Grant Thornton

Financial Statements

Dalglen (No 823) Limited

For the Year ended 31 March 2009

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Company No. SC231283

Company information

Company registration number	SC231283
Registered office	1 Central Park Avenue Central Business Park Larbert Falkirk FK5 4RX
Directors	David Turner Dean Hartley Sunil Kant Munjal Rohit Chanana Prabhjot Likhari
Secretary	Dean Hartley
Bankers	The Royal Bank of Scotland Kirkstane House 139 St Vincent Street Glasgow G2 5JF
Solicitors	Harper MacLeod Ca'd'oro Building 45 Gordon Street Glasgow Lanarkshire G1 3PE
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditor 115 Edmund Street Birmingham B3 2HJ

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 March 2009.

Principal activities and business review

The principal activity of the company is as an intermediate holding company which contains some of the enlarged Group's borrowing. The financial statements of Dalglen are consolidated within Hero Management Service (UK) Ltd.

Principal risks and uncertainties facing the Group

The contact centre market has seen pressure from low cost offshore solutions for a number of years now and for specific services it will be difficult to compete with the cost savings that can be achieved from offshore services. The Group feels that the approach to provide quality voice services, together with the ability to provide a low cost offshore solution through our Indian operation, mitigates the impact to the Group of work being transitioned to low cost locations. The Group continues to seek acquisitions, which will compliment our existing operations, allowing the provision of wider services to our existing and future clients.

The advances in technology, such as voice automation, may ultimately provide a greater challenge in the market. The investment the business has made places the group at the forefront of this space and provides an excellent opportunity to lead the changes in the market.

Results and dividends

The directors do not propose a dividend for the year (2008: £Nil).

Financial risk management objectives and policies

The company's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt and liquidity risk.

The company's principal financial instruments comprise sterling cash and bank deposits and bank loans.

The main risks arising from the company's financial instruments can be analysed as follows:

Liquidity risk
The company's policy has been to ensure continuity of funding through acquiring an element of the group's fixed assets under finance leases, and arranging funding for operations via an overdraft facility where limits have been established based on the growth requirements of the business.

On 24 December 2009 the Group completed a re-financing with its principal bankers, ICICI Bank UK PLC. As a result of this, the loan agreements were revised to defer certain capital repayments and a working capital facility was put in place in line with the requirement of the business plan and budgets to ensure there is sufficient financing available for short and medium term requirements. Accordingly the financial statements have been prepared on a going concern basis.

Report of the directors

Cash flow interest rate risk
Interest bearing assets comprise cash and bank deposits, all of which earn interest at a rate linked to LIBOR.

The interest rate borrowings is at market rate. Bank interest payments are set at 3-6 month forward rates, minimising the short-term impact of increases in interest rates.

The directors monitor the overall level of borrowings and interest costs to limit any adverse effects on the financial performance of the company.

Share capital

On 11 December 2008 the company passed an ordinary resolution cancelling the entire unissued share capital of the company comprising 26,504,511 A preferred ordinary shares of £0.0001 each, 18,000 B ordinary shares of £0.01 each and 148,000 C ordinary shares of £0.10 each.

On the same date the company passed a special resolution cancelling the 15,012,00 preference shares of £1 each of which 11,195,350 preference shares of £1 each which had been issued, and the 600,000 preferred ordinary shares of £0.01 each all of which had been issued for the purposes of offsetting the debit balance shown in the company's profit and loss account reserves. The share premium account was also reduced from £515,234 to £198,234 under the same resolution.

Directors

The directors at the date of this report are set out on page 1.

Ken Hills resigned as a director on 31 August 2008 and David Ewing resigned as a director on 30 September 2008.

David Turner was appointed as a director on 1 September 2008.

All other directors served throughout the period.

