RP-Sanjiv Goenka Group

Growing Legacies

firstsource

Differentiation through **innovation.**
Delivering **excellence.**

Firstsource Solutions Limited

ANNUAL REPORT **2014-15**

The design represents the impact of innovation on our clients and their customers that leads to a differentiated experience. With people at the heart of our business, various innovative measures delivered through our offerings orbit around our client's businesses creating excellence, consistently.

For more information log on to
www.firstsource.com

Inside the Report

At Firstsource, furthering our clients' business objectives is central to our DNA. We understand that in a dynamic technology led environment, characterised by ever evolving customer expectations, meaningfully engaging and delivering a discerning experience to the customers helps organisations to not just survive but thrive. Across all the domains we operate in, we seek to align our strategies and actions to enable our clients grow their revenues and improve customer experiences. The framework we deploy to deliver this is innovation which is consistent and continuous. Today, innovation is a non-linear concept that requires organisations to be in-step with the frenetic rate of change on the technology paradigm, and the proliferation of multiple media. At the same time, it requires a consistent upping of the game in predicting, fielding and solving customer needs. At Firstsource, we believe innovation is a bridge between the needs of consumers and delivering superior stakeholder value.

We put into practice multiple tools from our innovation framework, such as diverse platforms, newer and more thoughtful custom products designed for our clients and superior data analytics to communicate with our clients and their customers across the constantly shifting paradigm. It is this ability to innovate across relevant client needs that sets Firstsource apart, and acts as our biggest differentiator. We believe in aligning ourselves seamlessly with client objectives, in order that we remain the partner of choice. This, in turn, leads us to deliver excellence, across all that we do.

World of Firstsource

We are a leading business process management company, providing customer-centric business process services. Our network of delivery centres encompasses India, the Philippines, Sri Lanka, the UK and the US.

We leverage our 'Right-shore' delivery model to serve organisations in the Banking and Financial Services, Insurance, Healthcare, Telecommunications & Media, and Publishing sectors. We assimilated best-of-breed processes, developed intellectual property, adopted cutting-edge technology, ensured on-time delivery and invested in quality services to confirm maximum customer satisfaction. We helped our clients to reduce operational costs, record process improvements and more importantly, focus on their core competence.

CORE VALUES

Innovation
Always think of new ways to add value

Integrity
Be ethical, honest and proper in all interactions

People-centricity
Performance-driven people are our greatest assets

Agility
To stay nimble and move quickly, regardless of our size

Collaboration
The best work happens when individuals commit to shared goals

Excellence
Raise the bar, every single time

VISION

To be among the top two leaders in the markets we choose to compete in, and be recognised as the most trusted partner to our global clients. We will achieve this by simplifying complex business processes through operational excellence and innovation.

OUR INDUSTRY COVERAGE

Healthcare

Banking, Financial services and Insurance

Telecommunications and Media

STOCK DETAILS

BSE code: 532809
NSE symbol: FSL
Number of outstanding shares: 66.63 crores as on 31st March, 2015

7th

RANK AMONG THE TOP 10 'BPO COMPANIES 2014' BY NASSCOM

OUR SERVICE OFFERINGS

We help clients optimise business processes by providing customised Business Process Outsourcing (BPO)/ Business process management (BPM) services. We offer wide range of services throughout the customer lifecycle. They include:

Customer management

Collections management

Data processing and transaction processing

Consulting

OUR TOP CLIENT PROFILES

Healthcare

- **5** of the top 10 health insurance/managed care companies in the US
- **700+** hospitals in the US

Telecom and Media

- **2** of the top 10 US telecom companies
- **1** of the top 3 mobile service providers in the UK
- **Largest** pay TV operator in the UK
- **Largest** pay TV operator in Australia
- **3** of the Top 5 mobile service providers in India
- **Largest** telecom company in Sri Lanka
- One of the world's **largest** Media & Entertainment conglomerates
- UK's **largest** News & Broadcasting company

Banking, Financial Services and Insurance (BFSI)

- **6** of the top 10 credit card issuers in the US
- **2** of the leading consumer finance companies in the US
- **Largest** retail bank and mortgage lender in the UK
- **1** of the top 3 motor insurers in the UK
- A **leading** Irish Bank
- **1** of the top 5 private banks of India and a leading private life insurer
- **1** of the UK's statutory compensation provider
- A **leading** financial institution in Northern Europe

9
FTSE 100 COMPANIES FORM OUR CLIENT BASE

21
FORTUNE 500 COMPANIES FORM OUR CLIENT BASE

25,000+
GLOBAL EMPLOYEE BASE

47
GLOBAL DELIVERY LOCATIONS

firstsource

Our Performance

₹ 2,059 Cr

MARKET CAPITALISATION
AS ON 31ST MARCH, 2015

3.8%

CAGR IN REVENUE IN THE PRECEDING 3 YEARS

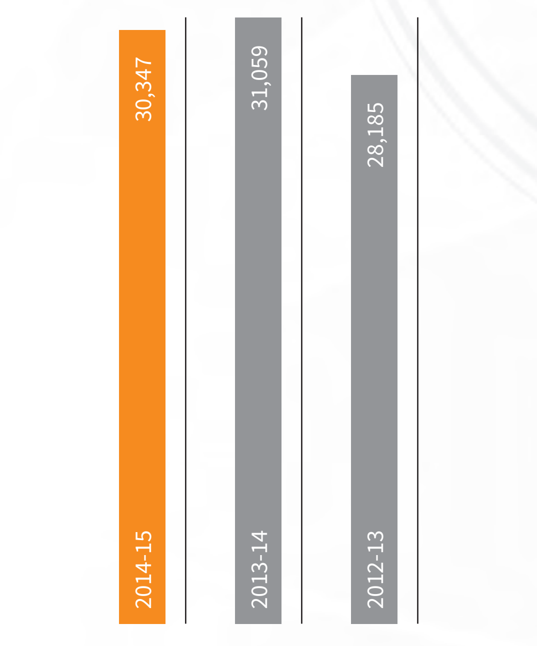
16.7%

CAGR IN OPERATING EBITDA IN THE PRECEDING 3 YEARS

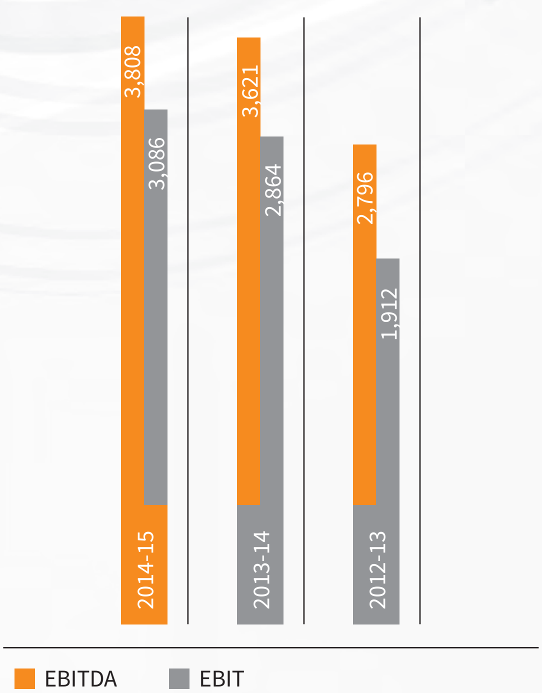
26.4%

CAGR IN PROFIT AFTER TAX IN THE PRECEDING 3 YEARS

Revenue ₹ in Million

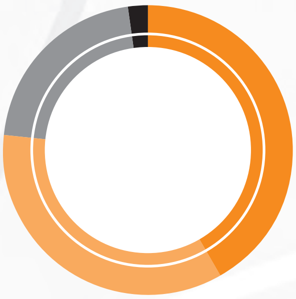


Operating EBIDTA & Operating EBIT ₹ in Million



Revenue Contribution by Industry

%



●	Telecom & Media	42.5
●	Healthcare	35.8
●	BFSI	21.5
●	Others	0.2

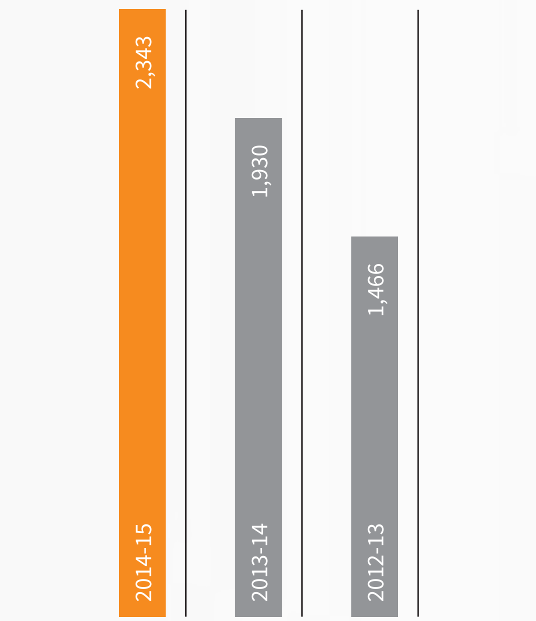
Revenue Contribution by Geography

%

●	US	49.2
●	UK	35.9
●	INDIA	8.2
●	Rest of the world	6.7

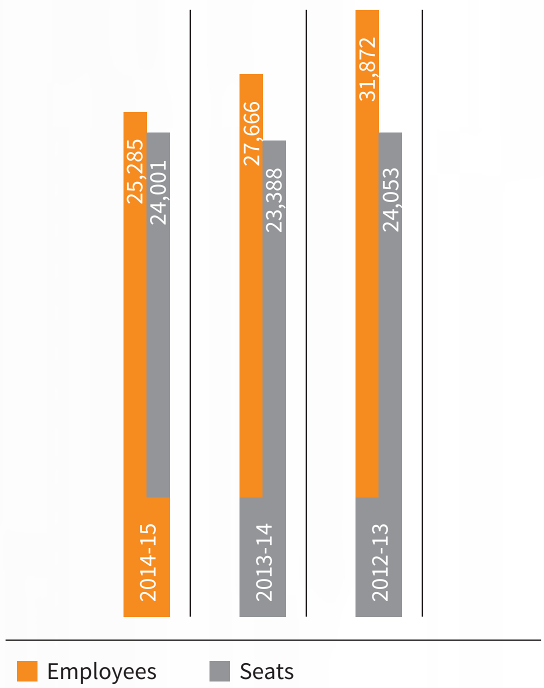
Profit After Tax

₹ in Million



Employees and Seats

Nos.



Differentiation through Innovation

Today's ever connected and socially networked customer is a lot more dynamic and demanding. At Firstsource, we recognise that the companies that are able to deliver high level of service experience create a formidable competitive advantage.

Through an effective implementation of our innovation framework, we provide customers with seamless anytime, anywhere experience while at the same time committing high levels of productivity and cost efficiencies to our clients. Our matured, well-defined and structured processes help us go beyond the obvious and to create a more favourable impact on the customer. This in turn helps our client to convert more customers to 'promoters' of their brand and helps them grow their business.

We facilitate the above mentioned migration, by providing high level service through a repository of modern tools, developed in-house or through partnerships. These tools help us analyse and synthesise customer interactions into more meaningful insights potent to deliver prompt and improved customer experience.

During the year, we launched First WFSuite, our fifth productised solution from the Customer Management Product portfolio. First WFSuite helps improve efficiency and effectiveness of a contact centre's most critical resource, i.e. its manpower. It devises the workforce optimisation strategy for the contact centre, develops the entire workforce optimisation capability and sets up and manages the end-to-end Workforce Optimisation practise from your desired location to deliver better service, improve efficiency and contain costs.

firstWFSuite™
Productivity Redefined

The year saw us launch MedAssist Revenue Enhancement Solution (MRES) for the Healthcare Hospital market in the US. This end-to-end revenue cycle product suite offers a full set of technology driven solutions, from patient registration to full account resolution, through its MedAssist Patient Access Technology Service (MPAT) and MedAssist Business Office Services (MBOS) solution modules.

MedAssist® a Firstsource company

OMNI CHANNEL

Fast increasing adoption of smart devices and greater social connectivity has made customer engagement challenging like never before. Firstsource leverages its innovation framework to create a synchronised omni-channel environment, by tracking customer journey across multiple channels to provide a consistent and unified experience to the customer. Thus creating a more satisfied customer, higher customer retention rate and increased customer lifetime value for our clients.

Firstsource received the "Innovator of the Year Award", in recognition of our flagship product, First Customer Intelligence (FCI) solution, for excellence in Voice of Customer Analytics by Verint Technologies.

First Customer Intelligence, also won the "2014 Technology Leadership Award" at the 2014 Ventana Research Summit.

Message from the Chairman

Sanjiv Goenka, Chairman

"FSL is scaling down its debt which was reduced by another ₹ 250 crore during FY15. There is the happy news that its commercial paper rating has been upgraded by Care to Care A1 from Care A2+."

DEAR SHAREHOLDERS,

As I write this foreword to our Company's FY15 Annual Report, my mind goes back three years ago when my association began with Firstsource. Our Company takes a lot of care and patience in compiling this Report which is a veritable treasury of all relevant information about its operations across the world. I recommend a patient reading so that we all know how a Company which began its journey only in 2001 has managed to be truly international with more than 25,000 employees and 47 global delivery centres across India, the Philippines, Sri Lanka, the UK and the US.

In the RP-Sanjiv Goenka Group, there are some companies which are more than a century old and we are proud of their "growing legacies". FSL, the youngest member is, however, a truly 21st century Company having been incorporated on 6th December 2001. It is a source of delight that it is a truly international Company, with 49% of its FY15 revenue coming from the US, 36% from the UK and 15% from India and rest of the world. In FY15 36% of the FSL revenue came from healthcare, 43% from telecom and media and 21% from FSL.

FY15 has been a turnaround year in India. With a new Government and a new Prime Minister, there is a national desire to return to growth path. It is apparent that business confidence has been restored and there is now visible pace in governance, economic progress and global pride. The goal has been simply stated by our Prime Minister: "Our vision and commitment is towards the country's progress, its place in the world and the happiness of its people."

FSL is yet to be a very big company. But the worldwide character of its operation is encouraging. It is a matter of pride that in FY15, FSL's USA customers included five of the top 10 health insurance/ managed care companies in the US, over 700 hospitals, two of the top 10 telecom companies, as also six of the top 10 credit card issuers. In UK, amongst FSL customers are the largest retail bank and mortgage leader, the largest British telecom service provider and the largest pay-tv operator. One of the top three UK motor insurers companies is also served by FSL. At home, the Indian operation gained strength with 22 delivery centres in 15 Indian cities. We have the privilege of serving three of the top 5 mobile service providers in India. The list across the US, the UK, India and other countries gives us confidence while highlighting what FSL can provide to healthcare, telecom and media (T&D), banking, financial services and insurance (BFSI) industries, keeping in mind the global BPM spend in 2011 reached USD 177 billion.

Following our initial consolidation, the focus in FY15 was not on turnover, but on margins. FSL's consolidated net profit after tax grew 21.4% in spite of a 2.3% decrease in revenue.

As global demand for BPM remain strong, it will not be unfair to anticipate stronger demand from focus markets in FY16 as well.

In line with our long term plan, FSL is scaling down its debt which was reduced by another ₹ 250 crore during FY15. There is the happy news that its commercial paper rating has been upgraded by Care to Care A1 from Care A2+. This improvement in credit profile, along with steady reduction in outstanding debt, should pave the way to improved profit margins.

Dear Shareholders, may I take this opportunity of thanking you for your continuing faith in FSL and your enthusiastic support to make it a truly international enterprise. I remain bullish about FY16.

Regards,

Sanjiv Goenka

Sanjiv Goenka
Chairman

Message from the Managing Director & CEO

Rajesh Subramaniam, Managing Director & CEO

"I am confident that your company will be able to demonstrate a strong growth in revenue with continuous margin expansion both of which should help create shareholder value."

DEAR SHAREHOLDERS,

The fiscal year 2014-15 was a satisfactory year. During the year, we continued our consolidation journey. Our net profit margins expanded by 150bps during the year. However, our revenue growth in the year was affected due to unforeseen ramp downs in existing customers and delays in ramp ups of committed business in our CM estate coupled with softness in the Healthcare Provider business. We have been disciplined in our approach to growth in the domestic business which has also seen some churn in FY2014-15.

While our revenues declined by 2.3% to ₹ 30,347 million, our EBIT grew by 7.7% to ₹ 3,086 million with a margin expansion of 100 bps and Net Profit after Tax grew by 21.4% in FY15 over FY14. We continued our debt repayment as per plan and repaid $45M of our long-term outstanding debt during the year. Our focus on profitable growth and fiscal discipline will ensure continuous margin improvement enabling strong cash flow generation and continuing deleveraging of our debt going forward.

Our strategy is focused on investing significantly in the Healthcare vertical and Customer Management businesses, which have tremendous potential for growth. Our new product offering for the Healthcare hospital market in the US, namely MedAssist Revenue Enhancement Solutions (MRES) helps us become an end-to-end revenue cycle management company backed by robust and best in class technology product platforms. This product helps your company address all business processes of the revenue cycle management across segments of the insured and un-insured patient population and aid in enhancing patient experience and increasing the hospital's revenue.

Our initiatives in the Customer Management business have led to the creation of specialised productised services which aims to improve the customer experience through meaningful insights, reduce customer churn, improve omni channel customer engagement and reduce total cost of serve for our clients. All of these offerings are supported by a framework powered through analytics and is expected to be a big driver of growth in the future.

Looking ahead the momentum is positive. Some of the constraints that muted our growth aspirations are seeming to unclog, demonstrated by the size of deal wins and build up of the sales pipeline. We continue to invest in upgrading our service delivery capabilities and driving innovation in our productisation efforts. I am confident that your Company will be able to demonstrate a strong growth in revenue with continuous margin expansion both of which should help create shareholder value.

Our employees are our strength and key brand ambassadors. I would like to thank each of them for their continued commitment and passion that helps deliver an excellent experience to our clients. I would also like to thank the clients for their trust in us and our shareholders for having confidence in the management's ability.

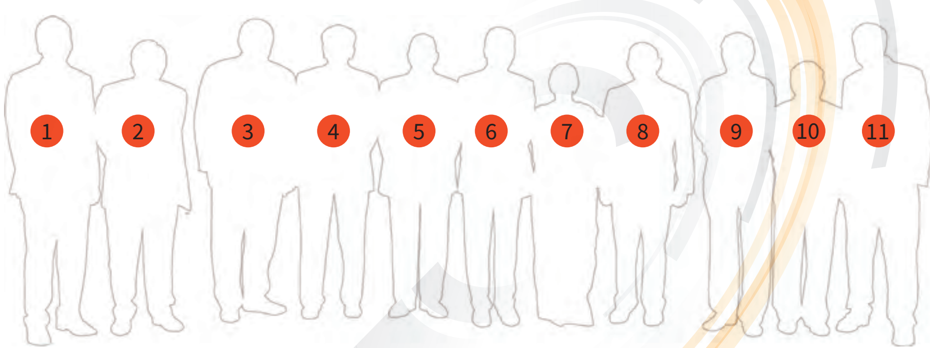
Regards,

Rajesh Subramaniam
Managing Director & CEO

Board of Directors

LEFT TO RIGHT

1. Shashwat Goenka 2. Pradip Roy 3. Donald W. Layden Jr.
4. Rajesh Subramaniam (MD & CEO) 5. Pradip Kumar Khaitan
6. Sanjiv Goenka (Chairman) 7. Grace Koshie 8. Y. H. Malegam
9. V.K. Sharma 10. Subrata Talukdar 11. Charles Miller Smith



Senior Management

RAJESH SUBRAMANIAM

Managing Director & Chief Executive Officer

DINESH JAIN

President & Chief Financial Officer

GAVIN SNELL

President, Customer Management

VENKATARAMAN K R

President & Chief Executive Officer, Healthcare

SANJAY VENKATARAMAN

President

SHALABH JAIN

Business Transformation Officer

ARJUN MITRA

Executive Vice President, Collections

ARUN TYAGI

Executive Vice President & Chief Compliance Officer

DEEPTI MITTAL

Senior Vice President, Human Resources

Corporate Social Responsibility

CREATING SOCIAL VALUE

At Firstsource, we aspire to create a significant societal value through our activities. As a good corporate citizen, it is our responsibility to give back to the society we operate in. We aim to promote education, healthcare, sports and women empowerment, among others to bring a positive change. Our employee engagement activities have also contributed to the noble cause.

OUR FOCUS AREAS

Across various geographies our social initiatives include:

- Employee Volunteering
- Payroll Giving
- Participating in popular fundraising events
- Responding to disasters

OUR GLOBAL INITIATIVES


Seesha


Divya Orphanage
Trichy
WE LOVE

Awards and Accolades

Awarded the **'Outsourcing Partnership of the Year'** in the European Call Centre and Customer Service Awards 2014 (ECCCSA) for our longstanding relationship with giffgaff.

