

**Firstsource Dialog Solutions Private Limited**

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

# SHELESH SINGHVI & CO.

CHARTERED ACCOUNTANTS

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

To,

**The Board of Directors,**

**Firstsource Solutions Limited,**

**Mumbai**

We have reviewed the attached balance sheet of **Firstsource – Dialog Solutions (Private) Limited** (“the Company”) as at March 31<sup>st</sup>, 2015 and the Profit & Loss account for the year ended on that date annexed there to. These financial statements are the responsibility of the Company’s management. These financials are prepared to comply with requirements of section 129(3) of Companies Act, 2013.

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

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

- i) in the case of Balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> March; 2015.
- ii) in the case of the Profit & Loss account, of the profit of the Company for the year ended on that date.

**For Shelesh Singhvi & Co.**

Chartered Accountants

Firm Registration No.14792C

*Praveena Jain*

**PRAVEENA JAIN**

Partner

Membership No: 402256

Place: Mumbai

Date: 5th May, 2015



**FIRSTSOURCE-DIALOG SOLUTIONS (PRIVATE) LIMITED**
**BALANCE SHEET**
*as at 31 March 2015*

	Notes	Amount in Rupees	Amount in Rupees	Amount in LKR	Amount in LKR
		31 March 2015	31 March 2014	31 March 2015	31 March 2014
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	3	50,277,040	50,277,040	106,700,000	106,700,000
Reserves and Surplus	4	13,210,775	7,029,321	28,036,447	14,917,911
		63,487,815	57,306,361	134,736,447	121,617,911
<b>Non-current liabilities</b>					
Long-term provisions	5	3,098,169	4,133,638	6,575,061	8,772,576
		3,098,169	4,133,638	6,575,061	8,772,576
<b>Current liabilities</b>					
Trade Payables	6	6,801,822	6,835,780	14,435,106	14,507,174
Other current liabilities	7	8,315,254	27,407,862	17,646,976	58,166,094
Short-term provisions		-	-	-	-
		15,117,076	34,243,642	32,082,082	72,673,268
		81,703,061	95,683,641	173,393,591	203,063,755
<b>ASSETS</b>					
<b>Non-current assets</b>					
<b>Fixed Assets</b>					
Tangible assets	8	5,323,347	7,299,771	11,297,426	15,491,875
Intangible assets		1,492,491	2,183,146	3,167,425	4,633,163
		6,815,838	9,482,918	14,464,851	20,125,038
Long term loans and advances	9	2,233,609	2,038,191	4,740,256	4,325,532
<b>Current Assets</b>					
Trade receivables	10	46,054,454	46,332,108	97,738,654	98,327,904
Cash and bank balances	11	18,425,195	30,566,337	39,102,707	64,869,135
Short term loans and advances	12	8,173,965	7,264,088	17,347,124	15,416,146
Other Current Assets		-	-	-	-
		72,653,614	84,162,533	154,188,485	178,613,185
		81,703,061	95,683,641	173,393,591	203,063,755

Significant accounting policies

2

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

As per our report of even date attached.

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

**For and on behalf of the Board of Directors**

**Sanjay Venkataraman**  
*Director*

**Shalabh Jain**  
*Director*

**Praveena Jain**  
*Partner*  
 Membership No: 402256

Mumbai  
 Date: 5 May 2015

**FIRSTSOURCE-DIALOG SOLUTIONS (PRIVATE) LIMITED****STATEMENT OF PROFIT AND LOSS**

for the period ended on 31 March 2015

	Notes	Amount in Rupees	Amount in Rupees	Amount in LKR	Amount in LKR
		31 March 2015	31 March 2014	31 March 2015	31 March 2014
<b>INCOME</b>					
Revenue from Services	13	268,146,910	238,500,070	569,072,390	506,154,648
Other Income		672,786	579,368	1,427,813	1,229,557
		<b>268,819,696</b>	239,079,438	<b>570,500,203</b>	507,384,205
<b>EXPENSES</b>					
Employee benefits expense	14	136,913,940	141,001,985	290,564,389	299,240,207
Finance Cost		-			-
Depreciation and Amortisation	8	4,062,285	4,562,382	8,621,147	9,682,475
Other Expenses	15	121,138,410	84,477,465	257,084,913	179,281,547
		<b>262,114,635</b>	230,041,832	<b>556,270,449</b>	488,204,229
<b>Profit Before Taxation</b>		<b>6,705,061</b>	9,037,606	<b>14,229,753</b>	19,179,977
Provision for Taxes					
- Current tax Expense		154,376	-	327,623	-
- Previous year tax		369,230	130,682	783,594	277,339
<b>Profit After Taxation</b>		<b>6,181,454</b>	8,906,924	<b>13,118,536</b>	18,902,638

