

Firstsource Group USA, Inc.

Financial Statements

for the financial year ended March 31, 2016

SHELESH SINGHVI & Co.
Chartered Accountants

E-702,Dheeraj Jamuna
Co operative housing Society,
Chincholi Bunder road,
Malad (West), Mumbai.
Tel: 9314667335, 9773756991
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Independent Auditors' Report

To the Members of
Firstsource Solutions Limited

Report on the standalone financial statements

We have audited the accompanying standalone financial statements of Firstsource Group USA Inc ("the Company"), which comprise the balance sheet as at 31 March 2016, the statement of profit and loss, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

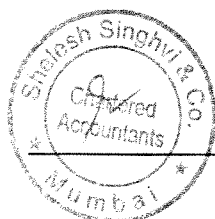
Management's responsibility for the standalone financial statements

These financial statements are prepared to comply with the requirements of Sec 136 of the Companies Act, 2013 and are the responsibility of the management. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.



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Independent Auditors' Report (Continued)

Auditor's Responsibility (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016 and its loss and its cash flows for the year ended on that date.

For **Shelesh Singhvi & Co.**
Chartered Accountants
Firm's Registration No: 014792C




Shelesh Singhvi
Partner
M. No: 079817

Mumbai
12th May 2016

Firstsource Group USA, Inc.
Balance Sheet
as at 31 March 2016

	Note	Amount in Rupees		Amount in USD	
		31 March 2016	31 March 2015	31 March 2016	31 March 2015
EQUITY AND LIABILITIES					
Shareholders' funds					
Share Capital	3	1,44,75,591	1,44,75,591	2,18,483	2,18,483
Reserves and Surplus	4	12,62,95,62,154	13,03,22,57,405	19,06,20,515	19,66,98,475
		12,64,40,37,745	13,04,67,32,996	19,08,38,998	19,69,16,958
Non-current liabilities					
Long-term borrowings	5	7,23,04,16,734	8,21,92,38,626	10,91,30,130	12,40,54,617
Deferred tax liabilities, net	6	64,82,82,582	81,57,23,212	97,84,659	1,23,11,874
Long-term provisions	7	1,39,37,897	1,77,01,348	2,10,367	2,67,170
		7,89,26,37,213	9,05,26,63,186	11,91,25,156	13,66,33,661
Current liabilities					
Short term borrowings	8	46,37,85,000	29,03,26,362	70,00,000	43,81,954
Trade payables	9	10,73,70,561	4,44,97,322	16,20,565	6,71,607
Other current liabilities	10	4,57,89,77,569	3,12,44,30,622	6,91,11,427	4,71,57,657
Short-term provisions	11	17,04,00,934	19,42,08,114	25,71,895	29,31,222
		5,32,05,34,063	3,65,34,62,420	8,03,03,887	5,51,42,440
		25,85,72,09,022	25,75,28,58,602	39,02,68,041	38,86,93,059
ASSETS					
Non current assets					
Fixed assets					
Tangible assets	12	17,36,63,374	14,44,25,351	26,21,136	21,79,841
Intangible assets		9,22,03,070	40,77,944	13,91,839	61,549
Add:Capital work in progress		5,95,87,950	8,57,95,002	8,99,374	12,94,921
		32,54,54,393	23,42,98,297	49,12,149	35,36,311
Non-current investments	13	24,88,58,16,873	24,88,58,16,873	37,56,06,624	37,56,06,624
Long-term loans and advances	14	3,03,33,669	11,90,56,239	4,57,833	17,96,940
		24,91,61,50,542	25,00,48,73,112	37,60,64,457	37,74,03,564
Current assets					
Trade receivables	15	3,71,41,358	16,78,32,462	5,60,582	25,33,129
Cash and cash equivalents	16	7,16,36,575	45,33,432	10,81,225	68,424
Short-term loans and Advances	17	30,22,52,227	20,74,44,723	45,61,953	31,31,005
Other current assets	18	20,45,73,926	13,38,76,576	30,87,675	20,20,626
		61,56,04,086	51,36,87,193	92,91,435	77,53,184
		25,85,72,09,022	25,75,28,58,602	39,02,68,041	38,86,93,059

