

SHELESH SINGHVI & CO.

CHARTERED ACCOUNTANTS

Mumbai Office: E-702, DHEERAJ JAMUNA CO OPERATIVE HOUSING SOCIETY, CHINCHOLI BUNDER
ROAD, MALAD (WEST),
MUMBAI (TEL: 9322676819, 9773756991)

To,

The Board of Directors,

Firstsource Solutions Limited,

Mumbai

We have reviewed the attached balance sheet of **Firstsource Group USA, Inc** ("the Company") as at March 31st, 2014 and the Profit & Loss account for the year ended on that date annexed there to. These financial statements are the responsibility of the Company's management. These financials are prepared to comply with requirements of section 212 of Companies Act, 1956.

We conducted our review in accordance with the Standard of Review Engagements (SRE) 2400, engagements to review Financial Statements issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements read with the notes thereon are in conformity with the accounting principles generally accepted in India:

- i) in the case of Balance sheet, of the state of affairs of the Company as at 31st March; 2014.
- ii) in the case of the Profit & Loss account, of the loss of the Company for the year ended on that date.

For Shelesh Singhvi & Co.

Chartered Accountants

Firm Registration No.14792C

Praveena Jain

PRAVEENA JAIN

Partner

Membership No: 402256

Place: Mumbai

Date: 2nd May, 2014



Firstsource Group USA, Inc.
Balance Sheet
as at 31 March 2014

	Note	Amount in Rupees	Amount in Rupees	Amount in USD	Amount in USD
		31 March 2014	31 March 2013	31 March 2014	31 March 2013
<u>EQUITY AND LIABILITIES</u>					
Shareholders' funds					
Share Capital	3	13,090,409	13,090,409	218,483	218,483
Reserves and Surplus	4	12,332,506,256	12,639,154,382	205,833,368	210,951,421
		12,345,596,665	12,652,244,791	206,051,851	211,169,904
Non-current liabilities					
Long-term borrowings	5	5,392,350,000	8,088,525,000	90,000,000	135,000,000
Deferred tax liabilities, net	6	691,556,076	725,347,857	11,542,287	12,106,282
Long-term provisions	7	7,869,724	2,943,302	131,348	49,125
		6,091,775,800	8,816,816,159	101,673,635	147,155,407
Current liabilities					
Short term borrowings	8	2,004,185,597	354,067,693	33,450,481	5,909,500
Trade payables	9	17,064,858	71,482,317	284,818	1,193,062
Other current liabilities	10	2,833,931,031	2,823,252,770	47,299,190	47,120,968
Short-term provisions	11	9,984,047	6,307,527	166,637	105,275
		4,865,165,533	3,255,110,307	81,201,126	54,328,805
		23,302,537,998	24,724,171,257	388,926,612	412,654,116
<u>ASSETS</u>					
Non current assets					
Fixed assets					
Tangible assets	12	8,418,368	7,721,630	140,505	128,876
Intangible assets		654,329	2,479,199	10,921	41,379
		9,072,697	10,200,829	151,426	170,255
Non-current investments					
Long-term loans and advances	13	22,504,470,877	22,504,470,877	375,606,624	375,606,624
	14	186,471,870	463,766,339	3,112,274	7,740,404
		22,690,942,747	22,968,237,216	378,718,898	383,347,028
Current assets					
Trade receivables	15	26,909,826	193,201,863	449,133	3,224,601
Cash and cash equivalents	16	163,960,277	195,588,963	2,736,548	3,264,441
Short-term loans and Advances	17	290,992,652	1,249,873,981	4,856,757	20,860,786
Other current assets	18	120,659,799	107,068,405	2,013,850	1,787,005
		602,522,554	1,745,733,212	10,056,288	29,136,833
		23,302,537,998	24,724,171,257	388,926,612	412,654,116

Significant accounting policies 2
The accompanying notes from 1 to 32 form an integral part of the financial statement.

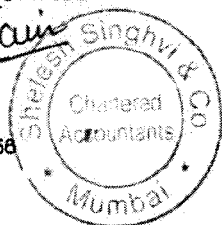
As per our report of even date attached.

