

# 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 Solutions U.K Limited** ("the Company") as at March 31<sup>st</sup>, 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 31<sup>st</sup> March; 2014.
- ii) in the case of the Profit & Loss account, of the profit 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: 2<sup>nd</sup> May, 2014



**FIRSTSOURCE SOLUTIONS UK LIMITED**
**BALANCE SHEET**

as at 31 March 2014

	Note	Amount in Rupees		Amount in GBP	
		31 March 2014	31 March 2013	31 March 2014	31 March 2013
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share capital	3	282,801,052	282,801,052	2,834,672	2,834,672
Reserves and surplus	4	1,234,022,381	845,497,363	12,369,292	8,474,890
		1,516,823,433	1,128,298,415	15,203,964	11,309,562
<b>Non-Current Liabilities</b>					
Long term borrowings	5	25,235,628	54,020,253	252,950	541,475
Other long term liabilities	6	399,060,000	598,590,000	4,000,000	6,000,000
		424,295,628	652,610,253	4,252,950	6,541,475
<b>Current Liabilities</b>					
Short term borrowings	7	1,797,565,770	1,975,945,590	18,018,000	19,806,000
Trade payable	8	259,659,564	270,811,539	2,602,712	2,714,494
Other current liabilities	9	677,599,786	602,111,408	6,791,958	6,035,298
Short-term provisions	10	118,095,231	15,700,656	1,183,734	157,376
		2,852,920,351	2,864,569,193	28,596,404	28,713,168
		4,794,039,412	4,645,477,861	48,053,318	46,564,205
<b>ASSETS</b>					
<b>Non-current assets</b>					
<b>Fixed assets</b>					
Tangible	11	232,653,896	326,008,176	2,332,019	3,267,761
Intangible		22,122,514	23,029,852	221,746	230,841
Capital work-in-progress		3,501,816	3,501,894	35,101	35,101
		258,278,226	352,539,922	2,588,866	3,533,703
Non-current investments	12	11,046,904	-	110,729	-
Deferred tax assets	13	30,370,860	29,579,824	304,424	296,495
<b>Current assets</b>					
Trade receivables	14	196,389,419	1,166,573,607	1,968,519	11,693,215
Cash and bank balances	15	925,348,814	153,894,777	9,275,285	1,542,573
Short-term loans and advances	16	2,134,549,869	646,850,906	21,395,779	6,483,746
Other current assets	17	1,238,055,320	2,296,038,825	12,409,716	23,014,473
		4,494,343,422	4,263,358,115	45,049,299	42,734,007
		4,794,039,412	4,645,477,861	48,053,318	46,564,205

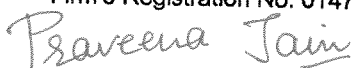
Significant accounting policies

2

The accompanying notes from 1 to 31 referred to above form an integral part of this financial statement.

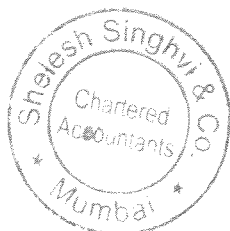
As per our report of even date attached.

