

# 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 – Dialog Solutions (Private) Limited** (“the Company”) as at March 31<sup>st</sup>, 2013 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; 2013.
- ii) in the case of the Profit & Loss account, of the loss of the Company for the year ended on that date.

**For Shelesh Singhvi & Co.**

Chartered Accountants

Firm Registration No.14792C

*Praveena Jain*

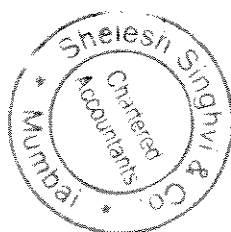
**PRAVEENA JAIN**

Partner

Membership No: 402256

Place: Mumbai

Date: 7<sup>th</sup> May, 2013



FIRSTSOURCE-DIALOG SOLUTIONS (PRIVATE) LIMITED

BALANCE SHEET  
as at 31 March 2013

	Notes	Amount in	Amount in	Amount in	Amount in
		Rupees	Rupees	LKR	LKR
		31 March 2013	31 March 2012	31 March 2013	31 March 2012
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	3	46,041,050	46,041,050	106,700,000	106,700,000
Reserves and Surplus	4	(1,719,411)	10,914,209	(3,984,727)	25,293,648
		44,321,639	56,955,259	102,715,273	131,993,648
<b>Non-current liabilities</b>					
Long-term provisions	5	3,417,347	5,197,891	7,919,691	12,046,098
		3,417,347	5,197,891	7,919,691	12,046,098
<b>Current liabilities</b>					
Trade Payables	6	12,223,683	11,484,515	28,328,361	26,615,331
Other current liabilities	7	7,684,763	5,969,386	17,809,412	13,834,035
Short-term provisions	8	752,997	1,318,931	1,745,068	3,056,619
		20,661,444	18,772,832	47,882,831	43,505,985
		68,400,430	80,925,982	168,517,795	187,545,731
<b>ASSETS</b>					
<b>Non-current assets</b>					
<b>Fixed Assets</b>					
Tangible assets	9	5,856,082	16,162,189	13,571,452	37,455,831
Intangible assets		2,995,479	845,614	6,942,013	1,959,707
		8,851,561	17,007,804	20,513,465	39,415,538
Long term loans and advances	10	1,332,534	334,844	3,088,143	776,000
<b>Current Assets</b>					
Trade receivables	11	36,193,806	45,627,244	83,879,037	105,741,006
Cash and bank balances	12	15,320,412	10,547,520	35,505,010	24,443,848
Short term loans and advances	13	6,702,118	7,408,570	15,532,140	17,189,340
		58,216,335	63,583,334	134,916,187	147,354,193
		68,400,430	80,925,982	168,517,795	187,545,731

Significant accounting policies

2

The accompanying notes from 1 to 27 form an integral part of this financial statement

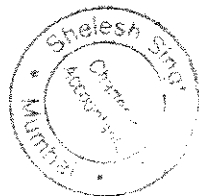
As per our report of even date attached.

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

*Praveena Jain*

Praveena Jain  
Partner  
Membership No: 402256

Mumbai  
07 May 2013



For and on behalf of the Board of Directors

*Sanjay Venkataraman*  
Sanjay Venkataraman  
Director

*Dinesh Jain*  
Dinesh Jain  
Director

Shalabh Jain  
Director

Dr. Hans. Wijayasuriya  
Director

**FIRSTSOURCE-DIALOG SOLUTIONS (P)**  
**STATEMENT OF PROFIT AND LOSS**  
*for the period 01 April 2012 to 31 March 2013*