For SHELESH SINGHVI & CO.
Chartered Accountants
Firm's Registration No: 014792C

Praveena Jain

Praveena Jain
Partner
Membership No: 402258

Mumbai
02 May 2014



For and on behalf of the Board of Directors

Rajesh Subramaniam
Director

Donald Layden
Director

Venkat Raman
Director

K Venkat Raman

Firstsource Group USA, Inc.
Statement of profit and loss
for the year ended 31 March 2014

		Amount in Rupees	Amount in Rupees	Amount in USD	Amount in USD
	Note	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Income					
Revenue from operations	19	1,945,733,259	2,147,871,227	32,474,894	35,848,639
Other Income	20	2,668,863	214,235,462	44,544	3,575,656
		1,948,402,122	2,362,106,689	32,519,438	39,424,295
Expenses					
Cost of sales		773,159,417	985,332,720	12,904,271	16,445,510
Employee benefits expense	21	996,769,825	876,290,614	16,636,399	14,625,563
Finance cost	22	214,394,563	111,789,902	3,578,312	1,865,808
Depreciation and amortisation	12	6,152,806	69,553,905	102,692	1,160,876
Other expenses	23	287,865,549	355,277,567	4,804,565	5,929,697
		2,278,342,160	2,398,244,708	38,026,239	40,027,454
(Loss) / Profit before taxation		(329,940,038)	(36,138,019)	(5,506,801)	(603,159)
Provision for Tax					
Current tax		10,499,864	22,405,390	175,246	373,953
Deferred tax		(33,791,716)	162,946,991	(563,994)	2,719,636
(Loss) / Profit after taxation		(306,648,186)	(221,490,400)	(5,118,053)	(3,696,748)
Earnings per share					
Weighted average number of equity shares outstanding during the year					
Basic and diluted		218,483	218,483	218,483	218,483
Nominal Value Per Share		59.92	59.92	1	1
Earning per share					
Basic and diluted		(1,403.53)	(1,013.76)	(23.43)	(16.92)

Significant accounting policies 2

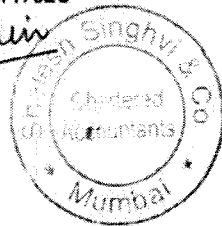
The accompanying notes from 1 to 32 form an integral part of the financial statement.

As per our report of even date attached.

For SHELESH SINGHVI & CO.
Chartered Accountants
Firm's Registration No: 014792C

Praveena Jain
Praveena Jain
Partner
Membership No: 402256

Mumbai
02 May 2014



For and on behalf of the Board of Directors

Rajesh Subramaniam
Rajesh Subramaniam
Director

Donald Layden
Director

Venkat Raman
Venkat Raman
Director

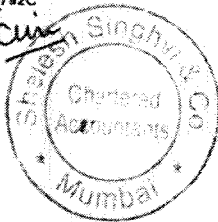
Firstsource Group USA, Inc
Cash flow statement
for the year ended 31 March 2014

	Amount in Rupees 31 March 2014	Amount in Rupees 31 March 2013	Amount in USD 31 March 2014	Amount in USD 31 March 2013
Cash flow from operating activities				
Net (loss) / profit before tax	(329,939,978)	(36,138,297)	(5,506,881)	(603,159)
Adjustments for				
Depreciation and amortization	6,152,806	69,553,905	102,692	1,160,876
Provision for doubtful debts / (written interest costs	214,394,563	111,789,902	3,578,312	1,865,808
Interest and dividend income	(2,700,849)	(211,817,989)	(45,075)	(3,531,970)
(Profit)/ loss on sale on fixed assets	20,251	-	338	-
Operating cash flow before changes in	(112,073,087)	(67,150,705)	(1,876,534)	(1,120,766)
Changes in working capital				
(Increase) / Decrease in trade receivables	166,291,775	50,151,593	2,775,462	837,046
other assets	1,222,584,423	(113,626,799)	20,405,316	(1,894,798)
Increase / (Decrease) in liabilities and	(42,180,318)	(364,546,327)	(704,083)	(6,084,392)
Net changes in working capital	1,346,695,880	(427,921,532)	22,476,774	(7,142,144)
Income taxes Paid	(6,823,331)	12,895,957	(113,884)	215,238
Net cash generated from operating	1,227,799,542	(482,176,280)	20,492,356	(8,047,672)
Cash flow from investing activities				
Interest and dividend income received	2,700,649	211,817,989	45,075	3,531,970
Capital expenditure	(5,044,829)	(6,394,549)	(84,201)	(108,727)
Net cash used in investing activities (B)	(2,344,280)	205,223,440	(39,126)	3,425,243
Cash flow from financing activities				
Repayment of loans	(2,596,175,000)	-	(45,000,000)	-
Interest paid	(211,026,853)	(111,789,902)	(3,522,104)	(1,865,808)
Proceeds from loan	1,650,117,905	354,067,664	27,540,981	5,909,600
Net cash used in financing activities (C)	(1,267,083,948)	242,277,762	(20,981,123)	4,043,692
Net increase in cash and cash equivalents (A+B+C)	(31,628,686)	(34,675,048)	(527,893)	(578,737)
Cash and cash equivalents at the beginning of the year	195,588,963	230,264,011	3,264,441	3,843,178
Cash and cash equivalents at the end of the year	163,960,277	195,588,963	2,736,548	3,264,441