Won the **'Outsourcing Excellence Award 2014'** for the "Best Business Process" category in partnership with BSkyB, one of our flagship clients.

Received the **'Innovator of the Year'** for Excellence in Voice of Customer Analytics by Verint Technologies. This award is in recognition for the First Customer Intelligence (FCI) solution.

Received two awards for: **'Best Outsourced Customer Service Team'** and **'Best Business Process Outsourcing'** at National Outsourcing Association's Outsourcing Professional Awards (Global) in partnership with giffgaff in 2014.

Awarded the **'Telecommunications Utilities and High-Tech Outsourcing Project of the Year Award 2014'** for its partnership with giffgaff at the National Outsourcing Association's (NOA) awards 2014.

First Customer Intelligence, the company's flagship product, won the **'2014 Technology Leadership Award'** at the 2014 Ventana Research Summit. The award recognises Firstsource for the development of First Customer Intelligence (FCI) solution, using Verint technology.

Received 3 awards at the Welsh Contact Centre Awards 2015 in the categories of: **HR/Comms/ Engagement Support Manager of the Year, Most Diverse Workplace and Outsourced Contact Centre of The Year.**

INDUSTRY RANKINGS & RECOGNITIONS

Ranked #12 by The International Association of Outsourcing Professionals (IAOP) in the 2014 Global Outsourcing 100® rankings.

Retained 7th position in the Top 15 BPM Exporters rankings released by NASSCOM for 2014.

Ranked #16 in Business World's biggest employers List.

Directors' Report

Dear Members,

Directors of your Company take great pleasure in presenting the Fourteenth Annual Report on the business and operations of your Company and the Audited financial statements for the financial year ended March 31, 2015.

FINANCIAL RESULTS

The performance of the Company for the financial year 2014-15 is summarised below:

(₹ in Million)

Particulars	Consolidated		Standalone	
	FY 2014-15	FY 2013-14	FY 2014-15	FY 2013-14
Total Income	30,411.75	31,078.80	9,328.06	9,325.41
Profit Before Interest and Depreciation	3,872.85	3,641.29	2,265.71	2,049.08
Interest and Finance Charges (net)	710.86	851.47	202.23	177.19
Depreciation	721.82	757.02	464.30	527.19
Profit Before Tax	2,440.17	2,032.80	1,599.18	1,344.70
Provision for Taxation (including Deferred Tax Charge/ Credit)	95.40	100.89	(38.36)	-
Profit After Tax Before Minority Interest	2,344.77	1,931.91	1,637.54	1,344.70
Minority Interest	1.59	2.29	-	-
Net Profit After Tax	2,343.18	1,929.62	1,637.54	1,344.70
Balance in Profit & Loss Account	9,347.43	7,417.81	6,543.28	5,198.58
Adjustment of Amalgamation Deficit Account (Refer Note 13 to Consolidated Financial Statements)	(3,691.34)	-	-	-
Closing Balance in Profit & Loss Account	7,999.27	9,347.43	8,180.82	6,543.28
Earning Per Share (₹) – Basic	3.53	2.93	2.47	2.04
Earning Per Share (₹) – Diluted	3.34	2.82	2.33	1.96

RESULT OF OPERATIONS

The consolidated total income decreased from ₹ 31,078.80 Million to ₹ 30,411.75 Million, reduction of 2.1% over the previous financial year. The consolidated Net Profit After Tax increased from ₹ 1,929.62 Million to ₹ 2,343.18 Million, a growth of 21.4% over the previous financial year. The detailed analysis of the consolidated results forms part of the Management Discussion & Analysis Report provided separately as part of the Annual Report.

The standalone total income increased from ₹ 9,325.41 Million to ₹ 9,328.06 Million, an increase of 0.03% over the previous financial year. The standalone Profit After Tax increased from ₹ 1,344.70 Million to ₹ 1,637.54 Million, an increase of 21.8% over the previous financial year.

With a view to conserve cash reserves to meet current financial obligations of the Company, the Directors of your Company do not recommend any dividend for financial year 2014-15.

INCREASE IN SHARE CAPITAL

During the year, your Company issued 6,556,583 equity shares of the face value of ₹ 10/- each on the exercise of stock options under Firstsource Solutions Employee Stock Option Scheme, 2002 (ESOS 2002) and Firstsource Solutions Employee Stock Option Scheme, 2003 (ESOS 2003). Consequently, the outstanding, issued, subscribed and paid up capital of the Company has increased from 659,734,876 shares to 666,291,459 shares of ₹ 10/- each aggregating to ₹ 6,662.91 Million as on March 31, 2015.

GLOBAL DELIVERY FOOTPRINT

The Company, on a consolidated basis had 47 global delivery centers as on March 31, 2015. The centers are located across India, USA, UK, Philippines and Sri Lanka. 22 of the Company's delivery centers are located in 16 cities in India, 15 in the USA, 6 in UK, 3 in Philippines and 1 in Sri Lanka. The Company's established global delivery footprint enables it to deliver wide range of services and strengthen relationships with existing customers.

During the year, the Company incurred capital expenditure of ₹ 687 Million mainly towards refurbishment and maintenance of delivery centers and establishment of new centers in USA.

QUALITY INITIATIVES

The Company follows the global best practices for process excellence and is certified by COPC Inc. (Customer Operations Performance Center). Firstsource Dialog Solutions (Pvt.) Limited, joint venture subsidiary of the Company in Sri Lanka has been recertified for COPC (5.0a) Standard. Also, as part of the Quality Management System, the Company has embraced ISO 9001:2008. The Company continues to follow process improvement methodologies like Six Sigma, Lean and Kaizen.

AWARDS AND ACCOLADES

The Company received the following awards and accolades during the year.

- Awarded the 'Outsourcing Partnership of the Year' at the European Call Centre and Customer Service Awards 2014 (ECCCSA) for our long-standing relationship with giffgaff.
- The "Outsourcing Excellence Award 2014" for the "Best Business Process" category in partnership with BSkyB.
- Received the "Innovator of the Year" for Excellence in Voice of Customer Analytics by Verint Technologies. This award is in recognition for the First Customer Intelligence (FCI) solution.
- Received the awards for - "Best Outsourced Customer Service Team" and "Best Business Process Outsourcing" at National Outsourcing Association's Outsourcing Professional Awards (Global) in partnership with giffgaff.
- Awarded the "Telecommunications Utilities and High-Tech Outsourcing Project of the Year Award 2014" for the partnership with giffgaff at the National Outsourcing Association's (NOA) awards 2014.
- First Customer Intelligence, the Company's flagship product, won the "2014 Technology Leadership Award" at the 2014 Ventana Research Summit. The award was for the development of First Customer Intelligence (FCI) solution, using Verint technology.
- The Company has been ranked #12 by The International Association of Outsourcing Professionals (IAOP) in the 2014 Global Outsourcing 100® rankings.
- The Company has been ranked #16 in Business World's biggest employers List.
- The Company has retained 7th position in the Top 15 BPM Exporters rankings released by NASSCOM for 2014.

HUMAN RESOURCES

On a consolidated basis, the Company has 25,080 employees as of March 31, 2015.

Particulars of the Employees and Related Disclosures:

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 form part of this Report and are annexed as Annexure I.

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules form part of this Report and is annexed as Annexure II.

PUBLIC DEPOSITS

During the year, your Company has not accepted any deposits under Section 73 of the Act (herein after referred to as the "Act") and as such, no amount on account of principal or interest on public deposits was outstanding as of March 31, 2015.

PARTICULARS OF LOANS, INVESTMENTS, GUARANTEES AND SECURITIES

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient are provided in the notes to the standalone financial statement. (Please refer to Note 12, 16, 19 & 32 to the standalone financial statement)

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Company seeks to be a good corporate citizen in all aspects of its operations and activities. The Company seeks to undertake programmes in the areas of Healthcare, Education, Environment, Arts & Culture, Promotion of Sports as well as support initiatives towards Gender Equality and Empowerment of Women.

The Board of Directors of the Company (hereinafter referred to as the "Board") constituted a Corporate Social Responsibility (CSR) Committee during the year, pursuant to section 135 of the Act, consisting of Shashwat Goenka (Chairman) and Rajesh Subramaniam, Subrata Talukdar & Pradip Roy (Independent Director) as its members. The CSR Committee held 3 meeting during the year. The details of CSR Committee and its meetings are given in Report on Corporate Governance forming part of the Annual Report. The CSR Committee has framed and formulated a CSR Policy indicating the activities to be undertaken by the Company, in accordance with schedule VII of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 issued under the Act. The same has also been approved by the Board. The CSR policy is available at the website of the Company at the link http://www.firstsource.com/articles/fsl-corporate-social-responsibility-policy.pdf . The Annual Report on CSR Activities, as stipulated under the Act and the Listing Agreement forms an integral part of this Report and is appended as Annexure III. The details of focus areas of engagement as mentioned in the CSR Policy of the Company are mentioned in the said Annual Report on CSR Activities.

The CSR activities, as per the provisions of the Act, may also be undertaken by the Company through a registered trust. Accordingly, "RP – Sanjiv Goenka Group CSR Trust" ("CSR Trust") was formed by the Company, along with other group companies to pursue CSR activities as mentioned in the CSR Policy of the Company which include promoting healthcare, education, skill development, livelihood opportunities to improve the overall quality of life, promotion of sports, arts, etc. During the year, the Company has spent an amount of ₹ 18.25 million, being 2% of the average net profits of the Company for the last 3 years on CSR activities as mentioned in the CSR Policy. Out of the said amount, majority of the amount has been contributed by the Company towards the corpus of the CSR Trust, which would be spent by the CSR Trust on the focus areas as mentioned in the CSR Policy of the Company.

Besides the focus areas of engagement as mentioned in the CSR Policy of the Company, the Company also voluntary undertakes various CSR activities. The CSR at the Company is a platform for giving back to the communities in which we live and work. The Company through its employee engagement activities has contributed in a variety of areas. Our Social Initiative areas across the geographies are as follows:

1. Employee Volunteering
2. Payroll Giving
3. Response to disasters
4. Participating in popular fundraising events

Joy of Giving

- Donated rice of over 6 tonnes to help the flood victims of Jammu & Kashmir.
- Raised funds from employees of the Company through centers in India for a Bangalore based NGO "Unnati," which works towards developing the livelihood skills of deprived youth.
- The Company has partnered with the organization "Grow Trees" to help employees plant a tree. The first 200 employees to participate received an e-certificate stating that trees have been planted on behalf of the employees and paid for by the Company. 200 trees were planted on behalf of the Company via the Organisation Grow Tree.

The Company is a Global Company & operates in various geographies through its overseas subsidiaries and branch offices. Some of the highlights of its CSR initiatives in other countries in which the Company operates through its subsidiaries are as follows:

UK & Ireland:

Fund raising activities

- World Autism Day: Employees in Belfast office organised a 'wear blue' dress day for the National Autistic Society of Northern Ireland.
- National Society for the Prevention of Cruelty towards Children: Employees in Cardiff supported this charity.
- Cork Penny Dinners:
  - i. The office in Cork Organised a "Wax or Sponge" event in the aid of the charity which provides hot meals for the homeless and needy.
  - ii. Employees volunteered to be waxed by a beautician or sponged by their colleagues in aid of this.
- Irish Heart Foundation: Employees in Dublin organised an Easter Hamper Raffles to support this charity.
- Mc Millan Cancer Group: Employees of Belfast & Derry gathered to support local Man Darren Rob's Sail for Cancer Initiatives for Mc Milan Cancer, the group that supported him in his battle against cancer.
- CLIC Sargent: Employees from Linenhall and Oyster Housein Belfast took partin the team relay race in the Belfast Deep River rockMarat to support CLIC, a charity that provides support to young people and children living with cancer.
- Butterwick Hospice:
  - i. Middlesbroughorganised a charity event for this local organisation which offers wide range supportive measures to terminally ill people and their families.
  - ii. Employees came to work wearing yellow; a tambola event with prizes including chocolates were organized.

Food bank collection at Cardiff

- As the harsh winter months increase everyone's expenditure on heating, many of the least privileged people in society rely on food banks in order to survive. This inspired HR in Cardiff to encourage staff to donate non-perishable goods to Cardiff Food bank.
- Between January 26 and January 29, 2015, colleagues at the Discovery House centre donated over 400 items of food which were then put on display in the reception area in the form of a 5ft castle for all staff and visitors to see how successful the campaign was. The Cardiff Food Bank receives donations from schools,churches, businesses, individuals, and through supermarket collections.

USA:

Annual Book Bag Challenge

- In the Company's office in La Porte, USA, Employees conducted their 'Annual Book Bag Challenge', where essential school supplies are gifted to children in need.
- The employees formed five teams and competed to see which team can put together the highest number of 'book bags'.
- A total of 72 complete book bags filled with school supplies were collected at the end of the event.

Fundraising at Birmingham

- A group of local business people in the Helena, AL community, a suburb of Birmingham, AL, undertook a fundraiser to raise money for "The Wounded Warrior Project" to raise awareness and enlist the public's aid for the needs of injured service members. The Employees raised USD 6,437 which was donated directly to the project.

Sri Lanka:
FDS Water Project

- Fundraiser organised the Water Project to aid victims of the drought.
- All employees got together and raised funds to purchase 10,000 Litres of pure drinking water which was then distributed across 500 families in need.

Philippines:
Turning the Frowns upside down

- Employees of the Company's office in Manila embarked on a CSR journey as part of its annual CSR programme, in collaboration with the Chosen Children Village Foundation, Inc., an internationally acclaimed facility geared towards securing the future of the physically, mentally, and emotionally challenged children.
- The village is founded to support children who are abandoned at an early age- 8 months and below.
- As the employees arrived at the location, they were first given a tour of the village, which houses multiple classrooms, libraries, art rooms, crafts and artifacts museum, mini-canteen, indoor basketball court, children's nursery, an aqua therapy pool, indoor and outdoor playground and an activity centre.

RISK MANAGEMENT

The Company has implemented a comprehensive and fully integrated 'Enterprise Risk Management' framework in order to anticipate, identify, measure, manage, mitigate, monitor and report the principal risks and uncertainties that can impact its ability to achieve its strategic business objectives.

The Company has introduced several improvements to Enterprise Risk Management and processes to drive a common integrated view of risks and optimal risk mitigation responses. This integration is enabled by alignment of Risk Management, Internal Audit, Legal and compliance methodologies and processes in order to maximise enterprise value of the Company and ensure high value creation for our stakeholder over a time.

The details of the Enterprise Risk Management framework with details of the principal risks and the plans to mitigate the same are given in the 'Risk Management Report' section of the 'Management Discussion and Analysis Report' which forms part of this Annual Report.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements. Such controls were tested during the financial year and no material weaknesses in the design or operation were observed.

WHISTLE BLOWER POLICY

The Company has a Whistle Blower Policy (the "WB Policy") with a view to provide vigil mechanism to Directors, employees and other stakeholders to disclose instances of wrongdoing in the workplace and report instances of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The WB Policy also states that this mechanism should also provide for adequate safeguards against victimization of Director(s)/ Employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. The Whistle Blower Policy has been posted on the website of the Company and the details of the same are explained in the Report on Corporate Governance forming part of this Annual Report. The Whistle Blower Policy is available at the website of the Company at the link http://www.firstsource.com/articles/Whistle-Blower-Policy.pdf

PREVENTION OF SEXUAL HARRASSMENT POLICY

The Company has a Prevention of Sexual Harassment Policy in force in terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The objective of this Policy is to ensure a safe, secure and congenial work environment where employees will deliver their best without any inhibition, threat or fear. The Company has Zero Tolerance to any form of harassment especially if it is sexual in nature. The complaints filed under the Policy are reported to the Audit Committee at its quarterly meetings with details of action taken thereon.

BOARD OF DIRECTORS

During the year, K. P. Balaraj resigned as a Director of the Company w.e.f. May 21, 2014, Ananda Mukerji resigned w.e.f. August 18, 2014, Haigreve Khaitan resigned w.e.f. September 19, 2014 and Dr. Shailesh J. Mehta resigned w.e.f. March 30, 2015. The Board places on record its appreciation for the contribution made by them during their tenure as Directors of the Company.

The Board appointed V. K. Sharma and Ms. Grace Koshie (Woman Director) as Additional Directors as Independent Directors with effect from November 14, 2014 and February 9, 2015 respectively. They hold office upto the date of forthcoming Annual General Meeting (AGM). Pradip Kumar Khaitan was appointed as non-executive non-independent Director w.e.f. November 14, 2014 in the casual vacancy caused by resignation of Haigreve Khaitan and holds office upto the date of forthcoming AGM. He represents Spen Liq Private Limited, the Promoter, on the Board of the Company. The Company has received notices alongwith the requisite deposit from these Directors pursuant to Section 160(1) of the Act signifying their candidature for appointment as Directors of the Company at the forthcoming AGM.

The Board recommends appointment of V. K. Sharma and Ms. Grace Koshie as Independent Directors for a period of 5 years expiring on November 13, 2019 and February 8, 2020 respectively, for approval of members of the Company at the AGM. The Company has received the declarations from V. K. Sharma and Ms. Grace Koshie confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act and clause 49 Listing Agreement .

The other Independent Director of the Company have also given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Clause 49 of the Listing Agreement.

Subrata Talukdar retires by rotation and being eligible, has offered himself for re-appointment at the forthcoming AGM.

Board and Audit Committee Meetings

During the year, 4 Board Meetings were held on May 2, August 1 & November 14 in 2014 and on February 9 in 2015. Time gap between any two meetings was not more than 4 months. Further, 4 meetings of the Audit Committee were held during the year on May 2, July 31 & November 13 in 2014 and February 9 in 2015. The time gap between any two meetings was not more than 4 months. The full details of the said meetings are given in the Report on Corporate Governance forming part of this Annual Report.

The Familiarisation Programmes for Independent Directors

The Company has put in place a system to familiarise its Independent Directors with the Company, their roles, rights & responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. The details of such familiarisation programmes are put up on the website of the Company at the link: http://www.firstsource.com/articles/policy-on-familiarisation-of-independent-directors.pdf

BOARD EVALUATION

(i) Performance Evaluation of the Independent Directors and other Individual Directors

The Board, on the recommendation of the Nomination & Remuneration Committee, has framed a Policy for Appointment of Directors and Senior Management and Evaluation of Directors' Performance. The said Policy sets out criteria for performance evaluation of Independent Directors, other Non-Executive Directors and the Executive Director(s).

Pursuant to the provisions of the Act and Clause 49 of the Listing Agreement, the Board has carried out an annual evaluation of the performance of Directors individually. The evaluation of the performance of the Non-Independent Directors including the Managing Director and CEO and the Chairman of the Board was carried out by the Independent Directors of the Company. The evaluation of performance of the Independent Directors and other individual Directors was also made by the entire Board on the basis of recommendation of the Nomination and Remuneration Committee and the criteria mentioned in the Policy for Appointment of Directors and Senior Management and Evaluation of Directors' Performance. The Board decided that the performance evaluation of Directors should be done by the entire Board of Directors excluding the Director being evaluated and unanimously agreed on the following assessment criteria for evaluation of Directors' performance:

a. Attendance and participation in the Meetings
b. Preparedness for the Meetings
c. Understanding of the Company and the external environment in which it operates and contribution to strategic direction
d. Raising of valid concerns to the Board and constructive contribution to issues and active participation at meetings
e. Engaging with and challenging the management team without being confrontational or obstructionist

The criteria for Directors' appointment and for determining qualification , positive attributes , independence of a director and for evaluation of performance of Directors as mentioned in the Policy for Appointment of Directors and Senior Management and Evaluation of Directors' Performance are mentioned below:

Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, qualifications, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. A person should possess adequate qualifications, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualifications, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
3. The Company shall not appoint or continue the employment of any person as Managing Director/ Whole time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice or such motion indicating the justification for extension of appointment beyond seventy years.

Performance Evaluation:

The performance evaluation of Independent Directors shall be done by the entire Board of Directors (excluding the director being evaluated).

On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

The Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of non independent Directors and members of management.

The Independent Directors in the meeting shall:

i. Review the performance of non independent Directors and the Board as a whole.
ii. Review the performance of the Chairperson of the Company, taking into account the views of executive Directors and non executive Directors.

Criteria for Evaluation of Independent Directors and the Board

Following are the criteria for evaluation of performance of Independent Directors and the Board:

(A) Executive Directors

The performance of Managing Director and Chief Executive Officer and other Executive Directors, if any, shall be evaluated on the basis of achievement of performance targets/ criteria given to them by the Board from time to time.

