

Firstsource Group USA, Inc.

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 Group USA, Inc** ("the Company") as at March 31st, 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 31st March; 2015.
- ii) in the case of the Profit & Loss account, of the loss of the Company for the year ended on that date.

For Shelesh Singhvi & Co.

Chartered Accountants

Firm Registration No.14792C

Praveena Jain

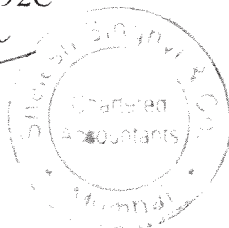
PRAVEENA JAIN

Partner

Membership No: 402256

Place: Mumbai

Date: 5th May, 2015



Firstsource Group USA, Inc.
Balance Sheet
as at 31 March 2015

	Note	Amount in Rupees	Amount in Rupees	Amount in USD	Amount in USD
		31 March 2015	31 March 2014	31 March 2015	31 March 2014
<u>EQUITY AND LIABILITIES</u>					
Shareholders' funds					
Share Capital	3	13,655,188	13,655,188	218,483	218,483
Reserves and Surplus	4	12,293,654,671	12,864,585,448	196,698,475	205,833,368
		12,307,309,859	12,878,240,636	196,916,958	206,051,851
Non-current liabilities					
Long-term borrowings	5	109,869,664	5,625,000,000	1,757,915	90,000,000
Deferred tax liabilities, net	6	769,492,125	721,392,886	12,311,874	11,542,286
Long-term provisions	7	16,698,117	8,209,259	267,170	131,348
		896,059,906	6,354,602,145	14,336,959	101,673,634
Current liabilities					
Short term borrowings	8	5,102,264,726	2,090,655,092	81,636,235	33,450,481
Trade payables	9	41,975,465	17,801,117	671,607	284,818
Other current liabilities	10	5,945,706,260	2,956,199,440	95,131,300	47,299,190
Short-term provisions	11	-	10,414,804	-	166,637
		11,089,946,451	5,075,070,453	177,439,142	81,201,126
		24,293,316,215	24,307,913,234	388,693,059	388,926,611
<u>ASSETS</u>					
Non current assets					
Fixed assets					
Tangible assets	12	136,240,050	8,781,574	2,179,841	140,505
Intangible assets		3,846,827	682,560	61,549	10,921
Add: CWIP (including capital advances)		80,932,553	-	1,294,921	-
		221,019,430	9,464,134	3,536,311	151,426
Non-current investments	13	23,475,414,000	23,475,414,000	375,606,624	375,606,624
Long-term loans and advances	14	112,308,743	194,517,097	1,796,940	3,112,274
		23,587,722,743	23,669,931,097	377,403,564	378,718,898
Current assets					
Trade receivables	15	158,320,585	28,070,836	2,533,129	449,133
Cash and cash equivalents	16	4,276,518	171,034,254	68,424	2,736,548
Short-term loans and Advances	17	195,687,815	303,547,312	3,131,005	4,856,757
Other current assets	18	126,289,124	125,865,601	2,020,626	2,013,850
		484,574,042	628,518,003	7,753,184	10,056,288
		24,293,316,215	24,307,913,234	388,693,059	388,926,611

Significant accounting policies

2

The accompanying notes from 1 to 32 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

For and on behalf of the Board of Directors

Rajesh Subramaniam
Director

Venkat Raman
Director

Praveena Jain

Partner

Membership No: 402256

Mumbai

Date: 5 May 2015

Firstsource Group USA, Inc.
Statement of profit and loss
for the year ended 31 March 2015