**Earnings per Share****Weighted average number of equity shares**

outstanding during the year

10,670,000 10,670,000 10,670,000 10,670,000

**Basic and diluted Earnings per share**

0.58 0.83 1.23 1.77

**Nominal value per share**

0.47 0.47 10.00 10.00

Significant accounting policies

2

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

As per our report of even date attached.

**For SHELESH SINGHVI & CO.****Chartered Accountants**

Firm's Registration No: 014792C

**For and on behalf of the Board of Directors****Sanjay Venkataraman**

Director

**Shalabh Jain**

Director

**Praveena Jain**

Partner

Membership No: 402256

Mumbai

Date: 5 May 2015

**FIRSTSOURCE-DIALOG SOLUTIONS (PRIVATE) LIMITED**
**CASH FLOW STATEMENT**

for the year ended 31 March 2015

	Amount in Rupees		Amount in LKR	
	2015	2014	2015	2014
<b><u>Cash flow from operating activities</u></b>				
<b>Net profit before tax</b>	<b>6,705,061</b>	9,037,606	<b>14,229,753</b>	19,179,977
<b>Adjustments for</b>				
Depreciation and amortisation	<b>4,062,285</b>	4,562,382	<b>8,621,147</b>	9,682,475
Loss on Sales of Fixed Asset	<b>(143,806)</b>	(13,571)	<b>(305,190)</b>	(28,800)
Interest and dividend income	<b>(551,342)</b>	(696,380)	<b>(1,170,081)</b>	(1,477,886)
Deferred tax credit				-
<b>Operating cash flow before changes in working capital</b>	<b>10,072,198</b>	12,890,038	<b>21,375,630</b>	27,355,765
<b>Changes in working capital</b>				
(Increase) in Trade receivables	<b>277,655</b>	(6,808,307)	<b>589,250</b>	(14,448,869)
Decrease / (Increase) in Other current assets		-	-	-
(Increase) in Loans and advances	<b>(1,105,295)</b>	(528,402)	<b>(2,345,702)</b>	(1,121,396)
Increase in Current liabilities	<b>(19,092,608)</b>	18,665,510	<b>(40,519,118)</b>	39,612,713
Increase in Provisions	<b>(1,035,469)</b>	(420,397)	<b>(2,197,515)</b>	(892,183)
Increase in Trade Payable	<b>(33,958)</b>	(6,161,979)	<b>(72,068)</b>	(13,077,204)
<b>Net changes in working capital</b>	<b>(20,989,677)</b>	4,746,426	<b>(44,545,152)</b>	10,073,061
<b>Income taxes paid</b>	<b>(523,606)</b>	(130,682)	<b>(1,111,217)</b>	(277,339)
<b>Net cash generated from operating activities (A)</b>	<b>(11,441,084.85)</b>	17,505,781	<b>(24,280,740)</b>	37,151,488
<b><u>Cash flow from investing activities</u></b>				
Sale of Fixed Assets (Scrap)	<b>0</b>	13,571	-	28,800
Interest and dividend income received	<b>551,342</b>	696,380	<b>1,170,081</b>	1,477,886
Capital expenditure	<b>(1,251,398)</b>	(4,379,356)	<b>(2,655,769)</b>	(9,294,049)
<b>Net cash used in investing activities (B)</b>	<b>(700,056)</b>	(3,669,404)	<b>(1,485,688)</b>	(7,787,363)
<b><u>Cash flow from financing activities</u></b>				
<b>Net cash used in financing activities (C)</b>	-	-	-	-
<b>Net increase in cash and bank balance</b>	<b>(12,141,141)</b>	13,836,377	<b>(25,766,428)</b>	29,364,125
<b>Cash and bank balance at the beginning of the year*</b>	<b>30,566,337</b>	16,729,960	<b>64,869,135</b>	35,505,010
<b>Cash and bank balance at the end of the year*</b>	<b>18,425,195</b>	30,566,337	<b>39,102,707</b>	64,869,135

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

As per our report of even date attached.