* Refer note 18 for components of cash and cash equivalents.
As per our report of even date attached.

For SHELESH SINGHVI & CO.
Chartered Accountants
Firm's Registration No: 014792C

Praveena Jain
Praveena Jain
Partner
Membership No: 402256
Mumbai
02 May 2014



For and on behalf of the Board of Directors

Rajesh Subramaniam
Rajesh Subramaniam
Director

Donald Laydon
Director

Venkat Raman
Venkat Raman
Director

Firstsource Group USA, Inc.

Notes to the accounts

for the year ended at 31 March 2014

1 Background

Firstsource Group USA Inc. ('the Company') was incorporated under the laws of the State of Delaware on 25 November 2009. The Company provides contact centre and transaction processing services for customers in the financial services, telecommunications and healthcare industry. The Company is a wholly owned subsidiary of Firstsource Solutions Limited ('FSL') incorporated under the laws of India. On 31 March 2010, Firstsource Solutions USA Inc (erstwhile subsidiary of FSL) was merged with the Company.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements of Firstsource Solutions USA, Inc. ('the Company') have been prepared under the historical cost convention, on accrual basis of accounting principles generally accepted in India. The Balance Sheet and Statement of Profit and Loss of the Company has been drawn up in the country of its incorporation (United States of America) in the terms of United State Dollars ('USD'). However, for the purpose of compliance with the requirements of Section 212 of the Act, amounts in these financial statements have been translated into Indian rupees at the closing rate on 31 March 2014 which is 1 USD = Rs 59.915. No representation is made that USD amounts have been, could have been or could be converted into Indian rupees at such a rate.

2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities on the date of the financial statements and the reported amount of income and expenses for the year. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

2.3 Revenue recognition

Revenue from contact centre and transaction processing services comprises from both time/unit price and fixed fee based service contracts. Revenue from time/ unit price based contracts is recognized on completion of the related services and is billed in accordance with the contractual terms specified in the respective customer contracts. Revenue from fixed fee based service contracts is recognized on achievement of performance milestones specified in the customer contracts.

Unbilled receivables represent costs incurred and revenues recognized on contracts to be billed in subsequent periods as per the terms of the contract.

Dividend income is recognized when the right to receive dividend is established.

Interest income is recognized using the time proportion method, based on the underlying interest rates.

Firstsource Group USA, Inc.

Notes to the accounts

for the year ended at 31 March 2014

2 Significant accounting policies (Continued)

2.4 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to acquisition and installation of the fixed assets. Depreciation on fixed assets is provided, using the straight line basis, pro rata to the period of use based on management's best estimate of useful lives of the assets (which are shorter than those prescribed under the Companies Act, 1956) as summarized below:

Asset	Useful life (in years)
<i>Intangible</i>	
Software	3 - 4
Goodwill on aquired asset	5 or estimate useful life which ever is shorter
<i>Tangible</i>	
Leasehold improvements	5 or Lease term which ever is shorter
Computers	3 - 4
Furniture & Fixtures	3 - 5
Networks/Service Equipments	3 - 5
Office Equipments	3 - 5

Software purchased together with the related hardware is capitalized and depreciated at the rates applicable to related assets.

Individual assets costing upto Rs. 5,000 are depreciated in full in the year of purchase.

2.5 Impairment of assets

a) Financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss. The amount of loss for short-term receivables is measured as the difference between the assets carrying amount and undiscounted amount of future cash flows. Reduction, if any, is recognized in the statement of profit and loss. If at the balance sheet date there is any indication that a previously assessed impairment loss no longer exists, the recognized impairment loss is reversed, subject to maximum of initial carrying amount of the short-term receivable.

b) Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that a non financial asset including goodwill may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

Firstsource Group USA, Inc.

