

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 Advantage LLC** ("the Company") as at March 31st, 2014 and the Profit & Loss account for the year ended on that date annexed there to. These financial statements are the responsibility of the Company's management. These financials are prepared to comply with requirements of section 212 of Companies Act, 1956.

We conducted our review in accordance with the Standard of Review Engagements (SRE) 2400, engagements to review Financial Statements issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements read with the notes thereon are in conformity with the accounting principles generally accepted in India:

- i) in the case of Balance sheet, of the state of affairs of the Company as at 31st March; 2014.
- ii) in the case of the Profit & Loss account, of the profit of the Company for the year ended on that date.

For Shelesh Singhvi & Co.

Chartered Accountants

Firm Registration No.14792C

Praveena Jain

PRAVEENA JAIN

Partner

Membership No: 402256

Place: Mumbai

Date: 2nd May, 2014



Firstsource Advantage LLC

Balance Sheet

as at 31 March 2014

	Note	Amount in Rupees	Amount in Rupees	Amount in USD	Amount in USD
		31 March 2014	31 March 2013	31 March 2014	31 March 2013
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share capital	3	599,150	599,150	10,000	10,000
Reserves and surplus	4	1,092,729,525	906,030,075	18,237,996	15,121,924
		1,093,328,675	906,629,225	18,247,996	15,131,924
Non-current liabilities					
Long term provisions	5	17,511,304	16,187,775	292,269	270,179
Current liabilities					
Trade payables	6	93,750,776	193,076,535	1,564,730	3,222,507
Other current liabilities	7	155,271,841	17,349,238	2,591,535	289,564
		249,022,617	210,425,773	4,156,265	3,512,071
		1,359,862,596	1,133,242,773	22,696,530	18,914,174
ASSETS					
Non-current assets					
Fixed Assets					
Tangible assets	8	37,374,116	44,406,746	623,785	741,162
Intangible assets		26,602,907	40,697,967	444,011	679,262
		63,977,023	85,104,713	1,067,796	1,420,424
Non Current Investments	9	-	35,949,000	-	600,000
Deferred Tax Assets	10	535,709,698	535,709,698	8,941,162	8,941,162
Long-term loans and advances	11	12,133,931	9,807,529	202,518	163,691
		611,820,652	630,621,940	10,211,476	10,525,277
Current Assets					
Trade receivables	12	238,198,595	242,459,679	3,975,609	4,046,725
Cash and bank balances	13	244,690,034	134,552,390	4,083,953	2,245,721
Short term loans and advances	14	32,729,562	22,024,985	546,267	367,604
Other current assets	15	232,423,753	67,634,779	3,879,225	1,128,847
		748,041,944	466,671,833	12,485,054	7,788,897
		1,359,862,596	1,133,242,773	22,696,530	18,914,174

Significant accounting policies 2

The accompanying notes from 1 to 29 form an integral part of the financial statement.

As per our report of even date attached.

For SHELESH SINGHVI & CO.

Chartered Accountants

Firm's Registration No: 014792C

Praveena Jain

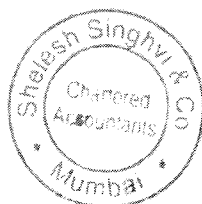
Praveena Jain

Partner

Membership No: 402256

Mumbai

02 May 2014



For and on behalf of the Board of Directors

Arjun Mitra Kimberly Nestark

Arjun Mitra
Manager

Kimberly Nestark
Manager

Firstsource Advantage LLC
Statement of profit and loss
for the year ended 31 March 2014

	Note	Amount in Rupees	Amount in Rupees	Amount in USD	Amount in USD
		For the year ended 31 March 2014	For the year ended 31 March 2013	For the year ended 31 March 2014	For the year ended 31 March 2013
Income					
Revenue from operations	16	3,099,652,388	3,121,646,792	51,734,163	52,101,258
Other Income	17	3,361	3,703,478	56	61,812
		3,099,655,749	3,125,350,270	51,734,219	52,163,070
Expenses					
Cost of Sales		312,469,247	424,727,639	5,215,209	7,088,837
Employee benefits expense	18	1,841,896,114	1,792,747,574	30,741,819	29,921,515
Finance cost	19	229,240	332,928	3,826	5,557
Depreciation and amortization	8	39,763,538	46,586,430	663,666	777,542
Other expenses	20	771,271,205	878,814,808	12,872,756	14,667,693
		2,965,629,344	3,143,209,379	49,497,276	52,461,144
Profit Before Taxation		134,026,405	(17,859,109)	2,236,943	(298,074)
Less : Provision for taxation		-	-	-	-
Profit After Taxation		134,026,405	(17,859,109)	2,236,943	(298,074)
Earnings per share					
Weighted average number of equity shares outstanding during the year					
- Basic and diluted		10,000	10,000	10,000	10,000
Nominal Value Per Share		59.915	59.915	1	1
Earning per share					
- Basic and diluted		13,402.64	(1,785.91)	223.69	(29.81)

Significant accounting policies 2

The accompanying notes from 1 to 29 form an integral part of the financial statement.

