

SHELESH SINGHVI & CO.

CHARTERED ACCOUNTANTS

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

To,

The Board of Directors,

Firstsource Solutions Limited,

Mumbai

We have reviewed the attached balance sheet of **Firstsource Solutions U.K Limited** ("the Company") as at March 31st, 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 31st March; 2013.
- 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

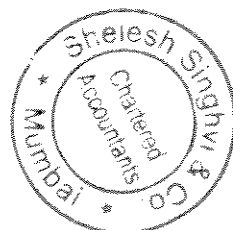
PRAVEENA JAIN

Partner

Membership No: 402256

Place: Mumbai

Date: 7th May, 2013



FIRSTSOURCE SOLUTIONS UK LIMITED

BALANCE SHEET
as at 31 March 2013

	Note	Amount in Rupees		Amount in GBP	
		31 March 2013	31 March 2012	31 March 2013	31 March 2012
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	3	233,087,992	233,087,992	2,834,672	2,834,672
Reserves and Surplus	4	696,868,966	715,496,260	8,474,890	8,701,423
		929,956,978	948,584,252	11,309,562	11,536,095
Non-Current Liabilities					
Long term borrowings		44,624,183	-	541,475	-
Other long term liabilities	5	493,365,000	657,820,000	6,000,000	8,000,000
		637,889,183	657,820,000	6,541,475	8,000,000
Current Liabilities					
Short Term Borrowings		1,628,597,866	-	19,806,000	-
Trade Payable	6	333,038,044	395,559,879	4,060,203	4,810,565
Other current liabilities	7	366,436,649	350,183,465	4,699,590	4,259,715
Short-term Provisions	8	12,940,667	12,698,839	157,376	154,435
		2,361,012,126	758,442,184	28,713,169	9,223,705
		3,828,858,287	2,364,846,437	46,564,206	28,759,800
ASSETS					
Non-current assets					
Fixed Assets					
Tangible	9	268,689,896	112,067,841	3,267,761	1,362,897
Intangible		18,981,896	7,929,646	230,841	96,435
Capital work-in-progress		2,886,303	68,604,230	35,101	834,201
		290,558,094	188,591,517	3,533,703	2,293,533
Non-current investments	10	-	84,766,484	-	1,030,886
Deferred Tax Assets	11	24,380,043	14,040,099	296,495	170,747
Current Assets					
Trade Receivables	12	961,503,433	948,197,528	11,693,211	11,531,392
Cash and bank balances	13	128,841,906	373,426,918	1,542,573	4,541,587
Short-term loans and advances	14	1,866,935,703	595,178,696	22,582,916	7,238,195
Other current assets	15	568,629,109	160,646,187	6,915,315	1,853,680
		3,513,910,151	2,077,449,327	42,734,009	25,264,654
		3,828,858,287	2,364,846,437	46,564,206	28,759,800

Significant accounting policies

2

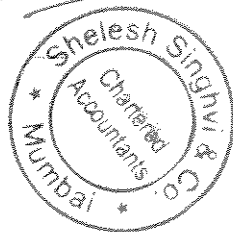
The accompanying notes from 1 to 28 referred to above form an integral part of this financial statement.

As per our report of even date attached

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

Praveena Jain
Praveena Jain
Partner
Membership No: 452256

Mumbai
07 May 2013



For and on behalf of the Board of Directors

Rajesh Subramaniam
Rajesh Subramaniam
Director

Iain Regan
Director

Mark Hooper
Mark Hooper
Director

Charles Miller Smith
Director

FIRSTSOURCE SOLUTIONS UK LIMITED
STATEMENT OF PROFIT AND LOSS
for the year ended 31 March 2013