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



 Praveena Jain  
 Partner

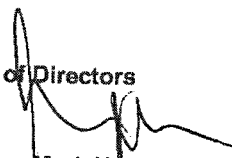
Membership No: 402256

 Mumbai  
 02 May 2014


For and on behalf of the Board of Directors

 Rajesh Subramaniam  
 Director

 Iain Regan  
 Director

  
 Mark Hooper  
 Director

 Charles Miller Smith  
 Director

**FIRSTSOURCE SOLUTIONS UK LIMITED**
**STATEMENT OF PROFIT AND LOSS**
*for the year ended 31 March 2014*

	Note	Amount in Rupees		Amount in GBP	
		For the year ended	For the year ended	For the year ended	For the year ended
		31 March 2014	31 March 2013	31 March 2014	31 March 2013
<b>Income</b>					
Revenue from operations		10,059,162,017	10,072,755,012	100,828,567	100,964,817
Other income	18	232,676,546	(128,766,281)	2,332,246	(223,596)
		<b>10,291,838,563</b>	<b>9,943,988,731</b>	<b>103,160,813</b>	<b>100,741,221</b>
<b>Expenses</b>					
Cost of sales		2,926,867,979	2,871,576,259	29,337,623	28,783,404
Employee benefit expenses	19	5,418,696,786	5,775,498,425	54,314,608	57,891,028
Finance cost	20	87,146,109	142,248,474	873,514	1,425,835
Depreciation and amortisation	11	114,787,776	116,753,739	1,150,582	1,170,288
Other expenses	21	1,235,112,392	1,168,824,601	12,380,219	11,715,776
		<b>9,782,611,042</b>	<b>10,074,901,498</b>	<b>98,056,546</b>	<b>100,986,331</b>
<b>Profit Before Taxes</b>		<b>509,227,520</b>	<b>(130,912,767)</b>	<b>5,104,267</b>	<b>(245,110)</b>
Provision for Taxes					
- Current tax expense		121,493,239	10,692,015	1,217,794	107,172
- Deferred tax credit		(791,037)	(12,545,249)	(7,929)	(125,748)
<b>Profit after taxes</b>		<b>388,525,318</b>	<b>(129,059,533)</b>	<b>3,894,402</b>	<b>(226,534)</b>

Weighted average number of equity shares outstanding during the year	2,834,672	2,834,672	2,834,672	2,834,672
Basic and diluted Earnings per share	137.06	(45.53)	1.37	(0.08)
Nominal value per share	99.77	99.77	1.00	1.00

Significant accounting policies 2

The accompanying notes from 1 to 31 referred to above form an integral part of this 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  
Director

Iain Regan  
Director

*Mark Hooper*  
Director

Charles Miller Smith  
Director

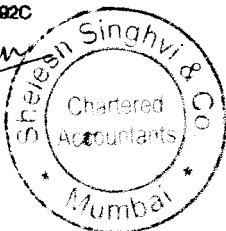
**FIRSTSOURCE SOLUTIONS UK LIMITED**  
**CASH FLOW STATEMENT**  
for the year ended 31 March 2014

	Amount in Rupees		Amount in GBP	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
<b>Cash flow from operating activities</b>				
Net profit after tax	388,525,618	(22,600,103)	3,894,482	(226,533)
Adjustments for				
Depreciation and amortisation	114,767,776	116,753,739	1,150,582	1,170,286
Provision for current tax	118,095,232	15,700,656	1,183,734	157,376
Profit on sale of fixed assets net	-	(1,214,316)	-	(12,172)
Loss on sale of subsidiary	-	69,113,600	-	682,764
Interest costs	87,148,109	35,789,242	873,514	358,735
Exchange (gain) / loss on foreign currency loans	(178,379,820)	-	(1,788,000)	-
Interest and dividend income	(27,442,040)	-	(275,067)	-
Deferred tax credit	(791,037)	(12,545,249)	(7,929)	(125,748)
Operating cash flow before changes in working capital	581,941,239	200,997,570	5,031,238	2,014,710
Changes in working capital				
Decrease / (Increase) in Trade receivables	978,184,332	(16,143,028)	9,724,696	(161,818)
(Increase) in Loans and advances	(429,715,358)	(2,033,662,571)	(4,367,276)	(20,384,529)
Increase / (Decrease) in liabilities and provisions	(102,284,305)	(231,402,568)	(1,025,252)	(2,319,476)
Net changes in working capital	438,184,669	(2,281,209,066)	4,382,168	(22,865,824)
Income taxes paid	(15,700,656)	(15,407,251)	(157,376)	(154,435)
Net cash generated from operating activities (A)	924,425,252	(2,085,618,747)	9,266,927	(21,006,549)
<b>Cash flow from investing activities</b>				
Interest and dividend income received	-	-	-	-
Capital expenditure	(28,526,979)	(239,264,940)	(285,744)	(2,398,286)
Sale of investments..	(11,046,904)	102,844,298	(110,729)	1,030,866
Net cash used in investing activities (B)	(31,572,883)	(136,420,642)	(316,474)	(1,367,420)
<b>Cash flow from financing activities</b>				
Proceeds from Short term borrowings	-	1,968,651,914	-	19,732,891
Proceeds from long term borrowings	(28,784,672)	-	(288,525)	-
Proceeds from unsecured loan	-	-	-	-
Interest paid	(92,613,561)	(35,789,242)	(928,317)	(368,735)
Net cash used in financing activities (C)	(121,398,233)	1,932,862,671	(1,216,842)	19,374,156
Net increase in cash and cash equivalents (A+B+C)	771,454,036	(299,176,717)	7,732,712	(2,898,814)
Cash and cash equivalents at the beginning of the year*	153,894,777	453,071,495	1,542,573	4,541,367
Cash and cash equivalents at the end of the year*	925,348,813	153,894,777	9,275,285	1,542,573