Notes to the accounts

for the year ended at 31 March 2014

2 Significant accounting policies (Continued)

2.6 Foreign currency transactions

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Net exchange gain or loss resulting in respect of foreign exchange transactions settled during the period is, recognized in the statement of profit and loss. Foreign currency denominated assets and liabilities, other than fixed assets, at year end are translated at the year end exchange rates and the resulting net gain or loss is recognized in the statement of profit and loss. Non Monetary assets are carried at historical cost.

2.7 Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. The tax liability of all the subsidiaries of the company are computed on a consolidated basis and the liability for the same is recognized in this company.

2.8 Provisions and Contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

Firstsource Group USA, Inc.

Notes to the accounts

for the year ended at 31 March 2014

2 Significant accounting policies (Continued)

2.9 Leases

Operating lease

Lease rentals in respect of assets acquired under operating lease are charged off to the statement of profit and loss as incurred.

2.10 Retirement benefits

Contributions payable to the social security, medicare and other employee related contributions as required under the State of Delaware Law are charged to the statement of profit and loss.

2.11 Investments

Investments are classified into Non-current investments and current investments. Investments which are intended to be held for one year or more are classified as Non-current investments and investments which are intended to be held for less than one year are classified as current investments.

Non-current investments are carried at cost less other than any temporary diminution in value, determined separately for each investment.

Current investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment. In case of investments in mutual funds, the net asset value of units declared by the mutual funds is considered as the fair value.

Firstsource Group USA, Inc

Notes to the accounts
as at 31 March 2014

	Amount in Rupees 31 March 2014	Amount in Rupees 31 March 2013	Amount in USD 31 March 2014	Amount in USD 31 March 2013
3 Share capital				
Authorised Share Capital				
218,483 common stock (31 March 2013: 218,483 common stock) fully paid-up common stock of USD 1 each	13,090,409	13,090,409	218,483	218,483
Issued, subscribed and paid up				
218,483 common stock (31 March 2013: 218,483 common stock) fully paid-up common stock of USD 1 each	13,090,409	13,090,409	218,483	218,483
	13,090,409	13,090,409	218,483	218,483

a. Reconciliation of number of common stock outstanding

	31 March 2014			31 March 2013		
	No. of common stock	Amount in Rupees	Amount in USD	No. of common stock	Amount in Rupees	Amount in USD
At the commencement of the year	218,483	13,090,409	218,483	218,483	13,090,409	218,483
At the end of the year	218,483	13,090,409	218,483	218,483	13,090,409	218,483

b. Details of common stock holding more than 5% common stock in the Company

	31 March 2014		31 March 2013	
	No. of common stock	% of holding	No. of common stock	% of holding
Firstsource Solutions Ltd.	218,483	100	218,483	100

c. Rights & Restriction attached to equity shares

The Company has a single class of common stock. Accordingly, all common stock rank equally with regard to dividends and share in the Company's residual assets. The common stock are entitled to receive dividend as declared from time to time. The voting rights of common stockholders are in proportion to its share in the paid-up common stock capital of the Company. On winding up of the Company, the holders of common stock will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of common stock held.

Firstsource Group USA, Inc

Notes to the accounts
as at 31 March 2014

4 Reserves and surplus	Amount in Rupees	Amount in Rupees	Amount in USD	Amount in USD
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Statement of Profit and Loss				
At the commencement of the year	12,639,154,382	12,860,645,060	210,951,421	214,648,169
Add : (Loss) / Profit for the year	(306,648,126)	(221,490,678)	(5,118,053)	(3,696,748)
At the end of the year	12,332,506,256	12,639,154,382	205,833,368	210,951,421
	12,332,506,256	12,639,154,382	205,833,368	210,951,421
5 Long term borrowings				
Secured				
Term Loan - from banks				
Term Loan	5,392,350,000	8,088,525,000	90,000,000	135,000,000
(The term loan carries interest at an average rate of LIBOR + 455 bps. The Loan is repayable from June 2013 upto March 2017 in 16 Quarterly installments. The loan is secured against pari passu charge on all current assets, non current assets and fixed assets of the group except assets of Anunta and FDS)				
	5,392,350,000	8,088,525,000	90,000,000	135,000,000
6 Deferred tax liabilities, net				
On carry forward losses	(838,622,687)	(540,253,933)	(13,996,874)	(9,017,006)
On depreciation	(29,331,173)	(313,040,075)	(489,546)	(5,224,736)
On accrued expenses	(98,096,870)	(16,871,574)	(1,637,267)	(281,592)
Deferred tax assets	(966,050,730)	(870,165,582)	(16,123,687)	(14,523,334)
On goodwill and other amortization	1,657,606,806	1,595,513,439	27,665,974	26,629,616
Deferred tax liability	1,657,606,806	1,595,513,439	27,665,974	26,629,616
Deferred tax liabilities, net	691,556,076	725,347,857	11,542,287	12,106,282