	Note	Amount in Rupees	Amount in Rupees	Amount in USD	Amount in USD
		31 March 2015	31 March 2014	31 March 2015	31 March 2014
Income					
Revenue from operations	19	1,806,010,843	2,029,680,859	28,896,174	32,474,894
Other Income	20	(6,560,870)	2,784,010	(104,974)	44,544
		1,799,449,973	2,032,464,869	28,791,200	32,519,438
Expenses					
Cost of sales		826,521,126	806,516,958	13,224,338	12,904,271
Employee benefits expense	21	975,230,554	1,039,835,853	15,603,690	16,637,374
Finance cost	22	181,352,006	223,644,500	2,901,632	3,578,312
Depreciation and amortisation	12	35,807,225.90	6,418,266	572,916	102,692
Other expenses	23	363,832,326	300,224,415	5,821,317	4,803,590
		2,382,743,238	2,376,639,992	38,123,893	38,026,239
(Loss) / Profit before taxation		(583,293,265)	(344,175,123)	(9,332,693)	(5,506,801)
Provision for Tax					
- Current tax Expense		18,901,188	-	302,419	-
- Previous year tax		(79,362,814)	10,952,875	(1,269,805)	175,246
Deferred tax		48,099,138	(35,249,641)	769,586	(563,994)
(Loss) / Profit after taxation		(570,930,777)	(319,878,357)	(9,134,893)	(5,118,053)
Earnings per share					
Weighted average number of equity shares outstanding during the year					
Basic and diluted		218,483	218,483	218,483	218,483
Nominal Value Per Share		62.50	62.50	1	1
Earning per share					
Basic and diluted		(2,613.16)	(1,464.09)	(41.81)	(23.43)

Significant accounting policies 2

The accompanying notes from 1 to 32 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

For and on behalf of the Board of Directors

Praveena Jain
Partner
Membership No: 402256

Rajesh Subramaniam
Director

Venkat Raman
Director

Mumbai
Date: 5 May 2015

Firstsource Group USA, Inc
Cash flow statement
for the year ended 31 March 2015

	Amount in Rupees 31 March 2015	Amount in Rupees 31 March 2014	Amount in USD 31 March 2015	Amount in USD 31 March 2014
Cash flow from operating activities				
Net (loss) / profit before tax	(583,293,265)	(344,175,123)	(9,332,693)	(5,506,801)
Adjustments for				
Depreciation and amortization	35,807,226	6,418,266	572,916	102,692
Provision for current tax	(60,461,626)	23,372,058	(967,386)	373,953
Deferred taxes	48,099,138	169,977,250	769,586	2,719,636
Interest costs	181,352,006	223,644,500	2,901,632	3,578,312
Interest and dividend income	-	(2,817,167)	-	(45,075)
(Profit)/ loss on sale on fixed assets	-	21,125	-	338
Operating cash flow before changes in	(366,134,034)	(116,908,399)	(5,858,145)	(1,870,533)
Changes in working capital				
(Increase) / Decrease in trade	(130,249,749)	173,466,406	(2,083,996)	2,775,462
Decrease in Loans and advances and	189,644,463	1,275,332,162	3,034,311	20,405,315
Increase / (Decrease) in liabilities and	3,142,677,315	(44,000,151)	50,282,837	(704,003)
Net changes in working capital	3,202,072,029	1,404,798,416	51,233,152	22,476,773
Income taxes Paid	50,046,823	(7,117,733)	800,749	(113,884)
Net cash generated from operating	2,885,984,819	1,280,772,284	46,175,756	20,492,356
Cash flow from investing activities				
Interest and dividend income received	-	2,817,167	-	45,075
Capital expenditure	(247,362,519)	(5,262,590)	(3,957,800)	(84,201)
Sale of fixed assets	-	-	-	-
Net cash used in investing activities	(247,362,519)	(2,445,423)	(3,957,800)	(39,127)
Cash flow from financing activities				
Repayment of loans	(5,515,130,336)	(2,812,500,000)	(88,242,085)	(45,000,000)
Interest paid	(301,859,270)	(220,131,491)	(4,829,748)	(3,522,104)
Proceeds from loan	3,011,609,571	1,721,311,342	48,185,753	27,540,981
Net cash used in financing activities (C)	(2,805,380,035)	(1,311,320,149)	(44,886,080)	(20,981,123)
Net increase in cash and cash	(166,757,736)	(32,993,288)	(2,668,124)	(527,894)
equivalents (A+B+C)				
Cash and cash equivalents at the	171,034,254	204,027,541	2,736,548	3,264,441
beginning of the year*				
Cash and cash equivalents at the end of	4,276,518	171,034,254	68,424	2,736,548
the year*				

* Refer note 16 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

Praveena Jain

Partner

Membership No: 402256

Rajesh Subramaniam

Director

Venkat Raman

Director

Mumbai

Date: 5 May 2015

Firstsource Group USA, Inc.