\* Refer schedule 15 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  
Director

Iain Regan  
Director

Charles Miller Smith  
Director

*Mark Hooper*  
Director

# Firstsource Solutions UK Limited

## Notes to the accounts

for the year ended at 31 March 2014

### 1 Background

Firstsource Solutions UK Limited ('the Company') was incorporated under the laws of the United Kingdom on 23 May 2000. The Company provides contact center and transaction processing services for customers in the financial services and telecommunications industry. The Company is a wholly owned subsidiary of Firstsource Solutions Limited ('FSL') incorporated under the laws of India.

### 2 Significant accounting policies

#### 2.1 Basis of preparation

The financial statements of Firstsource Solutions UK ('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 Kingdom) in the terms of Great Britain Pound ('GBP'). However, for the purpose of compliance with the requirements of Section 212 of the Act, amounts for both years in these financial statements have been translated into Indian rupees at the closing rate on 31 March 2014 which is 1 GBP = Rs.99.7650 (31 March 2012 which is 1 GBP = Rs. 82.2275). No representation is made that GBP 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.

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

# Firstsource Solutions UK Limited

## 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
<i>Tangible</i>	
Leasehold improvements	5 or Lease term which ever is shorter
Computers	3 – 4
Furniture & Fixtures	3 – 5
Networks	3 – 5
Service Equipments	3 – 5
Office Equipments	3 – 5
Vehicles	2 – 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 Solutions UK Limited

## 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;

#### 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 Solutions UK Limited

## 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 United Kingdom 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 SOLUTIONS UK LIMITED**

Notes to the accounts  
as at 31 March 2014

	Amount in Rupees		Amount in GBP	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
<b>3) Share capital</b>				
<b>Authorised</b> 2,834,672 (31 March 2013: 2,834,672) Equity Shares of GBP 1 each	<b>282,801,052</b>	282,801,052	<b>2,834,672</b>	2,834,672
<b>Issued, Subscribed and Paid up</b> 2,834,672 (31 March 2013: 2,834,672) Equity Shares of GBP 1 each	<b>282,801,052</b>	282,801,052	<b>2,834,672</b>	2,834,672
	<b>282,801,052</b>	282,801,052	<b>2,834,672</b>	2,834,672

**a. Reconciliation of number of shares outstanding**

	31-Mar-14			31 March 2013		
	No. of shares	Amount in Rupees	Amount in GBP	No. of shares	Amount in Rupees	Amount in GBP
At the commencement of the year	<b>2,834,672</b>	<b>282,801,052</b>	<b>2,834,672</b>	2,834,672	282,801,052	2,834,672
At the end of the year	<b>2,834,672</b>	<b>282,801,052</b>	<b>2,834,672</b>	2,834,672	282,801,052	2,834,672

**b. Details of shareholders holding more than 5% shares in the Company**

Firstsource Solutions Ltd.