Report of the directors

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

David Turner
Director
Date: 28 January 2010

Grant Thornton

Report of the independent auditor to the members of Dalglen (No 823) Limited

We have audited the financial statements of Dalglen (No 823) Limited for the year ended 31 March 2009 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

Report of the independent auditor to the members of Dalglen (No 823) Limited (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
BIRMINGHAM

Date: 28 January 2010.

Principal accounting policies

Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards under the historical cost convention.

The financial statements only present information about the company and do not contain information relating to the group as a whole. Group accounts have not been prepared as the company is itself a subsidiary of a company registered in Great Britain and is, therefore, exempt from preparing group accounts under Section 228 of the Companies Act 1985.

The company has received confirmation of continuing financial support from Hero Management Service (UK) limited which confirms that it will provide sufficient funds for the Company to meet its financial obligations for a period of at least 12 months from the date of these financial statements.

Investments

Investments in subsidiaries and participating interests are stated at cost less provision for impairment where necessary to reduce book value to recoverable amount. Other investments are stated at cost less any provision for permanent diminution in value. Cost is purchase price including acquisition expenses, but excluding any payment for accrued interest or fixed dividend entitlement.

Financing costs

Financing costs are accounted for in accordance with FRS 4 'Capital Instruments' and are written off over the life of the financing to which they relate. The balance at the end of the period is set against the outstanding liability.

Deferred taxation

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

In accordance with FRS 19 deferred tax is not provided on timing differences arising from gains on the sale of non-monetary assets, where on the basis of all available evidence it is more likely than not that the taxable gain will be rolled over into replacement assets.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Where law or accounting standards require gains and losses to be recognised in the statement of total recognised gains and losses, the related taxation is also taken directly to the statement of total recognised gains and losses in due course.

Principal accounting policies

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Profit and loss account

	Note	Year ended 31 March 2009 £'000	Period ended 31 March 2008 £'000
Administrative expenses		-	-
Operating loss: continuing operations	1	-	-
Interest receivable and similar income	2	**86**	27
Interest payable and similar charges	3	**(1,774)**	(1,081)
Loss on ordinary activities before taxation		**(1,688)**	(1,054)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year/period	14	**(1,688)**	(1,054)

There are no gains and losses for the two periods other than those reported above.

The comparative period covers the seven months ended 31 March 2008.

Balance sheet

	Note	2009 £'000	2008 £'000
Fixed assets			
Investments	7	**19,642**	19,642
Current assets			
Debtors	8	**2,985**	134
		2,985	134
Creditors: amounts falling due within one year	9	**(3,593)**	(139)
Net current liabilities		**(608)**	(5)
Total assets less current liabilities		**19,034**	19,637
Creditors: amounts falling due after more than one year	10	**(19,820)**	(18,735)
Net (liabilities)/assets		**(786)**	902
Capital and reserves			
Called-up share capital	13	**27**	11,228
Share premium	14	**198**	515
Profit and loss account	14	**(1,022)**	(10,852)
Appropriation reserve	14	**11**	11
(Deficit on)/equity shareholders' funds	15	**(786)**	902

These financial statements were approved by the directors and authorised for issue on 28 January 2010, and are signed on their behalf by:

Dean Hartley
Director

Company number: SC231283

Notes to the financial statements

1 Operating loss

Auditors' remuneration is borne by other group companies.

2 Interest receivable

	Year ended 31 March 2009 £'000	Period ended 31 March 2008 £'000
Inter-company loans	86	27
	86	27

3 Interest payable and similar charges

	Year ended 31 March 2009 £'000	Period ended 31 March 2008 £'000
Bank interest	1,580	1,050
Inter-company loans	194	31
	1,774	1,081

4 Directors and employees

The average number of staff employed by the company during the financial year amounted to:

	Year ended 31 March 2009 No	Period ended 31 March 2008 No
Administrative staff	-	-
	-	-

The aggregate payroll costs of the above were:

	Year ended 31 March 2009 £'000	Period ended 31 March 2008 £'000
Wages and salaries	-	-
Social security costs	-	-
Other pension costs	-	-
	-	-