	Notes	Amount in Rupees	Amount in Rupees	Amount in LKR	Amount in LKR
		31 March 2013	For the Period 13 May 2011 to 31 March 2012	31 March 2013	For the Period 13 May 2011 to 31 March 2012
<b>INCOME</b>					
Revenue from Services		201,241,299	202,583,178	466,376,127	469,485,928
Other Income	14	739,089	(120,870)	1,712,838	(280,115)
		<b>201,980,388</b>	<b>202,462,308</b>	<b>468,088,965</b>	<b>469,205,813</b>
<b>EXPENSES</b>					
Employee benefits expense	15	114,265,705	96,000,477	264,810,440	222,480,827
Depreciation and Amortisation	9	15,436,070	12,955,190	35,773,047	30,023,615
Other Expenses	16	85,346,775	82,082,752	197,790,902	190,226,541
		<b>215,048,549</b>	<b>191,038,419</b>	<b>498,374,389</b>	<b>442,730,983</b>
<b>Profit Before Taxation</b>		<b>(13,068,162)</b>	<b>11,423,889</b>	<b>(30,285,425)</b>	<b>26,474,830</b>
Provision for Taxes			509,680	-	1,181,182
- Current tax Expense					
- Previous year tax		(434,542)	-	(1,007,049)	-
<b>Profit After Taxation</b>		<b>(12,533,620)</b>	<b>10,914,209</b>	<b>(29,278,376)</b>	<b>25,293,648</b>

**Earnings per Share**

Number of shares used in computing earnings per share				
Basic and diluted	10,670,000	10,570,000	10,670,000	10,670,000
Nominal Value Per Share	0.43	0.43	1	1
Basic and diluted earnings per share	(1.18)	1.02	(2.74)	2.37

Significant accounting policies 2

The accompanying notes from 1 to 27 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  
 07 May 2013



For and on behalf of the Board of Directors

*Sanjay Venkataraman*  
 Sanjay Venkataraman  
 Director

*Dinesh Jain*  
 Dinesh Jain  
 Director

Shalabh Jain  
 Director

Dr. Hans. Wijayasuriya  
 Director

FIRSTSOURCE-DIALOG SOLUTIONS (PRIVATE) LIMITED  
 CASH FLOW STATEMENT  
 for the year ended 31 March 2013

	Amount in Rupees		Amount in LKR	
	2013	2012	2013	2012
<b>Cash flow from operating activities</b>				
Net profit after tax	(12,633,620)	10,914,209	(29,278,376)	25,293,648
Adjustments for				
Depreciation and amortisation	15,436,070	12,955,190	35,773,047	30,023,615
Loss on Sales of Fixed Asset	6,074		14,075	
Provision for current tax	(434,542)	509,680	(1,007,049)	1,181,182
Interest and dividend income	(1,024,046)	(241,572)	(2,373,224)	(559,843)
Deferred tax credit				
<b>Operating cash flow before changes in working capital</b>	<b>1,349,936</b>	<b>24,137,507</b>	<b>3,128,473</b>	<b>55,938,602</b>
Changes in working capital				
(Increase) in Trade receivables	9,433,439	(45,627,244)	21,864,968	(105,741,005)
(Increase) in Loans and advances	(380,666)	(7,408,570)	(882,194)	(17,169,340)
Increase in Current liabilities	1,715,376	5,829,550	3,975,380	13,509,968
Increase in Provisions	(2,346,479)	9,516,822	(5,437,959)	15,102,717
Increase in Trade Payable	739,168	11,484,515	1,713,019	26,615,331
<b>Net changes in working capital</b>	<b>9,160,838</b>	<b>(29,204,926)</b>	<b>21,230,215</b>	<b>(67,682,331)</b>
Income taxes paid	434,542	(369,844)	1,007,049	(857,112)
<b>Net cash generated from operating activities (A)</b>	<b>10,945,316</b>	<b>(5,437,263)</b>	<b>25,365,737</b>	<b>(12,600,842)</b>
<b>Cash flow from investing activities</b>				
Sale of Fixed Assets (Scrap)	10,366		24,000	-
Investment in Deposits	(29,666)	(334,844)	(68,750)	(776,300)
Sale of investment in Deposits	119,094		276,000	
Interest and dividend income received	1,024,046	241,572	2,373,224	559,843
Capital expenditure	(7,296,255)	(29,962,995)	(16,909,049)	(69,439,154)
<b>Net cash used in investing activities (B)</b>	<b>(6,182,789)</b>	<b>(30,056,266)</b>	<b>(14,304,575)</b>	<b>(69,655,310)</b>
<b>Cash flow from financing activities</b>				
Proceeds from issuance of equity shares and share application money (Net of share issue expenses)		46,041,050		108,700,000
<b>Net cash used in financing activities (C)</b>		<b>46,041,050</b>		<b>108,700,000</b>
<b>Net increase in cash and bank balance (A+B+C)</b>	<b>4,772,691</b>	<b>10,547,520</b>	<b>11,061,162</b>	<b>24,443,848</b>
<b>Cash and bank balance at the beginning of the year*</b>	<b>10,547,520</b>		<b>24,443,848</b>	
<b>Cash and bank balance at the end of the year*</b>	<b>15,320,211</b>	<b>10,547,520</b>	<b>35,505,010</b>	<b>24,443,848</b>

\* Refer schedule 12 for components of cash and cash equivalents.