Notes to the accounts

for the year ended at 31 March 2015

1 Background

Firstsource Group USA Inc. ('the Company') was incorporated under the laws of the State of Delaware on 25 November 2009. The Company provides contact centre and transaction processing services for customers in the financial services, telecommunications and healthcare industry. The Company is a wholly owned subsidiary of Firstsource Solutions Limited ('FSL') incorporated under the laws of India. On 31 March 2010, Firstsource Solutions USA Inc (erstwhile subsidiary of FSL) was merged with the Company.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements of Firstsource Solutions USA, Inc. ('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 State Dollars ('USD'). However, for the purpose of compliance with the requirements of Section 129 (3) of companies Act, 2013 amounts in these financial statements have been translated into Indian rupees at the closing rate on 31 March 2015 which is 1 USD = Rs.62.50.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 expenses for the year. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

2.3 Revenue recognition

Revenue from contact centre and transaction processing services comprises from both time / unit price and fixed fee based service contracts. Revenue from time / unit price based contracts is recognised as services are rendered and is billed in accordance with the contractual terms specified in the customer contracts. Revenue from fixed fee based service contracts is recognised on achievement of performance milestones specified in the customer contracts. Unbilled receivables represent costs incurred and revenues recognised on contracts to be billed in subsequent periods as per the terms of the contract.

Dividend income is recognised when the right to receive dividend is established. Interest income is recognised using the time proportion method, based on the underlying interest rates.

Firstsource Group USA, Inc.

Notes to the accounts

for the year ended at 31 March 2015

2 Significant accounting policies (Continued)

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)*
Tangible assets	
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
Intangible assets	
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.

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.

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

2.5 Impairment of assets

a) Financial assets

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

Firstsource Group USA, Inc.

Notes to the accounts

for the year ended at 31 March 2015

2 Significant accounting policies (*Continued*)

b) Non-financial assets

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

longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

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 of all the subsidiaries of the company are computed on a consolidated basis and the liability for the same is recognized in this company.

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 Group USA, Inc.

Notes to the accounts

for the year ended at 31 March 2015

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 Delaware Law are charged to the statement of profit and loss.

2.11 Investments

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

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

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

Firstsource Group USA, Inc

Notes to the accounts

as at 31 March 2015

	Amount in Rupees	Amount in Rupees	Amount in USD	Amount in USD
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
3 Share capital				
Authorised Share Capital				
218,483 common stock (31 March 2013: 218,483 common stock) fully paid-up common stock of USD 1 each	13,655,188	13,655,188	218,483	218,483
Issued, subscribed and paid up				
218,483 common stock (31 March 2013: 218,483 common stock) fully paid-up common stock of USD 1 each	13,655,188	13,655,188	218,483	218,483
	13,655,188	13,655,188	218,483	218,483

a. Reconciliation of number of common stock outstanding

	31 March 2015		31 March 2014	
	Amount in Rupees	Amount in USD	Amount in Rupees	Amount in USD
At the commencement of the year	13,655,188	218,483	13,655,188	218,483
At the end of the year	13,655,188	218,483	13,655,188	218,483

b. Details of common stock holding more than 5% common stock in the Company

	31 March 2015		31 March 2014	
	No. of common stock	% of holding	No. of common stock	% of holding
Firstsource Solutions Ltd.	218,483	100	218,483	100

c. Rights & Restriction attached to equity shares

The Company has a single class of common stock. Accordingly, all common stock rank equally with regard to dividends and share in the Company's residual assets. The common stock are entitled to receive dividend as declared from time to time. The voting rights of common stockholders are in proportion to its share in the paid-up common stock capital of the Company.

On winding up of the Company, the holders of common stock will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of common stock held.