	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 2013	31 March 2012	31 March 2013	31 March 2012
Income					
Revenue from operations					
Other Income	15	8,302,084,526 (18,385,736)	4,552,867,498 36,987,865	100,964,817 (223,596)	75,825,183 449,824
		8,283,698,790	4,589,885,363	100,741,221	76,275,007
Expenses					
Cost of Sales					
Employee benefit expenses	17	2,366,787,319	2,085,874,322	28,783,404	25,606,963
Finance Cost		4,760,234,519	3,398,723,730	57,891,028	41,333,176
Depreciation and Amortisation	9	117,242,884	-	1,425,635	-
Other expenses	18	96,228,521	67,403,282	1,170,288	827,466
		963,358,978	615,528,735	11,715,776	7,485,680
		8,303,853,522	6,167,530,070	100,986,332	75,253,226
Profit Before Taxes		(20,154,732)	(1,577,644,707)	(245,109)	1,021,782
Provision for Taxes					
- Current Tax Expense		8,812,486	34,730,871	107,172	428,368
- Deferred Tax Credit		(10,339,944)	1,627,928	(125,748)	19,985
Profit After Taxes		(18,627,274)	(1,614,003,507)	(228,533)	575,429

Weighted average number of equity shares outstanding	2,834,672	2,834,672	2,834,672	2,834,672
Basic and diluted Earnings per share	(0.57)	(569.38)	(0.08)	0.20
Nominal value per share	82.23	82.23	1.00	1.00

Significant accounting policies 2

The accompanying notes from 1 to 28 referred to above form an integral part of this financial statement.

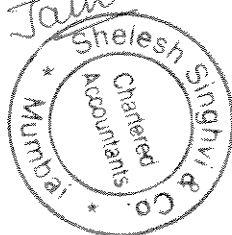
As per our report of even date attached.

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

Praveena Jain

Praveena Jain
 Partner
 Membership No: 402258

Mumbai
 07 May 2013



For and on behalf of the Board of Directors

Rajesh Subramaniam
 Rajesh Subramaniam
 Director

Mark Hooper
 Mark Hooper
 Director

Iain Regan
 Director

Charles Miller Smith
 Director

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FIRSTSOURCE SOLUTIONS UK LIMITED
CASH FLOW STATEMENT
 for the year ended 31 March 2013

	Amount in Rupees		Amount in GBP	
	2013	2012	2013	2012
Cash flow from operating activities				
Net profit after tax	(18,627,274)	47,262,722	(226,533)	574,780
Adjustments for:				
Depreciation and amortisation	96,229,821	68,040,461	1,170,288	827,466
Provision for current tax	12,940,667	35,059,175	157,376	426,368
Provision for doubtful debts / (written back)	-	-	-	-
Profit on sale of fixed assets net	(1,000,853)	-	(12,172)	-
Loss on sale of subsidiary	56,964,252	-	692,764	-
Interest costs	29,497,919	-	358,736	-
Interest and dividend income	-	(1,053,745)	-	(12,815)
Deferred tax credit	(10,339,944)	1,643,317	(125,748)	19,985
Operating cash flow before changes in working capital	185,864,689	150,951,929	2,014,710	1,835,784
Changes in working capital:				
Decrease / (Increase) in Trade receivables	(13,305,915)	(183,099,816)	(161,818)	(2,226,747)
(Increase) in Loans and advances	(1,076,168,961)	(800,775,549)	(20,384,529)	(9,738,537)
Increase in Current liabilities and provisions	(26,269,760)	433,392,665	(319,476)	5,270,654
Net changes in working capital	(1,715,744,552)	(550,482,699)	(20,865,824)	(6,694,630)
Income taxes paid	(12,698,839)	(38,433,051)	(154,435)	(467,399)
Net cash generated from operating activities (A)	(1,642,778,802)	(437,963,822)	(19,005,548)	(5,328,245)
Cash flow from investing activities				
Interest and dividend income received	-	1,053,745	-	12,815
Capital expenditure	(197,205,050)	(8,315,126)	(2,398,286)	(101,124)
Sale of investments..	84,765,494	-	1,030,866	-
Net cash used in investing activities (B)	(112,439,556)	(7,261,380)	(1,367,420)	(88,309)
Cash flow from financing activities				
Repayment of secured loan	-	-	-	-
Proceeds from Short term borrowings	-	-	19,732,891	-
Proceeds from long term borrowings	-	-	-	-
Proceeds from unsecured loan	(184,465,900)	(82,227,500)	(2,800,000)	(1,000,000)
Interest paid	(29,497,919)	-	(358,735)	-
Net cash used in financing activities (C)	(193,962,819)	(82,227,500)	17,374,156	(1,000,000)
Net Increase in cash and cash equivalents (A+B+C)	(248,584,947)	(527,452,702)	(2,898,814)	(6,414,554)
Cash and cash equivalents at the beginning of the year*	373,426,937	900,879,639	4,541,387	10,955,941
Cash and cash equivalents at the end of the year*	124,841,887	373,426,937	1,542,573	4,541,387