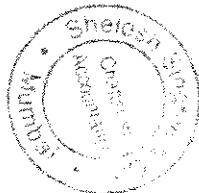
As per our report of even date attached.

For SHELESH SINGHVI & CO.  
 Chartered Accountants  
 Firm's Registration No: 0147520

*Praveena Jain*

Praveena Jain  
 Partner  
 Membership No: 402258

Mumbai  
 07 May 2013



For and on behalf of the Board of Directors

*Shalabh Jain*  
 Shalabh Jain  
 Director

Shalabh Jain  
 Director

*Dinesh Jain*  
 Dinesh Jain  
 Director

Dr. Hans. Wijayasuriya  
 Director

# Firstsource Dialog Solutions Private Limited

## Notes to the accounts

as at 31 March 2013

### 1 Background

Firstsource Solutions Ltd. (FSL) acquired 74% stake in Dialog Business Services (Private) Limited (DBS), a company incorporated in Sri Lanka on 13 May 2011 from Dialog Axiata PLC (DAP). On the same day, the Company infused additional capital. Against the investment, the company has acquired all the Fixed Assets of DBS. These assets were transferred by DAP to DBS by way of an asset purchase agreement on April 29, 2011. FSL renamed the acquired entity as Firstsource Dialog Solutions (Private) Ltd on 6th June 2011.

### 2 Significant accounting policies

#### 2.1 Basis of preparation

The financial statements of Firstsource Dialog Solutions Private Limited ('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 (Sri Lanka) in the terms of Sri Lankan Rupee ('LKR'). However, for the purpose of compliance with the requirements of Section 212 of the Act, amounts in these financial statements have been translated into Indian rupees at the closing rate on 31 March 2013 which is 1 LKR = Rs.0.4315. No representation is made that LKR amounts have been, could have been or could be converted into Indian rupees at such a rate.

#### 2.2 Use of estimates

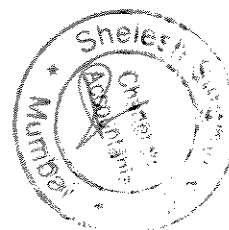
The preparation of financial statements in conformity with generally accepted accounting principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities on the date of the financial statements and the reported amount of income and expense 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 Dialog Solutions Private Limited

Notes to the accounts  
as at 31 March 2013

## 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

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.

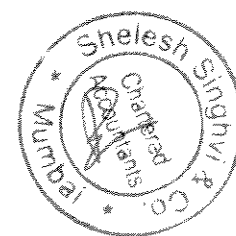
### 2.5 Impairment of assets

#### 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 Dialog Solutions Private Limited

## Notes to the accounts

as at 31 March 2013

### 2 Significant accounting policies (*Continued*)

#### 2.6 *Foreign currency transactions*

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

#### 2.7 *Taxation*

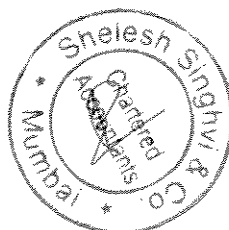
Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. The Company profits are exempted under Board of Investments (BOI) regulations for 7 years. In this regard, the Company recognises deferred taxes in respect of those originating timing differences which reverse after the tax holiday period resulting in tax consequences. Timing differences which originate and reverse within the tax holiday period do not result in tax consequence and, therefore, no deferred taxes are recognised in respect of the same.

#### 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 Dialog Solutions Private Limited

Notes to the accounts  
as at 31 March 2013

## 2 Significant accounting policies (Continued)

### 2.9 Leases

#### *Operating lease*

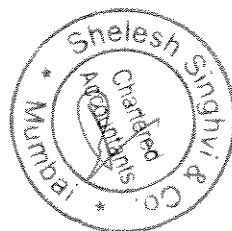
Lease rentals in respect of assets acquired under operating lease are charged off to the statement of profit and loss as incurred.