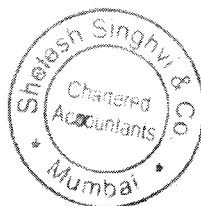
As per our report of even date attached.

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

Praveena Jain

Praveena Jain
Partner
Membership No: 402256

Mumbai
02 May 2014



For and on behalf of the Board of Directors

Arjun Mitra *Kimberly Nestark*

Arjun Mitra
Manager

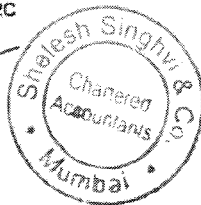
Kimberly Nestark
Manager

Firstsource Advantage LLC
Cash flow statement
for the year ended 31 March 2014

	Amount in Rupees		Amount in USD	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Cash flow from operating activities				
Net profit after tax	134,026,458	(17,859,107)	2,236,943	(298,074)
Adjustments for				
Depreciation and amortization	39,763,538	46,586,430	663,666	777,542
Provision for doubtful debts / (written back)	(7,435,101)	5,283,843	(124,094)	88,189
(Profit) / loss on sale of fixed assets net	-	16,845	-	281
Interest costs	229,240	332,928	3,826	5,557
Operating cash flow before changes in	166,584,135	34,360,938	2,780,341	573,494
Changes in working capital				
Decrease in trade receivables	11,694,131	20,388,076	195,178	340,284
and unbilled receivables	(177,819,828)	(22,821,265)	(2,967,868)	(380,894)
and provisions	39,920,373	(73,395,340)	666,283	(1,224,991)
Net changes in working capital	(126,205,324)	(75,828,529)	(2,106,407)	(1,265,601)
Net cash (used in) / generated from	40,378,811	(41,467,591)	673,934	(692,108)
Cash flow from investing activities				
Capital expenditure	(18,633,877)	(15,638,894)	(311,005)	(261,018)
Investment / dissolution in subsidiary	88,621,932	(35,949,000)	1,479,128	(600,000)
Net cash generated from / (used in) investing	69,988,055	(51,587,894)	1,168,123	(861,018)
Cash flow from financing activities				
Interest paid	(229,240)	(332,928)	(3,826)	(5,557)
Net cash used in financing activities (C)	(229,240)	(332,928)	(3,826)	(5,557)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	110,137,826	(93,388,413)	1,838,231	(1,558,681)
Cash and cash equivalents at the beginning of the year*	134,552,348	227,940,743	2,245,721	3,804,402
Cash and cash equivalents at the end of the year*	244,699,974	134,552,331	4,083,952	2,245,721

* Refer note 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
Partner
Membership No: 402256



Mumbai
02 May 2014

For and on behalf of the Board of Directors
Arjun Mitra
Manager

Kimberly Nestak
Manager

Firstsource Advantage LLC

Notes to the financial statements for the year ended at 31 March 2014

1 Background

Firstsource Advantage LLC ('the Company') was incorporated under the laws of the State of New York on April 27, 1995 for the purpose of providing debt collection services to major credit card issuers and banks throughout the United States. Credit is granted to primarily all of its customers.

On September 22, 2004, 100% of the membership units were sold to FirstRing Inc. (merged with Firstsource Business Process Services LLC, a subsidiary of Firstsource Group USA, Inc), a subsidiary of Firstsource Solutions Limited, which has its corporate office located at Mumbai, India. The Company also holds 100% voting rights in Twin Lakes Property LLC I and Twin Lakes Property LLC II, which entitles the Company to receive dividend.

Further with effect from October 1, 2011, Firstsource Financial Services LLC, a subsidiary of Medassist Holdings Inc. was merged with the company.

During the year company acquired Voting Interest in Twin Lake Property LLC II 80% effective 1st April 2012 & 20% effective 31st December 2012. Company acquired remaining 20% interest in Twin Lake Property LLC I effective from 31st December 2012. Twin Lake Property LLC I & Twin Lake Property LLC II as Wholly Owned subsidiaries of the company as on 31st March 2013.