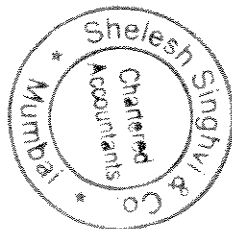
* Refer schedule 13 for components of cash and cash equivalents.

As per our report of even date attached:

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

Praveena Jain

Praveena Jain
 Partner
 Membership No. 402256
 Mumbai
 07 May 2013



For and on behalf of the Board of Directors

Rajesh Subramaniam
 Rajesh Subramaniam
 Director

Mark Hooper
 Mark Hooper
 Director

Jain Rangan
 Director

Charles Miller Smith
 Director

Firstsource Solutions UK Limited

Notes to the accounts as at 31 March 2013

(Currency: In Indian rupees)

1 Background

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

2 Significant accounting policies

2.1 Basis of preparation

The financial statements of Firstsource Solutions UK ('the Company') have been prepared under the historical cost convention, on accrual basis of accounting principles generally accepted in India. The Balance Sheet and Statement of profit and loss of the Company has been drawn up in the country of its incorporation (United Kingdom) in the terms of Great Britain Pound ('GBP'). However, for the purpose of compliance with the requirements of Section 212 of the Act, amounts for both years in these financial statements have been translated into Indian rupees at the closing rate on 31 March 2013 which is 1 GBP = Rs.82.2275 (31 March 2012 which is 1 GBP = Rs.81.4575). 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

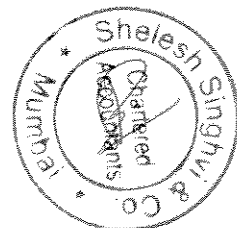
The preparation of financial statements in conformity with generally accepted accounting principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities on the date of the financial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

as at 31 March 2013

(Currency: In Indian rupees)

2 Significant accounting policies (Continued)

2.4 Fixed assets and depreciation

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

Asset	Useful life (in years)
<i>Intangible</i>	
Software	3 – 4
<i>Tangible</i>	
Leasehold improvements	5 or Lease term which ever is shorter
Computers	3 – 4
Furniture & Fixtures	3 – 5
Networks	3 – 5
Service Equipments	3 – 5
Office Equipments	3 – 5
Vehicles	2 – 5

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

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

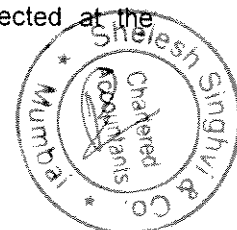
2.5 Impairment of assets

a) Financial assets

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

b) Non-financial assets

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



Firstsource Solutions UK Limited

Notes to the accounts

as at 31 March 2013

(Currency: In Indian rupees)

2 Significant accounting policies (Continued)

2.6 Foreign currency transactions

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

2.7 Taxation

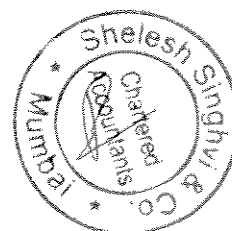
Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit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

2.8 Provisions and Contingencies

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

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

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



Firstsource Solutions UK Limited

Notes to the accounts as at 31 March 2013

(Currency: In Indian rupees)

2 Significant accounting policies (*Continued*)

2.9 Leases

Operating lease

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

2.10 Retirement benefits

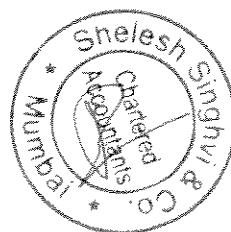
Contributions payable to the social security, medicare and other employee related contributions as required under the United Kingdom Law are charged to the statement of profit and loss.