Firstsource Group USA, Inc

Notes to the accounts

as at 31 March 2015

	Amount in Rupees	Amount in Rupees	Amount in USD	Amount in USD
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
4 Reserves and surplus				
Statement of Profit and Loss				
At the commencement of the year	12,864,585,448	13,184,463,805	205,833,368	210,951,421
Add : (Loss) / Profit for the year	(570,930,777)	(319,878,357)	(9,134,893)	(5,118,053)
At the end of the year	12,293,654,671	12,864,585,448	196,698,475	205,833,368
	12,293,654,671	12,864,585,448	196,698,475	205,833,368
5 Long term borrowings				
Secured, Considered good				
Term Loan - from banks				
Term Loan	-	5,625,000,000	-	90,000,000
(The term loan carries interest at an average rate of LIBOR + 455 bps. The Loan is repayable from June 2013 upto March 2017 in 16 Quarterly installments. The loan is secured against pari passu charge on all current assets, non current assets and fixed assets of the group except assets of Anunta and FDS)				
Long Term Loan Maturities of Finance Lease obligations	109,869,664	-	1,757,915	-
(Finance lease obligation carried interest in the range of 4% to 12.5% for the period of 3 - 5 years from April 2014 up to october 2019, repayable, in quaterly/Monthly installments. This is secured by way of hypothication of underlying fixed assets taken on lease)				
	109,869,664	5,625,000,000	1,757,915	90,000,000
6 Deferred tax liabilities, net				
On carry forward losses	(984,553,875)	(874,804,605)	(15,752,862)	(13,996,874)
On depreciation	(36,680,500)	(30,596,650)	(586,888)	(489,546)
On accrued expenses	(108,445,188)	(102,329,207)	(1,735,123)	(1,637,267)
Deferred tax assets	(1,129,679,563)	(1,007,730,462)	(18,074,873)	(16,123,687)
On goodwill and other amortization	1,899,171,688	1,729,123,348	30,386,747	27,665,974
Deferred tax liability	1,899,171,688	1,729,123,348	30,386,747	27,665,974
Deferred tax liabilities, net	769,492,125	721,392,886	12,311,874	11,542,286

Firstsource Group USA, Inc

Notes to the accounts

as at 31 March 2015

	Amount in Rupees	Amount in Rupees	Amount in USD	Amount in USD
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
7 Long-term provisions				
Provision for employee benefits				
Compensated absences	16,698,117	8,209,259	267,170	131,348
	16,698,117	8,209,259	267,170	131,348
8 Short term borrowings				
Unsecured				
Overdraft - Royal bank of Scotland (Overdraft from bank carries interest in the range of @ LIBOR + 150 bps to LIBOR 325 bps)	273,872,134	-	4,381,954	-
Related party				
Loan from Inter Company	4,828,392,592	2,090,655,092	77,254,281	33,450,481
	5,102,264,726	2,090,655,092	81,636,235	33,450,481
9 Trade payables				
Trade payables for expenses and services	41,975,465	17,801,117	671,607	284,818
	41,975,465	17,801,117	671,607	284,818
10 Other current liabilities				
Others than related parties				
Accrued interest	228,381,326	107,874,063	3,654,101	1,725,985
Current Maturities of Long Term Loan	5,671,374,608	2,812,500,000	90,741,994	45,000,000
Book credit in bank account	-	118,460	-	1,895
Statutory Dues	2,881,331	2,502,576	46,101	40,041
Employee related dues	43,068,995	33,204,341	689,104	531,269
	5,945,706,260	2,956,199,440	95,131,300	47,299,190
11 Short-term provisions				
Provision for tax, net of advance tax	-	10,414,804	-	166,637
	-	10,414,804	-	166,637

Firstsource Group USA, Inc

Notes to the accounts

as at 31 March 2015

12) Fixed Assets

	Tangible Assets				Intangible assets			Grand Total
	Computers	Service equipments	Office furniture and equipment	Leasehold improvements	Total	Software	Total	
Gross Block (INR)								
As at 1 April 2014	63,255,556	46,307,446	49,272,173	145,856,121	304,691,296	17,068,228	17,068,228	321,759,524
Additions during the year	4,540,994	144,774,580	7,560,551	4,942,820	161,818,945	4,610,894	4,610,894	166,429,839
Deletions during the year	-	-	-	-	-	-	-	-
As at 31 March 2015	67,796,550	191,082,026	56,832,724	150,798,941	466,510,241	21,679,122	21,679,122	488,189,363
							-	
Accumulated depreciation / amortization (INR)								
As at 1 April 2014	58,402,569	45,933,384	45,916,814	145,656,955	295,909,722	16,385,539	16,385,539	312,295,261
Charge for the year	2,251,020	26,377,002	4,977,584	754,864	34,360,470	1,446,756	1,446,756	35,807,226
On deletions during the year	-	-	-	-	-	-	-	-
As at 31 March 2015	60,653,589	72,310,386	50,894,398	146,411,819	330,270,192	17,832,295	17,832,295	348,102,487
Net Block (INR)								
As at 31 March 2015	7,142,961	118,771,640	5,938,326	4,387,122	136,240,050	3,846,827	3,846,827	140,086,877
As at 31 March 2014	4,852,987	3,112,724	616,698	199,165	8,781,574	682,560	682,560	9,464,134
Net Block (USD)								
As at 31 March 2015	114,287	1,900,346	95,013	70,194	2,179,841	61,549	61,549	2,241,390
As at 31 March 2014	77,648	49,804	9,867	3,187	140,505	10,921	10,921	151,426