During the year Twin Lake Property I & Twin lake property II dissolved, they were 100 % subsidiaries of company.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements of Firstsource Advantage LLC. ('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 States of America) in the terms of United States Dollar ('USD'). However, for the purpose of compliance with the requirements of Section 212 of the Act, amounts for both years in these financial statements have been translated into Indian rupees at the closing rate on 31 March 2014 which is 1 USD = Rs 59.9150. No representation is made that USD 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 operations comprises debt collection services to major credit card issuers and banks and is billed in accordance with the contractual terms specified in the respective.

Firstsource Advantage LLC

Notes to the financial statements
for the year ended at 31 March 2014

2 Significant accounting policies (Continued)

2.3 Revenue recognition (continued)

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.

Dividend income is recognized when the right to receive dividend is established.

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

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>	
Computers	3 – 4
Network	3 – 5
Office furniture and equipment	3 – 5
Leasehold improvements	Lease term or 5 years, whichever is shorter

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 Company 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

Firstsource Advantage LLC

Notes to the financial statements
for the year ended at 31 March 2014

2 Significant accounting policies (Continued)

2.5 Impairment of assets (Continued)

b) Non-financial assets (Continued)

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.

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 tax liability is computed on a consolidated basis and hence the tax liabilities for the company have been included in the financial statements of the parent company ie Firstsource Group USA, Inc.

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 Advantage LLC

Notes to the financial statements
for the year ended at 31 March 2014

2 *Significant accounting policies (Continued)*

2.9 *Leases*

Operating lease

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

2.10 *Retirement benefits*

Contributions payable to the social security, medicare and other employee related contributions as required under the State of New York 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 Advantage LLC
Notes to the accounts

as at 31 March 2014

	Amount in Rupees		Amount in USD			
	31 March 2014	31 March 2013	31 March 2014	31 March 2013		
3) Share capital						
Authorised : 10,000 units (31 March 2013: 10,000 Units) of USD 1 each	599,150	599,150	10,000	10,000		
Issued, subscribed and paid up 10,000 units (31 March 2013: 10,000 Units) of USD 1 each	599,150	599,150	10,000	10,000		
	599,150	599,150	10,000	10,000		
a. Reconciliation of number of units outstanding	31-Mar-14		31-Mar-13			
	No. of units	Amount in Rupees	Amount in USD	No. of units	Amount in Rupees	Amount in USD
Units outstanding at the beginning of the year	10,000	599,150	10,000	10,000	599,150	10,000
Units outstanding at the end of the year	10,000	599,150	10,000	10,000	599,150	10,000
b. Details of holding more than 5% shares in the Company	31 March 2014		31 March 2013			
	No. of Units	% of holding	No. of Units	% of holding		
Firstsource Business Process Services LLC	10,000	100	10,000	100		
c. Rights, Preferences & Restriction attached to Units	The Company has a single class of units. Accordingly, all unit holders rank equally with regard to dividends and share in the Company's residual assets. The unit holders are entitled to receive dividend as declared from time to time. The voting rights of an unit holder are in proportion to its share of the units of the Company. On winding up of the Company, the unit holders will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of units held.					
	Amount in Rupees		Amount in USD			
	31 March 2014	31 March 2013	31 March 2014	31 March 2013		
4) Reserves and surplus						
Balance in statement of profit and loss						
At the commencement of the year	906,030,074	923,889,182	15,121,924	15,419,998		
Add : Additions during the year	134,026,458	(17,859,107)	2,236,943	(298,074)		
Add : - Transfer from TL1 and TL2 on dissolution	52,672,992	-	879,129	-		
At the end of the year	1,092,729,524	906,030,074	18,237,996	15,121,924		
5) Long Term Provisions						
Compensated Absences	17,511,304	16,187,775	292,269	270,179		
	17,511,304	16,187,775	292,269	270,179		
6) Trade payables						
Trade payables for services and goods	93,750,776	193,076,535	1,564,730	3,222,507		
	93,750,776	193,076,535	1,564,730	3,222,507		
7) Other current liabilities						
Related Party						
Amount payable to group companies, Net	71,167,960	9,433,913	1,187,815	157,455		
Others						
Statutory Dues	5,283,652	3,858,493	88,186	64,399		
Employee Benefits Payable	78,820,229	4,056,833	1,315,534	67,710		
	155,271,841	17,349,238	2,591,535	289,564		