### 2.10 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-term 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.

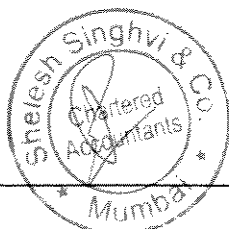




**FIRSTSOURCE SOLUTIONS UK LIMITED**

 Notes to the accounts  
 as at 31 March 2013

	Amount in Rupees		Amount in GBP			
	31 March 2013	31 March 2012	31 March 2013	31 March 2012		
<b>3) Share Capital</b>						
<b>Authorised</b>						
2,834,672 (31 March 2012: 2,834,672) Equity Shares of GBP 1 each	233,087,992	233,087,992	2,834,672	2,834,672		
<b>Issued, Subscribed and Paid up</b>						
2,834,672 (31 March 2012: 2,834,672) Equity Shares of GBP 1 each	233,087,992	233,087,992	2,834,672	2,834,672		
	233,087,992	233,087,992	2,834,672	2,834,672		
<b>a. Reconciliation of number of shares outstanding</b>	31-Mar-13		31 March 2012			
	No. of shares	Amount in Rupees	Amount in GBP	No. of shares	Amount in Rupees	Amount in GBP
Shares outstanding at the beginning of the year	2,834,672	233,087,992	2,834,672	2,834,672	233,087,992	2,834,672
Addition During the year	-	-	-	-	-	-
Shares outstanding at the end of the year	2,834,672	233,087,992	2,834,672	2,834,672	233,087,992	2,834,672
<b>b. Details of shareholders holding more than 5% shares in the Company</b>	31 March 2013		31 March 2012			
	No. of shares	% of holding	No. of shares	% of holding		
Firstsource Solution Ltd. (Holding Company)	2,834,672	100	2,834,672	100		
<b>4) Reserve and surplus</b>	Amount in Rupees		Amount in GBP			
	31 March 2013	31 March 2012	31 March 2013	31 March 2012		
<b>Statement of profit and loss</b>						
Balance at beginning of year	715,496,260	668,233,537	8,701,423	8,126,643		
Add: Net profit for the year	(18,627,274)	47,262,722	(226,533)	574,780		
Balance at the end of the year	696,868,986	715,496,260	8,474,890	8,701,423		
	696,868,986	715,496,260	8,474,890	8,701,423		
<b>5) Long term Borrowings</b>						
Finance Lease Liability A/c	44,524,183	-	541,475	-		
	44,524,183	-	541,475	-		
<b>5) Short term Borrowings</b>						
<b>Secured</b>						
ICICI Bank, Bahrain Branch	1,628,597,865	-	19,806,000	-		
The working capital demand loan carries interest at an average rate of LIBOR + 400 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. Further, the loan has been guaranteed by Firstsource.	1,628,597,865	-	19,806,000	-		
<b>5) Long term Liabilities</b>						
Payable on asset purchase	493,365,000	657,820,000	6,000,000	8,000,000		
	493,365,000	657,820,000	6,000,000	8,000,000		
<b>6) Trade Payables</b>						
Trade Payables for services and expenses	333,038,044	395,559,877	4,050,203	4,810,555		
	333,038,044	395,559,877	4,050,203	4,810,555		
<b>7) Other Current Liabilities</b>						
<b>Statutory Dues</b>						
Tax Deducted at source	-	376,026	-	4,573		
VAT Control Account	196,363,110	122,337,671	2,388,047	1,487,795		
Employee related statutory dues	1,479,407	24,291,352	17,992	295,416		
<b>Other Dues</b>						
Income received in Advance	161,800,881	203,178,417	1,967,722	2,470,930		
Accrued interest on long term loan	6,011,535	-	73,109	-		
Finance lease liability	20,780,616	0	252,721	0		
	386,435,549	350,183,466	4,699,590	4,258,715		
<b>8) Short term provisions</b>						
Income Tax	12,940,667	12,698,839	157,376	154,435		
	12,940,667	12,698,839	157,376	154,435		



