

Firstsource Solutions UK Limited

Financial statements
as at and for the year ended
31 March 2015

FIRSTSOURCE SOLUTIONS UK LIMITED

BALANCE SHEET

as at 31 March 2015

| | Note | Amount in Rupees | | Amount in GBP | |
|------------------------------------|------|----------------------|---------------|-------------------|---------------|
| | | 31 March 2015 | 31 March 2014 | 31 March 2015 | 31 March 2014 |
| EQUITY AND LIABILITIES | | | | | |
| Shareholders' Funds | | | | | |
| Share capital | 3 | 262,122,120 | 262,122,120 | 2,834,672 | 2,834,672 |
| Reserves and surplus | 4 | 1,633,172,362 | 1,143,788,699 | 17,661,643 | 12,369,292 |
| | | 1,895,294,482 | 1,405,910,819 | 20,496,315 | 15,203,964 |
| Non-Current Liabilities | | | | | |
| Long term borrowings | 5 | - | 23,390,309 | - | 252,950 |
| Other long term liabilities | 6 | - | 369,880,000 | - | 4,000,000 |
| | | - | 393,270,309 | - | 4,252,950 |
| Current Liabilities | | | | | |
| Short term borrowings | 7 | 1,875,014,190 | 1,666,124,460 | 20,277,000 | 18,018,000 |
| Trade payable | 8 | 183,926,798 | 240,672,780 | 1,989,046 | 2,602,712 |
| Other current liabilities | 9 | 1,967,977,323 | 628,052,445 | 21,282,332 | 6,791,958 |
| Short-term provisions | 10 | 131,905,034 | 109,459,891 | 1,426,463 | 1,183,734 |
| | | 4,158,823,345 | 2,644,309,576 | 44,974,841 | 28,596,404 |
| | | 6,054,117,827 | 4,443,490,704 | 65,471,156 | 48,053,318 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Fixed assets | | | | | |
| Tangible | 11 | 138,177,730 | 215,641,797 | 1,494,298 | 2,332,019 |
| Intangible | | 14,507,043 | 20,504,853 | 156,884 | 221,746 |
| Capital work-in-progress | | 3,245,789 | 3,245,757 | 35,101 | 35,101 |
| | | 155,930,562 | 239,392,407 | 1,686,283 | 2,588,866 |
| Non-current investments | 12 | - | 10,239,134 | - | 110,729 |
| Deferred tax assets | 13 | 35,648,849 | 28,150,087 | 385,518 | 304,424 |
| Long Term Loan and Advances | 14 | 9,004,543 | - | 97,378 | - |
| Current assets | | | | | |
| Trade receivables | 15 | 110,321,358 | 182,029,066 | 1,193,050 | 1,968,519 |
| Cash and bank balances | 16 | 303,477,416 | 857,685,611 | 3,281,901 | 9,275,285 |
| Short-term loans and advances | 17 | 4,573,114,700 | 1,978,467,663 | 49,455,117 | 21,395,779 |
| Other current assets | 18 | 866,620,398 | 1,147,526,735 | 9,371,908 | 12,409,716 |
| | | 5,853,533,873 | 4,165,709,075 | 63,301,977 | 45,049,299 |
| | | 6,054,117,827 | 4,443,490,704 | 65,471,156 | 48,053,318 |

Significant accounting policies

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Notes to the accounts

23

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

For and on behalf of the Board of Directors

Rajesh Subramaniam

Director

Robert Rome

Director

Praveena Jain

Partner

Membership No: 402256

Mumbai

Date: 05 May 2015

FIRSTSOURCE SOLUTIONS UK LIMITED
STATEMENT OF PROFIT AND LOSS
for the year ended 31 March 2015