Firstsource Group USA, Inc

Notes to the accounts

as at 31 March 2014

	Amount in Rupees	Amount in Rupees	Amount in USD	Amount in USD
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
7 Long-term provisions				
Provision for employee benefits				
Compensated absences	7,869,724	2,943,302	131,348	49,125
	7,869,724	2,943,302	131,348	49,125
8 Short term borrowings				
Related party				
Loan from Firstsource Solutions UK Ltd	2,004,185,597	354,067,693	33,450,481	5,909,500
	2,004,185,597	354,067,693	33,450,481	5,909,500
9 Trade payables				
Trade payables for expenses and services	17,064,858	71,482,317	284,818	1,193,062
	17,064,858	71,482,317	284,818	1,193,062
10 Other current liabilities				
Others than related parties				
Accured interest	103,412,392	106,779,923	1,725,985	1,782,190
Current Maturities of Long Term Loan	2,696,175,000	2,696,175,000	45,000,000	45,000,000
Book credit in bank account	113,560	16,506,586	1,895	275,500
Statutory Dues	2,399,069	2,996,806	40,041	50,018
Employee related dues	31,831,010	794,455	531,269	13,260
	2,833,931,031	2,823,252,770	47,299,190	47,120,968
11 Short-term provisions				
Provision for tax, net of advance tax	9,984,047	6,307,527	166,637	105,275
	9,984,047	6,307,527	166,637	105,275

Firstsource Group USA, Inc

Notes to the accounts
as at 31 March 2014

12) Fixed Assets

	Tangible Assets					Intangible assets				Grand Total
	Computers	Service equipments	Office furniture and equipment	Leasehold improvements	Total	Goodwill	Software	Total		
Gross Block (INR)										
As at 1 April 2013	62,227,580	58,984,283	47,226,806	143,654,286	312,092,955	144,262,217	18,097,721	162,359,938	474,452,893	
Additions during the year	2,744,791	2,300,138	-	-	5,044,929	-	-	-	5,044,929	
Deletions during the year	4,333,065	6,808,509	10,076,272	3,830,775	25,048,621	144,262,217	1,735,434	145,997,651	171,046,272	
As at 31 March 2014	60,639,306	54,475,912	37,150,534	139,823,511	292,089,263	-	16,362,287	16,362,287	308,451,550	
Accumulated depreciation / amortization (INR)										
As at 1 April 2013	58,570,649	56,286,226	46,269,003	143,245,447	304,371,325	144,241,962	15,638,777	159,880,739	464,252,064	
Charge for the year	1,749,455	2,014,213	366,612	217,911	4,348,191	-	1,804,615	1,804,615	6,152,806	
On deletions during the year	4,333,065	6,808,509	10,076,272	3,830,775	25,048,621	144,241,962	1,735,434	145,977,396	171,026,017	
As at 31 March 2014	55,987,039	51,491,930	36,559,343	139,632,583	283,670,895	-	15,707,958	15,707,958	299,378,853	
Net Block (INR)										
As at 31 March 2014	4,652,267	2,983,982	591,191	190,928	8,418,368	-	654,329	654,329	9,072,697	
As at 31 March 2013	3,656,931	638,531	3,017,329	408,839	7,721,630	20,255	2,458,944	2,479,199	10,200,829	
Net Block (USD)										
As at 31 March 2014	77,648	49,804	9,867	3,187	140,505	-	10,921	10,921	151,426	
As at 31 March 2013	61,035	10,657	50,360	6,824	128,876	338	41,041	41,379	170,255	