(B) Non Executive Directors including Independent Directors

The performance of Non Executive Directors including Independent Directors shall be evaluated on the basis of the following criteria i.e. whether they:

(a) Act objectively and constructively while exercising their duties;
(b) Exercise their responsibilities in a bona fide manner in the interest of the company;
(c) Devote sufficient time and attention to their professional obligations for informed and balanced decision making;
(d) Do not abuse their position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
(e) Refrain from any action that would lead to loss of his independence;
(f) Inform the Board immediately when they lose their independence;
(g) Assist the Company in implementing the best corporate governance practices;
(h) Strive to attend all meetings of the Board of Directors and its Committees of which they are chairpersons or members;
(i) Participate constructively and actively in the Committees of the Board in which they are chairpersons or members;
(j) Strive to attend the general meetings of the Company;
(k) Keep themselves well informed about the Company and the external environment in which it operates;
(l) Does not unfairly obstruct the functioning of an otherwise proper Board meeting or Committee meeting of the Board;
(m) Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholders' interest;
(n) Abide by Company's Memorandum and Articles of Association, Company's policies and procedures including Code of Conduct, Insider Trading Code etc."

(ii) Performance Evaluation by the Board of its own performance and its Committees

Pursuant to the provisions of the Act and Clause 49 of the Listing Agreement, the Board also carried out an annual evaluation of its own performance and that of its Committees namely the Audit Committee, the Nomination & Remuneration Committee, the Stakeholders Relationship Committee and the Corporate Social Responsibility Committee.

The evaluation was made in the overall context of the effectiveness of the Board and the respective Committees in providing guidance to the operating management of the Company, level of attendance in the Board/ Committee meetings, constructive participation in the discussion on the Agenda items, effective discharge of the functions and roles of the Board/ Committees. A detailed discussion followed on the basis of the aforesaid criteria and the Board collectively agreed that the Board and all its Committees fulfilled the above criteria and positively contributed in the decision making process at the Board/ Committee level.

COMMITTEES OF THE BOARD

A detailed note on the Board and its Committees is provided in the Report on Corporate Governance forming part of this Annual Report. The composition of the major Committees is an follows :

Audit Committee

As at March 31, 2015, the Audit Committee comprised of 2 Independent Directors namely Y. H. Malegam (Chairman) & Charles Miller Smith and 1 Non-Independent Director namely Subrata Talukdar. At the Board meeting held on May 5, 2015, Ms. Grace Koshie, a woman Independent Director was also inducted as a member of the Audit Committee. All the recommendations made by the Audit Committee were accepted by the Board. Further details relating to Audit Committee are given in the Report on Corporate Governance forming part of this Annual Report.

Nomination and Remuneration Committee

As at March 31, 2015, the Nomination and Remuneration Committee comprised of 2 Independent Directors namely Y. H. Malegam & Charles Miller Smith and 1 Non-Independent Director namely Subrata Talukdar. At the Board meeting held on May 5, 2015, Pradip Roy, an Independent Director was also inducted as a member of the Nomination and Remuneration Committee and Y. H. Malegam was appointed as the Chairman of the Committee in place of Dr. Shailesh J. Mehta, who resigned as a Director w.e.f. March 30, 2015.

Corporate Socal Responsibility Committee (CSR Committee)

As at March 31, 2015, CSR Committee comprised of Shashwat Goenka (Chairman), Rajesh Subramaniam, Subrata Talukdar and Pradip Roy (Independent Director).

Stakeholders Relationship Committee

As at March 31, 2015, Stakeholders Relationship Committee comprised of Subrata Talukdar and Rajesh Subramaniam. Dr. Shailesh J. Mehta, who was Chairman of the Committee, resigned as a Director w.e.f. March 30, 2015. The Board, at its meeting held on May 5, 2015, appointed Subrata Talukdar (Non-Executive Director), as Chairman of the Committee.

REMUNERATION POLICY

The Board, on the recommendation of the Nomination & Remuneration Committee framed a Remuneration Policy for Non Executive Directors (including Independent Directors) and a Remuneration Policy for Key Managerial Personnel and Other Employees of the Company. The Remuneration Policy for Non Executive Directors is provided as Annexure IVA and Remuneration Policy for Key Managerial Personnel and Other employees of the Company is provided as Annexure IVB to this Report.

RELATED PARTY TRANSACTIONS

All the contracts/ arrangements/ transactions that were entered into by the Company during the financial year with related parties were on an arm's length basis and in the ordinary course of business. During the year, the Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transaction. All Related Party Transactions are placed before the Audit Committee for approval.

The policy on Related Party Transactions as approved by the Board is available on website of the Company at the link: http://www.firstsource.com/articles/Related-Party-Transaction-Policy.pdf

Details of Related Party Transactions are given at Note No. 28 to the Standalone Financial Statements. None of the Directors of the Company has any pecuniary relationships or transactions vis-à-vis the Company.

EMPLOYEES STOCK OPTION SCHEME

With a view to provide an opportunity to the employees of the Company to share the growth of the Company and to create long-term wealth, the Company has an Employee Stock Option Scheme (ESOS), namely, the Firstsource Solutions Employee Stock Option Scheme, 2003 (ESOS 2003). The earlier ESOS introduced in 2002 is in force for the limited purpose of exercise of options granted pursuant to the scheme. The Scheme is applicable to the eligible employees that include employees and Directors of the Company and its subsidiary companies. Disclosures in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Regulations, 1999, as amended, are set out below:

ESOS 2003

a) Total number of options under the Plan: 66,204,769

b) Options granted during the year 2014-15: 5,900,000

c) Pricing formula: The 'Pricing formula' or 'Exercise Price' for the purpose of the grant of Options shall be the 'market price' within the meaning set out in the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 i.e., the latest available closing price, prior to the date when options are granted/shares are issued, on that Stock Exchange where there is highest trading volume on the said date. The Compensation Committee has the power to change/modify the exercise price or pricing formula and fix the exercise price at such discount to the market price of the equity shares as may be deemed appropriate provided that the grant/exercise price shall not be below the face value of the shares and shall be in accordance with the applicable laws in this regard.

d) Options vested during the year 2014-15: 10,747,500

e) Options exercised during the year 2014-15: 6,484,083*
(*Including 20,000 stock options which were exercised in March, 2015 and were pending for allotment of shares)

f) Total number of shares arising as a result of exercise of options during the year 2014-15: 6,526,583

g) Options lapsed during the year 2014-15: 4,713,500#
(#The stock options which are cancelled/ lapsed/ forfeited can be re- issued by the Company)

h) Exercise Price (for 5,900,000 Options granted during the year 2014-15)

No. of Options	Exercise Price (₹)
5,000,000	28.90
500,000	31.30
400,000	40.35

i) Variation of terms of options during the year 2014-15: Nil

j) Money realised by exercise of options during the year 2014-15 (Amount in ₹): 112,555,047@
(@Including money realised with respect to 20,000 options which were exercised in March, 2015 and shares are pending for allotment as at March 31, 2015)

k) Total number of options in force: 42,308,052

l) Employee wise details of options granted during the year 2014-15 to:
   i) Key Managerial Persons: Rajesh Subramaniam (Managing Director & CEO) - 1,000,000, Dinesh Jain (CFO) - 250,000, Sanjay Gupta (Company Secretary) - 50,000
   ii) Other Senior Managerial personnel*: Sanjay Venkataraman - 250,000, Venkataraman K R - 250,000, Shalabh Jain - 175,000, Ms. Stephanie Wilson - 175,000, Satish M - 175,000, Ms. Stephen W. Ogilvie- 100,000, Arjun Mitra - 75,000 and Gavin Snell - 500,000
   (* Options granted to employes who resigned during the year have not been considered).
   iii) Any other employee, who has been granted options amounting to 5% or more of options granted during the year 2014-15: Nil
   iv) Identified employees who were granted options, equal to or exceeding 1% of the issued capital of the Company, during the year 2014-15: Nil

m) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 – 'Earnings Per Share': i) Standalone EPS – ₹ 2.33 per share. ii) Consolidated EPS – ₹ 3.34 per share.

n) Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options. The impact of this difference on profits and on EPS of the Company: Please refer to Note No. 27 of the Standalone Financial Statements.

o) Weighted average exercise price and weighted average fair value of options separately for options whose exercise price either equals or exceeds or is less than the market price of the stock: i) Weighted average exercise price – ₹ 26.06 per option. ii) Weighted average fair value as per the Black Scholes Model – ₹ 13.97 per option.

p) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information: a) Risk free interest rate b) Expected life c) Expected dividends and d) The price of the underlying share in market at the time of option grant: Please refer to Note No. 27 of the Standalone Financial Statements.
Prior to the Initial Public Offering (IPO), the Company had granted options to employees at the fair market value, as certified by an independent valuer. Post IPO, the exercise price of the options granted equals the market price of the stock i.e. the latest available closing price, prior to the date when options are granted, on that Stock Exchange where there is highest trading volume on the said date.

ESOS 2002

a) Total number of options under the Plan: 2,347,500

b) Options granted during the year 2014-15: Nil

c) Options vested during the year 2014-15: Nil

d) Options exercised during the year 2014-15: Nil

e) Total number of shares arising as a result of exercise of option during the year 2014-15: 30,000#
(#These 30,000 options were exercised in March, 2014 and allotment was made in September, 2015)

f) Options lapsed during the year 2014-15: Nil

g) Variation in the terms of option during the year 2014-15: Nil

h) Money realised by exercise of options during the year 2014-15 (Amount in ₹): Nil@
(@Money for 30,000 options exercised in March, 2014 was realised in the same month. However, shares were pending for allotment)

i) Total number of options in force: Nil

j) Weighted average exercise price and weighted average fair value of options separately for options whose exercise price either equals or exceeds or is less than the market price of the stock: i) Weighted average exercise price – Nil ii) Weighted average fair value as per the Black Scholes Model – N.A.

SUBSIDIARY COMPANIES

As on March 31, 2015, your Company had 12 subsidiaries:

Domestic subsidiaries:

1. Anunta Tech Infrastructure Services Limited [Wholly Owned Subsidiary (WOS) of the Company]

International subsidiaries:

1. Firstsource Solutions UK Limited, UK (WOS of the Company)
2. Firstsource Solutions S.A., Argentina (Subsidiary of Firstsource Solutions UK Limited)
3. Firstsource Group USA, Inc., USA (WOS of the Company)
4. MedAssist Holding LLC, USA* (WOS of Firstsource Group USA, Inc)
5. Firstsource Business Process Services, LLC, USA (WOS of Firstsource Group USA, Inc.)
6. Firstsource Advantage LLC, USA (WOS of Firstsource Business Process Services, LLC)
7. One Advantage LLC, USA** (WOS of Firstsource Business Process Services, LLC)
8. Firstsource Solutions USA, LLC, USA (WOS of MedAssist Holding LLC)
9. Firstsource Transaction Services, LLC, USA (WOS of Firstsource Solutions USA, LLC)
10. Firstsource BPO Ireland Limited (WOS of the Company)

11. Firstsource Dialog Solutions (Private) Limited (Subsidiary of the Company)

Notes:
1. *MedAssist Holding, Inc., USA got merged with MedAssist Acquisition, LLC, a new entity formed as WOS of Firstsource Group USA, Inc., w.e.f. March 31, 2015. Post merger, the name of this entity was changed to MedAssist Holding, LLC.
2. **One Advantage LLC was incorporated as a WOS of First-source Business Process Services, LLC, USA a subsidiary of the Company, during the year. Consequently, One Advantage LLC also became a subsidiary of the Company.

Names of the companies which have become subsidiaries of the Company during the year:
1. One Advantage LLC, USA
2. MedAssist Holding, LLC, USA

Names of the companies which have ceased to be subsidiaries of the Company during the year:
1. MedAssist Holding, Inc., USA

Further, no company has become/ ceased to be a joint venture or associate during the financial year 2014-15.

Report on the Performance and Financial Position of Subsidiaries:
A report on the performance and financial position of each of the subsidiaries as per the Act, in the prescribed format AOC – 1 is annexed to the consolidated financial statement and hence not repeated here for the sake of brevity. The Policy for determining material subsidiaries may be accessed on the Company's website at the link: http://www.firstsource.com/articles/Material-Subsidiary-Policy.pdf

MANAGEMENT DISCUSSION AND ANALYSIS REPORT
Management Discussion and Analysis Report for the year as stipulated under Clause 49 of the Listing Agreement is separately given and forms part of this Annual Report.

REPORT ON CORPORATE GOVERNANCE
The adherence to the corporate governance practices by the Company not only justifies the legal obedience of the laws but dwells deeper conforming to the ethical leadership and stability. It is the sense of good governance that our leaders portray, which trickles down to the wider management and is further maintained across the entire functioning of the Company. The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. The report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement is separately given and forms part of this Annual Report. The requisite certificate from a Practicing Company Secretary confirming compliance of the conditions of corporate governance is attached to the Report on Corporate Governance.

CONSOLIDATED FINANCIAL STATEMENTS
In accordance with section 129(3) of the Act and Accounting Standard (AS) – 21 on Consolidated Financial Statements, the Company has prepared consolidated financial statements of the Company and all its subsidiaries, which form part of this Annual Report.

EXTRACT OF ANNUAL RETURN
The details forming part of the extract of the Annual Return in Form MGT- 9 is annexed herewith as Annexure V.

STATUTORY DISCLOSURES OF PARTICULARS
A) Conservation of Energy
The Company has made progress towards energy conservation across all its delivery centers. The Company is continuously monitoring the earlier initiatives of reducing energy consumption in the computers which are used in its delivery centers. All the CRT monitors were replaced with LCD/TFT monitors and the Physical standalone servers are being replaced by the Virtual Servers and Storages. These initiatives have contributed in reducing energy consumption. The Company, similar to its previous years' initiatives of GREEN IT, continued to replace the normal Desktops with Mini Desktops as the power consumption of mini desktop was 2.5 times less than the power consumed by normal desktops and nearly 5 times less during standby mode. Scripts are being tested out to shut down the Desktops/Thin clients which are not being used for more than 1 hour and would be successfully implemented in coming months which would save lot of energy.

B) Absorption of Technology
The Company has been innovating consistently to absorb newer technology offerings which can benefit business to improve operational efficiency with a cost effective manner. During the year, the Company started using the Hosted Shared Desktops (HSDs) through which with the same hardware, more people can use the shared desktops by sharing the resources more efficiently. The Company also started using new technology, as part of preventing data loss or intrusion due to virus infection, by using offline AntiVirus Software tool, which would help to scan the endpoint with fewer resources. These new technologies have helped the Company to have a cost effective end points with more computing speed.

C) Foreign Exchange Earnings and Outgo Activities relating to exports, initiatives taken to increase exports, development of new export markets for services and export plans.
The Company's income is diversified across a range of geographies and industries. During the year, 49.7% of the Company's revenues were derived from exports. The Company provides BPO services mostly to clients in North America, UK and Asia Pacific region. The Company has established direct marketing network around the world to boost its exports.

FOREIGN EXCHANGE EARNED AND USED

The Company's foreign exchange earnings and outgo during the year were as under:

(Standalone figures in ₹ million)

Particulars	Fiscal 2015	Fiscal 2014
Foreign Exchange earnings	5338.99	4,633.09
Foreign Exchange outgo (including capital goods and imports)	205.66	437.15

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ms. Amrita D.C. Nautiyal, a Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed to this Report as Annexure VI. There is no qualification, reservation or adverse remark(s) in the Secretarial Audit Report.

STATUTORY AUDITORS AND AUDITORS' REPORT

M/s. B S R & Co. LLP, Chartered Accountants, who were appointed as the Statutory Auditors of the Company by the Members at their previous Annual General Meeting (AGM), shall retire on conclusion of the ensuing AGM and are eligible for re-appointment. Members are requested to consider their re-appointment for a period of 2 years from the conclusion of forthcoming Annual General Meeting (AGM) until the conclusion of AGM for the financial year 2016-17, subject to ratification by members at the next AGM, at a remuneration to be decided by Audit Committee of the Board of Directors. The Company has received a letter of confirmation from M/s. B S R & Co. LLP, Chartered Accountants to the effect that their appointment, if made, will be within the limits of Section 139 of the Act.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark. However, there are Emphasis of Matter in the Auditors' Report which are self explanatory.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following matters as there were no transactions on these matters during the financial year 2014-15:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except Employees Stock Option Scheme as referred to in this Report.
3. The Managing Director & CEO does not receive any remuneration or commission from any of its subsidiaries.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134 of the Act, Directors of your Company state and confirm that:

(a) In the preparation of the annual accounts for the financial year 2014-15, the applicable accounting standards have been followed and there are no material departures from the same;

(b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the profit and loss of the Company for year ended on that date;

(c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) The directors had prepared the annual accounts on a going concern basis; and

(e) The directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

(f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENTS

The Directors wish to place on record their sincere appreciation for the support and co-operation extended by all the customers, vendors, bankers and business associates. The Company also expresses its gratitude to the Ministry of Telecommunications, Collector of Customs and Excise, Director – Software Technology Parks of India and various Governmental departments and organisations for their help and co-operation.

The Board places on record its appreciation to all the employees for their dedicated service. The Board appreciates and values the contributions made by every member across the world and is confident that with their continued support, the Company will achieve its objectives and emerge stronger in the coming years.

For and on behalf of the Board of Directors

Sanjiv Goenka
Chairman

Mumbai
May 5, 2015

Annexure I to the Directors' Report

Information required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(i) The Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15 and

(ii) The percentage increase in remuneration of each Director, Managing Director & Chief Executive Officer, Chief Financial Officer and Company Secretary of the Company in the financial year 2014-15.

Name & Designation	Remuneration of each Director & KMP for Financial Year 2014-15 (₹)	% increase/ decrease in remuneration in the Financial Year 2014-15	Ratio of remuneration of each Directors to median remuneration of employees
A. Directors			
Rajesh Subramaniam, MD & CEO	51,560,969*	15.20%	478.90
Sanjiv Goenka, Chairman, NI-NED	120,000	50%	1.11
Ananda Mukerji $, NI-NED	160,000	60%	1.49
Dr. Shailesh J. Mehta $, I-NED	60,000	-67%	0.56
Y. H. Malegam , I-NED	650,000	225%	6.04
Charles Miller Smith, I-NED	650,000	364%	6.04
Donald W Layden Jr., I-NED	270,000	350%	2.51
Pradip Roy, I-NED	520,000	550%	4.83
V. K. Sharma, I-NED	250,000	NA**	2.32
Grace Koshie, I-NED	100,000	NA**	0.93
Shashwat Goenka, NI-NED	220,000	175%	2.04
Haigreve Khaitan $, NI-NED	120,000	200%	1.11
Subrata Talukdar, NI-NED	640,000	167%	5.94
B. Key Managerial Personnel			
Dinesh Jain, President & CFO	15,876,284*	5.05%	Not Applicable
Sanjay Gupta, SVP– Corporate Affairs & CS	6,139,168*	37.23%	Not Applicable

Legends: MD & CEO - Managing Director & Chief Executive Officer; VC - Vice Chairman, NI-NED – Non Independent, Non-Executive Director; I-NED - Independent, Non-Executive Director, CFO – Chief Financial Officer; SVP - Senior Vice President; CS - Company Secretary

Notes:

1. * The remuneration is inclusive of taxable value of perquisite on stock options exercised during the year.
2. ** Details are not given as V.K. Sharma and Ms. Grace Koshie were appointed as Directors in the Financial Year 2014-15 and thus the comparative figures for FY 2013-14 are not available.
3. $ Ananda Mukerji, Haigreve Khaitan and Dr. Shailesh J. Mehta ceased to be Directors w.e.f. August 18, 2014, September 19, 2014 and March 30, 2015 respectively. Accordingly, the remuneration shown above is for part of the financial year 2014-15.
4. The above remuneration includes sitting fees paid to all the Non-Executive Directors of the Company. The sitting fees was increased during the Financial Year 2014-15 from ₹ 20,000 for attending each Board/ Committee Meeting to ₹ 100,000 for attending each Board Meeting and ₹ 50,000 for attending each Committee Meeting.
5. Median remuneration of all the employees of the Company for the financial year 2014-15 is ₹ 107,665.

(iii) The percentage increase in the median remuneration of employees in the financial year 2014-15

	Financial Year 2014 - 15 (₹)	Financial Year 2013 - 14 (₹)	Increase (%)
Median remuneration of all employees	107,665	100,986	6.61

Note: The calculation of % increase in the median remuneration has been done based on comparable employees.

(iv) The number of permanent employees on the rolls of Company

There were 17,127 permanent employees on the rolls of Company as on March 31, 2015.

(v) The explanation on the relationship between average increase in remuneration and Company performance

Profit Before Tax increased by 18.9% and Profit After Tax increased by 21.8% in financial year 2014-15. The market projections indicated a hike ranging from 7-9%. Hence the Company decided to award average increase of 6.61% in the median remuneration of the employees. The Employees received hikes considering the criticality of the roles they play, their individual performance in the Financial Year 2013-14 and skills set they possess. The average increase in median remuneration was inline with the performance of the Company.

(vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company

The total remuneration of Key Managerial Personnel (KMPs) increased from ₹ 64.35 million in the Financial Year 2013-14 to ₹ 73.58 million in the Financial Year 2014-15, an increase of 14.34%, whereas Profit Before Tax increased by 18.9% and Profit After Tax increased by 21.8% in financial year 2014-15.

The increase in the total remuneration of KMPs was based on the overall performance of the Company and the individual performance of the concerned employee during the previous Financial Year.