**For SHELESH SINGHVI & CO.**
**Chartered Accountants**

Firm's Registration No: 014792C

**For and on behalf of the Board of Directors**
**Sanjay Venkataraman**
*Director*
**Shalabh Jain**
*Director*
**Praveena Jain**

Partner

Membership No: 402256

Mumbai

Date: 5 May 2015

# Firstsource Dialog Solutions Private Limited

## Notes to the accounts

for the year ended at 31 March 2015

### 1 Background

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

### 2 Significant accounting policies

#### 2.1 Basis of preparation

The financial statements of Firstsource Dialog Solutions Private Limited ('the Company') have been prepared under the historical cost convention, on accrual basis of accounting principles generally accepted in India. The Balance Sheet and Statement of profit and loss of the Company has been drawn up in the country of its incorporation (Srilanka) in the terms of Sri Lankan Rupee ('LKR'). However, for the purpose of compliance with the requirements of Section 129 (3) of the Companies Act 1956, amounts in these financial statements have been translated into Indian rupees at the closing rate on 31 March 2015 which is 1 LKR = Rs.0.4712. No representation is made that LKR amounts have been, could have been or could be converted into Indian rupees at such a rate.

#### 2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities on the date of the financial statements and the reported amount of income and expense for the year. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

#### 2.3 Revenue recognition

Revenue from contact centre and transaction processing services comprises from both time/unit price and fixed fee based service contracts. Revenue from time/ unit price based contracts is recognized on completion of the related services and is billed in accordance with the contractual terms specified in the respective customer contracts. Revenue from fixed fee based service contracts is recognized on achievement of performance milestones specified in the customer contracts. Revenue from debt collection services is recognized when debts are collected (including postdated cheques) / realized.

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.

# Firstsource Dialog Solutions Private Limited

## Notes to the accounts

for the year ended at 31 March 2015

### 2.4 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and impairment, if any. Cost includes freight, duties, taxes and incidental expenses related to acquisition and installation of the fixed assets. Depreciation on fixed assets is provided pro rata to the period of use based on management's best estimate of useful lives of the assets as summarized below:

Asset category	Useful life (in years)*
<b>Tangible assets</b>	
Leasehold improvements	Lease term or 5 years, whichever is shorter
Computers*	3 – 4
Service equipment*	3 – 5
Furniture and fixtures*	3 – 5
Office equipment*	3 – 5
Vehicles	2 – 5
<b>Intangible assets</b>	
Goodwill on acquired assets	5 years or estimated useful life, whichever is shorter
Domain name	3
Software*	3 – 4

\* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II to the Companies Act 2013.

. Individual assets costing upto Rupees five thousand are depreciated in full in the period of purchase.

. Software purchased together with the related hardware is capitalised and depreciated at the rates applicable to related assets. Intangible assets other than above mentioned software are amortised over the best estimate of the useful life from the date the assets are available for use. Further, the useful life is reviewed at the end of each reporting period for any changes in the estimates of useful life and accordingly the asset is amortised over the remaining useful life.

### 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

# Firstsource Dialog Solutions Private Limited

## Notes to the accounts

for the year ended at 31 March 2015

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 Company profits are exempted under Board of Investments (BOI) regulations for 7 years. In this regard, the Company recognises deferred taxes in respect of those originating timing differences which reverse after the tax holiday period resulting in tax consequences. Timing differences which originate and reverse within the tax holiday period do not result in tax consequence and, therefore, no deferred taxes are recognised in respect of the same.