5 Directors emoluments

	Year ended 31 March 2009 £'000	Period ended 31 March 2008 £'000
Emoluments	-	-
Contributions to money purchase schemes	-	-
	-	-

The number of directors to whom retirement benefits were accruing was as follows:

	Year ended 31 March 2009 £'000	Period ended 31 March 2008 £'000
Money purchase schemes	-	-

Information regarding the highest paid director is as follows:

	Year ended 31 March 2009 £'000	Period ended 31 March 2008 £'000
Emoluments	-	-
Contributions to money purchase pension scheme	-	-

6 Taxation on ordinary activities

(a) Analysis of charge in the year/period.

	Year ended 31 March 2009 £'000	Period ended 31 March 2008 £'000
Current tax:		
In respect of the year/period:		
UK Corporation tax based on the results for the year/period at 28% (2008 - 30%)	-	-
Adjustment in respect of prior period	-	-
Total current tax	-	-
Deferred tax:		
Net origination of timing differences	-	-
Adjustment in respect of prior period	-	-
Tax on loss on ordinary activities	-	-

6 Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year/period is lower than the standard rate of corporation tax in the UK of 28% (2008 - 30%).

	Year ended 31 March 2009 £'000	Period ended 31 March 2008 £'000
Loss on ordinary activities before taxation	**(1,688)**	(1,054)
Loss on ordinary activities by rate of tax	**(473)**	(316)
Effects of:		
expenditure that is not tax deductible	**473**	316
group relief without payment	**-**	-
Actual current taxation charge	**-**	-

7 Investments

Company

	Investment in subsidiary undertakings £'000
Cost and net book value	
At 31 March 2008 and 31 March 2009	**19,642**

The shares in group undertakings comprise investments in the following principal subsidiary undertakings at 31 March 2009:

Principal trading subsidiary	**Interest in ordinary shares and voting rights**	**Country of incorporation**	**Principal activity**
Telecom Service Centres Limited	100%	Great Britain	Contact Centres
Sigdev Limited*	100%	Great Britain	Software development
TSC Credit Management Limited *	100%	Great Britain	Debt collection

* Held indirectly through Telecom Services Centres Limited.

The operations of TSC Credit Management Limited were discontinued prior to the 2009 period end. The operations of Sigdev Limited have been transferred into Telecom Service Centres Limited subsequent to the year end.

8 Debtors: amounts falling after one year

	2009 £'000	2008 £'000
Amounts due from immediate parent undertaking	**2,985**	134

9 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Borrowings (note 11)	**3,519**	-
Accruals and deferred income	**74**	139
	3,593	139

10 Creditors: amounts falling due after more than one year

	2009 £'000	2008 £'000
Borrowings (note 11)	**19,820**	18,735

11 Borrowings

	2009 £'000	2008 £'000
Due within one year		
Bank loans	**3,519**	-
	3,519	-
Due after more than one year		
Bank loans	**14,056**	17,410
Amounts owed to immediate parent undertaking	**-**	-
Amounts owed to subsidiary undertakings	**5,764**	1,325
	19,820	18,735
Repayable		
Due within 1 year	**3,519**	-
Between one and two years	**3,519**	3,458
Between two and five years	**8,797**	10,456
After five years	**7,504**	4,821
	23,339	18,735

11 Borrowings (continued)

Security given on liabilities

ICICI Bank has provided bank loans which are secured by a floating charge over all the assets of the company and its subsidiaries and standard securities over Bute House, Rothesay and Caledonia House, Dunoon. The Company's holding Company, Hero Management Service (UK) Limited, has also given certain guarantees to ICICI Bank and these are disclosed in the financial statements of that Company.

Deal costs

£908,000 of finance costs were capitalised in accordance with FRS4 during the year ended 31 August 2008. These costs are being amortised over the term specified by the accounting policy. As at 31 March 2009 the unamortised costs were £743,000 (2008: £908,000) which have been netted off against the outstanding balance of borrowings.