(vii) Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer

a) The market capitalisation as on March 31, 2015 was ₹ 2,059 crore (₹ 1,663 crore as on March 31, 2014)
b) Price Earning ratio of the equity shares of the Company was 8.91 as at March 31, 2015 and 8.60 as at March 31, 2014
c) Percentage increase or decrease in the market quotations of the shares of the Company as compared to the rate at which the Company came out with the last public offer: The Company had come out with initial public offer (IPO) in 2007 at a price of ₹ 64 per share. The closing price of the Company's Equity share on the National Stock Exchange (NSE) and BSE as on March 31, 2015 was ₹ 30.85 and ₹ 30.90 respectively. The % decrease in share price as on March 31, 2015 at NSE with respect to issue price was 51.8%.

(viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remunertion

Average percentile increase in the salaries of employee other than the MD & CEO in the Financial Year 2014-15 was 6.61% and the increase in the salary of the MD & CEO was 15.20%.

The average increase of 6.61% in the salaries of employees was in line with the market projection, the performance of the Company in the financial year 2013-14, the individual performance of the employees, the criticality of the roles they play and skills set they possess. The increase in the total remuneration of the MD & CEO was linked with the improvement in the overall performance of the Company and his individual performance during the previous Financial Year. The Nomination & Remuneration Committee also compared the Remuneration of MD & CEO with the average CEOs' remuneration prevailing in the Industry and based on that, awarded a onetime market correction in his remuneration.

(ix) The comparison of the each remuneration of Key Managerial Personnel against the performance of the Company during the Financial Year 2014-15 is as under:

	Remuneration of each KMP for FY 2014-15 (₹)	% increase/ decrease in remuneration in FY 2014-15	Comparison of runeration of the KMPs against the performance of the Company
Rajesh Subramaniam , MD & CEO	51,560,969	15.20%	Profit Before Tax increased by 18.9% and Profit After Tax increased by 21.8% in financial year 2014-15
Dinesh Jain, President & CFO	15,876,284	5.05%	
Sanjay Gupta SVP – Corporate Affairs & CS	6,139,168	37.23%	

Notes:
1. The above remuneration is inclusive of taxable value of perquisites on stock options exercised during the year.
2. The increase in the total remuneration of the KMPs is based on the overall performance of the Company and the individual performance of the concerned employee during the previous Financial Year. For MD & CEO, the Nomination & Remuneration Committee awarded a onetime market correction in remuneration, as explained in clause (viii) above.

(x) The key parameters for any variable component of remuneration availed by the Directors

Amongst Directors, the variable component of remuneration is availed by the MD & CEO only, since all other Directors are Non-Executive Directors who are paid only sitting fees for attending the meetings of Board/ Committees. The key parameters for variable component of the remuneration availed by the MD & CEO is decided by the Nomination & Remuneration Committee based on the performance of the Company and the individual performance of the MD & CEO during the previous financial year. This is in line with the Remuneration Policy as approved by the Board.

(xi) The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year

There are no employees of the Company who receive remuneration in excess of the highest paid Director of the Company.

(xii) Affirmation that the remuneration is as per the Remuneration Policy of the Company

Pursuant to Rule 5(1)(xii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is affirmed that the remuneration paid to the Directors, KMPs, Senior Management and other employees of the Company is as per the Remuneration Policy of the Company.

Annexure II to the Directors' Report

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH RULE 5 (2) & 5 (3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Sr. No.	Name	Designation	Remuneration Received (₹)	Qualification	Experience (No. of Years)	Date of Commencement of Employment	Age in years	Last Employment and Designation held by the Employee
A. Employed throughout the Financial Year 2014-15 with a salary of Rupees Sixty lacs or more								
1	Abhishek Singh	SVP - Finance (Group Finance Controller)	6,175,620	PGDM	13	01-Mar-2004	36	Mahindra - British Telecom Ltd, Executive - Finance
2	Arun Tyagi	EVP - Chief Compliance Officer	6,873,697	PGDBM	26	25-Oct-2006	47	American Express India Pvt. Ltd. Manager-Global Re-Engineering
3	Bhupendra Gupta	SVP - Business Transformation	10,175,947	B.E.	21	02-Nov-2010	45	Hewlett - Packard, Global Quality Head
4	Deep Babur	EVP - Finance	10,385,420	CA	19	12-Nov-2002	38	Baxter Healthcare, SVP - Technology
5	Dinesh Jain	President & CFO	15,876,284	ICWA, CA , CS	25	01-Nov-2002	47	ICICI Bank Limited, Chief Manager -III
6	Ganesh Iyer	SVP & Head - Strategy & IR	6,738,694	B.E., PGDBM	18	03-May-2010	41	Cognizant, Practice Lead - BPO Europe
7	K. M. Ponnappa	SVP - Operations	11,275,335	B. Com.	22	14-Dec-2007	43	CLI3L-eServices, Senior Director - Operations
8	Maninder Kapoor Puri	SVP - Training and Service Quality	10,995,279	B.A.	24	03-Jul-2006	42	Accenture, GM
9	Manjunath Srivatsa	SVP - Administration & Physical Security	7,034,482	B.E.	18	08-Jan-2001	43	Solutions Integrated Marketing Services, Project Manager
10	Pradeep Verma	VP - Technology	6,575,086	CISSP	23	21-Nov-2001	49	Emirates Airlines, Senior Network Engineer (Security & Networks)
11	Rajesh Subramaniam	MD & CEO	51,560,969	B.Com., MBA	20	01-Aug-2011	43	Walden India Advisors Private Ltd., MD
12	Sanjay Gupta	SVP - Corporate Affairs & CS	6,139,168	M.COM, FCS, ICWA, LLB	28	19-Jan-2007	50	Reliance Industries Ltd, GM - Secretarial
13	Sanjay Venkataraman	President	26,006,585	B.E.	26	23-Aug-2010	48	Mahindra Satyam Limited, Head - Relationships
14	Satish M	EVP - HR	12,683,245	B.A., MBA	21	11-Feb-2013	43	Total Environment Building Systems, Head - HR
15	Shalabh Jain	EVP - Global Business Transformation	24,395,629	B. Tech, PGDM	24	05-Jul-2010	50	Mphasis, Head - India Business
16	Smita Gaikwad	SVP - Corporate Communications & Marketing	6,140,377	B.A., Diploma In Mass Communication	21	10-Jan-2011	43	WNS Global Services, VP - Corporate Communications
B. Employed for a part of the Financial Year 2014-15 with an average salary of Rupees Five lacs per month or more								
1	Abhay Garg	VP - Solution Design & Transition	5,140,295	B.E., PGDBM	16	23-Apr-2001	43	Exatt Technologies Pvt.Ltd. Business Solutions Manager
2	Gayatri Anandh	EVP - Technology	7,223,279	B-Tech	23	26-Sep-2011	45	Infosys BPO, SVP - Technology
3	Ram Mohan Natarajan	SVP - Business Transformation	5,856,326	B.E., MBA	19	16-Nov-2000	43	Sonata Software, Project Manager
4	Roneeta Mukherjee	GM - HR	1,381,759	MBA	14	15-May-2006	38	Agilent Technologies, Manager -Talent Acquisition
5	Yashwinee G Karkera	SVP - Technology	4,329,707	B.E., MBA	15	19-Aug-2014	40	IBM - India, CIO, India / SA Goup Market

Notes:

1. Remuneration as above includes salary, various allowances, bonus/ performance incentive, taxable value of perquisites (including perquisites on stock options exercised during the year) and Company's Contribution to Provident Fund but excluding provision for gratuity and leave encashment.
2. All appointments are contractual and terminable by notice on either side.
3. None of the employee as mentioned above holds by himself or along with his spouse and dependent children, more than 2% of the equity shares of the Company.
4. None of the employess mentioned above is related to any Director of the Company.
5. Information about qualifications and last employment is based on particulars furnished by the concerned employee.
6. Legends: MD & CEO: Managing Director & Chief Executive Office, MD - Managing Director, CFO - Chief Financial Officer, CIO- Chief Information Officer, CS - Company Secretary, HR - Human Resources, IR - Investor Relations, EVP - Executive Vice President, SVP - Senior Vice President, VP - Vice President, GM - General Manager

For Firstsource Solutions Limited

Sanjiv Goenka
Chairman

Mumbai
May 5, 2015

Annexure III to the Directors' Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be udertaken and a reference to the web-link to the CSR policy and projects or programmes.

The Board of Directors of your Company (hereinafter referred to as the "Board") approved the Corporate Social Responsibility ("CSR") Policy of your Company during the year as recommended by the CSR Committee pursuant to section 135 Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

It is constant endeavour of the Company to work towards building sustainable livelihoods and for the upliftment of the underserved in the society. We wish to transcend the boundaries of conventional business and industry modalities and integrate good business practices with community development. We seek to promote and strengthen the trust of our shareholders, other stakeholders and the public; operating in accordance with good corporate governance and CSR practices which is inherent in the Group's Philosophy. The Group has upheld its tradition of community service across the country and reached out to the underserved in order to empower their lives and provide holistic development. CSR activities and efforts are constantly being made by Group Companies in the core focus areas of providing quality educational support to students from the disadvantaged sections of society; improved access to healthcare services, and awareness building regarding efficient use of energy resources. Thus, we strive to reach out to the community at large and provide services that create holistic development and operate in alignment with the Group's philosophy. With this in view, your Company has framed its CSR Policy called as Firstsource Solutions CSR Policy (the "CSR Policy").

The objective of the CSR Policy is to formalise and institutionalise Company's efforts in the domain of CSR. The CSR Policy shall serve as a guiding document to help identify, execute, and monitor CSR projects in keeping with the spirit of the CSR Policy. Our vision is to be recognised for our strong commitment towards the community and to uphold the values of community service. We seek to be a good corporate citizen in all aspects of its operations and activities. We seek to undertake programmes in the areas of Healthcare, Education, Environment, Arts & Culture, Promotion of Sports as well as support initiatives towards Gender Equality and Empowerment of Women. The CSR at the Company is a platform for giving back to the communities in which we live and work. Our CSR Policy focuses on leveraging the full range of the Company's resources — people, skills, expertise and funding — to broaden access to basic facilities for the underserved in India. As part of its initiatives under CSR, the Company through its employee engagement activities has contributed in a variety of areas. Our Social initiative areas across the geographies include Employee Volunteering, Response to disasters and Participating in popular fundraising events etc. The full details of initiatives taken by the Company in India and in other geographies in which the Company operates through its-subsidiaries on a voluntary basis are given in the Directors' Report under the CSR initiatives section.

The CSR Committee of the Company has identified the following thrust areas around which your Company shall be focusing its CSR initiatives and channelising the resources on a sustained basis:

I Healthcare

a. Setting up Hospitals, health centers and rural dispensaries
b. Providing better sanitation services to the community
c. Collaborating with organisations that deliver localised community healthcare programs and awareness campaigns in nearby villages municipalities
d. Family Welfare

II Education

a. Support technical training institutes, skill development centers, non-formal vocational programmes for the purpose of creating livelihood opportunities, soft skill training etc. to the rural youth
b. Enhancing the access to employment opportunity by providing vocational or special training skills training related to the field of IT enabled services, BPO services etc.
c. Support to or collaboration with technical vocational training institutions for overall self development and capacity building of the youth
d. Undertake adult literacy programmes for the disadvantaged sections of society

III Environment

a. Undertaking tree plantation drives within the community (including taking care of the saplings) and work towards 'Green Belt Development'
b. Undertaking projects such as, provision of sanitary

landfills and / or other environmentally sensitive waste management techniques

c. Disaster Relief: We will support disaster relief efforts through NGOs working in this area where possible

IV Art & Culture

a. Preservation of ancient Indian manuscripts
b. Preserve cultural heritage by protecting the monuments, preserving the archival materials and safeguarding the classical, folk and tribal traditions
c. Maintenance and conservation of the monuments and sites of archaeological and heritage value
d. Promotion of literary, visual and performing arts and preservation of ancient traditions such as ancient Indian musical instruments
e. Collaborate with organisations promoting and propagating Indian art and culture
f. Maintenance, preservation and conservation of archival records and archival libraries
g. Promotion and strengthening of regional and local museums

V Gender equality and women empowerment

a. Building and strengthening partnerships with civil society organisations, particularly women's organisations for spreading awareness in rural areas, regarding the equal rights for women in all spheres – political, economic, social, cultural and civil
b. Empower women by supporting them in the formation of self-help groups and facilitate establishing linkages with financial institutions for availing loans to start small enterprises

VI Contribution to PM's National Relief Fund/ any other fund set up by the Central Government

Weblink to CSR Policy: The Company's CSR policy is posted at the link http://www.firstsource.com/articles/fsl-corporate social-responsibility-policy.pdf

2. The Composition of the CSR Committee:

i) Shashwat Goenka, Chaiman (Non Independent, Non Executive Director)
ii) Rajesh Subramaniam (Managing Director & CEO)
iii) Subrata Talukdar (Non Independent, Non – Executive Director)
iv) Pradip Roy (Independent, Non – Executive Director)

3. Average net profit of the Company for last three financial years: ₹ 912.50 Million

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 18.25 Million

5. Details of CSR spend for the financial year:

a. Total amount spent for the financial year: ₹ 18.25 Million.
b. Amount unspent, if any: Nil
c. Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR Projects/ Activities identified	Sector in which project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount Outlay (Budget) Project or program wise	Amount Spent on the project or programs		Cumulative Expenditure up to reporting period (₹ In Million)	Amount spent: Direct or through implementing agency*
					1. Direct Expenditure on project or programs (₹ In Million)	2. Overheads* (₹ In Million)		
1	Payroll Giving	Education, Environment, Women Empowerment	Mumbai (Maharashtra), Bangalore (Karnataka)	-	0.19	0.01	0.20	1)Through Implementing Agency (Give India) 2) Direct
2	Grow Trees	Environment	Chintamani (Karnataka)	-	0.02	Negligible	0.02	1) Through Implementing Agency (Pangea Econet Assets Pvt. Ltd.) 2) Direct
3	Setting up of Healthcare Unit	Healthcare	Kolkata (West Bengal)		17.13	0.90	18.03	1) Through "RP – Sanjiv Goenka Group CSR Trust" @ 2) Direct
	TOTAL				17.34	0.91	18.25	

Notes:

1. * Restricted to 5% of total CSR expenditure
2. @ As per Companies (Corporate Social Responsibility Policy) Rules, 2104, the Company may decide to undertake its CSR activities as approved by the CSR Committee through a registered Trust. Accordingly, "RP – Sanjiv Goenka Group CSR Trust" ("Group CSR Trust") was formed on February 17, 2015, along with other group companies to pursue CSR activities as mentioned in the CSR Policy of the Company which includes promoting healthcare, education, skill development, livelihood opportunities to improve the overall quality of life, promotion of sports, arts, etc.

RESPONSIBILITY STATEMENT

The Responsibility Statement of the CSR Committee of the Board of Directors of the Company, is reproduced below:
'The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and Policy of the Company.'

Rajesh Subramaniam
Managing Director & CEO

Shashwat Goenka
Chairman, Corporate Social Responsibility Committee

May 5, 2015

Annexure IVA to the Directors' Report

REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

1. PURPOSE

This policy aims to set out the approach to make payment of Remuneration to the Non-Executive Directors, including Independent Directors of Firstsource Solutions Limited ("the Company").

2. OBJECTIVE

The Objective of this Policy is to ensure that

a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Non-Executive Directors of the quality required to run the Company successfully

b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks

3. REMUNERATION TO NON-EXECUTIVE DIRECTORS INCLUDING INDEPENDENT DIRECTORS

(A) Remuneration/ Commission:

The Non-Executive Directors may be paid remuneration as may be approved by the Board of Directors from time to time. The aggregate amount of such remuneration shall not exceed one percent of the net profits of the Company, except with the approval of shareholders in the general meeting, computed as per the applicable provisions of the Companies Act, 2013 and rules framed thereunder. Such percentage shall be exclusive of any sitting fees payable to Non Executive Directors for attending any meeting of the Board or any Committee thereof.

Such remuneration, if approved by the Board and/ or shareholders in general meeting, may be paid either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by another.

(B) Remuneration for Professional Services rendered by any Director:

The remuneration payable to any Director determined in the manner as mentioned in Clause (A) above, if approved by the Board/ shareholders in general meeting, as the case may be, shall be inclusive of remuneration payable to him for the services rendered by him in any other capacity.

However, the remuneration for services rendered by any such Director in any other capacity shall not be so included if:

a) The services rendered are of a professional nature; and

b) In the opinion of the Nomination and Remuneration Committee, the Director possesses the requisite qualifications for the practice of the profession.

C) Sitting Fees:

The Non- Executive Directors including Independent Directors shall receive remuneration by way of fees for attending meetings of Board or Committee(s) thereof, as may be fixed by the Board from time to time. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013 or rules framed thereunder.

The Board of Directors, at its meeting held on August 1, 2014 had decided a sitting fees of ₹ 100,000 to be paid for attending each meeting of the Board and ₹ 50,000 for attending each meeting of a Committee of the Board of which the Director is member, payable to all the Non Executive Directors of the Company.

(D) Reimbursement of Expenses:

Beside the sitting fees, Non-Executive Directors are also entitled for reimbursement of travel, hotel and other incidental expenses incurred by them in the performance of their roles and duties.

(E) Stock Options:

Pursuant to the provisions of the Companies Act, 2013, an Independent Director of the Company shall not be entitled to any stock option of the Company. However, this will have no effect on the vesting and exercise of stock options already granted before the coming into force of this provision and the same shall continue to vest as per the vesting schedule determined at the time of the grant and as mentioned in the Company's Employees Stock Option Policy of the Company.

(F) Refund of Excess Remuneration paid to any Director:

If any Director draws or receives directly or indirectly, any remuneration in excess of the limits prescribed under the Companies Act, 2013 without prior consent of shareholders/ Central Government, where required, he shall refund to the Company, such excess remuneration and until he refunds such sum, he shall hold it in trust for the Company.

The Company shall not waive the recovery of such sum refundable, unless permitted by the Central Government.

(G) Premium on Insurance Taken by the Company:

The premium paid on the Insurance taken by the Company for indemnifying the Directors against any liability in respect of breach of trust for any negligence, default, misfeasance, breach of duty or breach of trust for which they may be found guilty in relation to the Company, shall not be treated as part of remuneration payable to any such Director.

However, if such Director is proved guilty, the premium paid on such insurance shall be treated as part of remuneration.

4. DISCLOSURES

The Company shall disclose in the Board's Report, this Policy and the ratio of the remuneration of each Director to the median employee's remuneration and such other details as may be prescribed under the relevant provisions of the Companies Act, 2013 or as may be mentioned under the Listing Agreement with Stock Exchanges.

5. REVIEW OF THIS POLICY

The Committee will review this Policy, as appropriate, to ensure the effectiveness of this Policy. The Committee will discuss any revisions that are or may be required, and recommend any such revisions to the Board for their consideration and approval.

Annexure IVB to the Directors' Report

REMUNERATION POLICY FOR KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

INTRODUCTION

The purpose of this policy is to define the remuneration policy for employees at all levels.

TERMS & REFERENCES

In this Policy, the following terms shall have the following meanings:

"Board" means the Board of Directors of the Company

"Director" means a Director appointed to the Board of Directors of the Company.

"Key Managerial Personnel" means

(I) the Chief Executive Officer or the Managing Director or the Manager;

(ii) the Company Secretary;

(iii) the Whole-Time Director;

(iv) the Chief Financial Officer; and

(v) such other officer as may be prescribed under the Companies Act, 2013 and appointed as such by the Board

"Nomination and Remuneration Committee" means the Committee constituted by the Board of Directors of the Company in accordance with the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Equity Listing Agreement.

GRADE STRUCTURE

Band/Grades	Titles in Support	Titles in Operations
Associates & Coordinators		
Grades H2, H1, H	Coordinator (H)	Customer Service Associate (H2) Senior Customer Service Associate (H1)
Junior Management		
Grades G, F2, F1	Executive (G) Senior Executive (F2) Assistant Manager (AM) (F1)	Team Executive (G) Process Leader/ Team Leader (F2) Assistant Manager (F1)

Middle Management	
Grades E2, E1, D	Manager (E2) Senior Manager (E1) Deputy General Manager (DGM) (D)
Senior Management	
Grades C, B, A	General Manager (GM) (C) Global Head/ Executive Vice President (EVP)/ Senior Vice President (SVP)/ Vice President (VP) / Head of Department (B) President (A)
Managing Director & CEO	
Grade A	Managing Director & CEO (MD & CEO) Whole Time Director(s) (WTD)

The above is the grade structure followed in most geographies but there might be slight differences in terms of designation in individual geography.

PAY PHILOSOPHY

The Company follows a total compensation approach by which it seeks to attract, retain and motivate employees.

SALARY STRUCTURE

All employee salary structures are a mix of Fixed Components and Variable Pay Components. In the Company, compensation practices differ across levels:

- Associates;
- Non Associates till DGM level and;
- GMs and above.