### 2.8 *Provisions and Contingencies*

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

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

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

### 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.



# **Firstsource Dialog Solutions Private Limited**

## **Notes to the accounts**

*for the year ended at 31 March 2015*

### **2.10 Investments**

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

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

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

**FIRSTSOURCE-DIALOG SOLUTIONS (PRIVATE) LIMITED**
**Notes to the accounts**

as at 31 March 2015

	Amount in Rupees	Amount in Rupees	Amount in LKR	Amount in LKR	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014	
<b>3) Share Capital</b>					
<b>Authorised</b> 10,670,000 (31 March 2014: 10,670,000) Equity Shares of LKR 10 each	50,277,040	50,277,040	106,700,000	106,700,000	
<b>Issued, Subscribed and Paid up</b> 10,670,000 (31 March 2014: 10,670,000) Equity Shares of LKR 10 each	50,277,040	50,277,040	106,700,000	106,700,000	
	50,277,040	50,277,040	106,700,000	106,700,000	
<b>a. Reconciliation of number of shares outstanding</b>					
	<b>31 March 2015</b>		<b>31 March 2014</b>		
	<b>No. of shares</b>	<b>Amount (Rs.)</b>	<b>Amount (LKR)</b>	<b>No. of shares</b>	<b>Amount (Rs.)</b>
At the commencement of the year	10,670,000	50,277,040	106,700,000	10,670,000	46,041,050
Addition During the Year	-	-	-	-	-
At the end of the year	10,670,000	50,277,040	106,700,000	10,670,000	46,041,050
<b>b. Details of shareholders holding more than 5% shares in the Company</b>					
	<b>31 March 2015</b>		<b>31 March 2014</b>		
	<b>No. of shares</b>	<b>% of holding</b>	<b>No. of shares</b>	<b>% of holding</b>	
Firstsource Solution Ltd.	7,895,800	74	7,895,800	74	
Dialog Axiata PLC	2,774,200	26	2,774,200	26	
<b>c. Rights, Preferences &amp; Restriction attached to equity shares</b>					
The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder are in proportion to its share of the paid-up equity capital of the Company. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.					
	<b>Amount in Rupees</b>	<b>Amount in Rupees</b>	<b>Amount in LKR</b>	<b>Amount in LKR</b>	
	<b>31 March 2015</b>	<b>31 March 2014</b>	<b>31 March 2015</b>	<b>31 March 2014</b>	
<b>4) Reserves and Surplus</b>					
<b>Balance in statement of profit and loss</b>					
At the commencement of the year	7,029,321	(1,877,603)	14,917,911	(3,984,727)	
Add: Net profit \ (Loss) for the year	6,181,454	8,906,924	13,118,536	18,902,638	
At the end of the year	13,210,775	7,029,321	28,036,447	14,917,911	
	13,210,775	7,029,321	28,036,447	14,917,911	
<b>5) Long-term provisions</b>					
Gratuity	3,098,169	4,133,638	6,575,061	8,772,576	
	3,098,169	4,133,638	6,575,061	8,772,576	
<b>6) Trade Payables</b>					
Trade Payables for services & goods	6,801,822	6,835,780	14,435,106	14,507,174	
	6,801,822	6,835,780	14,435,106	14,507,174	

**FIRSTSOURCE-DIALOG SOLUTIONS (PRIVATE) LIMITED**
**Notes to the accounts**

as at 31 March 2015

	Amount in Rupees	Amount in Rupees	Amount in LKR	Amount in LKR
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
<b>7) Other Current Liabilities</b>				
<b>Related party</b>				
Payable to group companies, net	-	1,670,826	-	3,545,895
<b>Statutory Dues</b>				
Employee related dues	1,410,033	2,241,999	2,992,429	4,758,063
Employee Trust Dues	211,505	212,981	448,864	451,997
Stamp duty payable	13,241	12,334	28,100	26,175
Income Tax Payable (Paye)	144,796	102,894	307,292	218,366
Value added tax and Nation building tax	3,119,274	2,835,200	6,619,852	6,016,978
Economic Service charge payable	213,115	162,169	452,282	344,163
<b>Others</b>				
Unbilled Revenue	2,042,474	16,993,240	4,334,623	36,063,752
Creditors for capital goods	181,388	933,156	384,949	1,980,383
Employee related payable	979,429	503,104	2,078,585	1,067,709
Book credit in bank account	-	1,739,959		3,692,613
	<b>8,315,254</b>	<b>27,407,862</b>	<b>17,646,976</b>	<b>58,166,094</b>