Firstsource Group USA, Inc

Notes to the accounts
as at 31 March 2015

	Amount in Rupees	Amount in Rupees	Amount in USD	Amount in USD
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
13 Non-Current investments				
Trade Investments in subsidiaries (Unquoted)				
Investment in MedAssist Holding Inc.- 992 voting common stock (31 March 2014 : 992 voting common stock)	21,657,414,000	21,657,414,000	346,518,624	346,518,624
Investment in Firstsource Business Process Services LLC -100% voting rights (31 March 2014 : 100% voting rights)	1,818,000,000	1,818,000,000	29,088,000	29,088,000
	23,475,414,000	23,475,414,000	375,606,624	375,606,624
14 Long term loans and advances (Unsecured, considered good)				
Sundry Deposits	888,375	-	14,214	-
Prepaid expenses	111,420,368	194,517,097	1,782,726	3,112,274
	112,308,743	194,517,097	1,796,940	3,112,274
15 Trade receivables (Unsecured and Considered Good)				
Receivable Outstanding for More than Six Months				
- Considered good	-	-	-	-
-Considered doubtful	-	-	-	-
Others Receivable				
- considered good	158,320,585	28,070,836	2,533,129	449,133
- considered doubtful	-	-	-	-
	158,320,585	28,070,836	2,533,129	449,133
Less: Provision for doubtful debts	-	-	-	-
	158,320,585	28,070,836	2,533,129	449,133
16 Cash and cash equivalents				
Cash in hand	-	-	-	-
Balances with banks				
- in current accounts	4,276,518	171,034,254	68,424	2,736,548
	4,276,518	171,034,254	68,424	2,736,548

Firstsource Group USA, Inc

Notes to the accounts

as at 31 March 2014

	Amount in Rupees	Amount in Rupees	Amount in USD	Amount in USD
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
17 Short term loans and advances <i>(Unsecured, considered good)</i>				
Related party				
Advances to group companies, net	39,618,182	207,988,004	633,891	3,327,808
Others				
Prepaid expenses	90,933,425	91,241,173	1,454,935	1,459,859
Advance for Expense	-	1,276,833	-	20,429
Advance Tax, net of provision for Tax	65,136,208	-	1,042,179	-
Recoverable from Employees	-	3,041,302	-	48,661
	195,687,815	303,547,312	3,131,005	4,856,757
18 Other current assets				
Unbilled receivables	126,289,124	125,865,601	2,020,626	2,013,850
	126,289,124	125,865,601	2,020,626	2,013,850