Firstsource Advantage LLC

Notes to the accounts
as at 31 March 2014

8) Fixed Assets

	Tangible Assets				Intangible assets			Grand Total
	Computers	Network	Office furniture and equipment	Leasehold improvements	Total	Software	Total	
Gross Block								
As at 1 April 2013	143,155,149	188,777,279	197,167,487	62,885,794	591,985,708	230,752,796	230,752,796	822,738,504
Additions during the year	813,465	5,932,679	1,498,861	6,326,277	14,471,282	4,162,704	4,162,704	18,633,986
Additions on account of merger	-	-	-	-	-	-	-	-
Deletions during the year	-	-	-	-	-	-	-	-
As at 31 March 2014	143,968,614	194,609,958	198,666,347	69,212,071	606,456,991	234,915,500	234,915,500	841,372,490
Accumulated depreciation / amortization								
As at 1 April 2013	138,278,555	163,971,865	187,744,597	57,584,028	547,579,046	190,052,883	190,052,883	737,631,929
Accumulated depreciation on account of merger	-	-	-	-	-	-	-	-
Charge for the year	2,217,475	9,840,145	5,884,392	3,561,817	21,503,828	18,259,709	18,259,709	39,763,538
On deletions during the year	-	-	-	-	-	-	-	-
As at 31 March 2014	140,496,030	173,812,010	193,528,989	61,145,845	589,082,874	208,312,592	208,312,592	777,395,467
Net Block (INR)	3,472,584	20,797,948	5,037,358	8,066,226	37,374,116	26,602,907	26,602,907	63,977,024
As at 31 March 2013 (INR)	4,876,594	24,805,414	9,422,889	5,301,765	44,406,662	40,699,913	40,699,913	85,106,575
Net Block (USD)	57,959	347,124	84,075	134,628	623,785	444,011	444,011	1,067,796
As at 31 March 2013 (USD)	81,392	414,010	157,272	88,456	741,129	679,294	679,294	1,420,424

	Amount in Rupees		Amount in USD	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
9) Non-Current investments				
Trade				
Investments in subsidiaries (Unquoted)				
Investment in Twinlakes Property LLC - I & Lakes Property LLC - II (100% Interest) Twin	-	35,949,000	-	600,000
	-	35,949,000	-	600,000
10) Deferred tax assets				
Deferred tax assets	535,709,698	535,709,698	8,941,162	8,941,162
	535,709,698	535,709,698	8,941,162	8,941,162
11) Long-term loans and advances (Unsecured, considered good)				
Deposits	9,081,824	9,081,716	151,577	151,577
Prepaid expenses	3,052,107	725,813	50,941	12,114
	12,133,931	9,807,529	202,518	163,691
12) Trade receivables (unsecured)				
Receivables outstanding for a period exceeding six months from the date they are due for payment				
Considered good	-	-	-	-
Considered doubtful	1,877,885	9,312,986	31,342	155,437
Less : Provision for doubtful debts	1,877,885	9,312,986	31,342	155,437
	-	-	-	-
Other receivables				
Considered good	238,198,595	242,459,679	3,975,609	4,046,725
	238,198,595	242,459,679	3,975,609	4,046,725
	238,198,595	242,459,679	3,975,609	4,046,725
13) Cash and bank balances				
Cash and cash equivalents				
Balance with banks:				
in Trust accounts	481,065,567	448,878,240	7,695,328	7,491,918
in Current accounts	244,690,034	134,552,390	4,083,953	2,245,721
	705,755,601	583,430,630	11,779,281	9,737,639
Less: balance held in trust accounts	481,065,567	448,878,240	7,695,328	7,491,918
	244,690,034	134,552,390	4,083,953	2,245,721
14) Short term loans and advances (Unsecured, considered good)				
Prepaid Expenses	31,746,956	21,160,593	529,867	353,177
Advance for expenses	982,606	864,393	16,400	14,427
	32,729,562	22,024,985	546,267	367,604
15) Other current assets				
Receivable Held in Trust Account (Net of Due to Client)	31,840,581	37,083,151	531,429	618,929
Unbilled receivables	200,583,172	30,551,628	3,347,796	509,916
	232,423,753	67,634,779	3,879,225	1,128,847