31 March 2014		31 March 2013	
No. of shares	% of holding	No. of shares	% of holding
<b>2,834,672</b>	<b>100</b>	2,834,672	100

**4) Reserve and surplus**
**Statement of profit and loss**

	Amount in Rupees		Amount in GBP	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Balance at beginning of year	<b>845,497,363</b>	868,097,466	<b>8,474,890</b>	8,701,423
Add: Net profit for the year	<b>388,525,019</b>	(22,600,103)	<b>3,894,402</b>	(226,533)
Balance at the end of the year	<b>1,234,022,381</b>	845,497,363	<b>12,369,292</b>	8,474,890
	<b>1,234,022,381</b>	845,497,363	<b>12,369,292</b>	8,474,890

**5) Long term borrowings**
**Secured**

Long term maturity of finance lease obligation  
(refer note no. 19)

	Amount in Rupees		Amount in GBP	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	<b>25,235,628</b>	54,020,253	<b>252,950</b>	541,475
	<b>25,235,628</b>	<b>54,020,253</b>	<b>252,950</b>	<b>541,475</b>

**6) Other long term liabilities**

Payable on asset purchase

	Amount in Rupees		Amount in GBP	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	<b>399,060,000</b>	598,590,000	<b>4,000,000</b>	6,000,000
	<b>399,060,000</b>	598,590,000	<b>4,000,000</b>	6,000,000

**FIRSTSOURCE SOLUTIONS UK LIMITED**
**Notes to the accounts**
*as at 31 March 2014*

	Amount in Rupees		Amount in GBP	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
<b>7) Short term borrowings</b>				
<b>Secured</b>				
Working capital demand loan	<b>1,797,565,770</b>	1,975,945,590	<b>18,018,000</b>	19,806,000
The working capital demand loan carries interest in the range of @ LIBOR + 300 bps to LIBOR + 350 bps. The loan is a revolving facility to be renewed every year. The loan is secured against charge on all current assets, non-current assets and fixed assets of FSL-UK.				
	<b>1,797,565,770</b>	1,975,945,590	<b>18,018,000</b>	19,806,000
<b>8) Trade payables</b>				
Trade Payables for services and expenses	<b>259,659,564</b>	270,811,539	<b>2,602,712</b>	2,714,494
	<b>259,659,564</b>	270,811,539	<b>2,602,712</b>	2,714,494
<b>9) Other current liabilities</b>				
<b>Statutory Dues</b>				
Value added tax	<b>207,068,336</b>	238,243,479	<b>2,075,561</b>	2,388,047
Employee related statutory dues	-	1,794,935	-	17,992
<b>Other Dues</b>				
Income received in Advance	<b>241,522,999</b>	196,309,811	<b>2,420,919</b>	1,967,722
Accrued interest on long term loan	<b>1,826,225</b>	7,293,676	<b>18,305</b>	73,109
Finance lease liability	<b>25,980,731</b>	25,212,611	<b>260,419</b>	252,720
Employees related dues	<b>201,201,495</b>	133,256,896	<b>2,016,754</b>	1,335,708
	<b>677,599,786</b>	602,111,408	<b>6,791,958</b>	6,035,298
<b>10) Short term provisions</b>				
Income Tax, net of advance tax	<b>118,095,231</b>	15,700,656	<b>1,183,734</b>	157,376
	<b>118,095,231</b>	15,700,656	<b>1,183,734</b>	157,376

