

Firstsource Solutions UK Limited

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

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 UK Limited** ("the Company") as at March 31st, 2015 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 129(3) of Companies Act, 2013.

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; 2015.
- 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

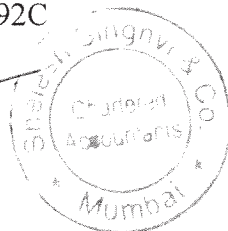
PRAVEENA JAIN

Partner

Membership No: 402256

Place: Mumbai

Date: 5th May, 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

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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

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(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

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	<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>
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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