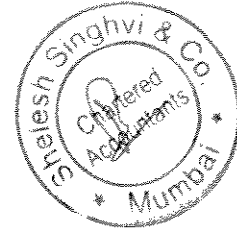
**FIRSTSOURCE-DIALOG SOLUTIONS (PRIVATE) LIMITED**

Notes to the accounts

for the year ended 31 March 2013

**9) Fixed Assets**

	Tangible Assets				Intangible Assets		Grand Total
	Leasehold Improvement	Computers	Service Equipment	Furniture, Fixture and office equipments	Software	Total	
<b>Gross Block</b>							
As at 1 April 2012	6,129,390	5,647,027	9,348,382	7,739,338	28,864,138	1,098,857	29,962,995
Additions during the year	15,713	2,997,109	137,558	1,145,712	4,296,092	3,000,163	7,296,255
Deletions during the year	-	-	-	(39,472)	-	-	-
As at 31 March 2013	<b>6,145,103</b>	<b>8,644,136</b>	<b>9,485,940</b>	<b>8,845,579</b>	<b>33,120,758</b>	<b>4,099,020</b>	<b>37,219,778</b>
<b>Accumulated depreciation / amortization</b>							
As at 1 April 2012	2,830,239	2,403,862	4,040,281	3,427,565	12,701,946	253,243	12,955,190
Charge for the year	3,067,556	2,954,689	4,473,417	4,090,111	14,585,772	850,298	15,436,070
Accumulated depreciation on business acquisitions	-	-	-	-	-	-	-
On deletions during the year	-	-	-	(23,042)	(23,042)	-	(23,042)
As at 31 March 2013	<b>5,897,795</b>	<b>5,358,551</b>	<b>8,513,697</b>	<b>7,494,633</b>	<b>27,264,677</b>	<b>1,103,541</b>	<b>28,368,218</b>
<b>Net Block (INR)</b>							
As at 31 March 2013	247,308	3,285,585	972,243	1,350,946	5,856,082	2,995,479	8,851,560
As at 31 March 2012	3,299,150	3,243,165	5,308,101	4,311,774	16,162,190	845,614	17,007,804
<b>Net Block (LKR)</b>							
As at 31 March 2013	573,135	7,614,334	2,259,170	3,130,813	13,571,452	6,942,013	20,513,465
As at 31 March 2012	7,645,773	7,516,025	12,301,509	9,992,523	37,455,831	1,959,707	39,415,538

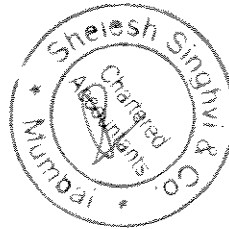


**FIRSTSOURCE-DIALOG SOLUTIONS (PRIVATE) LIMITED**

Notes to the accounts

for the year ended 31 March 2013

	Amount in Rupees	Amount in Rupees	Amount in LKR	Amount in LKR
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
<b>10) Long term loans and advances</b> (Unsecured, considered good)				
Sundry Deposits	245,416	334,844	568,750	776,000
Advance tax and tax deducted at source	1,087,118	-	2,519,393	-
	<b>1,332,534</b>	<b>334,844</b>	<b>3,088,143</b>	<b>776,000</b>
<b>11) Trade Receivables</b> (unsecured and considered good, unless stated otherwise)				
Receivable outstanding for more than six months				
Considered good	-	-	-	-
Considered doubtful	-	-	-	-
Other Receivable				
Considered good	36,193,805	45,627,244	83,879,037	105,741,005
Considered doubtful	-	-	-	-
	<b>36,193,805</b>	<b>45,627,244</b>	<b>83,879,037</b>	<b>105,741,005</b>
<b>12) Cash and Bank Balances</b>				
Cash in hand		-		-
Balance with banks:				
in deposit accounts less than 3 months	-	3,020,500	-	7,000,000
in current accounts	15,320,412	7,527,020	35,505,010	17,443,848
	<b>15,320,412</b>	<b>10,547,520</b>	<b>35,505,010</b>	<b>24,443,848</b>
<b>13) Short term loans and advances</b> (unsecured and considered good)				
Others Advances	334,052	189,179	774,165	438,422
Prepaid Expenses	6,368,066	7,219,391	14,757,975	16,730,918
	<b>6,702,118</b>	<b>7,408,570</b>	<b>15,532,140</b>	<b>17,169,340</b>