Firstsource Advantage LLC

Notes to the accounts

for the year ended 31 March 2014

	Amount in Rupees		Amount in USD	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
16) Revenue from operations				
Sale of Services	3,099,652,388	3,121,646,792	51,734,163	52,101,258
	3,099,652,388	3,121,646,792	51,734,163	52,101,258
17) Other income				
Dividend received from Twin Lakes Property LLC - I & II	-	3,669,570	-	61,246
Interest income	-	33,908	-	566
Miscellaneous receipts	3,381	-	56	-
	3,381	3,703,478	56	61,812
18) Employee benefits expense				
Salaries and wages	1,727,132,290	1,685,451,604	28,828,376	28,130,712
Contribution to provident and other funds	8,037,663	6,991,888	134,151	116,697
Staff welfare expenses	108,726,159	100,304,082	1,781,292	1,674,106
	1,841,896,112	1,792,747,574	30,741,819	29,921,515
19) Finance cost				
Interest expense	229,240	332,928	3,826	5,557
	229,240	332,928	3,826	5,557
20) Other Expenses				
Rent	67,860,329	96,100,688	1,132,610	1,603,950
Rates and taxes	7,868,515	8,191,255	131,328	136,715
Insurance	17,965,055	13,195,711	299,842	220,241
Travelling and conveyance	11,349,126	18,466,969	189,420	308,219
Electricity, water and power consumption	8,179,603	7,158,777	136,520	119,482
Legal and professional fees	102,981,543	118,272,613	1,713,787	1,974,007
Information services and computer expenses	102,580,482	118,897,845	1,712,100	1,984,442
Car hire charges and other hire charges	5,923,061	6,290,529	98,858	104,991
Communication expenses	259,754,393	279,429,563	4,335,382	4,663,766
Bad debts written off / Provision for doubtful accounts	(7,435,101)	5,283,843	(124,094)	88,189
Membership fees	195,070	473,752	3,256	7,907
Common corporate expenses	60,335,951	60,628,571	1,007,026	1,011,910
Recruitment and training expenses	12,865,255	13,856,293	214,725	231,266
Printing and stationery	9,813,184	9,342,719	163,785	155,933
Marketing and support services	3,001,179	4,880,037	50,091	81,449
Miscellaneous expenses	93,609	434,680	1,562	7,255
Repairs and maintenance - others	20,543,942	29,624,376	342,885	494,440
Software expenses	24,401,157	24,405,658	407,283	407,338
Service Charge	-	367,384	-	6,132
Bank charges	62,732,045	63,354,356	1,047,017	1,057,404
Loss on sale of Fixed assets including Write Off	-	16,845	-	281
Foreign Exchange Loss / (Gain), net	257,025	142,346	4,289	2,376
Charitable contribution	305,782	-	5,104	-
	771,271,205	878,814,808	12,872,756	14,667,693

Firstsource Advantage LLC

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21. Leases

Operating Lease

The Company has taken office facilities under non-cancelable operating leases. The Company intends to renew such leases in the normal course of its business. Rental expenses under non-cancelable operating leases aggregating to Rs. 57,976,450 equivalent to USD 967,645 (31 March 2013: Rs. 62,375,409 equivalent to USD 1,041,065) 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 USD	
	2014	2013	2014	2013
Amount due within one year from the balance sheet date	62,928,844	62,375,409	1,050,302	1,041,065
Amount due in the period between one year and five years	229,431,251	257,490,404	3,829,279	4,297,595
Amount due after the period of five years	139,191,952	190,314,306	2,323,157	3,176,405
	431,552,047	510,180,119	7,202,738	8,515,065

Rental expenses under cancelable operating leases aggregating to Rs. 9,883,855 equivalent to USD 164,965 (31 March 2013: Rs. 33,725,315 equivalent to USD 562,886) have been debited to the profit and loss account.

22. Transfer pricing

The Company's management is of the opinion that its international transactions with related parties are at arms length and that the Company is in compliance with the transfer pricing legislation. Accordingly, the company's management believes that the transfer pricing legislation will not have any impact on the financial statements for the year ended 31 March 2014, particularly on the amount of tax expense and that of the provision for taxation.

23. Capital commitments

The Company has capital commitments of Rs. 45,595 in USD 761 (31 March 2013: Rs. 23,307 in USD 389) as at the balance sheet date.