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

Shelesh Singhvi
Partner
M.No: 079817

Mumbai
Date: 12/05/16

For and on behalf of the Board of Directors

Rajesh Subramaniam
Director

Venkat Raman
Director

Firstsource Group USA, Inc.
Statement of profit and loss
for the year ended 31 March 2016

	Note	Amount in Rupees		Amount in USD	
		31 March 2016	31 March 2015	31 March 2016	31 March 2015
Income					
Revenue from operations	19	2,39,50,01,301	1,91,45,16,006	3,61,48,235	2,88,96,174
Other Income	20	68,611	(69,55,052)	1,038	(1,04,974)
		2,39,50,69,912	1,90,75,60,956	3,61,49,271	2,87,91,200
Expenses					
Cost of sales		78,08,55,485	87,61,78,516	1,17,85,608	1,32,24,338
Employee benefits expense	21	1,37,35,15,954	1,03,38,22,481	2,07,30,752	1,56,03,690
Finance cost	22	27,26,05,376	19,22,47,628	41,14,488	29,01,632
Depreciation and amortisation	12	7,54,73,010	3,79,58,524	11,39,129	5,72,916
Other expenses	23	45,16,90,378	38,56,91,424	68,17,453	58,21,317
		2,95,41,40,203	2,52,58,98,573	4,45,87,430	3,81,23,893
Profit / (Loss) before tax		(55,90,70,291)	(61,83,37,617)	(84,38,159)	(93,32,693)
Provision for Tax					
Current tax		1,10,65,645	2,00,36,771	1,67,016	3,02,419
Previous year tax		-	(8,41,30,930)	-	(12,69,805)
Deferred tax		(16,74,40,629)	5,09,88,934	(25,27,215)	7,69,586
Profit / (Loss) after tax		(40,26,95,307)	(60,52,32,392)	(60,77,960)	(91,34,893)
Earnings per share					
Weighted average number of equity shares outstanding during the year		2,18,483	2,18,483	2,18,483	2,18,483
Basic and diluted		66.26	66.26	1	1
Nominal Value Per Share					
Earning per share		(1,843.14)	(2,770.16)	(27.82)	(41.81)
Basic and diluted					

Significant accounting policies 2

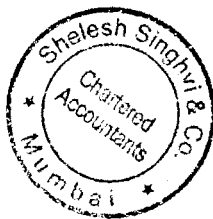
The accompanying notes from 1 to 32 form an integral part of the financial statement.

As per our report of even date attached.

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

Shelesh Singhvi
Partner
M.No: 079817

Mumbai
Date: 12/05/16



For and on behalf of the Board of Directors

Rajesh Subramaniam
Director

Venkat Raman
Director

Firstsource Group USA, Inc
Cash flow statement
as at 31 March 2016

	Amount in Rupees		Amount in USD	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Cash flow from operating activities				
Net (loss) / profit after tax	(40,26,953) eq)	(60,52,32,332)	(60,77,960)	(91,34,893)
Adjustments for				
Depreciation and amortization	7,54,73,010	3,79,58,550	11,39,129	5,72,916
Provision for current tax	1,10,65,645	(6,40,94,159)	1,67,016	(9,67,386)
Deferred taxes	(16,74,40,630)	5,09,88,920	(25,27,215)	7,69,586
Foreign exchange (gain)/loss net	-	-	-	-
Interest costs	27,26,06,376	19,22,47,628	41,14,488	29,01,632
Operating cash flow before changes in working capital	-21,09,91,859	-36,81,31,387	-31,84,542	-58,58,145
Changes in working capital				
(Increase) / Decrease in trade receivables	13,06,91,103	(13,80,75,154)	19,72,547	(20,83,996)
Decrease in Loans and advances and other assets	(7,67,82,315)	20,10,38,273	(11,58,891)	30,34,311
Increase / (Decrease) in liabilities and provisions	1,46,69,06,965	3,33,14,89,324	2,21,26,228	5,02,82,837
Net changes in working capital	1,51,98,16,752	3,39,44,52,445	2,29,38,884	5,12,33,152
Income taxes Paid	-	5,30,53,625	-	8,00,749
Net cash generated from operating activities (A)	1,30,88,23,894	3,05,93,74,684	1,97,54,341	4,61,75,756
Cash flow from investing activities				
Capital expenditure	(16,66,29,190)	(26,22,24,039)	(25,14,968)	(39,57,800)
Net cash used in investing activities (B)	(16,66,29,190)	(26,22,24,039)	(25,14,968)	(39,57,800)
Cash flow from financing activities				
Repayment of loans	(98,88,21,890)	(5,84,64,79,366)	(1,49,24,487)	(8,82,42,085)
Interest paid	(25,97,28,306)	(31,99,94,888)	(39,20,131)	(48,29,748)
Proceeds from loan	17,34,58,635	3,19,25,47,065	26,18,046	4,81,85,753
Net cash used in financing activities (C)	(1,07,50,91,561)	(2,97,39,27,189)	(1,62,26,572)	(4,48,86,080)
Net increase in cash and cash equivalents (A+B-C)	6,71,03,143	(17,67,76,544)	10,12,801	(26,68,124)
Cash and cash equivalents at the beginning of the year*	45,33,432	18,13,09,977	66,424	27,36,548
Cash and cash equivalents at the end of the year*	7,16,36,575	45,33,432	10,81,225	58,424