| | 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 2015 | 31 March 2014 | 31 March 2015 | 31 March 2014 |
| Income | | | | | |
| Revenue from operations | | 8,703,925,699 | 9,323,617,618 | 94,127,022 | 100,828,567 |
| Other income | 19 | 197,053,489 | 215,662,810 | 2,130,999 | 2,332,246 |
| | | 8,900,979,188 | 9,539,280,428 | 96,258,021 | 103,160,814 |
| Expenses | | | | | |
| Cost of sales | | 2,323,694,735 | 2,712,850,017 | 25,129,174 | 29,337,623 |
| Employee benefit expenses | 20 | 4,844,751,608 | 5,022,471,727 | 52,392,685 | 54,314,608 |
| Finance cost | 21 | 71,046,671 | 80,773,826 | 768,321 | 873,514 |
| Depreciation and amortisation | 11 | 107,380,385 | 106,394,283 | 1,161,246 | 1,150,582 |
| Other expenses | 22 | 940,239,473 | 1,144,798,707 | 10,168,049 | 12,380,219 |
| | | 8,287,112,872 | 9,067,288,560 | 89,619,475 | 98,056,546 |
| Profit Before Taxes | | 613,866,316 | 471,991,868 | 6,638,546 | 5,104,267 |
| Tax Expense | | | | | |
| - Current tax expense | | | | | |
| - Current Year Tax | | 131,905,034 | 112,609,411 | 1,426,463 | 1,217,794 |
| - Previous Year Tax | | 76,380 | | 826 | |
| - Deferred tax credit | | (7,498,762) | (733,195) | (81,094) | (7,929) |
| Profit after taxes | | 489,383,664 | 360,115,652 | 5,292,351 | 3,894,402 |

Earnings per Share
Weighted average number of equity shares outstanding during the year
Basic and diluted Earnings per share
Nominal value per share

| | | | |
|------------------|-----------|------------------|-----------|
| 2,834,672 | 2,834,672 | 2,834,672 | 2,834,672 |
| 172.64 | 127.04 | 1.87 | 1.37 |
| 92.47 | 92.47 | 1.00 | 1.00 |

Significant accounting policies

2

Notes to the accounts

23

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

For and on behalf of the Board of Directors
Rajesh Subramaniam
Director
Robert Rome
Director
Praveena Jain
Partner

Membership No: 402256

Mumbai

Date: 05 May 2015

FIRSTSOURCE SOLUTIONS UK LIMITED
CASH FLOW STATEMENT
for the year ended 31 March 2015

| | Amount in Rupees | | Amount in GBP | |
|---|----------------------|---------------|---------------------|---------------|
| | 31 March 2015 | 31 March 2014 | 31 March 2015 | 31 March 2014 |
| Cash flow from operating activities | | | | |
| Net profit after tax | 489,383,664 | 360,115,652 | 5,292,351 | 3,894,402 |
| Adjustments for | | | | |
| Depreciation and amortisation | 107,380,385 | 106,394,283 | 1,161,246 | 1,150,582 |
| Provision for current tax | 131,905,034 | 109,459,891 | 1,426,463 | 1,183,734 |
| Provision for doubtful debts / (written back) | 2,114,324 | - | 22,865 | - |
| (Profit) / Loss on sale of fixed assets net | (111,648) | - | (1,207) | - |
| Interest costs | 71,046,671 | 80,773,826 | 768,321 | 873,514 |
| Exchange (gain) / loss on foreign currency loans | (20,870,424) | (165,336,360) | (225,699) | (1,788,000) |
| Interest and dividend income | (141,654,707) | (25,435,704) | (1,531,899) | (275,067) |
| Deferred tax credit | (7,498,762) | (733,195) | (81,094) | (7,929) |
| (Profit)/ loss on sale on investments | 10,239,134 | - | 110,729 | - |
| Operating cash flow before changes in working capital | 641,933,671 | 465,238,392 | 6,942,075 | 5,031,236 |
| Changes in working capital | | | | |
| Decrease / (Increase) in Trade receivables | 71,707,559 | 899,242,640 | 775,468 | 9,724,696 |
| Decrease / (Increase) in Unbilled revenues | - | - | - | - |
| (Increase) in Loans and advances | (2,285,267,194) | (398,293,782) | (24,713,607) | (4,307,276) |
| Increase / (Decrease) in liabilities and provisions | 1,283,179,218 | (94,805,073) | 13,876,708 | (1,025,252) |
| Net changes in working capital | (930,380,417) | 406,143,785 | (10,061,430) | 4,392,168 |
| Income taxes paid | (109,536,272) | (14,552,595) | (1,184,560) | (157,376) |
| Net cash generated from operating activities (A) | (397,983,018) | 856,829,583 | (4,303,915) | 9,266,028 |
| Cash flow from investing activities | | | | |
| Interest and dividend income received | 123,008,942 | - | 1,330,258 | - |
| Capital expenditure | (23,806,895) | (19,025,174) | (257,455) | (205,744) |
| Sale of investments.. | - | (10,239,134) | - | (110,729) |
| Net cash used in investing activities (B) | 99,202,047 | (29,264,308) | 1,072,803 | (316,474) |
| Cash flow from financing activities | | | | |
| Proceeds from Short term borrowings | 208,889,730 | - | 2,259,000 | - |
| Proceeds from long term borrowings | (393,270,309) | (26,679,884) | (4,252,950) | (288,525) |
| Interest paid | (71,046,646) | (85,841,487) | (768,321) | (928,317) |
| Net cash used in financing activities (C) | (255,427,225) | (112,521,371) | (2,762,272) | (1,216,842) |
| Effect of exchange gain / (loss) on cash flow hedges (D) | | | | |
| Net increase in cash and cash equivalents (A+B+C) | (554,208,195) | 715,043,903 | (5,993,384) | 7,732,712 |
| Cash and cash equivalents at the beginning of the year* | 857,685,611 | 142,641,708 | 9,275,285 | 1,542,573 |
| Cash and cash equivalents at the end of the year* | 303,477,416 | 857,685,611 | 3,281,901 | 9,275,285 |