# FIRSTSOURCE SOLUTIONS UK LIMITED

Notes to the financial statements

as at 31 March 2014

## 11) Fixed Assets

	Tangible Assets				Intangible Assets			Grand Total
	Leasehold Improvement	Computers	Service Equipment	Furniture, fixture and office equipments	Total	Software	Total	
<b>Gross Block</b>								
As at 1 April 2013	422,461,012	143,186,862	282,399,498	226,481,714	1,074,529,087	62,806,557	62,806,557	1,137,335,644
Additions during the year	6,698,620	6,095,012	2,868,838	3,349,147	19,011,617	12,307,841	12,307,841	31,319,459
Deletions during the year	-	10,793,326	-	-	10,793,326	-	-	10,793,326
As at 31 March 2014	<b>429,159,632</b>	<b>138,488,548</b>	<b>285,268,336</b>	<b>229,830,861</b>	<b>1,082,747,378</b>	<b>75,114,398</b>	<b>75,114,398</b>	<b>1,157,861,777</b>
<b>Accumulated depreciation / amortization</b>								
As at 1 April 2013	261,637,826	114,193,757	232,658,821	140,030,491	748,520,894	39,776,697	39,776,697	788,297,591
Charge for the year	40,317,414	8,608,343	25,315,527	27,331,304	101,572,588	13,215,188	13,215,188	114,787,776
On deletions during the year	-	-	-	-	-	-	-	-
As at 31 March 2014	<b>301,955,240</b>	<b>122,802,099</b>	<b>257,974,348</b>	<b>167,361,795</b>	<b>850,093,483</b>	<b>52,991,885</b>	<b>52,991,885</b>	<b>903,085,367</b>
<b>Net Block (INR)</b>								
As at 31 March 2014	<b>127,204,393</b>	<b>15,686,449</b>	<b>27,293,988</b>	<b>62,469,066</b>	<b>232,653,896</b>	<b>22,122,514</b>	<b>22,122,514</b>	<b>254,776,409</b>
As at 31 March 2013	160,823,175	28,993,106	49,740,634	86,451,261	326,008,176	23,029,852	23,029,852	349,038,029
<b>Net Block (GBP)</b>								
As at 31 March 2014	<b>1,275,040</b>	<b>157,234</b>	<b>273,583</b>	<b>626,162</b>	<b>2,332,019</b>	<b>221,746</b>	<b>221,746</b>	<b>2,553,765</b>
As at 31 March 2013	1,612,020	290,614	498,578	866,549	3,267,761	230,841	230,841	3,498,602

**FIRSTSOURCE SOLUTIONS UK LIMITED**
**Notes to the accounts**

as at 31 March 2014

	Amount in Rupees		Amount in GBP	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
<b>12) Non-current investments</b>				
<b>Long term</b>				
<i>Trade (Unquoted)</i>				
Firstsource Solutions S.A.*	102,844,346	-	1,030,866	-
6,024,599 (31 March 2013: Nil ) shares of ARS 1 each				
Less: Loss on sale of subsidiary recorded during FY 2012-13	69,113,600	-	692,764	-
Less: Money forfeited on lapse on option to exercise sale	22,683,842	-	227,373	-
* The option to exercise the sale with the buyer has lapsed and hence the investment has been restated in the books of account.				
	<b>11,046,904</b>	<b>-</b>	<b>110,729</b>	<b>-</b>
<b>13) Deferred tax assets</b>				
On difference between tax and book value of fixed assets	30,370,860	29,579,824	304,424	296,495
	<b>30,370,860</b>	<b>29,579,824</b>	<b>304,424</b>	<b>296,495</b>
<b>14) Trade receivables</b>				
<i>(unsecured and considered good)</i>				
- Receivable outstanding for more than six months				
Considered good	-	-	-	-
Considered doubtful	-	-	-	-
- Other Receivable				
Considered good	196,389,419	1,166,573,607	1,968,519	11,693,214
Considered doubtful	-	-	-	-
	<b>196,389,419</b>	<b>1,166,573,607</b>	<b>1,968,519</b>	<b>11,693,214</b>
<b>15) Cash and bank balances</b>				
Cash in hand	112,966	262,757	1,132	2,634
Balance with banks:				
in current accounts	925,235,848	153,632,020	9,274,153	1,539,939
	<b>925,348,814</b>	<b>153,894,777</b>	<b>9,275,285</b>	<b>1,542,573</b>
<b>16) Short-term loans and advances</b>				
<i>(unsecured and considered good)</i>				
<b>Related party</b>				
Loan to Group Companies, net	2,134,549,869	646,850,906	21,395,779	6,483,746
	<b>2,134,549,869</b>	<b>646,850,906</b>	<b>21,395,779</b>	<b>6,483,746</b>
<b>17) Other current assets</b>				
<i>(Unsecured considered good unless otherwise stated)</i>				
<b>Related party</b>				
Recoverable from Group companies, net	377,261,994	1,553,959,574	3,781,506	15,576,200
Accrued Interest	27,442,040	-	275,067	-
<b>Others</b>				
Advances others	28,939,070	12,353,698	290,072	123,828
Advance to staff	2,547,364	2,624,333	25,534	26,305
Prepaid Expenses	54,472,048	37,194,764	546,004	372,824
Unbilled Receivables	747,392,804	689,906,456	7,491,533	6,915,316
	<b>1,238,055,320</b>	<b>2,296,038,825</b>	<b>12,409,716</b>	<b>23,014,473</b>