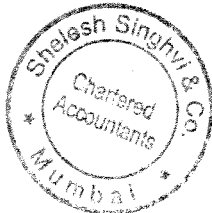
* Refer note 16 for components of cash and cash equivalents.
As per our report of even date attached.

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

Shelesh Singhvi
Partner
M.No: 079817

Mumbai

12/05/16



For and on behalf of the Board of Directors

Rajesh Subramaniam
Director

K N Venkataraman
Venkat Ramen
Director

Firstsource Group USA, Inc.

Notes to the accounts
as at 31 March 2016

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 212 of the Act, amounts in these financial statements have been translated into Indian rupees at the closing rate on 31 March 2016 which is 1 USD = Rs 66.255. 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.

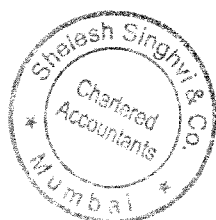
2.3 Revenue recognition

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 recognized on completion of the related services and is billed in accordance with the contractual terms specified in the respective customer contracts. Revenue from fixed fee based service contracts is recognized on achievement of performance milestones specified in the customer contracts.

Unbilled receivables represent costs incurred and revenues recognized on contracts to be billed in subsequent periods as per the terms of the contract.

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 Group USA, Inc.

Notes to the accounts
as at 31 March 2016

2 Significant accounting policies (Continued)

2.4 Fixed assets and depreciation

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

Asset	Useful life (in years)*
<i>Intangible</i>	
Software*	2 - 4
Goodwill on aquired asset	5 or estimate useful life which ever is shorter
<i>Tangible</i>	
Leasehold improvements	5 or Lease term which ever is shorter
Computers*	2 - 4
Furniture & Fixtures*	2 - 5
Networks/Service Equipments*	2 - 5
Office Equipments	2 - 5

* For these class of assets, based on internal assessment and independent technical evaluation carried out by external vaguer, 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 capitalized and depreciated at the rates applicable to related assets. Intangible assets other than above mentioned software are amortized 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 amortized over the remaining useful life.

Software product development costs are expensed as incurred during the research phase until technological feasibility is established. Software development costs incurred subsequent to the achievement of technological feasibility are capitalized and amortized over the estimated useful life of the products as determined by the management. This capitalization is done only if there is an intention and ability to complete the product, the product is likely to generate future economic benefits, adequate resources to complete the product are available and such expenses can be accurately measured. Such software development costs comprise expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to the development of the product.



Firstsource Group USA, Inc.

Notes to the accounts
as at 31 March 2016

2 Significant accounting policies (*Continued*)

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 recognized 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 and Derivative instruments.

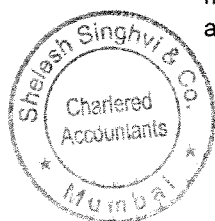
Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Net exchange gain or loss resulting in respect of foreign exchange transactions settled during the period is, recognized in the statement of profit and loss. Foreign currency denominated assets 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.