* 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

For and on behalf of the Board of Directors

Rajesh Subramaniam
Director

Robert Rome
Director

Praveena Jain
Partner
Membership No: 402256
Mumbai
Date: 05 May 2015

Firstsource Solutions UK Limited

Notes to the accounts

for the year ended at 31 March 2015

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 129(3) of Companies Act, 2013 amounts for both years in these financial statements have been translated into Indian rupees at the closing rate on 31 March 2015 which is 1 GBP = Rs.92.4700. 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 2015

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, 2013) 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 capitalised and depreciated at the rates applicable to related assets. Intangible assets other than above mentioned software are amortised over the best estimate of the useful life from the date the assets are available for use. Further, the useful life is reviewed at the end of each reporting period for any changes in the estimates of useful life and accordingly the asset is amortised over the remaining useful life

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 2015

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.

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.

Finance Lease

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.

Firstsource Solutions UK Limited

Notes to the accounts

for the year ended at 31 March 2015

2 Significant accounting policies (*Continued*)

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 2015

| | Amount in Rupees | | Amount in GBP | |
|--|--------------------|---------------|------------------|---------------|
| | 31 March 2015 | 31 March 2014 | 31 March 2015 | 31 March 2014 |
| 3) Share capital | | | | |
| Authorised | | | | |
| 2,834,672 (31 March 2014: 2,834,672) Equity Shares of GBP 1 each | 262,122,120 | 262,122,120 | 2,834,672 | 2,834,672 |
| Issued, Subscribed and Paid up | | | | |
| 2,834,672 (31 March 2014: 2,834,672) Equity Shares of GBP 1 each | 262,122,120 | 262,122,120 | 2,834,672 | 2,834,672 |
| | 262,122,120 | 262,122,120 | 2,834,672 | 2,834,672 |

a. Reconciliation of number of shares outstanding

| | 31-Mar-15 | | | 31 March 2014 | | |
|---------------------------------|------------------|--------------------|------------------|---------------|------------------|---------------|
| | No. of shares | Amount in Rupees | Amount in GBP | No. of shares | Amount in Rupees | Amount in GBP |
| At the commencement of the year | 2,834,672 | 262,122,120 | 2,834,672 | 2,834,672 | 262,122,120 | 2,834,672 |
| Addition During the year | - | - | - | - | - | - |
| At the end of the year | 2,834,672 | 262,122,120 | 2,834,672 | 2,834,672 | 262,122,120 | 2,834,672 |

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

| | 31 March 2015 | | 31 March 2014 | |
|----------------------------|------------------|--------------|---------------|--------------|
| | No. of shares | % of holding | No. of shares | % of holding |
| Firstsource Solutions Ltd. | 2,834,672 | 100 | 2,834,672 | 100 |