**FIRSTSOURCE SOLUTIONS UK LIMITED**
**Notes to the accounts**

for the year ended 31 March 2014

	Amount in Rupees		Amount in GBP	
	For the year ended	For the year ended	For the year ended	For the year ended
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
<b>18) Other income</b>				
Interest	27,442,040	-	275,067	-
Grant Income	128,377,911	50,202,546	1,286,803	503,208
Loss on sale of subsidiary	-	(69,113,600)	-	(692,764)
Foreign Exchange Gain / (Loss)	76,856,595	(111,069,543)	770,376	(1,113,312)
Gain on sale of Fixed assets	-	1,214,316	-	12,172
	<b>232,676,546</b>	<b>(128,766,281)</b>	<b>2,332,246</b>	<b>(1,290,696)</b>
<b>19) Employee benefit expenses</b>				
Salaries,bonus and other allowances	5,027,814,660	5,359,866,245	50,396,579	53,724,916
Contribution to provident and other funds	360,580,010	402,535,182	3,614,294	4,034,834
Staff welfare expenses	30,302,116	13,096,998	303,735	131,278
	<b>5,418,696,786</b>	<b>5,775,498,425</b>	<b>54,314,608</b>	<b>57,891,028</b>
<b>20) Finance cost</b>				
Interest expenses	87,146,109	35,789,242	873,514	358,735
	<b>87,146,109</b>	<b>35,789,242</b>	<b>873,514</b>	<b>358,735</b>
<b>21) Other expenses</b>				
Rent	249,606,630	214,427,542	2,501,946	2,149,326
Rates and taxes	79,718,681	77,911,415	799,065	780,949
Insurance	30,690,857	47,386,836	307,632	474,985
Travelling and conveyance	101,937,289	126,277,667	1,021,774	1,265,751
Electricity, Water and power consumption	41,588,523	41,439,233	416,865	415,368
Legal and Professional fees	123,531,687	154,225,623	1,238,227	1,545,889
Communication Expenses	99,377,442	96,612,059	996,115	968,396
Connectivity Charges	7,243,600	22,843,739	72,607	228,975
Recruitment Expenses/Training expenses	49,639,302	57,468,100	497,562	576,035
Printing and Stationery	12,134,035	12,680,052	121,626	127,099
Marketing and Support Services	36,194,886	18,907,810	362,801	189,523
Miscellaneous Expenses	4,303,029	3,805,424	43,132	38,144
Repairs and Maintenance - Buildings	2,382,215	12,676,260	23,878	127,061
Repairs and Maintenance - Others	86,587,106	31,971,590	867,911	320,469
Upkeep and Maintenance	37,008,631	40,209,784	370,958	403,045
Software expenses	9,597,683	1,782,900	96,203	17,871
Auditors remuneration				
Audit Fees	3,840,254	3,791,070	38,493	38,000
Others matters	7,013,636	5,488,644	70,302	55,016
Bank administration charges	7,069,753	11,060,956	70,864	110,870
Common Corporate costs	197,526,804	153,643,587	1,979,921	1,540,055
Service charges	45,071,345	31,461,007	451,775	315,351
Books Periodicals,Subscriptions & cassettes.	3,049,004	2,753,302	30,562	27,598
	<b>1,235,112,392</b>	<b>1,168,824,601</b>	<b>12,380,219</b>	<b>11,715,776</b>