Loans

£16.5m of the bank loans are repayable in nine equal half yearly instalments starting on 31 August 2009. This loan attracts interest at a rate of 2.25% above LIBOR.

Bank loans

The bank loans falling due after 5 years are repayable in one instalment on the 31 August 2014.

The bank loans due after 5 years attract interest at a rate of 2.75% above LIBOR.

12 Deferred taxation

	Deferred tax £'000
Balance at 1 April 2008	-
Movement during the year	-
Balance at 31 March 2009	-

Deferred taxation comprises:

	Recognised		**Unrecognised**	
	2009 £'000	2008 £'000	**2009 £'000**	2008 £'000
Losses	**-**	-	**817**	817

The deferred tax asset arising on losses within Dalglen has not been recognised on the grounds that there is uncertainty as to future profits being available in Dalglen against which these losses could be utilised.

13 Share capital

	2009 £'000	2008 £'000
Authorised share capital:		
0 / 15,012,000 Preference Shares of £1 each	-	15,012
77,745,489 / 104,250,000 A Preferred Ordinary Shares of £0.0001 each	8	10
0 / 600,000 Preferred ordinary shares of £0.01 each	-	6
180,000 A Ordinary shares of £0.1 each	18	18
36,000 / 54,000 B Ordinary shares of £0.01 each	1	1
0 / 148,000 C Ordinary shares of £0.1 each	-	15
18,000 D Ordinary shares of £0.01 each	-	-
	27	15,062
Allotted and fully paid:		
0 / 11,195,350 Preference Shares of £1 each	-	11,195
77,745,489 A Preferred Ordinary Shares of £0.0001 each	8	8
0 / 600,000 Preferred ordinary shares of £0.01 each	-	6
180,000 A Ordinary shares of £0.1 each	18	18
36,000 B Ordinary shares of £0.01 each	1	1
18,000 D Ordinary shares of £0.01 each	-	-
	27	11,228

There are no non-equity shares in issue.

On 11 December 2008 the company passed an ordinary resolution cancelling the entire unissued share capital of the company comprising 26,504,511 A preferred ordinary shares of £0.0001 each, 18,000 B ordinary shares of £0.01 each and 148,000 C ordinary shares of £0.10 each.

On the same date the company passed a special resolution cancelling the 15,012,000 preference shares of £1 each of which 11,195,350 preference shares of £1 each which had been issued, and the 600,000 preferred ordinary shares of £0.01 each all of which had been issued for the purposes of offsetting the debit balance shown in the company's profit and loss account reserves. The share premium account was also reduced from £515,234 to £198,234 under the same resolution.

Rights Of Shares

Return of Capital
First to holders of ordinary shares to the value of subscription price. The balance distributed between holders of Preferred ordinary shares and Ordinary shares is pari passu as if the same constituted one class of shares.

Voting
All shares are voting. All other shares rank equally in respect of voting. There are certain conditions within the Articles of Association; which if broken entitle the owners of Preferred ordinary shares to exercise three votes per share instead of one.

14 Reserves

	Appropriation reserve £'000	Share premium £'000	Profit and loss account £'000
At 1 April 2008	11	515	(10,852)
Capital reduction	-	(317)	11,518
Loss for the period	-	-	(1,688)
At 31 March 2009	**11**	**198**	**(1,022)**

The Company undertook a capital reduction which in addition to reducing the share capital also had the effect of reducing the share premium account of the Company from £515,234 to £198,234 (see Note 13).

15 Shareholders' funds

	2009 £'000	2008 £'000
Loss for the financial year	**(1,688)**	(1,054)
Decrease in equity shareholders' funds	**(1,688)**	(1,054)
Opening equity shareholders' funds	**902**	1,956
Closing (deficit to)/equity shareholders' funds	**(786)**	902

16 Parent undertaking

The immediate parent company is Hero Management Service (UK) Limited, whose ultimate parent undertaking is Hero Corporate Service Limited, a company registered in India.