c. Rights, Preferences & Restriction attached to equity shares

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

| | Amount in Rupees | | Amount in GBP | |
|--|----------------------|--------------------|-------------------|------------------|
| | 31 March 2015 | 31 March 2014 | 31 March 2015 | 31 March 2014 |
| 4) Reserve and surplus | | | | |
| Statement of profit and loss | | | | |
| Balance at beginning of year | 1,143,788,699 | 783,673,047 | 12,369,292 | 8,474,890 |
| Add: Net profit for the year | 489,383,664 | 360,115,652 | 5,292,351 | 3,894,402 |
| Balance at the end of the year | 1,633,172,362 | 1,143,788,699 | 17,661,643 | 12,369,292 |
| | 1,633,172,362 | 1,143,788,699 | 17,661,643 | 12,369,292 |
| 5) Long term borrowings | | | | |
| Secured | | | | |
| Long term maturity of finance lease obligation | - | 23,390,309 | - | 252,950 |
| | - | 23,390,309 | - | 252,950 |
| 6) Other long term liabilities | | | | |
| Payable on asset purchase | - | 369,880,000 | - | 4,000,000 |
| | - | 369,880,000 | - | 4,000,000 |

FIRSTSOURCE SOLUTIONS UK LIMITED
Notes to the accounts
as at 31 March 2015

| | Amount in Rupees | | Amount in GBP | |
|---|----------------------|---------------|-------------------|---------------|
| | 31 March 2015 | 31 March 2014 | 31 March 2015 | 31 March 2014 |
| 7) Short term borrowings | | | | |
| Secured | | | | |
| Working capital demand loan | 1,875,014,190 | 1,666,124,460 | 20,277,000 | 18,018,000 |
| 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 and guarantee given by Firstsource. | | | | |
| | 1,875,014,190 | 1,666,124,460 | 20,277,000 | 18,018,000 |
| 8) Trade payables | | | | |
| Trade Payables for services and expenses | 183,926,798 | 240,672,780 | 1,989,046 | 2,602,712 |
| | 183,926,798 | 240,672,780 | 1,989,046 | 2,602,712 |
| 9) Other current liabilities | | | | |
| Statutory Dues | | | | |
| Value added tax | 201,180,925 | 191,927,119 | 2,175,635 | 2,075,561 |
| Employee related statutory dues | 9,157,150 | - | 99,028 | - |
| Other Dues | | | | |
| Payable to Subsidiaries | 1,219,192,006 | - | 13,184,730 | - |
| Payable on asset purchase | 184,940,000 | - | 2,000,000 | - |
| Income received in Advance | 193,511,659 | 223,862,394 | 2,092,697 | 2,420,919 |
| Accrued interest on long term loan | 2,737,060 | 1,692,688 | 29,599 | 18,305 |
| Book Credit in Bank Accounts | 1,886 | - | 20 | - |
| Finance lease liability | 26,366,762 | 24,080,971 | 285,138 | 260,419 |
| Employees related dues | 130,889,875 | 186,489,273 | 1,415,485 | 2,016,754 |
| | 1,967,977,323 | 628,052,445 | 21,282,332 | 6,791,958 |
| 10) Short term provisions | | | | |
| Income Tax, net of advance tax | 131,905,034 | 109,459,891 | 1,426,463 | 1,183,734 |
| | 131,905,034 | 109,459,891 | 1,426,463 | 1,183,734 |