Derivative instruments

The Company is exposed to foreign currency fluctuations on net investments in foreign operations and forecasted cash flows denominated in foreign currencies. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into derivative financial instruments, where the counterparty is a bank.

The use of foreign currency forward contracts is governed by the Company's policies approved by the Board of Directors, which provides written principles on the use of such financial derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes.

Foreign currency derivative instruments are initially measured at fair value, and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated.



Firstsource Group USA, Inc.

Notes to the accounts
as at 31 March 2016

2. Significant accounting policies (*Continued*)

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 recognized 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 recognized in the period in which the change occurs.

2.9 Leases

Finance lease

Assets acquired on finance leases, including assets acquired under sale and lease back transactions, have been recognised as an asset and a liability at the inception of the lease and have been recorded at an amount equal to the lower of the fair value of the leased asset and the present value of the future minimum lease payments. Such leased assets are depreciated over the lease term or its estimated useful life, whichever is shorter. Further, the installments of minimum lease payments have been apportioned between finance charge / expense and principal repayment.

Assets given out on finance lease are shown as amounts recoverable from the lessee. The rentals received on such leases are apportioned between the finance charge / (income) and principal amount using the implicit rate of return.

The finance charge / (income) is recognised as income, and principal received is reduced from the amount receivable. All initial direct costs incurred are included in the cost of the asset.



Firstsource Group USA, Inc.

Notes to the accounts
as at 31 March 2016

2 Significant accounting policies (Continued)

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 Employee benefits

Defined contribution plans

The Company have a savings and investment plan under section 401(k) of the Internal revenue Code of the United States of America. This is a Defined contribution plan. Contribution made under the plan are charged to the statement of profit and loss in the period in which that accrue. Other retirement benefits are accrued based on the amounts payable as per local regulations.

Contributions payable to the social security, medicare and other employee related contribution as required under the State of Delaware Law are charged to the statement of profit and loss account.

Compensated absences

Provision for compensated absences cost has been made based on eligible vacation balances at balance sheet date.

Where employees of the Company are entitled to compensated absences, the employees can carry-forward a portion of the unutilized accrued compensated absence and utilise it in future periods or receive cash compensation at termination of employment for the unutilised accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement.

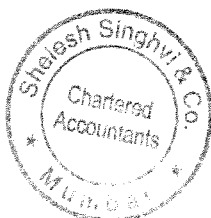
The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated as at the balance sheet date.

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 2016

2 Significant accounting policies (Continued)

2.12 Foreign Currency translation

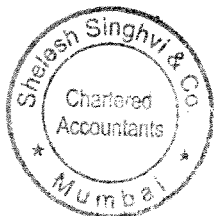
The consolidated financial statement are reported in Indian rupees. the translation of the Local currency of each integral foreign operation into Indian rupees is performed in respect of assets and liabilities other than fixed assets, using the exchange rate in effect at the balance sheet date and for revenue and expenses items other than the depreciation costs, using average exchange rate during the Reporting period.

Fixed Assets of integral foreign operations are transaction and depreciation on fixed assets is translated at exchange rates used for translation of the underlying fixed assets.

In respect of Non – Integral subsidiaries/ operations, assets and liabilities including fixed assets are translated at exchange rates prevailing at the date of the balance sheet . The items in the consolidated statement of profit and loss are translated at the average exchange rate during the period. Goodwill arising on the acquisition of non-integral operation is translated at exchange rates prevailing at the date of the balance sheet. The difference arising out of the translations are transferred to exchange difference on consolidated of Non-integral subsidiaries/ operations under Reserves and surplus.

2.13 Earning per share

The Basis earnings per equity share is computed by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares which may be issued on the conversion of all dilutive potential shares, unless the results would be anti – dilutive.