Firstsource Group USA, Inc

Notes to the accounts
as at 31 March 2014

	Amount in Rupees	Amount in Rupees	Amount in USD	Amount in USD
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
13 Non-Current investments				
<i>Trade</i>				
Investments in subsidiaries (Unquoted)				
Investment in MedAssist Holding Inc.- 992 voting common stock (31)	20,761,663,357	20,761,663,357	346,518,624	346,518,624
Investment in Firstsource Business Process Services	1,742,807,520	1,742,807,520	29,088,000	29,088,000
	22,504,470,877	22,504,470,877	375,606,624	375,606,624
14 Long term loans and advances				
<i>(Unsecured, considered good)</i>				
Loan to related party				
Loan to Twin Lakes Property LLC - I	-	132,897,660	-	2,218,103
Loan to Twin Lakes Property LLC - II	-	79,139,754	-	1,320,867
Other loans and advances				
Prepaid expenses	186,471,870	251,728,925	3,112,274	4,201,434
	186,471,870	463,766,339	3,112,274	7,740,404
15 Trade receivables				
<i>(Unsecured)</i>				
Receivables outstanding for a period exceeding six months from the date they are due for payment				
- considered good				
- consic	-	738,226	-	12,321
	-	738,226	-	12,321
Less: Provision for doubtful debts	-	738,226	-	12,321
	-	-	-	-
Others debts				
- considered good	26,909,826	193,201,863	449,133	3,224,601
- consic	-	-	-	-
	26,909,826	193,201,863	449,133	3,224,601
Less: Provision for doubtful debts	-	-	-	-
	26,909,826	193,201,863	449,133	3,224,601
16 Cash and cash equivalents				
Cash in hand	-	-	-	-
Balances with banks				
- in current accounts	163,960,277	195,588,963	2,736,548	3,264,441
	163,960,277	195,588,963	2,736,548	3,264,441

Firstsource Group USA, Inc

Notes to the accounts
as at 31 March 2014

	Amount in Rupees	Amount in Rupees	Amount in USD	Amount in USD
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
17 Short term loans and advances <i>(Unsecured, considered good)</i>				
Related party				
Advances to group companies, net	199,385,760	1,158,847,826	3,327,808	19,341,531
Loan to Twin Lakes Property LLC - I	-	5,913,604	-	98,700
Loan to Twin Lakes Property LLC - II	-	5,678,241	-	94,772
Others				
Prepaid expenses	87,467,438	77,738,407	1,459,859	1,297,478
Advance for Expense	1,224,023	-	20,429	-
Recoverable from Employees	2,915,431	1,695,903	48,661	28,305
	290,992,652	1,249,873,981	4,856,757	20,860,786
18 Other current assets				
Unbilled receivables	120,659,799	107,068,405	2,013,850	1,787,005
	120,659,799	107,068,405	2,013,850	1,787,005

Firstsource Group USA, Inc

Notes to the accounts

as at 31 March 2014

	Amount in Rupees	Amount in Rupees	Amount in USD	Amount in USD
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
19 Revenue from Operations				
Sale of services	1,945,733,259	2,147,871,227	32,474,894	35,848,639
	1,945,733,259	2,147,871,227	32,474,894	35,848,639
20 Other Income				
Interest income	2,700,649	19,889,929	45,075	331,969
Miscellaneous income	-	2,861,721	-	47,763
Dividend from Medassist Holding Inc.	-	191,728,000	-	3,200,000
Foreign exchange Gain / (loss), (net)	(31,786)	(244,188)	(531)	(4,076)
	2,668,863	214,235,462	44,544	3,575,656
21 Employee benefits expense				
Salaries and wages	923,415,906	785,078,899	15,412,099	13,103,211
Contribution to provident and other fund	2,834,610	1,058,417	47,311	17,665
Staff welfare expenses	70,519,309	90,153,298	1,176,989	1,504,687
	996,769,825	876,290,614	16,636,399	14,625,563
22 Finance cost				
Interest expense	199,889,842	129,964,330	3,336,224	2,169,145
Foreign exchange (Gain) / loss	14,504,721	(18,174,428)	242,088	(303,337)
	214,394,563	111,789,902	3,578,312	1,865,808
23 Other expenses				
Rent	28,446,229	71,974,592	474,776	1,201,279
Rates and taxes	950,265	(8,518,438)	15,860	(142,175)
Bank administration charges	5,147,266	59,420,274	85,909	991,743
Insurance	11,537,791	2,450,997	192,569	40,908
Travelling and conveyance	24,415,293	20,076,019	407,499	335,075
Legal and professional fees	39,506,951	38,466,180	659,383	642,013
Service charge	58,417	179,538	975	2,997
Marketing and support services	5,105,363	3,308,868	85,210	55,226
Communication expenses	8,116,690	7,555,015	135,470	126,096
Membership fees	143,765	528,199	2,399	8,816
Computer expenses	2,758,282	1,809,208	46,037	30,196
Recruitment expenses/training expenses	6,699,199	21,839,473	111,812	364,508
Printing and stationery	4,731,417	5,237,840	78,969	87,421
Miscellaneous expenses	1,891	(26,674)	32	(445)
Car hire and other hire charges	1,894,497	745,388	31,620	12,441
Upkeep and maintenance charges	20,882,718	12,369,727	348,539	206,455
Bad debts written off / provision for doubtful ac	-	(738,226)	-	(12,321)
Software expenses	535,094	91,973	8,931	1,535
Common corporate costs	126,914,170	118,507,614	2,118,237	1,977,929
Fixed Assets Written-off	20,251	-	338	-
	287,865,549	355,277,567	4,804,565	5,929,697