FIRSTSOURCE SOLUTIONS UK LIMITED

Notes to the financial statements

as at 31 March 2015

11) Fixed Assets

| | Tangible Assets | | | | | Intangible Assets | | Grand Total |
|--|-----------------------|--------------------|--------------------|--|----------------------|-------------------|-------------------|----------------------|
| | Leasehold Improvement | Computers | Service Equipment | Furniture, fixture and office equipments | Total | Software | Total | |
| Gross Block | | | | | | | | |
| As at 1 April 2014 | 397,778,660 | 128,361,971 | 264,408,992 | 213,025,207 | 1,003,574,829 | 69,621,896 | 69,621,896 | 1,073,196,725 |
| Additions during the year | 468,535 | 12,149,452 | 0 | 7,521,994 | 20,139,982 | 6,028,731 | 6,028,731 | 26,168,713 |
| Deletions during the year | - | 6,899,994 | 524,610 | - | 7,424,604 | - | - | 7,424,604 |
| As at 31 March 2015 | 398,247,195 | 133,611,429 | 263,884,382 | 220,547,201 | 1,016,290,207 | 75,650,627 | 75,650,627 | 1,091,940,834 |
| | | | | | | | | |
| Accumulated depreciation / amortization | | | | | | | | |
| As at 1 April 2014 | 279,875,718 | 113,822,584 | 239,110,790 | 155,123,994 | 787,933,086 | 49,117,021 | 49,117,021 | 837,050,107 |
| Charge for the year | 38,077,712 | 10,366,319 | 21,534,988 | 25,374,804 | 95,353,822 | 12,026,563 | 12,026,563 | 107,380,385 |
| On deletions during the year | - | 4,810,358 | 364,076 | - | 5,174,433 | - | - | 5,174,433 |
| As at 31 March 2015 | 317,953,430 | 119,378,545 | 260,281,702 | 180,498,798 | 878,112,475 | 61,143,584 | 61,143,584 | 939,256,059 |
| | | | | | | | | |
| Net Block (INR) | | | | | | | | |
| As at 31 March 2015 | 80,293,765 | 14,232,883 | 3,602,679 | 40,048,403 | 138,177,732 | 14,507,043 | 14,507,043 | 152,684,775 |
| As at 31 March 2014 | 117,902,949 | 14,539,428 | 25,298,220 | 57,901,200 | 215,641,797 | 20,504,853 | 20,504,853 | 236,146,650 |
| | | | | | | | | |
| Net Block (GBP) | | | | | | | | |
| As at 31 March 2015 | 868,322 | 153,919 | 38,961 | 433,096 | 1,494,298 | 156,884 | 156,884 | 1,651,182 |
| As at 31 March 2014 | 1,275,040 | 157,234 | 273,583 | 626,162 | 2,332,019 | 221,746 | 221,746 | 2,553,765 |

FIRSTSOURCE SOLUTIONS UK LIMITED
Notes to the accounts
as at 31 March 2015

| | Amount in Rupees | | Amount in GBP | |
|---|----------------------|-------------------|-------------------|----------------|
| | 31 March 2015 | 31 March 2014 | 31 March 2015 | 31 March 2014 |
| 12) Non-current investments | | | | |
| Long term | | | | |
| Firstsource Solutions S.A.* 6,024,599 (31 March 2013: Nil) shares of ARS 1 each | 95,324,179 | 95,324,179 | 1,030,866 | 1,030,866 |
| Less: Loss on sale of subsidiary recorded during FY 2012-13 | 64,059,887 | 64,059,887 | 692,764 | 692,764 |
| Less: Money forfeited on lapse on option to exercise sale | 21,025,158 | 21,025,158 | 227,373 | 227,373 |
| Less: Balance recoverable written off | 10,239,134 | | 110,729 | |
| | - | 10,239,134 | - | 110,729 |
| 13) Deferred tax (liability)/assets | | | | |
| On difference between tax and book value of fixed assets | 35,648,849 | 28,150,087 | 385,518 | 304,424 |
| | 35,648,849 | 28,150,087 | 385,518 | 304,424 |
| 14) Long Term Loan and Advances <i>(unsecured and considered good)</i> | | | | |
| Sundry Deposits | 6,101,910 | - | 65,988 | - |
| Prepaid Expenses | 2,902,633 | - | 31,390 | - |
| | 9,004,543 | - | 97,378 | - |
| 15) Trade receivables <i>(unsecured and considered good)</i> | | | | |
| - Receivable outstanding for more than six months Considered good | - | - | - | - |
| Considered doubtful | 2,114,327 | - | 22,865 | - |
| Less : Provision for Doubtful Debt | (2,114,327) | | (22,865) | |
| - Other Receivable Considered good | 110,321,358 | 182,029,066 | 1,193,050 | 1,968,519 |
| Considered doubtful | - | - | - | - |
| | 110,321,358 | 182,029,066 | 1,193,050 | 1,968,519 |
| 16) Cash and bank balances | | | | |
| Cash in hand | 165,620 | 104,707 | 1,791 | 1,132 |
| Balance with banks: in current accounts | 303,311,796 | 857,580,904 | 3,280,110 | 9,274,153 |
| | 303,477,416 | 857,685,611 | 3,281,901 | 9,275,285 |
| 17) Short-term loans and advances <i>(unsecured and considered good)</i> | | | | |
| Related party Loan to Group Companies, net | 4,573,114,700 | 1,978,467,663 | 49,455,117 | 21,395,779 |
| | 4,573,114,700 | 1,978,467,663 | 49,455,117 | 21,395,779 |
| 18) Other current assets <i>(Unsecured considered good unless otherwise stated)</i> | | | | |
| Related party Recoverable from Group companies, net | - | 349,675,904 | - | 3,781,506 |
| Accrued Interest | 3,946,125 | 25,435,428 | 42,675 | 275,067 |
| Others Advances others | 354,243 | 26,822,992 | 3,831 | 290,072 |
| Advance to staff | 3,571,240 | 2,361,096 | 38,621 | 25,534 |
| Prepaid Expenses | 82,301,447 | 50,489,246 | 890,033 | 546,004 |
| Unbilled Receivables | 776,447,343 | 692,742,069 | 8,396,749 | 7,491,533 |
| | 866,620,398 | 1,147,526,735 | 9,371,908 | 12,409,716 |