Firstsource Group USA, Inc

Notes to the accounts
as at 31 March 2016

	Amount in Rupees		Amount in USD	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
3 Share capital				
Authorised Share Capital common stock) fully paid-up common stock of USD 1 each	14,475,591	14,475,591	218,483	218,483
Issued, subscribed and paid up common stock) fully paid-up common stock of USD 1 each	14,475,591	14,475,591	218,483	218,483
	14,475,591	14,475,591	218,483	218,483

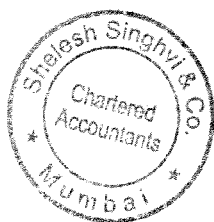
a. Reconciliation of number of common stock outstanding

	31 March 2016		31 March 2015	
	Amount in Rupees	Amount in USD	Amount in Rupees	Amount in USD
At the commencement of the year	14,475,591	218,483	14,475,591	218,483
At the end of the year	14,475,591	218,483	14,475,591	218,483

b. Details of common stock holding more

	31 March 2016		31 March 2015	
	No. of common stock	% of holding	No. of common stock	% of holding
Firstsource Solutions Ltd.	218,483	100	218,483	100

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 2016

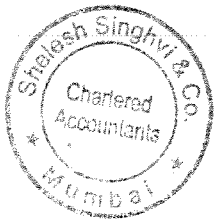
	Amount in Rupees		Amount in USD	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
4 Reserves and surplus				
Statement of Profit and Loss				
At the commencement of the year	13,032,257,461	13,637,489,797	196,698,475	205,833,368
Add : (Loss) / Profit for the year	(402,695,307)	(605,232,392)	(6,077,960)	(9,134,893)
At the end of the year	12,629,562,154	13,032,257,405	190,620,515	196,698,475
	12,629,562,154	13,032,257,405	190,620,515	196,698,475
5 Long term borrowings				
Secured				
Term Loan - from banks				
Term Loan	2,982,667,590	2,981,475,000	45,018,000	45,000,000
Loan is carrying floating interest rate in the range of 3.15% p.a. to 3.70% p.a. The loan is repayable by March 2018 in quarterly installments. The loan is secured against pari passu charge on all current assets, non-current assets and fixed assets of all US subsidiaries and Firstsource Solutions UK Limited and guarantee given by Firstsource Solutions Limited				
Term Loan -from financial institution				
finance lease obligation	58,342,100	119,281,172	880,569	1,800,335
Finance lease obligation carries interest in the range of 4% p.a. to 12.5% p.a. for the period of 3 - 5 years from April 2013 to October 2019, repayable in quarterly installments. This is secured by way of hypothecation of underlying fixed assets taken on lease				
Unsecured loan				
Loan from Group companies (refer note no .29)	4,189,407,045	5,118,482,454	63,231,561	77,254,282
	7,230,416,734	8,219,238,626	109,130,130	124,054,617
6 Deferred tax liabilities/(assets), net				
On carry forward losses	1,281,646,923	1,043,705,872	19,344,154	15,752,862
On depreciation	6,823,536	38,884,264	102,989	586,888
On accrued expenses	148,206,207	114,960,574	2,236,906	1,735,123
Deferred tax assets	1,436,676,666	1,197,550,710	21,684,049	18,074,873
On goodwill and other amortization	2,084,959,248	2,013,273,922	31,468,708	30,386,747
Deferred tax liability	2,084,959,248	2,013,273,922	31,468,708	30,386,747
Deferred tax liabilities, net	648,282,582	815,723,212	9,784,659	12,311,874



Firstsource Group USA, Inc

Notes to the accounts
as at 31 March 2016

	Amount in Rupees		Amount in USD	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
7 Long-term provisions				
Compensated absences	13,937,897	17,701,348	210,367	267,170
	13,937,897	17,701,348	210,367	267,170
8 Short term borrowings				
Unsecured				
Overdraft	463,785,000	290,326,362	7,000,000	4,381,954
(Overdraft from bank carries interest in the range of 2.8% to 4.15%)				
	463,785,000	290,326,362	7,000,000	4,381,954
9 Trade payables				
Trade payables for expenses and services	107,370,561	44,497,322	1,620,565	671,607
	107,370,561	44,497,322	1,620,565	671,607
10 Other current liabilities				
Current maturities of long term borrowings				
Secured				
Term loan	2,981,475,000	2,981,475,056	45,000,000	45,000,000
finance lease obligation	64,470,422	46,350,209	973,065	699,573
Interest accrued Due but not due on borrowing	787,772	-	11,890	-
Related Parties				
Payables to Group Companies, Net	1,091,075,211	-	16,467,817	-
Others				
Accured interest	35,017,344	47,894,348	528,524	722,879
Book credit in bank account	363,950,756	-	5,493,182	-
Statutory Dues	4,328,983	3,054,422	65,338	46,101
Employee related dues	37,872,081	45,656,587	571,611	689,104
	4,578,977,569	3,124,430,622	69,111,427	47,157,657
11 Short-term provisions				
Provision for tax, net of advance tax	2,040,832	-	30,803	-
Mark to Market loss on Derivatives	168,360,102	194,208,114	2,541,092	2,931,222
	170,400,934	194,208,114	2,571,895	2,931,222