**FIRSTSOURCE-DIALOG SOLUTIONS (PRIVATE) LIMITED**
**Notes to the accounts**
*as at 31 March 2015*
**8) Fixed Assets**

	Tangible Assets					Intangible Assets			Grand Total
	Leasehold Improvement	Computers	Service Equipment	Furniture, Fixture and office equipments	Total	Software	Network	Total	
<b>Gross Block</b>									
As at 1 April 2014 (INR)	6,710,481	9,211,888	10,620,627	3,206,863	29,749,858	4,476,148	10,358,691	14,834,839	<b>44,584,697</b>
	-	230,912	743,573	367,348	1,341,833	53,371	-	53,371	<b>1,395,204</b>
Deletions during the year	-	-	-	-	-	-	(1,709,669)	(1,709,669)	<b>(1,709,669)</b>
As at 31 March 2015 (INR)	<b>6,710,481</b>	<b>9,442,799</b>	<b>11,364,200</b>	<b>3,574,210</b>	31,091,691	<b>4,529,520</b>	<b>8,649,022</b>	<b>13,178,542</b>	<b>44,270,234</b>
<b>Accumulated depreciation / amortization</b>									
As at 1 April 2014(INR)	6,699,996	6,882,337	6,452,015	2,931,107	22,965,456	2,293,002	9,843,321	12,136,323	<b>35,101,779</b>
Charge for the year	3,550	959,916	1,390,559	448,862	2,802,888	1,073,802	185,595	1,259,397	<b>4,062,285</b>
On deletions during the year	-	-	-	-	-	-	(1,709,669)	(1,709,669)	<b>(1,709,669)</b>
As at 31 March 2015(INR)	<b>6,703,546</b>	<b>7,842,254</b>	<b>7,842,574</b>	<b>3,379,970</b>	<b>25,768,344</b>	<b>3,366,804</b>	<b>8,319,247</b>	<b>11,686,051</b>	<b>37,454,395</b>
<b>Net Block (INR)</b>									
As at 31 March 2015	<b>6,935</b>	<b>1,600,546</b>	<b>3,521,626</b>	<b>194,240</b>	<b>5,323,347</b>	<b>1,162,716</b>	<b>329,775</b>	<b>1,492,491</b>	<b>6,815,839</b>
As at 31 March 2014	10,485	2,329,550	4,168,613	791,124	7,299,771	2,183,146	236,194	2,183,146	<b>9,482,918</b>
<b>Net Block (LKR)</b>									
As at 31 March 2015	<b>14,717</b>	<b>3,396,744</b>	<b>7,473,740</b>	<b>412,225</b>	<b>11,297,426</b>	<b>2,467,564</b>	<b>699,862</b>	<b>3,167,425</b>	<b>14,464,853</b>
As at 31 March 2014	22,252	4,943,866	8,846,801	1,678,956	15,491,875	4,633,163	501,261	4,633,163	20,125,037

**FIRSTSOURCE-DIALOG SOLUTIONS (PRIVATE) LIMITED**
**Notes to the accounts**

for the year ended 31 March 2015

	Amount in Rupees	Amount in Rupees	Amount in LKR	Amount in LKR
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
<b>9) Long term loans and advances</b> (Unsecured, considered good)				
Sundry Deposits	286,843	267,995	608,750	568,750
Advance tax, Net of Income Tax	1,946,766	1,770,196	4,131,506	3,756,782
	<b>2,233,609</b>	<b>2,038,191</b>	<b>4,740,256</b>	<b>4,325,532</b>
<b>10) Trade Receivables</b> (unsecured and considered good, unless stated otherwise)				
Receivable outstanding for more than six months				
Considered good	-	-	-	-
Considered doubtful	36,332,865	-	77,107,099	-
Less: Provision for doubtful Debts	(36,332,865)	-	(77,107,099)	-
Other Receivable	-	-	-	-
Considered good	46,054,454	46,332,108	97,738,654	98,327,904
	<b>46,054,454</b>	<b>46,332,108</b>	<b>97,738,654</b>	<b>98,327,904</b>
<b>11) Cash and Bank Balances</b>				
Cash in hand	-	-	-	-
Balance with banks: in current accounts	18,425,195	30,566,337	39,102,707	64,869,135
	<b>18,425,195</b>	<b>30,566,337</b>	<b>39,102,707</b>	<b>64,869,135</b>
<b>12) Short term loans and advances</b> (unsecured and considered good)				
<b>Related party</b>	122,150	-	259,231	
Payable to group companies, net				
Advance to Staff	154,050	235,084	326,930	498,904
Advance for Expenses	56,544	43,871	120,000	93,105
Prepaid Expenses	7,841,222	6,985,133	16,640,963	14,824,137
	<b>8,173,965</b>	<b>7,264,088</b>	<b>17,347,124</b>	<b>15,416,146</b>