FIRSTSOURCE SOLUTIONS UK LIMITED
Notes to the accounts
for the year ended 31 March 2015

| | Amount in Rupees | | Amount in GBP | |
|--|----------------------|----------------------|--------------------|--------------------|
| | For the year ended | For the year ended | For the year ended | For the year ended |
| | 31 March 2015 | 31 March 2014 | 31 March 2015 | 31 March 2014 |
| 19) Other income | | | | |
| Interest | 141,654,707 | 25,435,428 | 1,531,899 | 275,067 |
| Grant Income | 44,655,844 | 118,990,683 | 482,923 | 1,286,803 |
| Profit on sale / redemption of investments (net) | (10,239,134) | - | (110,729) | - |
| Foreign Exchange Gain / (Loss) | 20,870,424 | 71,236,699 | 225,699 | 770,376 |
| Gain on sale of Fixed assets | 111,648 | - | 1,207 | - |
| | 197,053,489 | 215,662,810 | 2,130,999 | 2,332,246 |
| 20) Employee benefit expenses | | | | |
| Salaries,bonus and other allowances | 4,463,150,919 | 4,660,171,619 | 48,265,934 | 50,396,579 |
| Contribution to provident and other funds | 355,653,937 | 334,213,738 | 3,846,155 | 3,614,294 |
| Staff welfare expenses | 25,946,752 | 28,086,370 | 280,596 | 303,735 |
| | 4,844,751,608 | 5,022,471,727 | 52,392,685 | 54,314,608 |
| 21) Finance cost | | | | |
| Interest expenses | 71,046,671 | 80,773,826 | 768,321 | 873,514 |
| | 71,046,671 | 80,773,826 | 768,321 | 873,514 |
| 22) Other expenses | | | | |
| Rent | 277,801,021 | 231,354,935 | 3,004,229 | 2,501,946 |
| Rates and taxes | 67,910,574 | 73,889,504 | 734,407 | 799,065 |
| Insurance | 24,988,556 | 28,446,685 | 270,234 | 307,632 |
| Travelling and conveyance | 111,100,713 | 94,483,447 | 1,201,478 | 1,021,774 |
| Electricity, Water and power consumption | 29,836,653 | 38,547,494 | 322,663 | 416,865 |
| Legal and Professional fees | 54,189,344 | 114,498,823 | 586,021 | 1,238,227 |
| Communication Expenses | 46,848,890 | 92,110,781 | 506,639 | 996,115 |
| Connectivity Charges | 30,996,723 | 6,713,935 | 335,208 | 72,607 |
| Recruitment /Training expenses | 62,060,776 | 46,009,585 | 671,145 | 497,562 |
| Printing and Stationery | 7,378,604 | 11,246,772 | 79,795 | 121,626 |
| Marketing and Support Services | 25,413,353 | 33,548,249 | 274,828 | 362,801 |
| Donation | 202,478 | - | 2,190 | - |
| Miscellaneous Expenses | (2,881,732) | 3,988,384 | (31,164) | 43,132 |
| Hire Charges | 4,327,062 | - | 46,794 | - |
| Provision for doubtful debts | 2,114,324 | - | 22,865 | - |
| Repairs and Maintenance - Buildings | 292,694 | 2,208,023 | 3,165 | 23,878 |
| Repairs and Maintenance - Others | 30,728,347 | 80,255,698 | 332,306 | 867,911 |
| Upkeep and Maintenance | 43,161,171 | 34,302,494 | 466,759 | 370,958 |
| Computer & Software expenses | 4,066,273 | 8,895,883 | 43,974 | 96,203 |
| Audit Fees | 2,240,463 | 3,559,448 | 24,229 | 38,493 |
| Others matters | - | 6,500,786 | - | 70,302 |
| Bank administration charges | 6,356,806 | 6,552,800 | 68,745 | 70,864 |
| Common Corporate costs | 107,700,211 | 183,083,281 | 1,164,704 | 1,979,921 |
| Service charges | - | 41,775,645 | - | 451,775 |
| Books Periodicals,Subscriptions & cassettes. | 3,406,169 | 2,826,055 | 36,835 | 30,562 |
| | 940,239,473 | 1,144,798,707 | 10,168,049 | 12,380,219 |

