,62,42.15	1,63,81.90	3,13,59.00	3,16,54.67	6,52,14.92
Other operating income	12,93.27	(87.09)	26,34.12	3,38.25	9,57.41
<b>Total income from operations</b>	<b>1,75,35.42</b>	<b>1,62,94.81</b>	<b>3,39,93.12</b>	<b>3,19,92.92</b>	<b>6,61,72.33</b>
Total expenditure					
Personnel costs	91,05.66	81,62.49	1,80,28.11	1,57,12.85	3,30,20.90
Operating costs	53,67.77	51,66.04	1,08,83.01	1,03,69.15	2,10,60.92
Depreciation and amortisation	13,29.74	13,65.45	26,38.43	26,97.94	52,43.90
<b>Profit before other income, finance charges and taxation</b>	<b>17,32.25</b>	<b>16,00.83</b>	<b>24,43.57</b>	<b>32,12.98</b>	<b>68,46.71</b>
Other income	3,26.78	1,82.10	6,58.65	12,33.97	14,08.80
Gain on FCCB buyback, net	-	-	-	7,39.09	7,39.09
<b>Profit before finance charges and taxation</b>	<b>20,59.03</b>	<b>17,82.93</b>	<b>31,02.22</b>	<b>51,86.04</b>	<b>89,94.60</b>
Finance charges, net	(1,58.36)	4,12.47	(6,11.88)	13,36.90	27,77.81
<b>Profit before taxation</b>	<b>22,17.39</b>	<b>13,70.46</b>	<b>37,14.10</b>	<b>38,49.14</b>	<b>62,16.79</b>
Provision for taxation					
a) Current tax expense (Incl. foreign tax)	4,90.44	2,37.53	8,19.92	6,54.74	11,13.40
b) Deferred tax release	(1,11.23)	(2,49.59)	(1,75.86)	(4,89.06)	(5,75.15)
c) Minimum alternate tax credit entitlement	(2,81.43)	(1,31.28)	(3,85.88)	(3,57.60)	(10,54.74)
<b>Profit after taxation</b>	<b>21,19.61</b>	<b>15,13.80</b>	<b>34,55.92</b>	<b>40,41.06</b>	<b>67,33.28</b>
Paid-up Equity Share Capital (Face Value of Share : Rs 10)	-	-	4,30,06.51	4,28,85.41	4,29,20.97
Reserves excluding revaluation reserve	-	-	6,24,15.32	6,34,13.37	6,73,83.31
Earning Per Share (Rs.) (Not Annualized):					
-Basic	0.49	0.35	0.80	0.94	1.57
-Diluted	0.47	0.35	0.78	0.88	1.51
Aggregate of non-promoter shareholding (unaudited)					
- Number of shares of Rs. 10	338,829,753	314,460,460	338,829,753	314,460,460	337,316,385
- Percentage of shareholding	78.79%	73.33%	78.79%	73.33%	78.59%
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	91,235,304	114,393,597	91,235,304	114,393,597	91,893,297
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100%	100%	100%	100%	100%
- Percentage of shares (as a % of the total share capital of the company)	21.21%	26.67%	21.21%	26.67%	21.41%

#### Notes to financials results :

- The above results were reviewed by the Audit Committee on October 26, 2010 and adopted by the Board of Directors at their meeting held on October 27, 2010.
- 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).
- During the quarter, 300,000 equity shares were issued pursuant to exercise of stock options under the Employee Stock Option Scheme of the Company.
- During the quarter, 5 complaints were received from investors which were resolved. There were no complaints pending at the beginning and at the end of the quarter.
- On September 22, 2010, the Company has signed an agreement for selling the business and assets of its subsidiary "Pipal Research Corporation". As per the terms of the agreement, the sale is contingent upon fulfillment of certain conditions which is in process as at September 30, 2010.
- Figures for the prior periods have been regrouped and / or reclassified wherever considered necessary.

#### Statement of assets and liabilities (Audited)

	As at September 30,		As at March 31,
	2010	2009	2010
<b>Shareholders' funds</b>			
Share capital	4,30,06.51	4,28,85.41	4,29,20.97
Share application money	-	-	34.50
Reserves and surplus	6,24,15.32	6,34,13.37	6,73,83.31
<b>Loan funds</b>	<b>12,52,26.63</b>	<b>12,55,18.46</b>	<b>12,05,66.76</b>
	<b>23,06,48.46</b>	<b>23,18,17.24</b>	<b>23,09,05.54</b>
<b>Fixed assets</b>	1,00,59.81	1,28,54.32	1,17,27.44
<b>Investments</b>	11,21,61.84	18,34,80.01	11,10,68.72
<b>Deferred tax assets</b>	32,12.72	29,50.77	30,36.86
<b>Current assets, loans and advances</b>			
Sundry debtors	1,55,06.37	97,98.07	99,43.05
Unbilled receivables	30,81.71	30,54.46	32,69.77
Cash and bank balances	22,32.55	91.34	11,84.03
Loans and advances	8,65,24.34	1,78,80.27	8,87,07.03
<b>Less: Current liabilities and provisions</b>			
Current liabilities	79,16.56	73,11.18	65,39.28
Provisions	55,81.53	23,48.03	28,59.29
<b>Net current assets</b>	9,38,46.88	2,11,64.93	9,37,05.31
<b>Amalgamation deficit adjustment account</b>	1,13,67.21	1,13,67.21	1,13,67.21
	<b>23,06,48.46</b>	<b>23,18,17.24</b>	<b>23,09,05.54</b>

**By order of the Board**  
For Firstsource Solutions Limited

Mumbai, India  
October 27, 2010

**A.M.Vallance**  
Managing Director and CEO