Firstsource Group USA, Inc.

Notes to the accounts as at 31 March 2014

24. Leases

Operating Lease

The Company has taken office facilities under non-cancelable operating leases. The Company intends to renew such leases in the normal course of its business. Rental expenses under non-cancelable operating leases aggregating to Rs. 9,908,743 equivalent to USD 165,380 (Previous year: Rs. 25,071,120 equivalent to USD 418,445) have been debited to the profit and loss account.

The future minimum lease payments in respect of non-cancelable operating leases are as follows:

	Amount in Rupees		Amount in USD	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Amount due within one year from the balance sheet date	19,598,700	20,470,978	327,108	341,667
Amount due in the period between one year and five years	-	19,598,700	-	327,108
Amount due after the period of five years				
	<u>19,598,700</u>	<u>40,069,678</u>	<u>327,108</u>	<u>668,775</u>

Rental expenses under non-cancelable operating leases aggregating to Rs. 18,537,461 equivalent to USD 309,396 (Previous year: Rs. 46,903,511 equivalent to USD 782,834) have been debited to the profit and loss account.

25. Transfer pricing

The Company's management is of the opinion that its international transactions with related parties are at arms length and that the Company is in compliance with the transfer pricing legislation. Accordingly, the company's management believes that the transfer pricing legislation will not have any impact on the financial statements for the year ended 31 March 2014, particularly on the amount of tax expense and that of the provision for taxation.

26. Capital commitments

The Company has no capital commitments as at the balance sheet date (31 March 2013: Nil).

Firstsource Group USA, Inc.

Notes to the accounts as at 31 March 2014

27. Supplementary statutory information (accrual basis)

	31 March 2014	31 March 2013
i) <i>Expenditure in foreign currency</i>		
Repairs and maintenance	-	3,863.10

28. Contingent liabilities

The Company has no contingent liabilities as at the balance sheet date (31 March 2013: Nil).

29. Related Party Transactions

Details of related parties including summary of transactions entered into during the year ended 31 March 2014 are summarized below:

Holding Company	• Firstsource Solutions Ltd
Parties with substantial interests	• RevIT Systems Private Ltd
	• Firstsource Advantage LLC
	• Firstsource Solutions USA LLC
	• Firstsource Solution UK Limited
	• Anunta Tech Infrastructure Services Limited
	• Firstsource BPO Ireland Limited
	• Firstsource Dialog Solutions (Private) Ltd
	• Twin Lake Property I LLC*
	• Twin Lake Property II LLC*
Subsidiary	• Firstsource Business Process Services LLC
	• MedAssist Holding, Inc.,

* Dissolved during the year.

Firstsource Group USA, Inc.

Notes to the accounts
as at 31 March 2014

Related Party Transactions (continued)