**FIRSTSOURCE-DIALOG SOLUTIONS (PRIVATE) LIMITED**
**Notes to the accounts**

for the year ended 31 March 2015

	Amount in Rupees	Amount in Rupees	Amount in LKR	Amount in LKR
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
<b>13) Other Income</b>				
Interest	551,342	696,380	1,170,081	1,477,886
(Gain) / Loss on sale of Fixed assets / Written off	143,806	13,571	305,190	28,800
Foreign Exchange (Loss) / Gain	(22,362)	(130,583)	(47,458)	(277,129)
	<b>672,786</b>	<b>579,368</b>	<b>1,427,813</b>	<b>1,229,557</b>
<b>14) Employee Benefit expenses</b>				
Salaries,bonus and other allowances	119,702,483	120,166,231	254,037,528	255,021,713
Contribution to provident and other funds	10,504,211	12,554,816	22,292,468	26,644,346
Staff welfare expenses	6,707,246	8,280,938	14,234,393	17,574,148
	<b>136,913,940</b>	<b>141,001,985</b>	<b>290,564,389</b>	<b>299,240,207</b>
<b>15) Other expenses</b>				
Rent	34,377,552	31,252,321	72,957,454	66,324,960
Rates and Taxes	7,068	2,356	15,000	5,000
Insurance	4,610,285	4,613,289	9,784,136	9,790,512
Travelling and conveyance	986,561	785,841	2,093,721	1,667,743
Electricity, Water and power consumption	19,238,560	20,056,679	40,828,862	42,565,108
Legal and Professional fees	2,104,130	2,471,189	4,465,470	5,244,459
Audit fees	208,072	196,302	441,580	416,600
Communication Expenses	828,583	1,275,307	1,758,453	2,706,509
Connectivity Charges	1,630,422	1,479,831	3,460,149	3,140,559
Membership fees	207,236	175,976	439,806	373,463
Computer Expenses	905,097	893,405	1,920,834	1,896,022
Recruitment / Training expenses	587,463	638,649	1,246,739	1,355,367
Printing and Stationery	649,169	581,850	1,377,693	1,234,825
Marketing and Support Services	1,036	3,364	2,198	7,140
Advertisement & publicity	-	4,712	-	10,000
Guest House Expense	-	24,699	-	52,417
Bank Charges	60,395	68,390	128,172	145,140
Car Hire and other Hire charges	11,302,695	12,580,903	23,987,044	26,699,709
Meetings & seminar expenses	66,405	27,860	140,928	59,125
Maintenance and upkeep	6,976,432	7,258,269	14,805,670	15,403,797
Provision for doubtful debts	36,332,865	-	77,107,099	-
Books and Periodicals	3,369	16,924	7,150	35,917
Miscellaneous Expenses	55,015	65,108	116,755	138,175
Registration Fees	-	4,241	-	9,000
	<b>121,138,410</b>	<b>84,477,465</b>	<b>257,084,913</b>	<b>179,281,547</b>

## Firstsource Dialog Solutions Private Limited

### Notes to the accounts

as at 31 March 2015

#### 17. Leases

The Company has taken office facilities under non cancelable operating leases. The Company intends to renew such lease in the normal course of its business. Rental expenses under non cancelable operating leases aggregating to Rs.34,377,552 equivalent to LKR 72,957,454 (31<sup>st</sup> March 2014: Rs. 31,177,310 equivalent to LKR 66,165,768) have been debited to the statement of profit and loss.

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

Particulars	Amount in Rupees	Amount in Rupees	Amount in LKR	Amount in LKR
	2015	2014	2015	2014
Amount due within one year from the balance sheet date	37,815,300	34,295,041	80,253,184	72,782,345
Amount due in the period between one year and five years	6,399,512	44,108,698	13,581,308	93,609,291
<b>Total</b>	<b>44,214,813</b>	78,403,739	<b>93,834,492</b>	166,391,636

Rental expenses under cancelable operating leases aggregating to NIL (31st March 2014: Rs. 75,011 equivalent to LKR 159,192) have been debited to the statement of profit and loss

#### 18. Transfer pricing

The Company's management is of the opinion that its international transactions with related parties are at arms length and that the Company is in compliance with the transfer pricing legislation. Accordingly, the company's management believes that the transfer pricing legislation will not have any impact on the financial statements for the year ended 31 March 2015, particularly on the amount of tax expense and that of the provision for taxation.