# Firstsource Solutions UK Limited

## Notes to the accounts as at 31 March 2014

(Currency: In Indian rupees)

### 22. Leases

#### *Operating lease*

The Company has taken office facilities under non cancelable operating leases. The Company intends to renew such lease in the normal course of its business. Rental expenses under non-cancelable operating leases aggregating to Rs. 231,075,394 equivalent to GBP 2,316,197 (31 March 2013: Rs. 129,709,964 equivalent to GBP 1,300,155) 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 GBP	
	2014	2013	2014	2013
Amount due within one year from the balance sheet date	101,505,799	109,576,987	1,017,449	1,098,351
Amount due in the period between one year and five years	248,807,525	608,996,088	2,493,936	6,104,306
Amount due in the period beyond five years	64,520,619	112,725,371	646,726	1,129,909
	<u>414,833,943</u>	<u>831,298,346</u>	<u>4,158,111</u>	<u>8,332,565</u>

Rental expenses under cancelable operating leases aggregating to Rs. 18,531,249 equivalent to GBP 185,749 (31 March 2013: Rs. 84,717,545 equivalent to GBP 849,171) have been debited to the profit and loss account.

#### *Finance lease*

The Company has acquired certain capital assets under finance lease. Future minimum lease payments under finance lease as at 31 March 2014 are as follows:

	Amount in Rupees			Amount in GBP		
	Minimum lease payments	Finance charges	Present value of minimum lease payments	Minimum lease payments	Finance charges	Present value of minimum lease payments
<i>As at 31 March 2014</i>						
Amount payable within one year from the balance sheet date	27,068,639	1,088,037	25,980,602	271,324	10,906	260,418
Amount payable in the period between one year and five years	28,094,822	2,859,265	25,235,557	281,610	28,660	252,950
	<u>55,163,461</u>	<u>3,947,302</u>	<u>51,216,159</u>	<u>552,934</u>	<u>39,566</u>	<u>513,368</u>

# Firstsource Solutions UK Limited

## Notes to the accounts as at 31 March 2014

(Currency: In Indian rupees)

### 23. 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.

### 24. Grant

The Company has accrued / received revenue grants amounting to Rs 128,377,911 (GBP 1.287million) (31 March 2013: Rs 49,882,500 (GBP 0.50 million)) from Northern Ireland. The Company is required inter-alia, to maintain the number of employees at certain levels for a period of five years from the grant date, failing which grant will be liable to be refunded. Based on the available information, the Company expects to comply with this requirement.

### 25. Related Party Transactions

Details of related parties including summary of transactions entered into during the year ended 31 March 2012 are summarized below:

Holding Company	<ul style="list-style-type: none"><li>• Firstsource Solutions Ltd</li></ul>
Fellow Subsidiaries	<ul style="list-style-type: none"><li>• Firstsource Group USA Inc.</li><li>• Firstsource BPO Ireland Ltd.</li><li>• Firstsource Advantage LLC</li><li>• Medassist Holding Inc</li><li>• Anunta Tech Infrastructures Limited</li></ul>

## Firstsource Solutions UK Limited

Notes to the accounts  
as at 31 March 2014

(Currency: In Indian rupees)