Level wise, different components of the pay philosophy come into play. The payout of the Variable pay components differs as per levels and is paid out at different frequencies.

a. India

- Salary is administered on a Monthly basis
- The standard components are:

i. Basic
ii. House Rent Allowance
iii. Special Allowance
iv. Flexible Benefit Plan*
v. Medical Allowance
vi. Retiral Benefits**
vii. Performance Bonus (Variable Pay)

Notes:

1. * Under the Flexible Benefit Plan (FBP) as applicable to the senior executives of the Company, Employees can avail the FBP by way of reimbursement towards Medical expenses, Leave Travel Allowance and use of car or reimbursement of expenses in lieu thereof
2. ** Retiral Benefits: (i) Employees and Employers contribute 12% of Basic towards Provident Fund (ii) Employers also contribute as per Gratuity Act, 1972

   These would differ depending on grade of an employee and employees get tax benefit basis the same.

- Variable Pay

	Associates	G & F2 Operations/ Operations' Support	F1 Operations/ Operations' Support	Managers & Above (& Few below Managers in Support)
Eligibility	Fixed Variable Pay Bands as per Business Unit (BU) & Process	Fixed Variable Pay bands as per BU	Fixed Variable Pay Bands as per BU	As a % of Annual Cost to The Company (CTC) ; varies with Grade and CTC
Payout	Monthly Basis Bell Curve for Performance Rating		Half-Yearly	Annual Variable Payout

b. Philippines

- Salary is administered on a Fortnightly Basis
- For all employees there is the Base Pay and in addition there are allowances
  - o Rice Allowance
  - o Gasoline Allowance
  - o 13th Month Pay paid in December
- Gasoline Allowance is not administered for F2 & Below grades and is a taxable component for F1 & above
- Statutory deductions basis salary slabs:
  - o Social Security System
  - o Phil- Health Fund
  - o Pag-Ibig Fund
- Variable Pay

	F2 & Below	AM & Above
Eligibility	10% on Base Pay	7-8% of Base + 13th Monthly Pay
Payout	Monthly Basis Bell Curve for Performance Rating	Annual Variable Payout

c. Sri Lanka

- Salary is administered on a Monthly Basis
- For all employees there is the Base Pay
- They have Provident Fund at 12% of Base Pay which is Employer's Contribution and 8% is Employee's Contribution
- There is also a contribution of 3% towards Employee Trust Fund
- Only F1 grade and above employees have an additional Vehicle/ Transport Allowance
- Variable Pay

	Associates, H – Subject Matter Expert, G – Team Executive & F2 - Senior Executive	Senior Manager & Above
Eligibility	Fixed Variable Bands as per Grade	Basis % on CTC and varies with Grade
Payout	Monthly Basis Bell Curve for Performance Rating	Annual Variable Payout

d. UK and Ireland

- Salary is administered on a Monthly Basis
- For all employees there is the Base Pay
- Pension:

- o Employer's Contribution: 4- 5% of Base Pay
- o Employee Contribution is greater than or equal to 2% of Base Pay
- o Government Contribution is 0.4%
- Variable Pay:

	Associates to Team Leads	Manager & Above
Eligibility	- Different Variable Pay Plans basis Process & Grade - Sales Incentives for Eircom process - Plans are periodic and vary frequently	% on Base Pay which varies with Grade and Role
Payout	Monthly Basis Individual Performance & Targets Met	Annual Variable Payout

e. US

- Salary is administered on a Fortnightly Basis
- For all employees there is the Base Pay
- For Associates there is a slight difference in Healthcare Payer
  - o Even the Base Pay is earned basis performance and is not a fixed component
  - o In case the performance is low for any Associate then a minimum salary that is in line with Minimum Wages (as per law of land in US) is only administered
- Variable Pay

	Associates to Managers in Operations	Some Managers & Above basis role
Eligibility	Plans vary basis BU (eg:- Variable Pay for Collections purely based on total collections closed by the employee)	% on Base Pay and varies with Grade
Payout	- Monthly Basis Individual Performance Criteria & Goal Sheet - Quarterly only for Payer TEs & TLs in Claims & RMO	Annual Variable Payout

ANNUAL VARIABLE PAY STRUCTURE

Some employees get Variable Pay on an annual basis.

- Eligibility:
  - o Managers and above: India, Sri Lanka, Philippines, UK
  - o US: GM+ and employees having Annual Variable Pay
- Variable pay is a part of an employee's CTC
- Payout is linked to financial performance of Company, vertical performance & individual performance
- Variable Pay Pool & Payout is approved by Nomination and Remuneration Committee.
- The Financial Performance is calculated by the Finance Department at the end of the fiscal year
- The Company performance is decided by the Nomination and Remuneration Committee
- Variable Pay Principles formulated and communicated by Corporate Human Resources (HR) Department
- Variable Pay amount is distributed as per Business unit performance
- Employee must be on rolls of the Company at time of payout

LONG TERM INCENTIVE PLANS/ ESOP

a. Eligibility

- Eligibility restricted to SVP & Above and other senior positions - Critical and key employees
- All Grants approved by Nomination and Remuneration Committee
- Granted quarterly basis for New joiners and Annual review for existing employees

b. Vesting Schedule

- 25% after 1 year
- 12.5% after every 6 months till 4 years

c. Exercise Period

- 10 years from the date of grant

INCREMENTS

The Company usually administers hikes in the month of July but this differs depending on geography and employee category and is subject to Board/ Nomination & Remuneration Committee approval.

a. Managing Director & CEO/ Whole Time Directors

- **India**
  - Increments are usually administered in the month of July.

b. Senior Management & KMPs

- **India/ Philippines/ Sri Lanka/ UK**
  - Increments are usually administered in the month of July.
- **US**
  - Increment is administered for employees either on an Annual basis in July or for some employees it is on an anniversary basis.

c. Middle and Junior Management

- **India/ Philippines/ Sri Lanka/ UK**
  - Increment is administered usually in the month of July.
- **US**
  - Employees usually get an increment on an anniversary basis

d. Associates

- **India:**
  - **ACM International:**
    - Less than 1 yr: Associates get redesignated to Senior Customer Service Associates on completion of a year
    - Senior CSA joined before and on 31st Dec 11: Annual Increment is typically administered April.
    - Senior CSA joined on or after 1st Jan 12 Anniversary basis
    - Hike for Associates is basis the change in Minimum Wages
- **Healthcare & Publishing:**
  - Anniversary basis for all Associates
- **Philippines/ Sri Lanka/ UK**
  - Increment is administered usually in the month of July

- **US**
  - Increment is typically administered on an anniversary basis

GOVERNANCE STRUCTURE

a. Annual Hikes & Increment

- Managing Director & CEO and Whole Time Director(s) (if any) – To be approved by Nomination & Remuneration Committee within the overall limit approved by the shareholders in the General Meeting and ceiling on Managerial Remuneration as stated in the Companies Act, 2013 and Rules framed thereunder.
- KMPs – To be approved by Nomination & Remuneration Committee.
- GMs and above - Need to be approved by EVP – HR and SVP- Compensation & Benefits (C&B).
- DGMs and below – To be approved by the Functional/ Operations Head. SVP – C&B needs to be intimated about the same.
- Job based and skill based differentiation – move from level based to position based
- Exceptions have robust process for approvals.

b. Annual Variable Pay

- Variable Pay Principles as formulated and communicated by Corporate HR
- Variable Pay Pool & Payout to be approved by Nomination & Remuneration Committee

c. Long Term Incentive Plan/ ESOP

- All SVPs & Above.
- Other senior positions - Critical and key employees
- All Grants to be approved by Nomination and Remuneration Committee
- Granted quarterly basis for New joiners and Annual review for existing employees.

d. Promotions

- Grade changes for GMs and above need to be approved by EVP – HR and SVP- C&B.
- To be approved by a Committee considering tenure and performance and potential

e. Commission

- Commissions earned based on sales plans, new business deals, revision of existing plans etc. for all grades across geographies need to be approved by EVP – HR and SVP - C&B.
- Calculations for the above along with the approvals have to be shared with the C&B team before the payout.

Annexure V to the Directors' Report

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2015

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS:

1	CIN	L64202MH2001PLC134147
2	Registration Date	6th December, 2001
3	Name of the Company	Firstsource Solutions Limited
4	Category/ Sub-category of the Company	Public Company/ Limited by shares
5	Address of the Registered office & contact details	5th Floor, Paradigm 'B' Wing, Mindspace, Link Road, Malad – West, Mumbai – 400 064 Contact no: (022) 66660888
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any	3i Infotech Limited, Tower #5, 3rd to 6th Floor, International Infotech Park, Vashi, Navi Mumbai – 400 703 Contact no: (022) 6792 8000

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	IT- Enabled Services - BPO	63999	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of Shares held	Applicable Section
1	Spen Liq Private Limited {Wholly Owned Subsidiary (WOS) of CESC Limited}	31 Netaji Subhas Road, PS Hare Street, Kolkata - 700 001 West Bengal	U72900WB1995PTC075089	Holding	56.13%	2(46)
2	CESC Limited**	CESC House, Chowringhee Square, Kolkata - 700 001 West Bengal	L31901WB1978PLC031411	Holding	Nil	2(46)
3	Anunta Tech Infrastructure Services Limited	3rd Floor, Block 5A & 5B, Pritech Park - SEZ, Marathalli, Sarjapur Outer Ring Road, Bellandur, Bangalore- 560103 Karnataka	U72200KA2010PLC055713	Subsidiary	100%	2(87)(ii)
4	Firstsource Solutions UK Limited	Space One, 1 Beadon Road, London W6 0EA, UK	NA	Subsidiary	100%	2(87)(ii)
5	Firstsource Solutions S.A.	San Martin 344, 4th Floor, Buenos Aires, Argentina	NA	Subsidiary	100%*	2(87)(ii)
6	Firstsource Group USA, Inc.	160 Greentree Drive, Dover, Delaware 19904, USA	NA	Subsidiary	100%	2(87)(ii)
7	Firstsource Business Process Services, LLC	160 Greentree Drive, Dover, Delaware 19904, USA	NA	Subsidiary	100%*	2(87)(ii)
8	Firstsource Advantage LLC	C T Corporation System 111 Eighth Avenue, New York 10011 USA	NA	Subsidiary	100%*	2(87)(ii)
9	One Advantage LLC	C T Corporation System 208 SO Lasalle St, Suite 814 Chicago, IL 60604, USA	NA	Subsidiary	100%*	2(87)(ii)
10	MedAssist Holdings LLC	9 East Loockerman, Suite 1B, Dover,Delaware,CountyofKent 19901, USA	NA	Subsidiary	100%*	2(87)(ii)
11	Firstsource Solutions USA, LLC	160 Greentree Drive, Suit 101, Dover,CountyofKent,Delaware 19904, USA	NA	Subsidiary	100%*	2(87)(ii)
12	Firstsource Transaction Services LLC	1661 Lyndon Farm Court, Louisville, Kentucky 40223, USA	NA	Subsidiary	100%*	2(87)(ii)
13	Firstsource BPO Ireland Limited	Stokes Place, Saint Stephen's Green, Dublin 2, Ireland	NA	Subsidiary	100%	2(87)(ii)
14	Firstsource Dialog Solutions Pvt. Ltd.	No. 234, Vauxhall Street, Colombo-2, Sri Lanka	NA	Subsidiary	74%	2(87)(ii)

* Representing aggregate % of shares held by the Company and/ or its subsidiaries

** Spen Liq Private Limited and its holding company, CESC Limited, forms part of Promoter and Promoters Group company respectively as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

1. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	373,976,673	-	373,976,673	56.69	373,976,673	-	373,976,673	56.13	(0.56)
e) Banks/ FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	373,976,673	-	373,976,673	56.69	373,976,673	-	373,976,673	56.13	(0.56)
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**373,976,673**	**-**	**373,976,673**	**56.69**	**373,976,673**	**-**	**373,976,673**	**56.13**	**(0.56)**
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	6,693,089	-	6,693,089	1.01	12,376,022	-	12,376,022	1.85	0.84
b) Banks/ FI	32,380,276	-	32,380,276	4.91	32,380,897	-	32,380,897	4.86	(0.05)
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	2,165,994	-	2,165,994	0.33	-	-	-	-	(0.33)
g) FIIs	24,241,355	-	24,241,355	3.67	60,828,565	-	60,828,565	9.13	5.46
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	**65,480,714**	**-**	**65,480,714**	**9.92**	**105,585,484**	**-**	**105,585,484**	**15.84**	**5.92**
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	31,140,325	-	31,140,325	4.72	21,822,416	-	21,822,416	3.28	(1.44)
ii) Overseas	-	-	-	-	-	-	-	-	-

b) Individual shareholders									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	76,045,864	9,154	76,055,018	11.53	74,115,389	6,054	74,121,443	11.12	(0.41)
Individual shareholders holding nominal share capital in excess of Rs 1 lakh	93,221,721	-	93,221,721	14.13	90,785,443	-	90,785,443	13.63	(0.50)
c) Others (specify)	-	-	-	-	-	-	-	-	-
Foreign Companies	19,860,425	-	19,860,425	3.01	-	-	-	-	(3.01)
Sub-total (B)(2):-	**220,268,335**	**9,154**	**220,277,489**	**33.39**	**186,723,248**	**6,054**	**186,729,302**	**28.03**	**(5.36)**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**285,749,049**	**9,154**	**285,758,203**	**43.31**	**292,308,732**	**6,054**	**292,314,786**	**43.87**	**0.56**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**659,725,722**	**9,154**	**659,734,876**	**100.00**	**666,285,405**	**6,054**	**666,291,459**	**100.00**	**-**

2. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Spen Liq Private Limited	373,976,673	56.69	-	373,976,673	56.13*	-	(0.56)
	Total	**373,976,673**	**56.69**	**-**	**373,976,673**	**56.13**	**-**	**(0.56)**

Note: *There is no change in the total shareholding of promoters between 01-04-2014 and 31-03-2015. The decrease in % of total shares of the Company from 56.69% to 56.13% is due to ESOS allotment of 6,556,583 shares.

3. Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No	Particulars	Shareholding at the beginning of the year (As on 01-04-2014)		Cumulative Shareholding during the year (01-04-2014 to 31-03-2015	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	373,976,673	56.69	-	-
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
3	At the end of the year	373,976,673	56.13*	373,976,673	56.13

Note: *There is no change in the total shareholding of promoters between 01-04-2014 and 31-03-2015. The decrease in % of total shares of the company from 56.69 % to 56.13 % is due to ESOS allotment of 6,556,583 shares.

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4. Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name	Shareholding at the beginning of the year (01.04.2014) / end of the year (31.03.2015)		Cumulative Shareholding during the Year (01.04.2014 to 31.03.2015)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**ICICI Bank Ltd**				
	At the beginning of the year	32,079,803	4.89		
	Increase/ decrease in shareholding during the year @	-	-		
	At the end of the year	32,079,803	4.81@	32,079,803	4.81
2	**Jhunjhunwala Rakesh Radheshyam**				
	At the beginning of the year	25,000,000	3.79		
	Increase/ decrease in shareholding during the year @	-	-		
	At the end of the year	25,000,000	3.75@	25,000,000	3.75
3	**Rathen Investment Company Limited#**				
	At the beginning of the year	19,860,425	3.01		
	Increase/ decrease in shareholding during the year (01-04-2014 to 12-09-2014)				
	Transfer (Market Sale)	- 19,860,425	- 3.01	Nil	Nil
	Shareholding as on 12.09.2014	Nil	Nil	Nil	Nil
4	**BP Equities Private Limited#**				
	At the beginning of the year	2,939,250	0.44		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	644,327	0.09		
	Transfer (Market Sale)	-2,236,052	-0.33		
	At the end of the year	1,347,525	0.20	1,347,525	0.20
5	**Emerging India Focus Funds**				
	At the beginning of the year	2,900,000	0.43		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Sale)	- 807,405	- 0.12	2,092,595	0.31
	At the end of the year	2,092,595	0.31	2,092,595	0.31
6	**Goldman Sachs India Fund Limited**				
	At the beginning of the year	2,472,666	0.37		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	16,587,110	2.49		
	Transfer (Market Sale)	- 3,036,408	-0.46		
	At the end of the year	16,023,368	2.40	16,023,368	2.40

Sr. No.	Name	Shareholding at the beginning of the year (01.04.2014) / end of the year (31.03.2015)		Cumulative Shareholding during the Year (01.04.2014 to 31.03.2015)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7	**Principal Trustee Company Pvt Ltd A/C Principal Mutual Fund Principal Growth Fund#**				
	At the beginning of the year	2,321,980	0.35		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	1,579,110	0.24		
	Transfer (Market Sale)	- 2,321,980	-0.35		
	At the end of the year	1,597,110	0.24	1,597,110	0.24
8	**ING Vysya Life Insurance Company Limited – Pool Account#**				
	At the beginning of the year	2,165,994	0.33		
	Increase/ decrease in shareholding during the year (01.04.2014 to 30.06.2014)				
	Transfer (Market Sale)	- 2,165,994	- 0.33	Nil	Nil
	Shareholding as on 30.06.2014	Nil	Nil	Nil	Nil
9	**Morgan Stanley Asia (Singapore) PTE#**				
	At the beginning of the year	2,067,115	0.31		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	1,775,664	0.26		
	Transfer (Market Sale)	-2,472,754	-0.36		
	At the end of the year	1,370,025	0.21	1,370,025	0.21
10	**Infina Finance Private Limited#**				
	At the beginning of the year	1,860,003	0.28		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Sale)	- 1,860,003	- 0.28	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
11	**DB International (ASIA) Limited***				
	At the beginning of the year	1,200,000	0.18		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	15,839,680	2.38		
	Transfer (Market Sale)	- 400,000	- 0.06		
	At the end of the year	16,639,680	2.50	16,639,680	2.50
12	**Dimensional Emerging Markets Value Funds***				
	At the beginning of the year	1,797,731	0.27		
	Increase/ decrease in shareholding during the year				

Sr. No.	Name	Shareholding at the beginning of the year (01.04.2014) / end of the year (31.03.2015)		Cumulative Shareholding during the Year (01.04.2014 to 31.03.2015)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	Transfer (Market Purchase)	2,669,025	0.40	4,466,756	0.67
	At the end of the year	4,466,756	0.67	4,466,756	0.67
13	**Birla Sun Life Trustee Company Private Limited V/S Birla Sun Life Midcap Fund***				
	At the beginning of the year	973,664	0.15		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	4,978,953	0.75		
	Transfer (Market Sale)	- 1,785,964	- 0.27		
	At the end of the year	4,166,653	0.63	4,166,653	0.63
14	**Merrill Lynch Capital Markets Espana S. A.S. V.***				
	At the beginning of the year	Nil	Nil		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	2,597,746	0.39	2,597,746	0.39
	At the end of the year	2,597,746	0.39	2,597,746	0.39
15	**MV SCIF Maritius***				
	At the beginning of the year	Nil	Nil		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	6,897,725	1.04		
	Transfer (Market Sale)	- 4,717,147	- 0.71		
	At the end of the year	2,180,578	0.33	2,180,578	0.33
16	**Emerging Markets Core Equity Portfolio (THE PORTFOLIO) Of DFA Investment Dimension Group INC (DFAIDG)***				
	At the beginning of the year	308,448	0.05		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Purchase)	1,410,679	0.21		
	At the end of the year	1,719,127	0.26	1,719,127	0.26

Notes:

1. The full details of datewise increase / decrease in shareholding of the Top 10 shareholders are available at the website or the Company at the link: http://www.firstsource.com/us/investors-corporate-governance
2. @ There is no change in the total shareholding during the year. The decrease in % of total share of the Company is due to ESOS Allotment of 6,556,583 shares.
3. # Ceased to be in the list of Top 10 shareholders as on 31-03-2015. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01-04-2014.
4. * Not in the list of Top 10 shareholders as on 01-04-2014. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31-03-2015.