Particulars of related party transactions during the year ended 31 March 2014

Name of the related party	Description	Transaction value during the year ended (In Rupees)		Transaction value during the year ended (In USD)		Receivable / Payable (In Rupees)		Receivable / (Payable) (In USD)	
		2014	2013	2014	2013	2014	2013	2014	2013
Firstsource Solutions Ltd	Receipt of services	795,049,762	1,339,645,477	13,269,628	22,359,100	(366,711,195)	(4,406,688)	(6,120,524)	(73,549)
	Recovery of expenses	14,306,564	15,714,866	238,781	262,286	-	12,679,991	-	211,633
	Reimbursement of expenses	46,133,531	15,800,724	769,983	263,719	(35,298,623)	11,487,803	(589,145)	191,735
	Parantel Guarantee	79,087,800	86,115,350	1,320,000	1,437,292	(79,087,800)	86,115,350	(1,320,000)	1,437,292
	Advance received	-	162,673,179	-	2,715,066	-	(162,673,179)	-	(2,715,066)
	Issue of shares	-	-	-	-	11,590,000,020	11,590,000,020	193,440,708	193,440,708
Firstsource Transaction Services	Recovery of Expenses (Net of Expense Reimbursement)	289,874,043	120,827,944	4,838,088	2,016,656	(280,160,982)	9,713,060	(4,675,974)	162,114
Firstsource Solution UK Limited	Recovery of Expenses	59,570,668	117,673	994,253	1,964	34,668,017	-	578,620	-
	Reimbursement of expenses	36,146,120	581,595	603,290	9,707	(11,725,066)	481,657	(195,695)	8,039
	Loan	1,650,117,817	479,889,193	27,540,980	8,009,500	(2,004,185,569)	354,067,693	(33,450,481)	5,909,500
Firstsource Advantage LLC	Recovery of Expenses (Net of Expense Reimbursement)	4,939,992	58,898,302	82,450	983,031	(148,261,225)	56,415,724	(2,474,526)	941,596

Firstsource Group USA, Inc.

Notes to the accounts
as at 31 March 2014

Name of the related party	Description	Transaction value during the year ended (In Rupees)		Transaction value during the year ended (In USD)		Receivable / Payable (In Rupees)		Receivable / Payable (In USD)	
		2014	2013	2014	2013	2014	2013	2014	2013
Twin Lake Property I LLC	Interest Income	1,714,048	12,077,726	28,608	201,581	-	-	-	-
	Repayment of loan	138,811,252	5,845,307	2,316,803	97,560	-	144,656,559	-	2,414,363
Twin Lake Property II LLC		986,620	7,812,197	16,467	130,388	-	-	-	-
	Interest Income	-	-	-	-	-	-	-	-
	Loan Given	84,818,011	111,569,579	1,415,639	1,862,131	-	84,818,011	-	1,415,639
	Repayment of Loan	-	26,751,568	-	446,492	-	-	-	-
Anunta Tech Infrastructure Services Ltd.	Recovery of Expenses	13,866,009	-	231,428	-	-	13,866,009	-	231,428
Medassist Holdings Inc	Dividend Received	-	191,728,000	-	3,200,000	-	-	-	-
	Recovery of Expenses (Net of Expense Reimbursement)	666,581,157	944,578,728	11,125,447	15,765,313	33,693,680	(89,579,156)	562,358	(1,495,104)
	Investment	-	-	-	-	20,761,663,357	20,761,663,357	346,518,624	346,518,624
Firstsource Business Process Services LLC	Investment	-	-	-	-	1,742,807,520	1,742,807,520	29,088,000	29,088,000
	Recovery of Expenses	-	-	-	-	1,052,268,092	1,052,268,092	17,562,682	17,562,682

Firstsource Group USA, Inc.

Notes to the accounts
as at 31 March 2014

30. Segmental Reporting

The company has no separate identifiable segment and in accordance with paragraph 4 of Accounting Standard 17 "Segment Reporting" prescribed in the companies (Accounting Standards) Rules, 2006, issued by the central government, the Company has presented segmental information in the consolidated financial statements (refer note 31 of the consolidated financial statements)

31. There are no Micro, Small and Medium Enterprises to whom the Company Owes dues, which are outstanding for more than 45 days during the year and also as at 31st March 2014. This information as required to be disclosed under the Micro, Small and Medium Enterprises Developments Act, 2006 has been determined to the extent such parties have been identified on the Basis of information available with the Company (refer note 38 of the consolidated financial statements).

32. Previous year's figures have been appropriately regrouped/ reclassified to conform to current year's presentation.

As per our report of even date attached

For SHELESH SINGHVI & CO.

Chartered Accountants

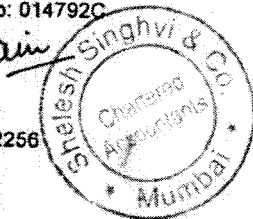
Firm's registration no: 014792C

Praveena Jain
Praveena Jain
Partner

Membership No: 402256

Mumbai

02 May 2014



For and on behalf of the Board of Directors

Rajesh Subramaniam
Rajesh Subramaniam
Director

Donald Layden
Director

Venkat Raman
Venkat Raman
Director