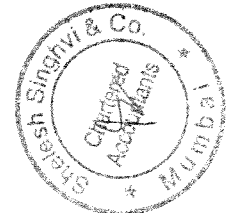


Firstsource Group USA, Inc

Notes to the accounts
as at 31 March 2016

12) Fixed Assets

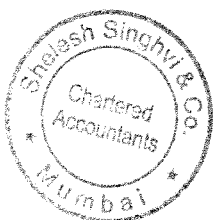
	Tangible Assets					Total	Software	Total	Grand Total
	Computers	Service equipments	Office furniture and equipment	Leasehold improvements	Total				
Gross Block (INR)									
As at 1 April 2015	7,18,69,766	20,25,62,234	6,02,47,234	15,98,58,941	49,45,38,175	2,29,81,740	2,29,81,740	51,75,19,915	
Additions during the year	62,33,718	3,57,452	89,65,921	7,80,46,478	9,36,03,569	9,92,32,591	9,92,32,591	19,28,36,160	
Deletions during the year	-	-	-	-	-	-	-	-	
As at 31 March 2016	7,81,03,484	20,29,19,687	6,92,13,155	23,79,05,419	58,81,41,744	12,22,14,331	12,22,14,331	71,03,56,075	
Accumulated depreciation / amortization (INR)									
As at 1 April 2015	6,42,97,656	7,66,54,794	5,39,52,134	15,52,08,241	35,01,12,825	1,89,03,796	1,89,03,796	36,90,16,621	
Charge for the year	42,17,253	4,24,27,978	40,53,514	1,36,66,800	6,43,65,545	1,11,07,465	1,11,07,465	7,54,73,010	
On deletions/ Adjustment during the year	-	-	-	-	-	-	-	-	
As at 31 March 2016	6,85,14,909	11,90,82,772	5,80,05,648	16,88,75,041	41,44,78,370	3,00,11,261	3,00,11,261	44,44,89,631	
Net Block (INR)									
As at 31 March 2016	95,88,575	8,38,36,914	1,12,07,507	6,90,30,378	17,36,63,374	9,22,03,070	9,22,03,070	26,58,66,444	
As at 31 March 2015	75,72,110	12,59,07,441	62,95,100	46,50,700	14,44,25,351	40,77,944	40,77,944	14,85,03,295	
Net Block (USD)									
As at 31 March 2016	1,44,722	12,65,367	1,69,157	10,41,889	26,21,136	13,91,639	13,91,639	40,12,776	
As at 31 March 2015	1,14,287	19,00,346	95,013	70,194	21,79,841	61,549	61,549	22,41,390	



Firstsource Group USA, Inc

Notes to the accounts
as at 31 March 2016

	Amount in Rupees		Amount in USD	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
13 Non-Current investments				
Trade Investments in subsidiaries (Unquoted)				
Investment in MedAssist Holding Inc.- 992 voting common stock (31 March 2015 : 992 voting common stock)	22,958,591,433	22,958,591,433	346,518,624	346,518,624
Investment in Firstsource Business Process Services LLC -100% voting rights (31 March 2015 : 100% voting rights)	1,927,225,440	1,927,225,440	29,088,000	29,088,000
	24,885,816,873	24,885,816,873	375,606,624	375,606,624
14 Long term loans and advances (Unsecured, considered good)				
Sundry Deposits	941,749	941,749	14,214	14,214
Prepaid expenses	29,391,920	118,114,490	443,619	1,782,726
	30,333,669	119,056,239	457,833	1,796,940
15 Trade receivables (Unsecured and Considered Good)				
- Receivable Outstanding for More than Six Months				
- considered good	-	-	-	-
- considered doubtful	-	-	-	-
Others Receivable				
- considered good	37,141,358	167,832,462	560,582	2,533,129
- considered doubtful	-	-	-	-
	37,141,358	167,832,462	560,582	2,533,129
	37,141,358	167,832,462	560,582	2,533,129
16 Cash and cash equivalents				
Cash in hand	-	-	-	-
Balances with banks				
- in current accounts	71,636,575	4,533,432	1,081,225	68,424
	71,636,575	4,533,432	1,081,225	68,424