Firstsource Solutions UK Limited

Notes to the accounts

as at 31 March 2015

(Currency: In Indian rupees)

23. 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. 99,824,417 equivalent to GBP 1,079,533 (31 March 2014: Rs. 214,178,736 equivalent to GBP 2,316,197) 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 | |
|--|--------------------|--------------------|------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Amount due within one year from the balance sheet date | 114,092,722 | 94,083,509 | 1,233,835 | 1,017,449 |
| Amount due in the period between one year and five years | 214,642,751 | 230,614,262 | 2,321,215 | 2,493,936 |
| Amount due in the period beyond five years | 8,838,745 | 59,802,753 | 95,585 | 646,726 |
| | 337,574,218 | 384,500,524 | 3,650,635 | 4,158,111 |

Rental expenses under cancelable operating leases aggregating to Rs.62,695,677 equivalent to GBP 678,011 (31 March 2014: Rs. 17,176,210 equivalent to GBP 185,749) 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 2015 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 |
| As at 31 March 2015 | | | | | | |
| Amount payable within one year from the balance sheet date | 26,366,715 | 1,059,807 | 27,426,521 | 285,138 | 11,461 | 296,599 |
| Amount payable in the period between one year and five years | - | - | - | - | - | - |
| | 26,366,715 | 1,059,807 | 27,426,521 | 285,138 | 11,461 | 296,599 |
| | 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 |
| As at 31 March 2014 | | | | | | |
| 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 |

Firstsource Solutions UK Limited

Notes to the accounts

as at 31 March 2015

(Currency: In Indian rupees)

| | | | | | | |
|--|-------------------|------------------|-------------------|----------------|---------------|----------------|
| | <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> |
|--|-------------------|------------------|-------------------|----------------|---------------|----------------|

24. 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 2015, particularly on the amount of tax expense and that of the provision for taxation.

25. Grant

The Company has accrued / received revenue grants amounting to Rs 44.66 million (GBP 0.48 million) (31 March 2014: Rs 119.29 million (GBP 1.29 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.

26. Related Party Transactions

Details of related parties including summary of transactions entered into during the year ended 31 March 2015 are summarized below:

| | |
|---------------------|--|
| Holding Company | <ul style="list-style-type: none">• Firstsource Solutions Ltd |
| Fellow Subsidiaries | <ul style="list-style-type: none">• Firstsource Group USA Inc.• Firstsource BPO Ireland Ltd.• Firstsource Advantage LLC• Medassist Holding Inc• Firstsource Transaction Services LLC• Firstsource Dialog Solutions (Private) Ltd• Firstsource Business Process Services LLC• Anunta Tech Infrastructures Limited\• Firstsource Solutions S.A• One Advantage LLC• Medassist Holding LLC |
| Directors | <ul style="list-style-type: none">• Rajesh Subramaniam• Gavin Snell |

Firstsource Solutions UK Limited

Notes to the accounts

as at 31 March 2015

(Currency: In Indian rupees)