Firstsource Group USA, Inc
Notes to the accounts
as at 31 March 2015

	Amount in Rupees	Amount in Rupees	Amount in USD	Amount in USD
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
19 Revenue from Operations				
Sale of services	1,806,010,843	2,029,680,859	28,896,174	32,474,894
	1,806,010,843	2,029,680,859	28,896,174	32,474,894
20 Other Income				
Interest income	-	2,817,167	-	45,075
Foreign exchange Gain / (loss), (net)	(6,560,870)	(33,157)	(104,974)	(531)
	(6,560,870)	2,784,010	(104,974)	44,544
21 Employee benefits expense				
Salaries and wages	933,755,229	963,317,119	14,940,084	15,413,074
Contribution to provident and other fund	2,967,104	2,956,908	47,474	47,311
Staff welfare expenses	38,508,221	73,561,826	616,132	1,176,989
	975,230,554	1,039,835,853	15,603,690	16,637,374
22 Finance cost				
Interest expense	187,323,256	208,513,981	2,997,172	3,336,224
Foreign exchange (Gain) / loss	(5,971,250)	15,130,519	(95,540)	242,088
	181,352,006	223,644,500	2,901,632	3,578,312
23 Other expenses				
Rent	51,728,437	29,673,526	827,655	474,776
Rates and taxes	804,260	991,264	12,868	15,860
Bank administration charges	7,905,136	5,369,342	126,482	85,909
Insurance	21,052,031	12,035,583	336,833	192,569
Travelling and conveyance	31,058,775	25,468,678	496,940	407,499
Electricity, Water and power consumption	12,662,727	11,026,411	202,604	176,423
Legal and professional fees	66,514,097	41,211,457	1,064,226	659,383
Marketing and support services	3,729,637	5,325,631	59,674	85,210
Communication expenses	7,202,148	8,466,881	115,234	135,470
Connectivity Charges	16,080,652	-	257,290	-
Membership fees	4,988	149,968	80	2,399
Computer expenses	2,499,616	2,877,286	39,994	46,037
Recruitment expenses/training expenses	22,293,110	6,988,232	356,690	111,812
Printing and stationery	8,174,735	4,935,552	130,796	78,969
Books and Periodicals	134,000	-	2,144	-
Miscellaneous expenses	19,771	1,973	316	32
Car hire and other hire charges	18,108,206	1,976,234	289,731	31,620
Upkeep and maintenance charges	17,802,316	10,757,280	284,837	172,116
Software expenses	-	558,179	-	8,931
Auditors remuneration	1,505,000	-	24,080	-
Common corporate costs	74,552,684	132,389,813	1,192,843	2,118,237
Fixed Assets Written-off	-	21,125	-	338
	363,832,326	300,224,415	5,821,317	4,803,590

Firstsource Group USA, Inc.

Notes to the accounts

for the year ended 31 March 2015

24. 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.20,329,063 equivalent to USD 325,265 (Previous year: Rs. 10,336,250 equivalent to USD 165,380) 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	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Amount due within one year from the balance sheet date	23,525,750	20,444,250	3,76,412	327,108
Amount due in the period between one year and five years	79,710,500	-	1,275,368	-
Amount due after the period of five years				
	<u>103,236,250</u>	<u>20,444,250</u>	<u>16,51,780</u>	<u>327,108</u>

Rental expenses under cancelable operating leases aggregating to Rs. 31,399,375 equivalent to USD 502,390 (Previous year: Rs. 19,337,250 equivalent to USD 309,396) have been debited to the profit and loss account.

Finance Lease

The Company has acquired certain capital assets under finance lease, Future Minimum Lease payments under finance lease as at 31st March 2015 (31st March 2014 – NIL) are as follows

	Amount in Rupees			Amount in USD		
	Minimum lease payments	Finance charges	Present value of minimum lease payments	Minimum lease payments	Finance charges	Present value of minimum lease payments
<i>As at 31 March 2015</i>						
Amount payable within one year from the balance sheet date	42,338,125	4,036,438	46,374,563	677,410	64,583	741,993
Amount payable in the period between one year and five years	74,330,500	7,086,500	71,602,164	1,189,288	113,384	1,302,672
	<u>116,668,625</u>	<u>11,122,938</u>	<u>127,791,563</u>	<u>1,866,698</u>	<u>177,967</u>	<u>2,044,665</u>

Firstsource Group USA, Inc.

Notes to the accounts

for the year ended 31 March 2015

25. 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.

26. Capital commitments

The Company has no capital commitments as at the balance sheet date (31st March 2014 – NIL)

27. Supplementary statutory information (accrual basis)

	31 March 2015	31 March 2014
i) <i>Expenditure in foreign currency</i>		
Repairs and maintenance	-	-

28. Contingent liabilities

The Company has no contingent liabilities as at the balance sheet date (31 March 2014: Nil).

29. 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	• Firstsource Advantage LLC
	• Firstsource Solutions USA LLC
	• Firstsource Solution UK Limited
	• Firstsource Transaction Services LLC
	• Anunta Tech Infrastructure Services Limited
	• Firstsource Solutions S.A
	• One Advantage LLC
	• Firstsource BPO Ireland Limited
	• Firstsource Dialog Solutions (Private) Ltd
	• Firstsource Business Process Services LLC
	• MedAssist Holding, Inc.,
Directors	• Rajesh Subramaniam
	• Venkat Raman

Twin Lakes I Property LLC and Twin Lakes Property II LLC are dissolved during the previous year

Firstsource Group USA, Inc.