**FIRSTSOURCE-DIALOG SOLUTIONS (PRIVATE) LIMITED**

Notes to the accounts

for the year ended 31 March 2013

	Amount in Rupees	Amount in Rupees	Amount in LKR	Amount in LKR
	31 March 2013	For the Period 13 May 2011 to 31 March 2012	31 March 2013	For the Period 13 May 2011 to 31 March 2012
<b>14) Other Income</b>				
Interest	1,024,046	241,572	2,373,224	559,843
Foreign Exchange Loss	(284,957)	(362,442)	(660,386)	(839,958)
	<b>739,089</b>	<b>(120,870)</b>	<b>1,712,838</b>	<b>(280,115)</b>
<b>15) Employee Benefit Expenses.</b>				
Salaries,bonus and other allowances	92,030,682	71,954,905	213,280,839	166,755,285
Contribution to provident and other funds	11,059,907	13,940,950	25,631,303	32,308,111
Staff welfare expenses	11,175,116	10,104,622	25,898,298	23,417,431
	<b>114,265,705</b>	<b>96,000,477</b>	<b>264,810,440</b>	<b>222,480,827</b>
<b>16) Other Expenses</b>				
Rent	27,094,169	24,068,116	62,790,657	55,777,790
Rates and Taxes	12,186	58,451	28,241	135,459
Insurance	5,840,127	4,849,911	13,534,478	11,239,654
Travelling and conveyance	1,859,619	4,239,866	4,309,662	9,825,877
Electricity, Water and power consumption	17,417,256	13,598,543	40,364,441	31,514,584
Legal and Professional fees	7,785,189	13,503,602	18,042,154	31,294,559
Auditors remuneration				
Audit fees	100,971	-	234,000	-
Others	56,581	-	131,126	-
Communication Expenses	1,266,505	1,152,803	2,935,121	2,671,618
Connectivity Charges	1,220,606	406,846	2,828,752	942,865
Membership fees	32,111	28,853	74,417	66,868
Computer Expenses	644,544	892,023	1,493,730	2,067,261
Recruitment / Training expenses	494,826	1,283,071	1,146,757	2,973,513
Printing and Stationery	427,269	249,084	990,194	577,251
Marketing and Support Services	6,926	126,967	16,052	294,246
Advertisement & publicity	2,158	2,755	5,000	6,384
Guest House Expense	133,489	42,325	309,360	98,088
Bank Charges	60,343	79,487	139,844	184,210
Car Hire and other Hire charges	13,596,798	12,038,504	31,510,540	27,899,198
Meetings & seminar expenses	90,666	40,134	210,119	93,010
Maintenance and upkeep	7,113,533	5,018,534	16,485,593	11,630,439
(Gain) / Loss on sale of Fixed assets / Written off	6,074	-	14,075	-
Miscellaneous Expenses	84,829	402,877	196,590	933,667
	<b>85,346,775</b>	<b>82,082,752</b>	<b>197,790,902</b>	<b>190,226,541</b>



## Firstsource Dialog Solutions Private Limited

### Notes to the accounts as at 31 March 2013

#### 17. Leases

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 cancelable operating leases aggregating to Rs. 26,017,472 equivalent to LKR 60,295,418 (Previous Year Equivalent Rs. 23,576,807 equivalent to LKR 54,639,182) have been debited to the statement of profit and loss.

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

Particulars	Amount in Rupees	Amount in Rupees	Amount in LKR	Amount in LKR
	2013	2012	2013	2012
Amount due within one year from the balance sheet date	<b>28,619,220</b>	26,017,472	<b>66,324,960</b>	60,295,416
Amount due in the period between one year and five years	<b>71,970,733</b>	100,589,954	<b>166,791,966</b>	233,116,926
<b>Total</b>	<b>100,589,954</b>	126,607,426	<b>233,116,926</b>	293,412,342

#### 18. 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 2013, particularly on the amount of tax expense and that of the provision for taxation.