## Firstsource Dialog Solutions Private Limited

### Notes to the accounts

as at 31 March 2015

#### 19. Related Party Transactions

Details of related parties including summary of transactions entered into during the year ended 31 March 2015 are summarized below:

Holding Company	• Firstsource Solutions Ltd
Parties with substantial interests	• Dialog Axiata PLC
	• Firstsource Group USA Inc.
	• Firstsource Transaction Services LLC
	• Firstsource Solution UK Limited
	• Anunta Tech Infrastructure Services Limited
	• Firstsource Solutions S.A
	• MedAssist Holding, Inc.,
	• Firstsource Advantage LLC
	• One Advantage LLC
	• Firstsource Solutions Limited – Ireland
	• Firstsource Business Processing Services LLC
Directors	• Firstsource Solutions USA LLC
	• Sanjay Venkataraman
	• Shalabh Jain
	• Dinesh Jain
	• Dr. Hans. Wijayasuriya

#### Particulars of related party transactions during the year ended 31 March 2015

Name of the related party	Description	Transaction value during the year ended 31.03.15	Transaction value during the year ended 31.03.14	Transaction value during the year ended 31.03.15	Transaction value during the year ended 31.03.14	Receivable / (Payable) at 31.03.15	Receivable / (Payable) at 31.03.14	Receivable / (Payable) at 31.03.15	Receivable / (Payable) at 31.03.14
		(Rupees)	(Rupees)	(LKR)	(LKR)	(In Rupees)	(In Rupees)	(In LKR)	(In LKR)
Firstsource Solutions Ltd	Reimbursement of Expenses	1,795,779	1,431,449	3,811,075	3,037,880	-	-	-	-
	Receivable/(Payable)	-	-	-	-	-	(1,264,259)	-	(2,683,063)
Dialog Axiata PLC	Reimbursement of expenses	-	-	-	-	-	406,565	-	862,830



# Firstsource Dialog Solutions Private Limited

## Notes to the accounts

as at 31 March 2015

### 20. Capital commitments

The Company has capital commitments of LKR 11,40,000 equivalent to INR 5,37,168 & USD 2050 equivalent to INR 1,28,125 as at the balance sheet date (31<sup>st</sup> March 2014 LKR 1,498,000 equivalent to 7,05,858 INR ).

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

	31 March 2015	31 March 2014
(i). <i>Expenditure in foreign currency</i>		
Employee cost	-	-
Travel and conveyance	-	-
Maintenance and upkeep	1,854,700	1,854,700
Connectivity charges	-	-
Other expenses	-	-

### 22. Contingent liabilities

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

### 23. Provision for Tax

There is current tax provision for INR 154,376 equivalent to LKR 327,623 for the financial year 2014-15 on other income and for remaining revenue receipts no tax payable as company covered under 7 years tax holiday for the period 2011-12 to 2017-18

### 24. Gratuity Fund

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

### 25. Segmental Reporting

The company has no separate identifiable segment and in accordance with paragraph 4 of Accounting Standard 17 "Segment Reporting" prescribed in the companies (Accounting Standards) Rules, 2006, issued by the central government, the Company has presented segmental information in the consolidated financial statements (refer Note 31 of the consolidated financial statements)

## **Firstsource Dialog Solutions Private Limited**

### **Notes to the accounts**

*as at 31 March 2015*

#### **26. Micro, Small and Medium scale Business entities:**

There are no Micro, Small and Medium Enterprises to whom the Company Owes dues, which are outstanding for more than 45 days during the year and also as at 31st March 2015. This information as required to be disclosed under the Micro, Small and Medium Enterprises Developments Act, 2006 has been determined to the extent such parties have been identified on the Basis of information available with the Company (refer Note 41 of the consolidated financial statements).

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

**As per our report of even date attached.**

**For SHELESH SINGHVI & CO.**

***Chartered Accountants***

Firm's registration no: 014792C

**For and on behalf of the Board of Directors**

**Praveena Jain**

*Partner*

**Sanjay Venkataraman**

*Director*

**Shalabh Jain**

*Director*

Mumbai

Date: 05 May 2015