2.11 Investments

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

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

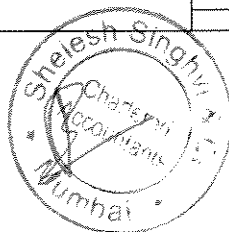
Current investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment. In case of investments in mutual funds, the net asset value of units declared by the mutual funds is considered as the fair value.



FIRSTSOURCE SOLUTIONS UK LIMITED

Notes to the accounts
as at 31 March 2013

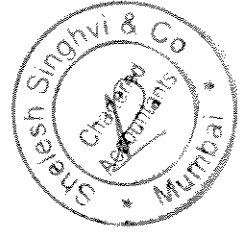
	Amount in Rupees		Amount in GBP			
	31 March 2013	31 March 2012	31 March 2013	31 March 2012		
3) Share Capital						
Authorised 2,834,672 (31 March 2012: 2,834,672) Equity Shares of GBP 1 each	233,087,992	233,087,992	2,834,672	2,834,672		
Issued, Subscribed and Paid up 2,834,672 (31 March 2012: 2,834,672) 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		
a. Reconciliation of number of shares outstanding	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. Details of shareholders holding more than 5% shares in the Company	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		
4) Reserve and surplus	Amount in Rupees		Amount in GBP			
	31 March 2013	31 March 2012	31 March 2013	31 March 2012		
Statement of profit and loss						
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		
5) Long term Borrowings						
Finance Lease Liability A/c	44,524,183	-	541,475	-		
	44,524,183	-	541,475	-		
5) Short term Borrowings						
Secured						
ICICI Bank, Bahrain Branch 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	-		
	1,628,597,865	-	19,806,000	-		
5) Long term Liabilities						
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		
6) Trade Payables						
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		
7) Other Current Liabilities						
Statutory Dues						
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		
Other Dues						
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		
8) Short term provisions						
Income Tax	12,940,667	12,698,839	157,376	154,435		
	12,940,667	12,698,839	157,376	154,435		



FIRSTSOURCE SOLUTIONS UK LIMITED
Notes to the financial statements
as at 31 March 2013

9) Fixed Assets

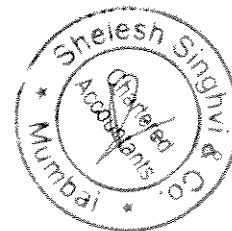
	Tangible Assets					Intangible Assets			Grand Total
	Leasehold improvement	Computers	Service Equipment	Furniture, fixture and office equipments	Vehicles	Total	Software	Total	
Gross Block									
As at 1 April 2012	216,228,833	95,116,614	186,808,075	142,530,427	3,905,806	644,589,755	33,278,194	33,278,194	677,867,949
Additions during the year	135,855,453	22,899,701	45,948,974	44,138,489	-	248,842,616	18,487,702	18,487,702	267,330,319
Deletions during the year	3,886,894	-	-	-	3,905,806	7,792,700	-	-	7,792,700
As at 31 March 2013	348,197,393	118,016,315	232,757,048	186,668,915	-	885,639,671	51,765,897	51,765,897	937,405,568
Accumulated depreciation / amortization									
As at 1 April 2012	186,708,968	79,268,708	170,759,794	92,565,388	-	529,302,858	25,346,709	25,346,709	554,649,567
Charge for the year	29,672,122	14,851,109	21,000,410	22,849,378	472,973	88,845,991	7,437,724	7,437,724	96,283,716
On deletions during the year	736,101	-	-	-	472,973	1,209,073	-	-	1,209,073
As at 31 March 2013	215,644,990	94,119,817	191,760,204	115,414,766	-	616,939,776	32,784,433	32,784,433	649,724,209
Net Block (INR)									
As at 31 March 2013	132,552,403	23,896,498	40,996,845	71,254,150	-	268,699,895	18,981,464	18,981,464	287,681,358
As at 31 March 2012	29,519,877	15,847,910	16,048,317	49,965,039	3,905,806	115,286,950	7,931,491	7,931,491	123,218,441
Net Block (GBP)									
As at 31 March 2013	1,612,020	290,614	498,578	866,549	-	3,267,761	230,841	230,841	3,498,602
As at 31 March 2012	359,002	192,732	195,170	607,644	47,500	1,402,049	96,458	96,458	1,498,506