## Firstsource Dialog Solutions Private Limited

Notes to the accounts  
as at 31 March 2013

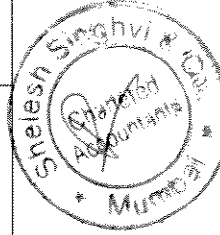
### 19. Related Party Transactions

Details of related parties including summary of transactions entered into during the year ended 31 March 2013 are summarized below:

Holding Company Parties with substantial interests
<ul style="list-style-type: none"> <li>• Firstsource Solutions Ltd</li> <li>• Firstsource Group USA Inc.</li> <li>• RevIT Systems Private Ltd</li> <li>• Firstsource Transaction Services LLC</li> <li>• Firstsource Solutions USA LLC</li> <li>• Firstsource Solution UK Limited</li> <li>• Anunta Tech Infrastructure Services Limited</li> <li>• MedAssist Holding, Inc.,</li> <li>• Firstsource BPO Ireland Limited</li> <li>• Firstsource Dialog Solutions (Private) Ltd.</li> <li>• Twin Lake Property I LLC</li> <li>• Twin Lake Property II LLC</li> <li>• Firstsource Advantage LLC</li> </ul>

#### Particulars of related party transactions during the year ended 31 March 2013

Name of the related party	Description	Transaction value during the year ended 31.03.13 (Rupees)	Transaction value during the year ended 31.03.12 (Rupees)	Transaction value during the year ended 31.03.13 (LKR)	Transaction value during the year ended 31.03.12 (LKR)	Receivable / Payable at 31.03.13 (In Rupees)	Receivable / Payable at 31.03.12 (In Rupees)	Receivable / Payable at 31.03.13 (In LKR)	Receivable / Payable at 31.03.12 (In LKR)
Firstsource Solutions Ltd	Reimbursement of Expenses	-	7,924,278	-	18,364,492	-	1,685,404	-	3,905,918
	Recovery of expenses	4,623,688	-	1,995,121	-	602,892	686,296	1,397,200	1,590,489
	Investment in Equity	-	107,020,218	-	46,179,224	107,020,218	107,020,218	46,179,224	46,179,224



# Firstsource Dialog Solutions Private Limited

## Notes to the accounts as at 31 March 2013

### 20. Capital commitments

The Company has capital commitments of LKR 543,650 equivalent to INR 234,585 as at the balance sheet date (31<sup>st</sup> March 2012 :- Nil).

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

	31 March 2013	31 March 2012
(i). <i>Expenditure in foreign currency</i>		
Employee cost	847,121	-
Travel and conveyance	997,086	-
Maintenance and upkeep	4,800,400	2,275,826
Connectivity charges	16,716	-
Other expenses	93,210	7,351

### 22. Contingent liabilities

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

### 23. Provision for Tax

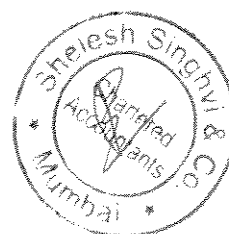
Provision for Tax: Excess Tax provision in previous financial year 2011-12 amounting to LKR.1007049 is reversed and shown under Current tax Provisions. There is no current tax provision for the financial year 2012-13 due to availment of Tax Holiday.

### 24. Gratuity Fund

On the basis of Actuarial Valuation report, closing liability related to gratuity has restated as on balance sheet date.

### 25. 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 32 of the consolidated financial statements)



## Firstsource Dialog Solutions Private Limited

Notes to the accounts  
as at 31 March 2013

### 26. 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 2013. 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.

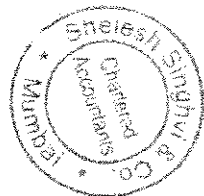
### 27. Previous year's figures have been appropriately regrouped/ reclassified to conform to current year's presentation.

As per our report of even date attached.

For SHELESH SINGHVI & CO.  
Chartered Accountants  
Firm's registration no: 014792C

*Praveena Jain*

Praveena Jain  
Partner



Mumbai  
7 May 2013

For and on behalf of the Board of Directors

*Sanjay Venkataraman*  
Sanjay Venkataraman  
Director

Shalabh Jain  
Director

*Dinesh Jain*  
Dinesh Jain  
Director

Dr. Hans. Wijayasuriya  
Director