26. Related Party Transactions (Continued)

Particulars of related party transactions during the year ended 31 March 2015

| Name of the related party | Description | Transaction value during the year ended (In Rupees) | | Transaction value during the year ended (In GBP) | | Receivable / (Payable) at (In Rupees) | | Receivable / (Payable) at (In GBP) | |
|------------------------------|---------------------------|---|---------------|--|------------|---------------------------------------|---------------|------------------------------------|-------------|
| | | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | Receipt of services | 636,668,711 | 2,646,293,607 | 6,885,138 | 28,617,861 | - | - | - | - |
| Firstsource Solutions Ltd | Recovery of expenses | 32,571,633 | 26,728,638 | 352,240 | 289,052 | - | - | - | - |
| | Reimbursement of expenses | 165,286,981 | 144,515,445 | 1,787,466 | 1,562,836 | - | - | - | - |
| | Cost of Sales | 2,323,694,720 | 841,602,389 | 25,129,174 | 9,101,356 | - | - | - | - |
| | Guarantee Commission | - | 66,382,733 | - | 717,884 | - | - | - | - |
| | Advance Given | - | 1,642,888,598 | - | 17,766,720 | - | - | - | - |
| | (Payable)/ Receivable | - | - | - | - | (1,046,221,771) | (338,124,138) | (11,314,175) | (3,656,582) |
| Firstsource BPO Ireland Ltd. | Recovery of Expenses | 18,009,920 | 33,119,795 | 194,765 | 358,168 | - | - | - | - |
| | Loan Given | 1,630,053,947 | 372,889,899 | 17,627,922 | 4,032,550 | - | - | - | - |
| | Recovery of Loan | 1,750,766,134 | 509,482,514 | 18,933,342 | 5,509,706 | - | - | - | - |
| | Reimbursement of Expenses | 24,908,644 | - | 269,370 | - | - | - | - | - |
| | (Payable)/ Receivable | - | - | - | - | - | 162,65,750 | - | 175,903 |

Firstsource Solutions UK Limited

Notes to the accounts

as at 31 March 2015

(Currency: In Indian rupees)

| Name of the related party | Description | Transaction value during the year ended (In Rupees) | | Transaction value during the year ended (In GBP) | | Receivable / (Payable) at (In Rupees) | | Receivable / (Payable) at (In GBP) | |
|-------------------------------------|---------------------------|---|---------------|--|------------|---------------------------------------|---------------|------------------------------------|------------|
| | | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | Loan outstanding | - | - | - | - | - | 120,712,187 | - | 1,305,420 |
| Firstsource Group USA Inc. | Recovery of Expenses | 785,348 | 41,501,091 | 8,493 | 448,806 | - | - | - | - |
| | Reimbursement of expenses | 176,609,378 | 62,881,727 | 1,909,910 | 680,023 | - | - | - | - |
| | Loan Given | 6,557,977,253 | 1,515,508,214 | 70,920,052 | 16,389,188 | - | - | - | - |
| | Recovery of Loan | 3,842,618,066 | - | 41,555,294 | - | - | - | - | - |
| | Interest Income | 122,802,287 | - | 1,328,023 | - | - | - | - | - |
| | (Payable)/Receivable | - | - | - | - | (172,970,235) | (21,722,114) | (1,870,555) | (234,910) |
| | Loan Outstanding | - | - | - | - | 4,573,114,700 | 1,857,755,513 | 49,455,117 | 20,090,359 |
| Anunta Tech Infrastructures Limited | Recovery of expenses | - | 32,706,454 | - | 353,698 | - | - | - | - |

Firstsource Solutions UK Limited

Notes to the accounts

as at 31 March 2015

(Currency: In Indian rupees)

27. Capital commitments

The Company has capital commitments of Rs 2,609,285 equivalent to GBP 28,218 (31 March 2014 Rs 9,264,477 equivalent to GBP 100,189) as at the balance sheet date.

28. Supplementary statutory information (accrual basis)

| | 31 March 2015 | 31 March 2014 |
|--|---------------|---------------|
| (i). <i>Earnings in foreign exchange</i> | | |
| Income from services | 1,328,023 | 1,624,159 |
| Other income | 2,644 | 275,067 |
| (ii). <i>Expenditure in foreign currency</i> | | |
| Cost of sales | - | 1,618,554 |
| Interest | 225,767 | 385,470 |
| Legal and professional fees | 50,196 | 92,568 |
| Other expenses (including expenses on FCCB buy back) | 126,242 | - |

29. Contingent liabilities

The Company has no contingent liabilities as at the balance sheet date.

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. 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 2015. 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 41 of the consolidated financial statements).

Firstsource Solutions UK Limited

Notes to the accounts

as at 31 March 2015

(Currency: In Indian rupees)

- 32.** 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

For and on behalf of the Board of Directors

Praveena Jain

Partner

Rajesh Subramaniam

Director

Robert Rome

Director

Mumbai

Date: 05th May 2015