

# 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<br>September 30, |                   | Six months ended<br>September 30, |                   | Year ended<br>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<br>September 30, |            | Six months ended<br>September 30, |            | Year ended<br>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 fulfilment 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<br>September 30, |                   | Six months ended<br>September 30, |                   | Year ended<br>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        | 1,23,18.98              |
| b) USA and Canada                                           |                                |                   | 1,57,92.30                        | 1,61,11.26        | 1,61,85.72              |
| c) India                                                    |                                |                   | 58,50.56                          | 46,06.24          | 40,40.94                |
| d) Rest of the world                                        |                                |                   | 5,46.29                           | 2,29.34           | 2,90.55                 |
|                                                             |                                |                   | <b>3,83,61.48</b>                 | <b>3,10,53.37</b> | <b>3,28,36.19</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

  
A.M. Vallance  
Managing Director and CEO

Mumbai, India  
October 27, 2010

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

**To the Board of Directors of  
Firstsource Solutions Limited**

We have audited the consolidated quarterly financial results of Firstsource Solutions Limited ('the Company') for the quarter ended 30 September 2010 and the consolidated year to date financial results for the period from 1 April 2010 to 30 September 2010, attached herewith, being submitted by the Company pursuant to the requirements of Clause 41 of the Listing Agreement except for the disclosure 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. These consolidated quarterly financial results as well as the consolidated year to date financial results have been prepared from the consolidated interim financial statements, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial results based on our audit of such consolidated interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25 'Interim Financial Reporting', prescribed by the Companies (Accounting Standards) Rules, 2006 as per section 211(3C) of the Companies Act, 1956, accounting standards issued by the Institute of Chartered Accountants of India and other accounting principles generally accepted in India.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of 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.

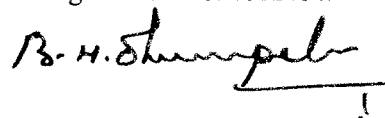
- 1) Without qualifying we draw attention to Note 3 of the financial results that describes the adoption by the Company of Accounting Standard (AS) 30, Financial Instruments: Recognition and Measurements, read with AS-31, Financial Instruments – Presentation, as applicable, along with prescribed limited 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 Council for Accounting Standards (NACAS) pursuant to the Companies (Accounting Standards) Rules, 2006 as per Section 211(3C) of the Companies Act, 1956. Had the Company not early adopted AS 30 and the related limited revisions, consolidated profit after taxation for the quarter and six months ended 30 September 2010 would have been higher by Rs 304 lacs and Rs 626 lacs respectively.



**Auditors' Report (*Continued*)**  
**Firstsource Solutions Limited**

- 2) In our opinion and to the best of our information and according to the explanations given to us, read with paragraph 1 above, these consolidated quarterly financial results as well as consolidated year to date results:
- i. include the quarterly and year to date financial results of the following entities:
    - a. Firstsource Solutions Limited
    - b. Firstsource Group USA, Inc.
    - c. Firstsource Solutions Limited, UK
    - d. Firstsource Solutions S.A.
    - e. Firstsource Advantage LLC
    - f. RevIT Systems Private Limited
    - g. Firstsource Business Process Services, LLC
    - h. Pipal Research Corporation
    - i. Pipal Research Analytics and Information Services India Private Limited
    - j. MedAssist Holding, Inc
    - k. Firstsource Solutions USA LLC
    - l. Firstsource Financial Solutions, LLC
  - ii. have been 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 results and other financial information for the quarter ended 30 September 2010 as well as consolidated year to date financial results for the period from 1 April 2010 to 30 September 2010.
- 3) Further, we also report that we have, on the basis of the books of account and other records and information and explanations given to us by the management, also verified the consolidated number of shares as well as percentage of shareholdings in respect of aggregate amount of consolidated 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.**  
*Chartered Accountants*  
Firm's Registration No: 101248W



**Bhavesh Dhupelia**  
*Partner*  
Membership No: 042070

Mumbai  
27 October 2010

# 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<br>September 30, |                   | Six months ended<br>September 30, |                   | Year ended<br>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          | 52,43.80                |
| <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, 309,000 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>                             | <b>1,00,59.81</b>   | <b>1,28,54.32</b>  | <b>1,17,27.44</b>  |
| <b>Investments</b>                              | <b>11,21,61.84</b>  | <b>18,34,80.01</b> | <b>11,10,68.72</b> |
| <b>Deferred tax assets</b>                      | <b>32,12.72</b>     | <b>29,50.77</b>    | <b>30,36.86</b>    |
| <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>                       | <b>9,38,46.88</b>   | <b>2,11,64.93</b>  | <b>9,37,05.31</b>  |
| <b>Amalgamation deficit adjustment account</b>  | <b>1,13,67.21</b>   | <b>1,13,67.21</b>  | <b>1,13,67.21</b>  |
|                                                 | <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

A.M. Vallance  
Managing Director and CEO

**Auditors' Report on Quarterly Financial Results and Year to Date Results of Firstsource Solutions Limited Pursuant to Clause 41 of the Listing Agreement****To the Board of Directors of  
Firstsource Solutions Limited**

We have audited the quarterly financial results of Firstsource Solutions Limited ('the Company') for the quarter ended 30 September 2010 and the year to date results for the period from 1 April 2010 to 30 September 2010, attached herewith, being submitted by the Company pursuant to the requirements of Clause 41 of the Listing Agreement except for the disclosure 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. These quarterly financial results as well as the year to date financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, which have been prepared in accordance with recognition and measurement principles laid down in Accounting Standard (AS) 25 'Interim Financial Reporting', prescribed by the Companies (Accounting Standard) Rules, 2006 as per section 211(3C) of the Companies Act, 1956, accounting standards issued by the Institute of Chartered Accountants of India and other accounting principles generally accepted in India.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of 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.

1. Without qualifying we draw attention to Note 2 of the financial results that describes the adoption by the Company of Accounting Standard (AS) 30, Financial Instruments: Recognition and Measurements, read with AS-31, Financial Instruments – Presentation, as applicable, 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 Council for Accounting Standards (NACAS) pursuant to the Companies (Accounting Standards) Rules, 2006 as per Section 211(3C) of the Companies Act, 1956. Had the Company not early adopted AS 30 and the related limited revisions, profit after taxation for the quarter and six months ended 30 September 2010 would have been higher by Rs 308 lacs and Rs 630 lacs respectively.



**Auditors' Report (Continued)**  
**Firstsource Solutions Limited**

2. In our opinion and to the best of our information and according to the explanations given to us, read with paragraph 1, these quarterly financial results as well as the year to date 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 profit and other financial information for the quarter ended 30 September 2010 as well as the year to date results for the period from 1 April 2010 to 30 September 2010.
3. 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, also 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.**  
*Chartered Accountants*  
Firm's Registration No: 101248W

*B. n. Dhupelia*

**Bhavesh Dhupelia**  
*Partner*

Membership No: 042070

Mumbai  
27 October 2010