FIRSTSOURCE SOLUTIONS UK LIMITED
Notes to the accounts

as at 31 March 2013

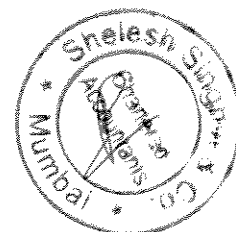
	Amount in Rupees		Amount in GBP	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
10) Non-current investments				
Long term				
<i>Trade (Unquoted)</i>				
NIL (31 March 2012: 6,024,599) shares of ARS 1 each of Firstsource Solutions S.A.	-	84,765,494	-	1,030,866
	-	84,765,494	-	1,030,866
11) Deferred Tax Assets				
On difference between tax and book value of fixed assets	24,380,043	14,040,099	296,495	170,747
	24,380,043	14,040,099	296,495	170,747
12) Trade receivables				
<i>(unsecured and considered good)</i>				
- Receivable outstanding for more than six months				
Considered good	-	-	-	-
Considered doubtful	-	-	-	-
- Other Receivable				
Considered good	961,503,433	948,197,526	11,693,211	11,531,391
Considered doubtful	-	-	-	-
	961,503,433	948,197,526	11,693,211	11,531,391
13) Cash and Bank Balances				
Cash in hand	216,567	103,792	2,634	1,262
Balance with banks:				
in current accounts	126,625,339	373,323,125	1,539,939	4,540,125
	126,841,906	373,426,918	1,542,573	4,541,387
14) Short-term loans and advances				
<i>(unsecured and considered good)</i>				
Related Party				
Loan to Group Companies	533,142,213	-	6,483,746	-
Recoverable from Group companies, net	1,280,791,970	518,257,187	15,576,200	6,302,723
Others				
Advances others	10,182,065	32,754,762	123,828	398,343
Advance to staff	2,163,089	6,210,067	26,306	75,523
Prepaid Expenses	30,656,367	37,956,679	372,824	461,606
	1,856,935,703	595,178,696	22,582,904	7,238,195
15) Other current assets				
Unbilled Receivables	568,629,109	160,646,187	6,915,316	1,953,680
	568,629,109	160,646,187	6,915,316	1,953,680



FIRSTSOURCE SOLUTIONS UK LIMITED
Notes to the accounts

for the year ended 31 March 2013

	Amount in Rupees		Amount in GBP	
	For the year ended	For the year ended	For the year ended	For the year ended
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
16) Other Income				
Interest	-	1,053,740	-	12,815
Grant Income	41,377,536	36,871,983	503,208	448,414
Loss on sale of subsidiary	(56,964,252)	-	(692,764)	-
Foreign Exchange Loss	(3,799,873)	(937,858)	(46,212)	(11,406)
Gain on sale of Fixed assets	1,000,853	-	12,172	-
	(18,385,736)	36,987,865	(223,596)	449,824
17) Employee benefit expenses				
Salaries,bonus and other allowances	4,417,665,531	3,171,292,108	53,724,916	38,567,293
Contribution to provident and other funds	331,774,286	209,660,710	4,034,834	2,549,764
Staff welfare expenses	10,794,701	17,770,912	131,278	216,119
	4,760,234,519	3,398,723,730	57,891,028	41,333,176
18) Finance Cost				
Interest expenses	29,497,919	-	358,735	-
Foreign Exchange (Gain) / Loss	87,744,965	-	1,067,100	-
	117,242,884	-	1,425,835	-
18) Other expenses				
Rent	176,733,732	117,884,465	2,149,326	1,433,638
Rates and taxes	64,215,515	45,014,624	780,949	547,440
Insurance	39,056,794	10,936,050	474,985	132,997
Travelling and conveyance	104,079,556	73,180,671	1,265,751	889,978
Electricity, Water and power consumption	34,154,709	19,679,471	415,368	239,330
Legal and Professional fees	127,114,594	101,074,904	1,545,889	1,229,210
Communication Expenses	79,628,808	31,863,360	968,396	387,502
Connectivity Charges	18,828,081	10,943,616	228,975	133,089
Recruitment Expenses/Training expenses	47,365,892	10,542,958	576,035	128,217
Printing and Stationery	10,451,049	4,174,476	127,099	50,767
Marketing and Support Services	15,584,042	26,456,672	189,523	321,750
Miscellaneous Expenses	3,136,476	2,739,501	38,144	33,316
Repairs and Maintenance - Buildings	10,447,924	5,075,011	127,061	61,719
Repairs and Maintenance - Others	26,351,365	14,723,245	320,469	179,055
Upkeep and Maintenance	33,141,383	26,170,546	403,045	318,270
Software expenses	1,469,488	-	17,871	-
Auditors remuneration				
Audit Fees	3,124,645	2,982,063	38,000	36,266
Others matters	4,523,806	1,588,471	55,016	19,318
Bank administration charges	9,116,571	1,736,736	110,870	21,121
Common Corporate costs	126,634,708	107,591,011	1,540,053	1,308,455
Service charges	25,930,537	-	315,351	-
Books Periodicals,Subscriptions & cassettes.	2,269,305	1,170,882	27,598	14,240
	963,358,978	615,528,735	11,715,776	7,485,680