Firstsource Advantage LLC

Notes to the accounts
as at 31 March 2014

24. Supplementary statutory information (accrual basis)

	31 March 2014	31 March 2013
(i). <i>Earnings in foreign exchange</i>		
Income from services	134,831	65,359
Other income	-	-
(ii). <i>Expenditure in foreign currency</i>		
Employee cost	-	2,716
Travel and conveyance	130	309
Printing and stationery	-	22,627
Other expenses	-	5,963

25. Contingent liabilities

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

26. Related Party Transactions

Details of related parties including summary of transactions entered into during the year ended 31 March 2014 are summarized below:

Ultimate Holding Company	• Firstsource Solutions Ltd
Holding Company	• Firstsource Business Process Services LLC
Parties with substantial interests	• Firstsource Group USA Inc.
	• Firstsource Transaction Services LLC
	• Firstsource Solutions USA LLC
	• Firstsource Solution UK Limited
	• Anunta Tech Infrastructure Services Limited
	• MedAssist Holding, Inc.,
Subsidiary	• Twin Lake Property LLC - I*
	• Twin Lake Property LLC - II*

* Dissolved during the year

Firstsource Advantage LLC

Notes to the accounts
as at 31 March 2014

26. Related Party Transactions (continued) Particulars of related party transactions during the year ended 31 March 2014

Name of the related party	Description	Transaction value during the year ended (In Rupees)		Transaction value during the year ended (In USD)		Receivable / (Payable) (In Rupees)		Receivable / (Payable) (In USD)	
		2014	2013	2014	2013	2014	2013	2014	2013
Firstsource Solutions Ltd	Cost of Sales	340,669,500	472,199,162	5,685,880	7,881,151	(177,674,577)	46,455,934	(2,965,444)	775,364
	Recovery of expenses	1,610,276	40,149,880	26,876	670,114	-	-	-	611,438
	Reimbursement of expenses	40,987,252	3,802,086	684,090	63,458	(36,280,809)	36,634,308	(605,538)	-
RevIT Systems Pvt Ltd	-	-	710,352	-	11,856	-	-	-	-
Firstsource Group USA Inc.	Reimbursement of expenses (Net of Recovery of Services)	4,939,992	58,898,302	82,450	983,031	148,261,225	56,415,724	2,474,526	941,596
Firstsource Solution UK Limited	Recovery of expenses	18,454	877,275	308	14,642	-	(18,454)	-	(308)
Firstsource Transaction services	Reimbursement of expenses (Net of Recovery of Services)	4,479,785	122,346	74,769	2,042	807,474	-	(13,477)	-
	Receivable	291,187	-	4,860	-	10,447,678	-	174,375	-

Firstsource Advantage LLC

Notes to the accounts
as at 31 March 2014

26. Related Party Transactions (continued)

Name of the related party	Description	Transaction value during the year ended (In Rupees)		Transaction value during the year ended (In USD)		Receivable / (Payable) (In Rupees)		Receivable / (Payable) (In USD)	
		2014	2013	2014	2013	2014	2013	2014	2013
Medassist Holding Inc.	Recovery of expenses	90,396,517	70,334,159	1,508,746	1,173,899	14,938,907	6,352,188	249,335	106,020
Firstsource Business Process Services LLC	Issue of Shares	-	-	-	-	(2,293,028,654)	(2,293,028,654)	(38,271,362)	(38,271,362)
	Reimbursement of expense	175,132	-	2,923	-	(175,132)	-	(2,923)	-
Twin Lake Property I LLC	Rental Expense	4,022,513	27,710,688	67,137	462,500	-	-	-	-
	Dividend Received	-	8,521,530	-	142,227	-	-	-	-
Twin Lake Property II LLC	Rental Expense	3,274,834	22,559,975	54,658	376,533	-	-	-	-
	Dividend Received	-	3,667,936	-	61,219	-	-	-	-
Twin Lake Property I LLC & Twin Lake Property II LLC	Investment	35,949,000	35,949,000	600,000	600,000	-	35,949,000	-	600,000

Firstsource Advantage LLC

Notes to the accounts
as at 31 March 2014

27. 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).

28. There are no Micro, Small and Medium Enterprises to whom the Company Owes dues, which are outstanding for more than 45 days during the year and also as at 31st March 2014. This information as required to be disclosed under the Micro, Small and Medium Enterprises Developments Act, 2006 has been determined to the extent such parties have been identified on the Basis of information available with the Company (refer Note 38 of the consolidated financial statements).

29. 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

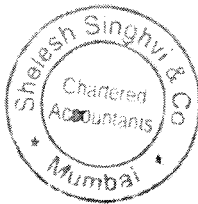
Praveena Jain

Partner

Membership No: 402256

Mumbai

02 May 2014



For and on behalf of the Board of Directors

Arjun Mitra *Kimberly Nestark*

Arjun Mitra

Manager

Kimberly Nestark

Manager