Firstsource Group USA, Inc

Notes to the accounts
as at 31 March 2016

	Amount in Rupees		Amount in USD	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
17 Short term loans and advances <i>(Unsecured, considered good)</i>				
Related party				
Advances to group companies, net	-	41,998,448	-	633,891
Others				
Prepaid expenses	168,413,012	96,396,705	2,541,891	1,454,935
Advance for Assets Purchases	133,839,215	-	2,020,062	-
Advance Tax, net of provision for Tax	-	69,049,570	-	1,042,179
	302,252,227	207,444,723	4,561,953	3,131,005
18 Other current assets <i>(Unsecured considered good ,unless otherwise stated)</i>				
Unbilled receivables	204,573,926	133,876,576	3,087,675	2,020,626
	204,573,926	133,876,576	3,087,675	2,020,626



Firstsource Group USA, Inc

Notes to the accounts
as at 31 March 2016

	Amount in Rupees		Amount in USD	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
19 Revenue from Operations				
Sale of services	2,395,001,301	1,914,516,008	36,148,235	28,896,174
	2,395,001,301	1,914,516,008	36,148,235	28,896,174
20 Other Income				
Foreign exchange Gain / (loss), (net)	-	(6,955,052)	-	(104,974)
Misc Income	68,611	-	1,036	-
	68,611	(6,955,052)	1,036	(104,974)
21 Employee benefits expense				
Salaries and wages	1,307,625,960	989,855,265	19,736,261	14,940,084
Contribution to statutory and other fund	3,901,517	3,145,390	58,886	47,474
Staff welfare expenses	61,988,477	40,821,826	935,605	616,132
	1,373,515,954	1,033,822,481	20,730,752	15,603,690
22 Finance cost				
Interest expense	269,608,330	198,577,631	4,069,253	2,997,172
Foreign exchange (Gain) / loss	2,997,046	(6,330,003)	45,235	(95,540)
	272,605,376	192,247,628	4,114,488	2,901,632
23 Other expenses				
Rent	58,736,165	54,836,282	886,517	827,655
Rates and taxes	2,720,742	852,569	41,065	12,868
Bank administration charges	12,966,256	8,380,065	195,702	126,482
Insurance	19,089,279	22,316,870	288,118	336,833
Travelling and conveyance	30,615,360	32,924,760	462,084	496,940
Electricity, Water and power consumption	6,951,127	13,423,528	104,915	202,604
Legal and professional fees	67,732,312	70,510,294	1,022,297	1,064,226
Marketing and support services	4,174,124	3,953,701	63,001	59,674
Communication expenses	8,693,710	7,634,829	131,216	115,234
Connectivity Charges	34,689,160	17,046,749	523,570	257,290
Membership fees	-	5,300	-	80
Computer expenses	5,924,638	2,649,802	89,422	39,994
Recruitment expenses/training expenses	20,696,349	23,632,496	312,374	356,690
Printing and stationery	6,124,023	8,665,889	92,431	130,796
Books and Periodicals	595,903	142,051	8,994	2,144
Miscellaneous expenses	19,969	20,936.58	301	316
Car hire and other hire charges	35,483,017	19,196,127	535,552	289,731
Upkeep and maintenance charges	42,680,833	18,871,875	644,190	284,837
Auditors remuneration	1,252,261	1,595,420	18,900	24,080
Common corporate costs	90,228,250	79,031,879	1,361,833	1,192,844
Outsource Cost	2,316,903	-	34,969	-
	451,690,378	385,691,424	6,817,453	5,821,317



Firstsource Group USA, Inc.