Firstsource Solutions UK Limited

Notes to the accounts as at 31 March 2013

(Currency: In Indian rupees)

19 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 cancelable operating leases aggregating to Rs. 2,66,879,794 equivalent to GBP 3,245,627 (31 March 2012: Rs 77,868,456 equivalent to GBP 946,988) 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	
	2013	2012	2013	2012
Amount due within one year from the balance sheet date	90,314,653	59,195,573	1,098,351	726,705
Amount due in the period between one year and five years	501,941,802	407,306,072	6,104,306	5,000,228
Amount due in the period beyond five years	92,909,571	127,503,796	1,129,909	1,565,280
	<u>685,166,028</u>	<u>594,005,441</u>	<u>8,332,565</u>	<u>1,565,280</u>

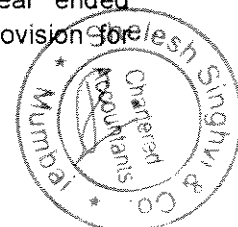
Finance lease

The Company has acquired certain capital assets under finance lease. Future minimum lease payments under finance lease as at 31 March 2013 are as follows:

	Minimum lease payments	Finance charges	Present value of minimum lease payments
<i>As at 31 March 2013</i>			
Amount payable within one year from the balance sheet date	23,445,198	2,665,569	20,779,629
Amount payable in the period between one year and five years	46,890,396	2,366,261	44,525,170
	<u>70,335,594</u>	<u>5,031,830</u>	<u>65,304,799</u>

20 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 Solutions UK Limited

Notes to the accounts as at 31 March 2013

(Currency: In Indian rupees)

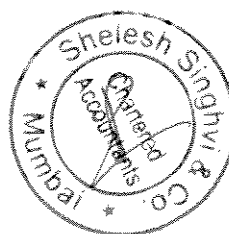
21 Grant

The Company has accrued / received revenue grants amounting to Rs 41,377,536 (GBP 0.50 million) (31 March 2012: Rs 36,871,983 (GBP 0.45 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.

22 Related Party Transactions

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

Holding Company	<ul style="list-style-type: none">• Firstsource Solutions Ltd
Fellow Subsidiaries	<ul style="list-style-type: none">• Rev IT Systems Pvt Ltd• Firstsource Group USA Inc.



Firstsource Solutions UK Limited

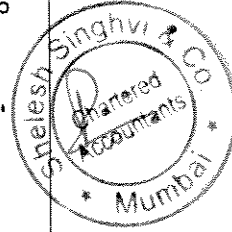
Notes to the accounts
as at 31 March 2013

(Currency: In Indian rupees)