5. Shareholding of Directors and Key Managerial Personnel (KMPs):

Sr. No.	Name	Shareholding at the beginning of the year (01.04.2014) / end of the year (31.03.2015)		Cumulative Shareholding during the year (01.04.2014 to 31.03.2015)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
A)	**Directors**				
1.	**Rajesh Subramaniam, Managing Director & CEO**				
	At the beginning of the year	500,000	0.08		
	Increase/ decrease in shareholding during the year				
	ESOS Allotment	500,000	0.08		
	Transfer (Market Sale)	- 500,000	- 0.08		
	At the end of the year	500,000	0.08	500,000	0.08
2.	**Y. H. Malegam**				
	At the beginning of the year	62,500	0.08		
	Increase/ decrease in shareholding during the year	-	-		
	At the end of the year	62,500	0.08	62,500	0.08
3.	**Ananda Mukerji #**				
	At the beginning of the year	414,300	0.06		
	Increase/ decrease in shareholding during the year (01.04.2014 to 18.08.2014)				
	Transfer (Market Sale)	- 200,000	- 0.03	214,300	0.03
	shareholding as on 18.08.2014 #	214,300	0.03	214,300	0.03
4.	**Charles Miller Smith**				
	At the beginning of the year	245,000	0.04		
	Increase/ decrease in shareholding during the year				
	Transfer (Market Sale)	- 245,000	- 0.04	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
5.	**Dr. Shailesh J. Mehta ##**				
	At the beginning of the year	270,000	0.04		
	Increase/ decrease in shareholding during the year (01.04.2014 to 30.03.2015)				
	ESOS Allotment	735,000	0.11		
	Transfer (Market Sale)	- 280,000	- 0.04		
	shareholding as on 30.03.2015 ##	725,000	0.11	725,000	0.11
B)	**KMPs**				
6.	**Dinesh Jain, President & CFO**				
	At the beginning of the year	167,972	0.02		
	Increase/ decrease in shareholding during the year				
	ESOS Allotment	150,000	0.02		
	Transfer (Market Sale)	- 227,972	- 0.03		
	At the end of the year	90,000	0.01	90,000	0.01

Sr. No.	Name	Shareholding at the beginning of the year (01.04.2014) / end of the year (31.03.2015)		Cumulative Shareholding during the year (01.04.2014 to 31.03.2015)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7.	**Sanjay Gupta, SVP - Corporate Affairs & Company Secretory**				
	At the beginning of the year	34,000	0.01		
	Increase/ decrease in shareholding during the year				
	ESOS Allotment	121,250	0.01		
	Transfer (Market Sale)	-12,000	0.00		
	At the end of the year	143,250	0.02	143,250	0.02

Notes:

1. The full details of datewise increase / decrease in shareholding of the Director and Key Managerial Personnal are available at the website of the Company at the link: http://www.firstsource.com/us/investors-corporate-governance
2. # Ananda Mukerji resigned w.e.f. August 18, 2014
3. ## Dr. Shailesh J. Mehta resigned w.e.f. March 30, 2015
4. The Directors of the Company who have not held any shares at any time during the year, are not shown in the above list.

V. INDEBTEDNESS - Indebtedness of the Company including interest outstanding/ accrued but not due for payment.

(Amount in ₹ millions)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,249.10	690.78	-	1,939.88
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.68	-	-	2.68
Total (i+ii+iii)	**1,251.78**	**690.78**	**0.00**	**1,942.56**
Change in Indebtedness during the financial year				
Addition	36.56*	371.47	-	408.03
Reduction	-	-	-	-
Net Change	**36.56**	**371.47**	**-**	**408.03**
Indebtedness at the end of the financial year				
i) Principal Amount	1,283.96	1,062.25	-	2,346.21
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4.38	-	-	4.38
Total (i+ii+iii)	**1,288.34**	**1,062.25**	**0.00**	**2,350.59**

* Addition is on account of foreign currency fluctuation net of repayment.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Rajesh Subramaniam MD & CEO	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	39,537,973	39,537,973
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	316,259	316,259
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961	-	-
2	Stock Option	10,815,000*	10,815,000
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify…	-	-
5	Others - Medical - Contribution to provident Fund	9,737 882,000	9,737 882,000
	Total (A)	**51,560,969**	**51,560,969**
	Ceiling as per the Act	₹ 77.73 million (being 5% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)	

* Taxable value of perquisite on stock options exercised during the year.

B. Remuneration to other directors

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Dr. Shailesh J Mehta*	Y. H. Malegam	Charles Miller Smith	Donald Layden	Pradip Roy	V. K. Sharma@	Ms. Grace Koshie#	
1	**Independent Directors**								
	Fee for attending Board and Committee meetings	60,000	650,000	650,000	270,000	520,000	250,000	100,000	**2,500,000**
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	**60,000**	**650,000**	**650,000**	**270,000**	**520,000**	**250,000**	**100,000**	**2,500,000**
		Sanjiv Goenka	**Ananda Mukerji****	**Subrata Talukdar**	**Haigreve Khaitan *****	**Shashwat Goenka**	**Pradip Kumar Khaitan$**	-	
2	**Other Non-Executive Directors**								
	Fee for attending Board and committee meetings	120,000	160,000	640,000	120,000	220,000	-		**1,260,000**
	Commission								
	Others, please specify								
	Total (2)	**120,000**	**160,000**	**640,000**	**120,000**	**220,000**	-		**1,260,000**
	Total (B)=(1+2)								**3,760,000** Refer Note 1
	Total Managerial Remuneration (A+B)								**43,614,232** Refer Note 2
	Overall Ceiling as per the Act	₹ 170.99 million (being 11% of the net profits of the Company calculated as per section 198 of the Companies Act, 2013)							

Notes:

1. In terms of the provisions of the Companies Act, 2013, the remuneration payable to directors other than executive directors shall not exceed 1% of the net profit of the Company. The remuneration paid to the directors is well within the said limit.
2. The total managerial remuneration payable to directors, including Managing Director and whole-time Director shall not exceed 11% of the net profits of the Company. The same is within this limit.
3. * Dr. Shailesh J. Mehta has ceased to be a Director w.e.f. March 30, 2015
4. ** Ananda Mukerji has ceased to be a Director w.e.f. August 18, 2014
5. *** Haigreve Khaitan has ceased to be a Director w.e.f. September 19, 2014
6. @ V. K. Sharma has been appointed as a Director w.e.f. November 14, 2014
7. $ Pradip Kumar Khaitan has been appointed as a Director w.e.f. November 14, 2014
8. # Ms. Grace Koshie has been appointed as a Director w.e.f. February 9, 2015

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MANAGING DIRECTOR/ MANAGER/ WHOLE TIME DIRECTOR

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Dinesh Jain President & CFO	Sanjay Gupta SVP – Corporate Affairs & Company Secretary	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11,865,784	4,424,149	16,289,933
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	39,600	32,400	74,000
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	3,581,500*	1,500,939*	5,082,439
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	others, specify…	-	-	-
5	Others - Medical - Contribution to Provident Fund	- 15000 374,400	- 15,000 166,680	- 30,000 541,080
	Total	**15,876,284**	**6,139,168**	**22,015,452**

* Taxable value of perquisite on stock options exercised during the year.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment			**None**		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			**None**		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			**None**		
Compounding					

Annexure VI to the Directors' Report

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Firstsource Solutions Limited
5th Floor Paradigm 'B' Wing, Mindspace, Link Road,
Malad - (West), Mumbai - 400 064

I have conducted the Secretarial Audit of the compliance of statutory provisions applicable to the Company and the adherence to good corporate practices by Firstsource Solutions Limited (hereinafter called as 'the Company') (having registered office at 5th Floor Paradigm 'B' Wing, Mindspace, Link Road, Malad-(West), Mumbai 400 064). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and various returns filed by the Company and records maintained by them and also the information provided by the Company, its officers, Agents and authorised representatives during the conduct of secretarial audit, I hereby express my opinion that, the Company has, during the audit period covering the financial year ended on March 31, 2015, has complied with the statutory provisions mentioned below and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner reported hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015 according to the provisions of:

1. The Companies Act, 2013 ('the Act') and the Rules made there under notified by the Ministry of Corporate Affairs as may be applicable;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
4. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investments, Overseas Direct Investments and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

    (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

    (ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

    (iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not Applicable to the Company for the year under review);**

    (iv) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share based Employee Benefits) Regulation 2014 notified on 28th October, 2014;

    (v) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Company for the year under review);

    (vi) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

    (vii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable to the Company for the year under review); and

    (viii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company for the year under review).

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India **(Not Applicable to the Company for the year under review).**

(ii) The Listing Agreements entered into by the Company with the Stock Exchanges viz BSE Ltd (BSE) and National Stock Exchange of India Ltd (NSE).

I further report that, based on the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

(a) Information Technology (IT) Act, 2000;

(b) Special Economic Zones Act (SEZ), 2005;

(c) Software Technology Parks of India (STPI) rules and regulations.

During the year under review the Company has, in my opinion, complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc mentioned above.

I further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive directors, Non-Executive directors and Independent directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions at the Board Meetings and the Committee Meetings were carried out unanimously as recorded in the minutes of the Board of Directors and minutes of the Committee Meetings as the case may be.

I further report that, based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

(Amrita D.C. Nautiyal)
FCS: 5079
C.P. No.: 7989

Place: Mumbai
Date: May 5, 2015

Annexure A

To,
The Members,
Firstsource Solutions Limited
5th Floor Paradigm 'B' Wing, Mindspace, Link Road,
Malad - (West), Mumbai - 400 064.

Dear Sirs,

My report of the even date has to be read along with this letter.

1. Maintenance of Secretarial/ Statutory Records is the responsibility of the Management of the Company. My responsibility is to express an opinion on these records based on the audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required I have obtained the Management representation about the compliance of laws, rules and regulations and happenings of events etc.

5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standard is the responsibility of management. My examination is limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

(Amrita D.C Nautiyal)
FCS: 5079
C.P. No.: 7989

Place: Mumbai
Date: May 5, 2015

Management's Discussion and Analysis of Financial Condition and Results of 0perations

The following discussion and analysis should be read in conjunction with the Company's financial statements included herein and the notes thereto. The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. The Company's management accepts the responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present the Company's state of affairs and profits for the year. Investors are cautioned that this discussion contains forward-looking statements that involve risks and uncertainties. When used in this discussion, words like 'will', 'shall', 'anticipate', 'believe', 'estimate', 'intend', 'expect' and other similar expressions as they relate to the Company or its business are intended to identify such forward-looking statements. The Company undertakes no obligations to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such statements. Factors that could cause or contribute to such differences include those described under the heading "Risk factors" in the Company's prospectus filed with the Securities and Exchange Board of India (SEBI) as well as factors discussed elsewhere in this report. Readers are cautioned not to place undue reliance on the forward-looking statements as they speak only as on their date of statement.

Information provided in this Management Discussion and Analysis (MD&A) pertains to Firstsource Solutions Limited (the Company) and its subsidiaries on a consolidated basis, unless otherwise stated.

Global Economic Outlook

The global economy, while showing signs of recovery, is still struggling to gain momentum as many countries continue to grapple with various internal and global challenges. Economic challenges in Europe and emerging economies continue to be a cause for concern. Developed countries like the US, the UK, and Germany continue to recover, albeit slowly.

Global growth was lower than initial expectations, with a marginal growth of 0.1 per cent to 2.6 per cent in 2014. Beneath these headline numbers, major economies are faced with a multitude of challenges.

While economic activity in the US and the UK has gathered momentum as labour markets heal and monetary policy remains extremely accommodative. The recovery has been muted in large parts of the Eurozone and Japan, intertwined with structural bottlenecks. China, meanwhile, is undergoing a carefully managed slowdown. Disappointing growth in other developing countries in 2014 reflected not only in weak external demand, but also domestic policy tightening, political uncertainties and supply-side constraints.

Major factors driving the global outlook include soft commodity prices; persistently low interest rates but increasingly divergent monetary policies across major economies; and weak world trade. In particular, the sharp decline in oil prices since mid-2014 will support global economic activity. It will also help offset some of the headwinds to growth in oil-importing developing economies. However, it will dampen growth prospects for oil-exporting countries, with significant regional repercussions.

Overall, global growth is expected to rise moderately, to 3.0 per cent in 2015, and average about 3.3 per cent through 2017. High-income countries are likely to see a growth of 2.2 per cent during 2015-17, up from 1.8 per cent in 2014, backed by gradually improving labour markets, ebbing fiscal consolidation, and low financing costs. In developing countries, as the domestic headwinds that held back growth in 2014 ease and the recovery in high-income countries slowly strengthens, growth is projected to gradually accelerate, rising from 4.4 per cent in 2014 to 4.8 per cent in 2015 and 5.4 per cent by 2017.

Global conditions and the market environment influence the Company's clients' ability to invest and grow. While some sectors like healthcare are not severely affected by economic cycles due to the industry's nature, other industry segments face cyclical and structural issues due to macro-economic conditions prevalent globally as well as locally.

Sector Update

According to the NASSCOM strategic review report, the IT-BPM sector recorded a steady growth in 2014; with worldwide spends at nearly US $ 2.3 trillion, a growth of 4.6 per cent over 2013. Software products, IT and BPM services continued to lead, accounting for over US $ 1.3 trillion – 55 per cent of total spend. While the US remained the largest market, which grew at 4.8 per cent, APAC recorded the highest growth of 5.1 per cent, driven by faster growth in BPM industry services. India continued to hold on to its leadership position in the global outsourcing market, with a share of 55 per cent in 2014. BFSI and manufacturing continued to gain momentum. Emerging verticals like healthcare, telecommunications & media and, government were key growth drivers for IT industry, during the year.

IT services exports are expected to grow at industry rate of 12.6 per cent, driven by value-added services around SMAC (Social, Mobile, Analytics and Cloud) – upgrading legacy systems to be SMAC enabled generating demand for ERP, CRM, mobility and user experience technologies.

BPM segment is expected to grow at 11 per cent, driven by greater automation, expanding omni-channel presence and application of analytics across the entire value chain.

Overall revenue (exports + domestic) for the IT + BPM industry for FY15 is expected to cross US $ 146 billion, a growth of ~13 per cent over the last year, an overall Y-o-Y addition of ~US $ 17 billion. The domestic IT-BPM market is expected to grow by 14 per cent in USD terms to touch $ 48 billion for FY15. This is faster than the average industry growth, and is largely being driven by the booming e-commerce segment, which grew at 33 per cent year-on-year, to become a $14 billion segment.

The dynamics of the BPM industry have shifted from a cost-based to a value-based proposition, with business benefits to clients being paramount than cost reduction. This new paradigm is forcing existing BPM players to move up the value chain and offer services that are transformational in nature. The business landscape has been further altered due to emerging technologies and rapid digitisation. Technologies, such as BPaaS, analytics, mobility, robotics, social media and automation have changed the industry's, established paradigms. The outlook points towards new business models, differentiated growth and expansion to new geographies, verticals and markets.

According to NASSCOM, the global BPM spends grew at 5.5 per cent in 2014, a CAGR (2010-2014) of 5.3 per cent to reach US $ 177 billion. A significant age of growth was led by the US and EMEA market, with growth rates of 5 per cent and 9 per cent respectively, in 2014. While the matured verticals, such as BFSI and Manufacturing contributed to 63 per cent of the spending, emerging verticals, such as Healthcare and Retail contributed to 12 per cent of the spend. According to Nasscom, IDC and the Company estimates, by 2020, the Global BPM addressable market will grow significantly; Healthcare is expected to grow to $80 billion, T&M to $30 billion and BFSI to $150 billion, at a CAGR of 26, 7, and 21 per cent, respectively.

From a horizontal service lines perspective, Customer Interaction Services (CIS) continues to have the largest share at US $ 9.2 billion, followed by F & A at US $ 4.9 billion and knowledge services at US $ 4.7 billion. CIS grew at 8 per cent in FY15, experiencing a shift towards multi-channel integrated services with new business imperatives, such as cloud based services. Shift to CIS due to multi-channel customer interactions, automation, artificial intelligence, is expected to be the game changer going forward. Gartner estimates that the worldwide overall customer management BPO space is expected to grow at a CAGR of 5.1 per cent to reach a market size of US $ 42.3 billion by 2018.

COMPANY OVERVIEW

The Company is a leading global provider of BPM services and is among India's top four pure-play BPM companies. The Company works with Fortune 500, FTSE 100 companies in the US, the UK and India to deliver enterprising business process management services in the Healthcare, Telecommunications & Media, and Banking, Financial Services & Insurance (BFSI) industries. Firstsource's Global Delivery or "Right-shoring" model supports clients from over 47 service facilities, spread across the US, the UK, the Philippines, India and Sri Lanka. With over 25,000 employees currently, Firstsource has a history of delivering business-oriented outcomes to clients in North America, the UK, Asia Pacific and Australia. The Company's clients include six of the Top 10 general-purpose credit card issuers in the US, two of the leading consumer finance companies in the US, the largest retail bank and mortgage lender in the UK, one of the Top 3 motor insurance companies in the UK, a leading Irish bank, one of the statutory compensation providers in the UK, one of the top five private banks and a leading private life insurer in India, the largest pay TV operator in the UK, a leading pay TV operator in Australia, three of the Top 5 mobile service providers in India, one of the top three mobile service providers in the UK, two of the Top 10 telecom companies in the US, the largest telecom company in Sri Lanka, One of the world's largest Media & Entertainment conglomerates, the largest news & broadcasting company in the UK, 5 of the Top 10 Fortune 500 health insurers and managed care companies in the US and over 700 hospitals in the US.

The Company provides a comprehensive range of services to clients in the BFSI, Tele communications & Media and Healthcare sectors across the customer life cycle. The Company delivers innovative and value-added business process management services through a combination of deep domain knowledge, service delivery excellence and, strategic alliances, backed by the right technologies. The Company's presence in each vertical is explained in detail below:

Healthcare

Firstsource addresses two segments within the Healthcare vertical, the Payer market represented by the Insurance companies and the Provider market represented by Hospitals in the US. Both the US healthcare funding and insurance coverage are undergoing significant transformation through the 2010 Affordable Care Act (ACA), which has expanded Medicaid and introduced mandatory health insurance to all Americans. The endeavour is to increase the coverage from approximately 85 per cent of the population to around 95 per cent by 2019, while controlling rising healthcare costs. The healthcare industry is slowly morphing into a service industry, where customer experience is paramount. Companies are devising innovative and cost–efficient ways for patient care. Health systems and insurers are learning more about the 10 million newly insured Americans through the ACA, and how they can compete for that part of the business.

As far as the Payers are concerned, it is expected that they will realign their business and technology priorities to address the health reform related cost-efficiency mandates, by adapting their operating model to leverage health reform compliance and potential opportunities. It is expected that the Payers will have to focus on consumer engagement, business and clinical analytics, new insured members from private and public health insurance exchanges, to make them relevant in the market.

On the Provider side, the evolution of the US health system from volume-base to value-based payment models has prompted Hospital CFOs and administrators to explore outsourcing non-core competencies, like IT and revenue management. It helped, relieve pressure on hospital staff and re-focus efforts on patient care. According to Gartner, the ACA is expected to result in strong growth for the healthcare vertical over the next four years, as BPM spending may exceed US $ 3 billion by 2017, representing a growth rate of 4 per cent.

Outsourcing Revenue Cycle Management (RCM) gives healthcare providers the ability to relieve pressure on their staff. With experts estimating the RCM market to reach $10 billion by 2016, many hospital administrators are taking the outsourcing plunge, looking for end-to-end expertise to streamline RCM operations. According to researchers from Reportstack, eighty three per cent of hospitals, with over 200 beds that outsourced all (or most) of their RCM operations, reported revenue increases of 5.3 per cent in 2014. Seventy eight per cent of hospitals, with less than 200 beds who are nascent to outsourcing RCM, reported average revenue increases of 6.2 per cent in 2014.

Firstsource is uniquely positioned to take advantage of opportunities in the Healthcare Provider and Payer business segments. For the Provider segment, Firstsource offers Revenue Cycle Management, along with Patient Experience Management and Back-office Services. It helps hospitals focus on patient care by handling patient registration, enrolments and visit management. The Company also delivers Eligibility services under the new ACA regime, Reimbursements and Collections services.

In the Payer segment, Firstsource handles customer enrolments and support for Insurance companies, Mailroom Services, Transaction Processing, Claims Adjudication, Data Management, Correspondence and Compliance Processes. The Company also delivers value-added services, such as Six Sigma Consulting, Data Analytics, Process Mapping and Feasibility Assessment, given its expertise in the Healthcare industry.

Revenue from the Company's Healthcare vertical contributed 35.8 per cent to the overall revenues in fiscal 2015, compared to 32.5 per cent in fiscal 2014.

Telecommunications & Media

As far as Telecommunications and Media vertical is concerned, the Company operates across four key sub segments, including mobile / wireless, fixed / wire-line, broadband / high speed internet, and direct-to-home (DTH) / Pay-TV. The Company serves the US, the UK and Australian markets and caters to both consumer and enterprise segments. The UK market and the consumer segment have a dominant share in the Company's overall telecommunications and media revenues.

Firstsource operates across the horizontal service lines of Customer Management, Collections and Transaction Processing in the telecommunications and media space across the UK, the US, India, the Philippines and Sri Lanka.

The telecommunications industry across the world has been in a state of change for the last decade. While the wireline and wireless segments have been impacted differently, the current scenario points to the transformational impact of digitisation (the mass adoption of connected digital technologies and applications by consumers, enterprises, and governments), which continues to drive telecommunications operators' critical strategic and operational decisions. Technology, mobility, and consumer behaviours are constantly evolving, while newer disruptive business models are challenging the traditional communications businesses. Wireless and broadband segments continue to dominate the communications marketshare. This trend governs how telecom companies monetise their infrastructure investments, boost new capabilities, rationalise their product and, service offerings to focus on content and data usage, improve the customer experience, and evolve their business models to improve ARPUs.