Notes to the accounts as at 31 March 2016

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 R 64,971,447 equivalent to USD 980,627 (Previous year: Rs. 21,550,433 equivalent to USD 325,265) have been debited to the profit and loss account.

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

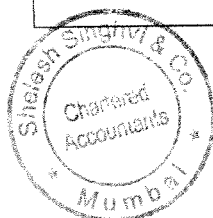
	Amount in Rupees		Amount in USD	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Amount due within one year from the balance sheet date	40,014,111	24,939,177	603,941	3,76,412
Amount due in the period between one year and five years	236,384,059	84,499,507	3,567,792	1,275,368
	276,398,170	109,438,684	4,171,733	1,651,780

Rental expenses and Equipment hire charges under cancelable operating leases aggregating to Rs. 24,736,156 equivalent to USD 373,347.76 (Previous year: Rs.33,285,849 equivalent to USD 502,390) 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 2016.

	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 2016</i>						
Amount payable within one year from the balance sheet date	61,802,532	2,667,890	6,44,70,422	932,798	40,267	973,065
Amount payable in the period between one year and five years	54,510,971	3,831,129	58,342,100	822,745	57,824	880,569
	116,313,503	6,499,019	122,812,522	1,755,543	98,091	1,853,634



Firstsource Group USA, Inc.

Notes to the accounts
as at 31 March 2016

Future Minimum Lease payments under finance lease as at 31st March 2015..

	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	42,071,262	4,278,947	46,350,209	634,990	64,583	699,573
Amount payable in the period between one year and five years	111,768,915	7,512,257	119,281,172	1,686,951	113,384	1,800,335
	153,840,177	11,791,204	165,631,381	2,321,941	177,967	2,499,908

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 2016, particularly on the amount of tax expense and that of the provision for taxation.

26. Capital commitments

The Company has capital commitments of Rs 42,987,971 equivalent to USD of 648,826(31st March 2015 –NIL) as at the balance sheet date.

27. Supplementary statutory information (accrual basis)

	31 March 2016	31 March 2015
<i>i) Income in foreign currency</i>		
Interest Income	236,646	-
<i>ii) Expenditure in foreign currency</i>		
Interest cost	179,144	-



Firstsource Group USA, Inc.

Notes to the accounts
as at 31 March 2016

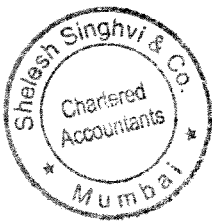
28. Contingent liabilities

The Company has no contingent liabilities as at the balance sheet date (31 March 2016: Nil).

29. Related Party Transactions

Details of related parties including summary of transactions entered into during the year ended 31 March 2016 are summarized below:

Holding Company	<ul style="list-style-type: none">• Firstsource Solutions Ltd
Parties with substantial interests	<ul style="list-style-type: none">• Firstsource Advantage LLC• One Advantage LLC• Firstsource Solutions USA LLC• Firstsource Solution UK Limited• Firstsource Transaction Services LLC• Firstsource Process Management Services Ltd (earlier known as Anunta Tech Infrastructure Services Limited)• Firstsource BPO Ireland Limited• Firstsource Dialog Solutions (Private) Ltd• Firstsource Solutions S.A
Subsidiary	<ul style="list-style-type: none">• Firstsource Business Process Services LLC• MedAssist Holding, LLC
Director	<ul style="list-style-type: none">• Rajesh Subramaniam• Venkat Raman



Firstsource Group USA, Inc.

Notes to the accounts
As at 31 March 2016

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 30 of the consolidated financial statements)

31. Micro, Small and Medium scale Business entities:

The Company is a foreign company and is not governed by the provisions of Micro, Small and Medium Scale Development Act, 2006 Hence disclosure under the act are not applicable.

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



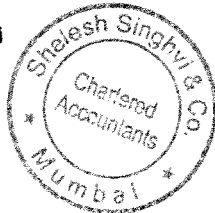
Shelesh Singhvi

Partner

M. No: 079817

Mumbai

Date 12/05/16

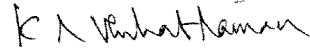


For and on behalf of the Board of Directors



Rajesh Subramaniam

Director



Venkat Raman

Director