22 Related Party Transactions (Continued)

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

Name of the related party	Description	Transaction value during the year ended		Transaction value during the year ended		Receivable / (Payable) at		Receivable / (Payable) at (In GBP)	
		(In Rupees)	(In Rupees)	(In Rupees)	(In Rupees)	(In Rupees)	(In Rupees)	(In GBP)	(In GBP)
		2013	2012	2013	2012	2013	2012	2013	2012
Firstsource Solutions Ltd	Receipt of services	2,551,583,603	2,003,088,598	31,030,781	24,590,598	(308,775,578)	351,148,581	(3,416,663)	4,310,820
	Recovery of expenses	162,194,114	32,742,086	1,972,504	401,953	-	-	-	-
	Reimbursement of expenses	89,679,205	63,724,981	1,090,623	782,310	885,516,635	55,135,771	10,429,282	676,865
	Investment in Equity	-	-	-	-	(233,087,992)	(233,087,992)	(2,834,672)	2,834,672
	Provision of services	1,769,301,657	1,531,317,847	21,517,152	18,798,979	349,809,030	284,041,520	4,254,161	3,486,990
	Guarantee Commission	27,942,824	-	339,823	-	(27,942,824)	-	(339,823)	-
	Advance Given	-	-	-	-	581,956,994	-	7,077,401	-
Firstsource BPO Ireland Ltd.	Recovery of Expenses	43,928,291	21,540,045	534,229	261,956	45,127,551	1,199,345	548,813	14,586
	Loan Given	345,305,227	172,229,875	4,199,389	2,094,553	237,240,478	-	2,885,172	-
	Recovery of Loan	108,064,725	-	1,314,216	-	-	-	-	-
	Interest received	-	684,456	-	8,324	-	-	-	-



Firstsource Solutions UK Limited

Notes to the accounts
as at 31 March 2013

(Currency: In Indian rupees)

Name of the related party	Description	Transaction value during the year ended		Transaction value during the year ended		Receivable / (Payable) at	
		(In Rupees)	(In Rupees)	(In GBP)	(In Rupees)	(Payable) at (In GBP)	(Payable) at (In GBP)
		2013	2012	2013	2012	2013	2012
Firstsource Group USA Inc.	Recovery of Expenses	106,616	3,220,286	1,297	39,163	-	3,220,286
	Reimbursement of expenses	526,944	-	6,408	-	436,397	-
	Loan	434,795,708	-	5,287,716	-	271,940,708	-
Firstsource Advantage LLC	Reimbursement of expenses	794,841	639,694	9,666	7,780	(16,719)	(639,694)
Medassist Holding Inc	Expenses Reimbursement	209,709	-	2,550	-	209,709	-
Anunta Tech Infrastructures Limited	Recovery of expenses	20,115,115	9,408,094	244,627	114,415	(29,568,759)	9,408,094
						359,597	114,415



Firstsource Solutions UK Limited

Notes to the accounts as at 31 March 2013

(Currency: In Indian rupees)

23. Capital commitments

The Company has capital commitments of Rs 12,684,931 equivalent to GBP 154,266 (31 March 2012 57,990,486 equivalent to GBP 711,911) as at the balance sheet date.

24. Supplementary statutory information (accrual basis)

	31 March 2013	31 March 2012
(i). <i>Earnings in foreign exchange</i>		
Income from services	4,549,776	1,168,700
Other income	2,732.19	-
(ii). <i>Expenditure in foreign currency</i>		
<i>Cost of sales</i>	1,311,341	-
Interest	73,109	-
Legal and professional fees	150	-
Other expenses (including expenses on FCCB buy back)	330	30

25. Contingent liabilities

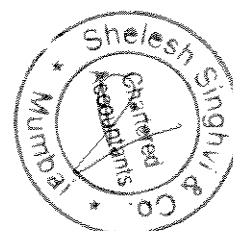
The Company has no contingent liabilities as at the balance sheet date (31 March 2012: Nil).

26. 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)

27. 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.



Firstsource Solutions UK Limited

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

(Currency: In Indian rupees)

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

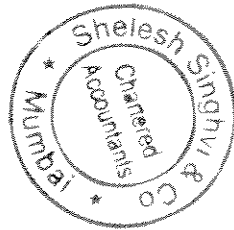
For SHELESH SINGHVI & CO.

Chartered Accountants

Firm's registration no: 014792C

Praveena Jain

**Praveena Jain
Partner**



Mumbai
7 May 2013

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For and on behalf of the Board of Directors

[Handwritten signature of Rajesh Subramaniam]

**Rajesh Subramaniam
Director**

[Handwritten signature of Mark Hooper]

**Mark Hooper
Director**

**Iain Regan
Director**

**Charles Miller Smith
Director**