### 25. 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		Transaction value during the year ended		Receivable / (Payable) at			
		(In Rupees)	(In Rupees)	(In GBP)	(In Rupees)	(In GBP)	(In GBP)		
		2014	2013	2014	2013	2014	2013		
Firstsource Solutions Ltd	Receipt of services	2,855,060,890	2,549,102,721	28,617,861	31,030,781	415,295,656	(308,775,578)	4,162,739	(3,416,663)
	Recovery of expenses	28,837,240	28,472,906	289,052	1,972,504	(345,420,350)	-	(3,462,340)	-
	Reimbursement of expenses	155,916,325	104,304,528	1,562,836	1,090,623	111,485,265	885,516,635	1,117,479	10,429,282
	Investment in Equity	-	-	-	-	18,350,000	18,348,779	183,932	(2,834,672)
	Provision of services	907,996,827	1,769,301,657	9,101,356	21,517,152	(636,129,211)	349,809,030	(6,376,276)	4,254,161
	Guarantee Commission	71,619,721	27,942,824	717,884	339,823	71,619,721	(27,942,824)	717,884	(339,823)
	Advance Given	1,772,496,809	1,333,871,479	17,766,720	-	-	(543,326,549)	-	7,077,401
	Recovery of Expenses	35,180,730	43,928,291	358,168	534,229	17,548,963	53,281,693	175,903	548,813
	Loan Given	402,307,351	345,305,227	4,032,550	4,199,389	130,235,226	27,760,359	1,305,420	2,885,172
	Recovery of Loan	549,675,820	108,064,725	5,509,706	1,314,216	-	-	-	-



## Firstsource Solutions UK Limited

Notes to the accounts  
as at 31 March 2014

(Currency: In Indian rupees)

Name of the related party	Description	Transaction value during the year ended		Transaction value during the year ended		Receivable / (Payable) at		Receivable / (Payable) at	
		(In Rupees)	(In GBP)	(In Rupees)	(In GBP)	(In Rupees)	(In GBP)	(In Rupees)	(In GBP)
		2014	2013	2014	2013	2014	2013	2014	2013
Firstsource Group USA Inc.	Recovery of Expenses Reimbursement of expenses Loan	13,292,988	129,395	448,806	1,297	-	-	-	-
		36,747,241	639,294	680,023	6,408	(23,435,796)	529,453	(234,910)	5,307
		1,635,068,338	527,528,987	16,389,188	5,287,716	2,004,314,666	369,247,325	20,090,359	3,307,175
Firstsource Advantage LLC	Reimbursement of expenses	-	-	-	9,666	-	-	-	(203)
Medassist Holding Inc	Expenses Reimbursement	-	254,401	-	2,550	-	254,401	-	2,550
Anunta Infrastructures Limited	Tech Recovery of expenses	35,286,681	24,405,213	353,698	244,627	-	(35,286,681)	-	359,597

# Firstsource Solutions UK Limited

## Notes to the accounts as at 31 March 2014

(Currency: In Indian rupees)

### 26. Capital commitments

The Company has capital commitments of Rs 9,995,355 equivalent to GBP 100,189 (31 March 2013 Rs 15,390,348 equivalent to GBP 154,266) as at the balance sheet date.

### 27. Supplementary statutory information (accrual basis)

	31 March 2014	31 March 2013
(i). <i>Earnings in foreign exchange</i>		
Income from services	1,624,159	4,549,776
Other income	275,067	2,732.19
(ii). <i>Expenditure in foreign currency</i>		
Cost of sales	1,618,554	1,311,341
Interest	385,470	73,109
Legal and professional fees	92,568	150
Other expenses (including expenses on FCCB buy back)	-	330

### 28. Contingent liabilities

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

### 29. 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).

### 30. Micro, Small and Medium scale Business entities:

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).

**Firstsource Solutions UK Limited**

**Notes to the accounts**  
*as at 31 March 2014*

(Currency: In Indian rupees)

31. Previous year's figures have been appropriately regrouped/ reclassified to confirm to current year's presentation.

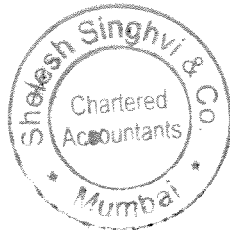
**For SHELESH SINGHVI & CO.**

**Chartered Accountants**

Firm's registration no: 014792C

*Praveena Jain*

**Praveena Jain**  
*Partner*



Mumbai  
02 May 2014

**For and on behalf of the Board of Directors**

**Rajesh Subramaniam**  
*Director*

A handwritten signature in black ink, appearing to be "Mark Hooper".

**Mark Hooper**  
*Director*

**Iain Regan**  
*Director*

**Charles Miller Smith**  
*Director*