In a global environment, characterised by such rapid technology changes, intense competition and pricing pressures, it is critical for companies to focus on effective customer engagement, reduce churn and improve loyalty and advocacy. Technology developments have multiplied the number of interaction channels with the consumers. Now, they include self-help, webchat, videochat, social media, and virtual-assistants, apart from the traditional interaction channels of IVR, phone support, SMS, email and paper correspondence. Investing to deploy an effective omni-channel framework reduces the overall cost to serve for telecom and media organisations. This is done by focusing on customer journeys across different channels, while orchestrating the customer experience across different channels, so that it is seamless, integrated and consistent.

Firstsource works with its clients to develop and implement omni-channel strategies, and interacts with its clients' customers, providing an omni-channel experience. It is seen as a significant operating model in the future.

Revenues from Telecommunications and Media vertical contributed 42.5 per cent to total revenues in fiscal 2015, compared to 44.6 per cent in fiscal 2014.

Banking Financial Services and Insurance (BFSI)

The BFSI vertical with an estimated market size of US $ 150 billion in 2020, represents a mature and large BPO market opportunity. Within the BFSI vertical, the Company operates across four key sub segments including cards, mortgages, general insurance and retail banking. The Company serves the US, the UK and India markets.

The global BFSI market is showing signs of revival, coupled with the structural changes in the regulatory environment. Improving economic conditions are assisting the UK government to continue its divestment programme in some of the nationalised banks. The divestment programme forces banks to become operationally agile and cost competitive to compete effectively in the market. The key strategic considerations for the banking industry globally, while focusing on improving profitability, include a) Balance sheet efficiency b) Growth in consumer base and underlying products per consumer c) Technology upgrades and new investments c) Effective risk and compliance controls d) Data management e) Payments transformation and f) Cyber security. These imperatives are likely to lead to newer, agile and transformative operating models, increasing focus on consumer engagement and process simplification. Financial institutions will increasingly look towards specialist outsourcing firms for assistance during this journey of transformative change. The Company is well placed to work with its clients in this journey, on the basis of the long-standing relationships that it has with large global financial institutions.

Economic growth and improved consumer confidence are fuelling credit card industry optimism. In emerging markets, the growth of the middle class and increased consumer activity represent vast opportunities for cards and payments companies, particularly involving mobile wallet apps. According to a recent issue of The Nielson Report, credit card's share of consumer payment volume is expected to grow from 28 per cent in 2013 to 36 per cent in 2018. The charge-off rates, while continuing to be low are expected to show some momentum. The expectation is that as issuers relax underwriting standards and grow credit lines, charge-off rates will rise towards normal levels. This should then give a fillip to the card industry. The improving economic outlook, with reducing employment levels in the US and the UK will also improve the overall credit card debt inventory levels, assisting an improvement in the charge-off and liquidation rates. As the Company provides late stage debt collection services to credit card issuers, improvement in the macro economic factors augurs well for this business segment of the Company.

As far as the mortgage industry is concerned, the housing market is still in the nascent stages of recovery. The Mortgage Bankers Association predicts that the mortgage interest rates would gradually rise by the end of 2015. Going forward, the housing market will be driven more by underlying economic fundamentals like--job growth, incomes, and household formation, than by macro-economic factors, such as national price crashes. The UK government has introduced many schemes for the first time buyer market to grow which is helping to increase the demand. Strong rental demand is also contributing to the continuing expansion of the buy-to-let sector. The Company has been providing services to the UK mortgage market for over a decade, and therefore, it is likely to benefit from the improving mortgage market in the UK.

Complaints and remediation management, on the back of mis-selling of products like personal pensions, mortgage endowment policies, split capital investment trusts, and payment protection insurance continues to be the focus of regulators in the UK. Banks have set aside substantial provisions to cover fines and compensation payable to the customers. Remediation management continues to provide the Company with the opportunity to partner with banks and insurance brokerages, to help them in resolving customer complaints.

For the global insurance industry, key challenges going forward include rising competition, generally soft pricing conditions and tight profit margins. To effectively surmount these problems, many insurers are investing technological solutions that improve front-end sales, distribution and customer service, and enhance back-end operational efficiency and expense management. Many insurers are investing in digital platforms that strengthen their relationships with customers across all product classifications and geographies. Across all regions, insurers are capitalising on data analytics, cloud computing and modelling techniques to sharpen their market segmentation strategies, reduce claims fraud and strengthen underwriting and risk management. They are also investing in technology solutions to optimise processes, increase collaboration across the enterprise, and demonstrate capital adequacy and financial solvency for regulatory compliance. The Company serves the P&C segment in the UK market and works closely with its clients to improve customer engagement across different interaction channels, consult and implement process simplification re-engineering programmes to improve business outcomes.

As consumer engagement and analytics take centre stage across the BFSI industry, financial institutions are continuously investing in new technologies and channels, to improve consumer experience. Among such new digital channels are websites, self-help, assisted chat-bots, web-chat, social media platforms and mobility applications. These channels help improve customer service by enabling customers use different interaction touch-points, depending on their convenience. The Company works with its clients to provide effective omni-channel engagement for their consumers to help in cross selling of new products, reduce churn and improve advocacy for the client brand. The Company is continuously investing to build analytics solutions as a horizontal capability to serve its clients and gather insights from the large volume of structured and unstructured data that it deals with as part of its ongoing services.

Revenue from the Company's BFSI vertical contributed 21.5 per cent to total revenues in fiscal 2015, compared to 22.6 per cent in fiscal 2014.

Company's delivery capability

The Company services its clients through its global delivery capabilities, both onshore and offshore. The Company has 47 delivery centres across India, the US, the UK, the Philippines and Sri Lanka. It is supported by a robust and scalable infrastructure network that can be tailored to meet its clients' specific needs. Twenty two of the Company's delivery centres are located in India, fifteen are in the US, six are in the UK, three are in the Philippines and one is located in Sri Lanka. This gives the Company proximity to its clients and access to a global talent pool. The Company's Right-shoring model uses most appropriate locations for delivering services, and provides its clients with the best mix of skills and infrastructure.

The Company has grown from 2,188 full-time employees as of March 31, 2003 to 25,285 as of March 31, 2015. As of March 31, 2015, 16,029 of the Company's employees are based out of India, 4,076 are based out of the US, 3,371 are based out of the UK, 1,098 are based out of the Philippines and 711 are based out of Sri Lanka.

Business Strategy

- **Focus on Customer Management and Healthcare segments**

  The Company will focus on expanding its footprint in the Customer Management and Healthcare segments. The Company believes that there is significant potential in these two business segments on the back of an economic recovery in the markets it operates in. Being focussed on these segments will enable the Company to use its resources effectively to leverage the growth opportunities.

- **Strengthen the Business Transformation Office**

  During FY15, the Company has made significant progress in establishing a strong Business Transformation Office (BTO).

  Under the BTO framework, the Company continues to:

- *Strengthen domain expertise and develop deep industry knowledge by building strong Centres of Excellence (CoEs), aided by technology partnerships*

  Domain expertise in the client's industry is a key differentiator in the BPM industry. The Company is extremely focused on strengthening its domain expertise in the Healthcare, Telecommunications & Media and BFSI industries. The Company has proven and differentiated horizontal capabilities in its current business portfolio. These capabilities include Customer Management, Collections and Transaction Processing. The Company has created dedicated CoEs for these three horizontals and intends to expand these capabilities across its target industry verticals. The Company continues to invest heavily in building industry and domain knowledge and establishing knowledge management systems for effective dissemination. The Company will strengthen the CoEs by forging strong technology partnerships with niche product and platform organisations, which will enable the Company to propose niche bundled offerings to its customers.

- *Enhancing Business Value through Productisation*

  With intense competition in Business Process Management (BPM) industry today, there is very little differentiation in the service offerings, leading to commoditisation of services. Firstsource firmly believes the solution to commoditisation lies in Productisation of service offerings. Productisation at Firstsource is the process of creating a differentiated offering with a sustainable and reusable framework that adds business value to the client's business.

  Firstsource has an impressive product portfolio, comprising of productised solutions in Customer Interaction Analytics (First Customer Intelligence), Web Chat (First Chat), Process Automation (First Smartomation), Workforce Management (First WF Suite) and Complaints Management (First Resolve). In the Healthcare Provider segment the Company has recently launched a Revenue Cycle Management product suite, comprising MRES, MPAT and MBOS.

Productisation of services is made possible through inventive technology partnerships, innovative product ideas, along with a sound branding and go-to-market strategy. Firstsource products have been successfully deployed in various processes to deliver enhanced business outcomes, such as improved customer experience, NPS and reduced churn.

- **Consolidate relationships with existing clients**

  In fiscal 2015, approximately 95 per cent of the Company's revenue came from existing customers. Continuous innovation and provision of value-added services continue to help the Company retain and improve its wallet share with customers. Strengthening relationships through robust account plans, delivering superior services is the Company's key focus area to deepen its relationships with clients.

- **Significant in-market investments across sales, marketing, solutioning and new product development**

  The Company will continue to invest in key in-market resources to significantly improve client engagement across various client oriented functions. These investments will help the Company to acquire capabilities in critical functional areas to help shape clients' thinking towards new age operational models, to adjust to the changing market trends. Investments will be made to augment capability in areas of solution design, marketing and new product development.

- **Analytics framework development**

  The Company will continue to build its Analytics solutions, leveraging the product platform of Nanobi, as well as business domain. It will create frameworks along with

  a) improving its own operational effectiveness by generating insights and robust implementation and

  b) creating analytical solutions to deliver business outcomes for its clients.

- **Talent management and leadership development**

  Being a people business, human capital is a core asset for the Company. Various initiatives have been introduced to further improve and strengthen the organisation's performance and talent management framework, imbibing best-in-class processes and practices.

  The Company continues to identify and, nurture talent to build robust succession plans and groom future leaders.

- **Deleverage the balance sheet and continue to expand margins**

  The Company will continue to repay its debt obligations as per the agreed payment schedule with its lenders, reducing the existing debt on its balance sheet. The Company also expects to expand its margins by improving operating parameters and focusing on the business's profitable segments.

Competitive Strengths

The Company believes the following business strengths allow it to compete successfully in the BPM industry:

- **Among the top players in Customer Management**

  The Company provides services to its clients through an end-to-end customer life-cycle management across different industry verticals, i.e, Telecommunications & Media, BFSI and Healthcare. The Company has been able to achieve critical mass, attract the right senior and middle-management talent and, establish key client relationships. It has achieved a track record of operational excellence, and developed robust and scalable global delivery systems.

- **Unique value proposition and leadership position in the Healthcare industry**

  The Company works with both the Payer and Provider segments of the US healthcare industry. Its depth of services, marquee clients, scale, reach and delivery capabilities in the Healthcare industry gives it a competitive edge among BPM players. For the year ended March 31, 2014, 32.5 per cent of the Company's income from services came from the Healthcare industry.

- **Established relationships with large global companies**

  The Company works with several "Fortune 500" and "FTSE 100" companies in the US, the UK and India. The Company's client base also includes over 700 hospitals in the US. Many of these relationships have strengthened over time, as the Company gets on-going work from these clients and gains a greater share of their BPM outsourcing budget.

- **Right-shore delivery model**

  The Company has established a truly global delivery model for its services, with forty seven delivery centres, including twenty two located in India, fifteen in the US, six in the UK and Europe, three delivery centres in the Philippines and one in Sri Lanka. Most customers today are looking for a service partner who can provide a combination of onshore and diversified offshore delivery capabilities. The Company believes its early move in creating this global delivery platform will help drive growth in the future.

- **Diversified business model**

  The Company's income is spread across geographies and industries, and the Company is not overly reliant on a small number of customers. The Company earns revenues from the US, the UK and APAC geographies and services the Healthcare, Telecommunications & Media and BFSI industries.

Conclusion

The implementation of Obamacare (ACA) and structural changes in the US Healthcare market, the multi-channel shift in consumer preferences in Telecommunications & Media and the regulatory and economic activity in the Banking, Financial Services and Insurance segments, provide significant opportunities in the years ahead.

As the importance of gaining insight from various forms of data increases, the significance and value of analytics will increase. Adoption of analytics can provide a tangible competitive advantage, increasing learning and fostering focused change. The Company helps clients to increase their revenues and reduce customer churn through analytical insights. This provides a significant opportunity to increase the value offered, as the Company serves large clients, having significant customer base. Delivering value through analytics-enabled BPM solution will become an important differentiator as multi-channel adoption increases.

The Company has invested in building capabilities in emerging areas like social, mobility, analytics, automation and omni-channel customer interactions. These are expected to drive growth in the Customer Management services, primarily in the BFSI and T&M segments. The new products introduced in the Healthcare segment will enable the Company to increase its addressable market, both in terms of services, as well as customer segments.

In summary, the improving global economy, signs of improving outsourcing trends in BFSI, T&M and Healthcare segments and, focused business strategy to address growing demand make the Company well positioned to grow in the future.

Human Resources

The Human Resource team's goal is to help achieve the organisation's strategic goals and in the process, ensure high engagement and motivation levels. Mature HR processes enable the Company to be agile, responsive to the dynamic global environment and stay relevant to its customers. The speed of change in today's world makes it imperative to focus on forward-looking policies, lean processes, shaping talent for tomorrow, and invest in future-ready systems and applications.

The set of levers used to drive engagement and create a positive impact on discretionary effort of the employees, range from-effective programs for onboarding, benefit plans, day-to-day work and, organisation culture, among others. However, the high impact levers continue to be in the area of learning and development, career and recognition programmes. Learning and development continues to aim at excellence in people, operation and business.

People are an organisation's best asset, and the effort to constantly upskill talents is the essence of a learning organisation. An intensive learning and development framework that addresses individual needs and the organisation's strategic goals was set up and christened as First EDGE Academy. This was a move away from the traditional learning approach to Classroom, Action learning and E-learning approach. It was linked to the growth path of employees, and gave employees the opportunity to earn certifications. The Future Leaders' Initiative was another initiative to identify, develop, retain and leverage the key talent in the organisation. It will also help in establishing the leadership culture that is engaging for people. The Business Leaders' Programme is another avenue, whereby the leaders in the organisation are brought together in cross-functional teams to bring their expertise to organisation critical projects. This not only helps them grow as a leader, but also paves their development journey and enables them to chart out their developmental plan.

Employee engagement and employee retention is critical to the success of any organisation, especially in the industry we operate in. To understand the pulse of the employees, assess their attitude and beliefs about work environment, values and, leadership and highlight focus areas, the Human Resources team rolled out an Employee Satisfaction Survey (ESAT) across Firstsource offices. The survey presented an opportunity to improve the two-way communication process, enhance the organisation's relationship with its employees and gave employees the chance to express their opinions.

Performance Management is a comprehensive process for establishing a shared employee understanding about accomplishments at an organisational level. Improving employee effectiveness and, learning and development to achieve organisational goals and creating a high performance culture is the ultimate objective of the system. Performance Management System in Firstsource is known as ACE. ACE is an acronym for ACHIEVE, CHALLENGE AND ENABLE. The Performance Plan is reviewed and assessed across employee categories at different intervals. The performance driven culture challenges every employee to scale up and grow. A wide range of competency enhancement opportunities, challenging assignments and rotation across units and countries helps employees in their career progression.

CSR at Firstsource is a platform to give back to the communities in which it lives and works. The Company's employees form the foundation of this platform and utilise their skills to engage with the communities around them. The CSR initiatives include providing food for disaster victims, helping collect drinking water for drought stricken families, gifting essential school supplies to children in need and, supporting cancer patients. Conducting charities for the people in need and neutralising carbon footprint by planting trees, also contribute to the Company's CSR initiatives, along with Payroll donations.

Recognition for the team comes by way of being ranked in the business world's biggest employers list. The Company has also been acknowledged as the Most Diverse Workplace at the Welsh Contact Centre Awards 2015. This award establishes the organisation's dedication to understanding the staff's diverse needs and commitments. An employee of Firstsource won the Engagement Support Manager of the Year at the Welsh Contact Centre Awards 2015, demonstrating the passion displayed by the Human Resources team. The work culture at Firstsource has been the Company's driving force and with the strong and stable processes in place, it paves the way for the Company's growth.

Competition

The market for BPM services is rapidly evolving and continues to be highly competitive. The Company expects the competition to intensify. The Company faces different set of competitors in each of its business units.

In the healthcare business the Company primarily competes with:

- Large global IT companies such as Dell, Xerox, HP, CSC, IBM, Accenture;
- Healthcare focused Revenue Cycle Management companies located in the US. such as The Outsource Group, Cymetrix, Emdeon, Parallon, Conifer group etc.
- Healthcare focused offshore BPM providers, particularly in India such as Apollo Health Street, Hinduja Global Solutions, HOV Services;
- Large global diversified receivable management companies such as NCO Group; and
- BPM divisions of IT companies located in India including Wipro and Cognizant

In Telecommunications & Media business the Company primarily competes with:

- Large global BPM companies such as Convergys, Sitel, TeleTech, Sykes, Conduit, Transcom and Accenture etc;
- Telecoms & Media focused onshore BPM providers, particularly in the UK such as Serco, Capita, Web-Help, Vertex, Ventura; and
- BPM divisions of IT companies located in India including HCL, Tech Mahindra, Infosys, Wipro and Concentrix

In the BFSI segment the Company primarily competes with:

- Large UK based BPM companies such as Capita and Serco;
- Large global IT companies located in the US. and Europe such as IBM, Accenture, Dell, Xerox, HP and Capgemini;
- Large global diversified receivable management and collections companies such as NCO Group, and Convergys;
- Credit card collection / recovery focused companies such as iQOR, GC Services, Outsourcing Solutions Inc. (OSI), Epicenter, Zenta, Teleperformance,
- Mortgage focused companies, largely in the UK such as HML
- BFSI focused offshore BPM providers, particularly in India such as Genpact, WNS, EXL; and
- BPM divisions of IT companies located in India including TCS, Infosys, Wipro, HCL
- Captive operations of our clients

In Asia Business Unit the Company primarily competes with:

- BPM divisions of global IT companies in India including IBM and HP
- BPM divisions of top tier audit and consulting firms like KPMG, Deloitte etc.
- Domestic market focused BPM firms such as Serco, Aegis, Hinduja Global Solutions, Spanco, Aditya Birla Minacs;

- National or regional / local BPM is in various states supporting regional Indian languages, including firms such as Kochar Infotech

RISK & CONCERNS, RISK MITIGATION

These have been discussed in detail in the Risk Management report in this annual report.

DISCUSSION ON FINANCIAL POSITION RELATING TO OPERATIONAL PERFORMANCE

Shareholders' funds

Share Capital. The authorised share capital of the Company is ₹ 8,720.00 million with 872 million Equity shares of ₹ 10 each. The paid up share capital as of March 31, 2015 stands at ₹ 6,662.91 million compared to ₹ 6,597.35 million as of March 31, 2014.

The increase in equity share capital of ₹ 65.56 million is on account of allotment of 6,556,583 shares to employees as stock options.

Reserves and Surplus. The Reserves and surplus of the Company decreased from ₹ 14,316.86 millionto ₹ 14,223.26 million. The details of decrease in Reserves and surplus by ₹ 93.60 Millions are as below:

	Amount(₹ million)
Increase on account of :	
Profit for the year less appropriation	2,343.18
Premium received on shares issued during the year	47.45
Exchange Difference on consolidation of non-integral subsidiaries/entities	522.16
Hedging Reserve as per AS 30	684.95
Decrease on account of :	
Adjustment pursuant to the scheme of Merger	3,691.34
Net Increase/(Decrease) in Reserves and surplus	**(93.60)**

Minority Interest

Minority interest is created on account of 74% consolidation of Firstsource Dialog Solutions (Private) Limited, Sri Lanka.

Minority interest as of March 31, 2015 is ₹ 16.31 million as compared to ₹ 14.35 million as of March 31, 2014.

Long-term Borrowings

Secured long-term borrowings represent Term Loan, External Commercial Borrowing and finance lease obligation. Unsecured long-term borrowings represent loan from non-banking financial companies.

Secured long-term borrowings represent Term Loan, External Commercial Borrowing and finance lease obligation. Unsecured long-term borrowings represent loan from non-banking financial companies.

Secured long-term borrowings outstanding as of March 31, 2015 were ₹ 4,109.99 million as compared to ₹ 6,625.28 million as of March 31, 2014. The net decrease was on account of repayment of term loan & External Commercial Borrowings of ₹ 2,551.85 million, partly offset by an increase in finance lease obligation of ₹ 36.56 million and exchange rate movement of ₹ 164.67 million. Unsecured long-term borrowings outstanding as of March 31, 2015 were ₹ 32.99 million as compared to ₹ 16.22 million as of March 31, 2014. The net increase was on account of new loans taken during the year (net of regular installment payment).

Deferred Tax liabilities

Deferred tax liabilities as of March 31, 2015 were ₹ 344.72 million as compared to ₹ 317.17 million as of March 31, 2014. This increase is due to higher depreciation and amortisation which was partially offset by business losses carried forward.

Other Long-term liabilities

Other long-term liabilities as of March 31, 2015 were nil as compared to ₹ 199.53 million as of March 31, 2014.