Notes to the accounts

for the year ended 31 March 2015

Related Party Transactions (continued)

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

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)	
		2015	2014	2015	2014	2015	2014	2015	2014
Firstsource Solutions Ltd	Cost of Sales	826,521,125	829,351,750	13,224,338	13,269,628	-	-	-	-
	Recovery of expenses	453,688	14,923,813	7,259	238,781	-	-	-	-
	Reimbursement of expenses	82,007,000	48,123,938	1,312,112	769,983	-	-	-	-
	Parental Guarantee	55,517,562	82,500,000	888,281	1,320,000	-	-	-	-
	(Payable)/Receivable	-	-	-	-	(252,908,500)	(501,854,313)	(4,046,536)	(8,029,669)
Firstsource Transaction Services LLC	Recovery of Expenses	22,501,500	302,380,500	360,024	4,838,088	-	-	-	-
	Reimbursement of Expenses	5,862,813	-	93,805	-	-	-	-	-
	(Payable) / Receivable	-	-	-	-	(803,220,312)	(292,248,375)	(12,851,525)	(4,675,974)
Firstsource Solution UK Limited	Recovery of Expenses	177,075,938	62,140,813	2,833,215	994,253	-	-	-	-
	Reimbursement of expenses	1,413,875	37,705,625	22,622	603,290	-	-	-	-
	Loan Received	3,038,675,063	1,721,311,250	48,618,801	27,540,980	-	-	-	-
	Loan Repaid	556,250,000	-	8,900,000	-	-	-	-	-
	Interest Expense	28,328,813	-	453,261	-	-	-	-	-
	Loan O/S	-	-	-	-	(4,573,080,125)	(2,090,655,063)	(73,169,282)	(33,450,481)
	Receivable	-	-	-	-	172,968,938	23,932,813	2,767,503	382,925
Twin Lake Property I LLC	Interest Income	-	1,788,000	-	28,608	-	-	-	-
	Repayment of loan	-	144,800,188	-	2,316,803	-	-	-	-

Firstsource Group USA, Inc.

Notes to the accounts

for the year ended 31 March 2015

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)	
		2015	2014	2015	2014	2015	2014	2015	2014
Twin Lake Property II LLC	Interest Income	-	1,029,188	-	16,467	-	-	-	-
	Repayment of Loan	-	88,477,438	-	1,415,639	-	-	-	-
Firstsource Advantage LLC	Recovery of Expenses	39,950,938	5,153,125	639,215	82,450	-	-	-	-
	Reimbursement of Expenses	15,211,250	-	243,380	-	-	-	-	-
	(Payable)/ Receivable	-	-	-	-	(379,520,312)	(154,657,875)	(6,072,325)	(2,474,526)
Anunta Tech Infrastructure Services Ltd.	Recovery of Expenses	-	14,464,250	-	231,428	-	-	-	-
Medassist Holdings LLC	Recovery of Expenses	451,072,000	695,340,438	7,217,152	11,125,447	-	-	-	-
	Reimbursement of Expenses	76,517,188	-	1,224,275	-	-	-	-	-
	(Payable) / Receivable	-	-	-	-	201,505,750	35,147,375	3,224,092	562,358
	Investment	-	-	-	-	21,657,414,000	21,657,414,000	346,518,624	346,518,624
Firstsource Business Process Services LLC	Advances	3,125,000	-	50,000	-	-	-	-	-
	Receivable	-	-	-	-	1,100,792,625	1,097,667,625	17,612,682	17,562,682
	Investment	-	-	-	-	1,818,000,000	1,818,000,000	29,088,000	29,088,000
Firstsource BPO Ireland Ltd	Loan Taken	255,312,500	-	4,085,000	-	(255,312,500)	-	(4,085,000)	-
	Interest accrued	822,563	-	13,161	-	(822,563)	-	(13,161)	-

Firstsource Group USA, Inc.

Notes to the accounts

for the year ended 31 March 2015

30. 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)

31. 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).

32. 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

For and on behalf of the Board of Directors

Praveena Jain

Partner

Membership No: 402256

Rajesh Subramaniam

Director

Venkat Raman

Director

Mumbai

Date: 5 May 2015