Long-term provisions

Long-term provisions represent provision for gratuity and compensated absences payable to employees based on actuarial valuation done by an independent actuary. The decrease in long-term provisions from last year is due to decrease in provision for Compensated absences.

Short-term borrowings

Short-term borrowings as of March 31, 2015 were ₹ 3,160.30 million as compared to ₹ 2,458.83 million as of March 31, 2014. The movement is on account of availing export finance of ₹ 345.81 million, overdraft from bank of ₹ 278.22 and exchange rate movement to the extent of ₹ 77.44 million.

Trade payables

Trade payables as of March 31, 2015 were ₹ 932.26 million as compared to ₹ 1,129.31 million as of March 31, 2014.

Other Current liabilities

Other Current liabilities as of March 31, 2015 were ₹ 4,465.08

million as compared to ₹ 4,786.88 million as of March 31, 2014. The decrease in other current liabilities is primarily on account of exchange loss on derivative contracts and advance received from customers which were nil as on March 31, 2015 as compared to ₹ 49.85 million and ₹ 216.78 million respectively as on March 31, 2014.

Short-term provisions

Short-term provisions represent provision for compensated absence payable to employees based on actuarial valuation done by an independent actuary and provision for income tax in India and abroad.

Goodwill

Goodwill as of March 31, 2015 was ₹ 23,336.35 million as compared to ₹ 25,940.39 million as of March 31, 2014.

The decrease in goodwill during the year was ₹ 2,604.04 million. This decrease was due to adjustment pursuant to merger of ₹ 3,691.40 andincrease by ₹ 934.62 million due restatement of balance goodwill on non-integral foreign subsidiaries at year-end exchange rates.

Fixed Assets

The net block of tangible assets, intangible assets and capital work-in-progress amounting to ₹ 1,187.60 million as of March 31, 2015 as compared to ₹1,367.90 million as of March 31, 2014, resulted in a net decrease of the assets to the extent of ₹ 180.30 million. This is majorly due to depreciation charge for the year amounting to ₹ 721.82 million, offset by net additions of ₹ 437.10 million and upward exchange rate impact of ₹ 24.24 million.

Investments

The investments of the company represent non-current investments of ₹ 57.55 million and current investments of ₹ 676.11 million as on March 31, 2015 as compared to ₹ 26.39 million and ₹ 26.00 Million respectively as on March 31, 2014.

Long-term loans and advances

Significant items of loans and advances include payment towards security deposits for various rental premises, capital advances, prepaid expenses, lease rent receivablesand advance income tax paid. The long-term loans and advances of the company as of March 31, 2015 were ₹ 1,169.29 million compared to ₹ 1,160.19 million as of March 31, 2014. This movement in the net amount is mainly due to increase in deposits amounting to ₹ 38.91 million and advance income tax and tax deducted at source amounting to ₹ 36.65 million, offset by decrease in prepaid expenses amounting to ₹ 60.73 million and lease rent receivables amounting to ₹ 5.70 million.

Other non-current assets

The other non-current assets of the company as of March 31, 2015 were ₹ 1,078.51 million as compared to ₹ 918.42 million as of March 31, 2014. This increase of ₹ 160.09 is primarily on account of increase in minimum alternate tax credit carried forward.

Trade receivables

Trade receivables amount to ₹ 2,889.51 million (net of provision for doubtful debts amounting to ₹ 36.71 million) as of March 31, 2015 as compared to ₹ 3,019.26 million (net of provision for doubtful debts amounting to ₹ 22.67 million) as of March 31, 2014. These debtors are considered good and realisable.

The need for provisions is assessed based on various factors including collectability of specific dues, risk perceptions of the industry in which the customer operates and general economic factors which could affect the Company's ability to settle. Provisions are generally made for all debtors outstanding for more than 180 days as also for others, depending on the management's perception of the risk.

Debtors' days as of March 31, 2015 (calculated based on per-day sales in the year) were 35 days, same as of March 31, 2014.The Company constantly focuses on reducing its receivables period by improving its collection efforts.

Cash and bank balances

Cash balance represents balance in cash with the Company to meet its petty cash expenditures. The bank balances in India include both Rupee accounts and foreign currency accounts. The bank balances in overseas current accounts are maintained to meet the expenditure of the overseas subsidiaries and branches. The cash and bank balance as of March 31, 2015 was ₹ 802.29 million as compared to ₹1,863.21 million as of March 31, 2014. This decrease in cash was due to cash used in investing and financing activities mainly for debt service and towards capital expenditure.

Short-term loans and advances

Short-term loans and advances as of March 31, 2015 were ₹ 290.20 million as compared to ₹ 410.28 million as of March 31, 2014. The decrease in short-term loans and advances was mainly on account of decrease in prepaid expenses and other advances.

Other Current Assets

The other current assets of the Company as of March 31, 2015 were ₹ 2,777.96million as compared to ₹ 2,162.48 million as of March 31, 2014. This increase is primarily on MAT credit carried forward of ₹ 149.05 million and Exchange gain on derivative contracts of ₹ 536.82 which were bothnil as on March 31, 2014.

Results of Operations

The table below sets forth, for the periods indicated, certain income and expense items for the Company's consolidated operations:

PARTICULARS	Fiscal 2015		Fiscal 2014	
	₹ Million	% of Income	₹ Million	% of Income
INCOME				
Income from services	30,033.78		31,270.23	
Other operating income	312.74		(211.47)	
Revenue from Operations	30,346.52	100.0%	31,058.76	100.0%
EXPENDITURE				
Personnel Cost	20,171.50	66.5%	21,294.05	68.6%
Other expenses	6,367.40	21.0%	6,143.46	19.8%
Operating EBITDA (Earnings before Interest, Tax and Depreciation)	3,807.62	12.5%	3,621.25	11.7%
Depreciation and amortisation	721.82	2.4%	757.02	2.4%
Operating EBIT (Earnings before Interest and Tax	3,085.80	10.2%	2,864.23	9.2%
Finance charges	710.86	2.3%	851.47	2.7%
Other income	65.23	0.2%	20.04	0.1%
Profit before tax	2,440.17	8.0%	2,032.80	6.5%
Provision for taxation				
- Current tax expense (including MAT)	439.36	1.4%	404.77	1.3%
- Deferred tax charge / (credit)	(8.76)	0.0%	(34.84)	-0.1%
- Minimum alternate tax credit entitlement	(335.20)	-1.1%	(269.04)	-0.9%
Profit after tax before minority interest	2,344.77	7.7%	1,931.91	6.2%
Minority interest	1.59	0.0%	2.29	0.0%
Profit after tax	2,343.18	7.7%	1,929.62	6.2%

Income

Income from services

Income from services decreased by 4.0 per cent to ₹ 30,033.78 million in fiscal 2015 from ₹ 31,270.23 million in fiscal 2014. The company attributes this decline in its income from services to consolidation in large accounts and exits from loss making account. This de-growth was partially complemented by movement incurrency during the fiscal year 2015 as compared to previous fiscal year. The average exchange rate for consolidation of subsidiaries for USD and GBP in fiscal 2015 was ₹ 61.11 per USD and ₹ 98.53 per GBP as compared to ₹ 60.43 per USD and ₹ 96.16 per GBP in fiscal 2014.

Revenue from Operations

The Company's revenue from operations decreased by 2.3 per cent to ₹ 30,346.52 million in fiscal 2015 from ₹ 31,058.76 million in fiscal 2014. On constant currency basis, neutralising the impact of foreign exchange rate movements during the year, the company's revenue from operations declined by 5.3 per cent in fiscal 2015 over fiscal 2014.

Consolidated Revenues by Geography

The Company serves clients mainly in North America (USA and Canada), UK and India. Clients from North America accounted for 49.2 per cent (fiscal 2014: 46.6 per cent), clients from the UK accounted for 35.9 per cent (fiscal 2014:35.6 per cent) while clients in India accounted for 8.2 per cent (fiscal 2014:8.9 per cent) of the income from services in fiscal 2015.

The following table gives a geographic breakdown of the income from services for the corresponding periods:

(₹ In Millions)

	Fiscal Year		
	2015	2014	2013
North America (USA and Canada)	14,795.40	14,583.73	13,133.47
UK	10,778.35	11,135.07	9,724.53
India	2,462.05	2,784.20	2,993.17
Rest of the world	1,997.98	2,767.23	2,589.01
Total	30,033.78	31,270.23	28,440.18

Consolidated Revenues by Industry

Healthcare, Telecommunications & Media and Banking, Financial Services and Insurance accounted for 35.8 per cent, 42.5 per cent and 21.5 per cent of income from services, respectively, in fiscal 2015 and 32.5 per cent, 44.6 per cent and 22.6 per cent of income from services respectively in fiscal 2014.

The following table illustrates a breakdown of the income from services for the periods indicated.

(₹ In Millions)

	Fiscal Year		
	2015	2014	2013
Healthcare	10,762.11	10,164.88	9,007.23
Telecommunications and Media	12,774.84	13,931.75	12,503.89
BFSI	6,442.50	7,072.10	6,736.23
Others	54.33	101.50	192.83
Total	30,033.78	31,270.23	28,440.18

Client Concentration

The following table shows the Company's client concentration by presenting income from the top client and top five clients as a percentage of its income from services for the periods indicated:

(₹ In Millions)

	Fiscal Year			
	2015	%	2014	%
Top client	7,067.87	23.5	6,505.7	20.8
5 largest clients	12,967.98	43.2	14,082.23	45.0
All clients	30,033.78	100.0	31,270.23	100.0

In fiscal 2015, the Company had top client accounting for 23.5

per cent of the income from services compared to top client accounting for 20.8 per cent of its income from services in fiscal 2014.

The Company derives a significant portion of its income from a limited number of large clients. In fiscal 2015, the Company had 10 clients contributing individually over ₹ 500 million each in annual revenues as compared to 11 clients in fiscal 2014. In fiscal 2015 and 2014, income from the Company's five largest clients amounted to ₹12,967.98 million and ₹14,082.23 million respectively, accounting for 43.2 per cent and 45.0 per cent of its income from services respectively. Although the Company continues to increase and diversify its client base, it expects that a significant portion of its income will continue to be contributed by a limited number of large clients in the near future.

Other operating income

Other operating income / (expense) of ₹ 312.74 million in fiscal 2015 pertains to operating income in the nature of grants received in relation to the Company's business in UK of ₹ 67.44 million and exchange gain realised on debtors of ₹ 245.30 million. Other operating income / (expense) of (Rs211.47) million in fiscal 2014 pertains to operating income in the nature of grants received in relation to the Company's business in UK of ₹ 123.73million and exchange loss realised on debtors of ₹ 335.2 million.

Expenditure

Personnel costs

Personnel costs decreased by 5.3 per cent to ₹ 20,171.50 million in fiscal 2015 from ₹ 21,294.05 million in fiscal 2014,although the number of employees decreasedto 25,285 as of March 31, 2015 from 27,666 as of March 31, 2014. As on March 31, 2014, 9,256 employees were employed outside India as compared to 9,739 employees as at end of fiscal 2014. The decrease in cost is attributed to decrease in number of employees across the globe.

Operating costs

Operating costs for fiscal 2015 amounted to 21.0 per cent of the income for that period, as compared to 19.8 per cent of income in fiscal 2014. Operating costs increased to ₹ 6,367.40 million in fiscal 2015 from ₹ 6,143.46 million in fiscal 2014. This increase is attributed to contribution made towards CSR, travel and conveyance, connectivity charges and computer software expenses.

Operating EBITDA (Earnings before Interest, Tax and Depreciation)

As a result of the continuing operations, operating EBITDA increased by ₹ 186.37 million to ₹ 3,807.62 million in fiscal 2015 from ₹ 3,621.25 million in fiscal 2014. Operating EBITDA in fiscal 2015 was at 12.5 per cent of income compared to 11.7 per cent of income in fiscal 2014.

Depreciation

Depreciation costs for fiscal 2015 amounted to 2.4 per cent of the income for that period, same as compared to fiscal 2014. Depreciation decreased year-on-year by 4.6 per centto ₹ 721.82million in fiscal 2015 from ₹ 757.02 million in fiscal 2014.

Operating EBIT (Earnings before Interest and Tax)

Operating Earnings before Interest and Tax (EBIT) increased by ₹ 221.57 million to ₹ 3,085.80 million in fiscal 2015 from ₹ 2,864.23 million in fiscal 2014. Operating EBIT in fiscal 2015 amounted to 10.2 per cent compared to 9.2 per cent in fiscal 2014.

Finance charge

Finance charges for fiscal 2015 amounted to 2.3 per cent of income for that period, as compared to 2.7 per cent of income in fiscal 2014. Finance charges decreased by 16.5 per cent to ₹ 710.86 million in fiscal 2015 from ₹ 851.47 million in fiscal 2014, primarily due to repayment of debt and exchange rate impact on payment of interest during the year.

Other income

Other income increased to ₹ 65.23 million in fiscal 2015 from ₹ 20.04 million in fiscal 2014. The components of other income in fiscal 2015 were profit from the sale / redemption of current investments of ₹ 29.96 million, gain on sale of fixed assets of ₹ 4.75 million, interest income of ₹ 54.61 million, other miscellaneous income of ₹ 1.66 million, offset by foreign exchange loss of ₹ 25.75 million. The components of other income in fiscal 2014 were profit from the sale / redemption of current investments of ₹ 6.93 million, gain on sale of fixed assets of ₹ 39.99 million, interest income of ₹ 27.73 million, other miscellaneous income of ₹ 1.53 million, offset by foreign exchange loss of ₹ 56.14 million.

Profit before tax

Profit before tax increased by 20.0 per cent to ₹ 2,440.17 million in fiscal 2015 from a profit before tax of ₹ 2,032.80 million in fiscal 2014. Profit before tax in fiscal 2015 was 8.0 per cent of the income, as compared to 6.5 per cent of the income in fiscal 2014.

Provision for taxation

Provision for taxation decreased by 5.4 per cent to ₹ 95.40 million in fiscal 2015, from ₹ 100.89 million in fiscal 2014. Income tax expense comprises of current tax, net change in the deferred tax assets and liabilities in the applicable fiscal period and minimum alternate tax credit entitlement.

Current tax expense comprises tax on income from operations in India and foreign tax jurisdictions. During the year, certain centers of the Company had the benefit of tax-holiday under Section 10AA under the Special Economic Zone scheme. Current tax expense amounted to ₹ 439.36 million in fiscal 2015 as compared to ₹ 404.77 million in fiscal 2014.

There was a deferred tax credit of ₹ 8.76 million in fiscal 2015 compared to a deferred tax credit of ₹ 34.84 million in fiscal 2014. Minimum alternate tax for the ITeS industry became applicable effective fiscal 2009, resulting in the Company recording the same as part of the current tax expense and the credit entitlement has been disclosed separately. The Company has recorded minimum alternate tax credit entitlement of ₹ 335.20 million in fiscal 2015 as compared to ₹ 269.04 million in fiscal 2014.

Profit after tax before minority interest

As a result of the foregoing, profit after tax before minority interest increased to ₹ 2,344.77 million for fiscal 2015 from profit after tax before minority interest of ₹ 1,931.91 million in fiscal 2014.

Minority interest

Minority interest was ₹ 1.59 million in fiscal 2015 as compared to ₹ 2.29 million in fiscal 2014. This was due to operating profits in consolidation of Firstsource Dialog Solutions (Private) Limited.

Profit after tax

As a result of the foregoing, profit after tax increased by 21.4 per cent to ₹ 2,343.18 million in fiscal 2015 from profit after tax of ₹ 1,929.62 million in fiscal 2014. Profit after tax in fiscal 2015 was 7.7 per cent of the income, as compared to 6.2 per cent of the income in fiscal 2014.

Liquidity and Capital Resources

Cash Flows

The Company needs cash primarily to fund the technology and infrastructure requirements in its delivery centers, to fund its working capital needs, to pay interest and taxes, to fund acquisitions and for other general corporate purposes. The Company funds these capital requirements through variety of sources, including cash from operations, short and long-term lines of credit and issuances of share capital. As of March 31, 2015, the Company had cash and cash equivalents of ₹ 799.81 million. This primarily represents cash and balances with banks in India and abroad.
The Company's summarised statement of consolidated cash flows is set forth below:

(₹ In Millions)

	Fiscal Year		
	2015	2014	2013
Net Cash flow from Operating activities	2,460.48	3,955.72	1,992.76
Net Cash flow (used in) / from Investing activities	(1,042.41)	(132.84)	5,830.42
Net Cash flow (used in) / from Financing activities	(2,464.49)	(2,864.09)	(8,810.55)
Cash and cash equivalents at the beginning of the year	1,846.23	887.44	1,871.84
Cash and cash equivalents at the end of the year	799.81	1,846.23	887.44

Operating Activities

Net cash generated from the Company's operating activities in fiscal 2015 amounted to ₹ 2,460.48 million. This consisted of net profit after tax of ₹ 2,343.18 million and a net upward adjustment of ₹ 117.30 million relating to various non-cash items and non-operating items including depreciation of ₹ 721.82 million; net increase in working capital of ₹ 1,048.22 million; and income taxes paid of ₹ 510.37 million. The working capital change was due to decrease in trade receivables of ₹ 42.15 million, increase in loans and advances by ₹ 86.97 million and decrease in liabilities and provisions by ₹ 1,003.40 million.

Net cash generated from the Company's operating activities in fiscal 2014 amounted to ₹ 3,955.72 million. This consisted of net profit after tax of ₹ 1,929.62 million and a net upward adjustment of ₹ 1,196.76 million relating to various non-cash items and non-operating items including depreciation of ₹ 757.02 million; net decrease in working capital of ₹ 1,246.58 million; and income taxes of ₹ 417.24 million. The working capital change was due to increase in trade receivables of ₹ 1,392.79 million, increase in loans and advances by ₹ 86.76 million and decrease in liabilities and provisions by ₹ 16.19 million.

Investing Activities

In fiscal 2015, the Company invested ₹ 1,042.41 million of cash into its investing activities. These investing activities primarily included capital expenditure of ₹ 462.56 million, including fixed assets purchased and replaced in connection with the Company's delivery centers in the UK, US and India, and net purchase of money and debt market mutual funds amounting to ₹ 624.26 million. During the year, the Company received interests and dividends amounting to ₹ 33.76 million and sold few fixed assets for ₹ 10.66 million.
In fiscal 2014, the Company generated ₹ 132.84 million of cash from investing activities. These investing activities primarily included capital expenditure payments of ₹ 357.57 million, including fixed assets purchasedand replacedin connection with the Company's delivery centers in the UK, US and Philippines, and net purchase of money and debt market mutual funds amounting to ₹ 19.07 million. During the year, the Company received interest and dividends amounting to ₹ 9.20 million and

sold few fixed assets for ₹ 234.60 million.

Financing Activities

In fiscal 2015, net cash used in financing activities amounted to ₹ 2,464.49 million. This primarily comprised of proceeds from export finance of ₹ 623.77 million and proceeds from issuance of equity shares of ₹ 112.56 million. The company repaid secured loans amounting to ₹ 2,756.68 million and paid interest of ₹ 444.14 million.

In fiscal 2014, net cash used in financing activities amounted to ₹ 2,864.09 million. This primarily comprised of proceeds from export finance of ₹ 662.24 million and proceeds from issuance of equity shares of ₹ 26.55 million. The company repaid secured loans amounting to ₹ 2,747.92 million and paid interest of ₹ 804.96 million.

Cash position

The Company funds its short-term working capital requirements through cash flow from operations, working capital overdraft facilities with commercial banks, medium-term borrowings from banks and other commercial financial institutions. As of March 31, 2015, the Company had cash and bank balances of ₹ 802.29 million as compared to ₹ 1,846.23 million as of March 31, 2014.

RISKS & CONCERNS, RISK MITIGATION

The following risk management report describes various dimensions of enterprise wide risk management practices in the Company. Readers are cautioned that the risk related information outlined here is not exhaustive and is for information purposes only. This report contains forward-looking statements, about risks and uncertainties affecting our business objectives. Our business model is subject to uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Readers are requested to exercise their own judgment in assessing the risks associated with the Company and refer to the prospectus filed with the Securities and Exchange Board India (SEBI) as well as factors discussed elsewhere in this annual report.

In this fast changing dynamic world, every organisation is confronted with a blitzkrieg of risks. Keeping pace with ever changing dynamics of risk landscape, while looking at opportunities to create value for our stakeholders, requires a dynamic governance and risk management function.

In the light of above, your Company has a fully integrated Enterprise Risk Management (ERM) function, which integrates risk management, audit, legal and compliance teams to maximise enterprise value of your Company and ensure high value creation for our stakeholders over a time by implementing-

- Robust governance structure with the help of best-in-class policies, highest level of ethics and code of conduct by leveraging internal resources
- Risk framework, which anticipates high risk and high impact events much in advance to bring down their impact on the Company's key business objectives
- Audit function with audit methodology, benchmarked with industry best practices to ensure adherence to policies, procedures and changing business dynamics
- Compliance framework to ensure highest level of compliance with regulations, laws, client contracts and internal policies and processes

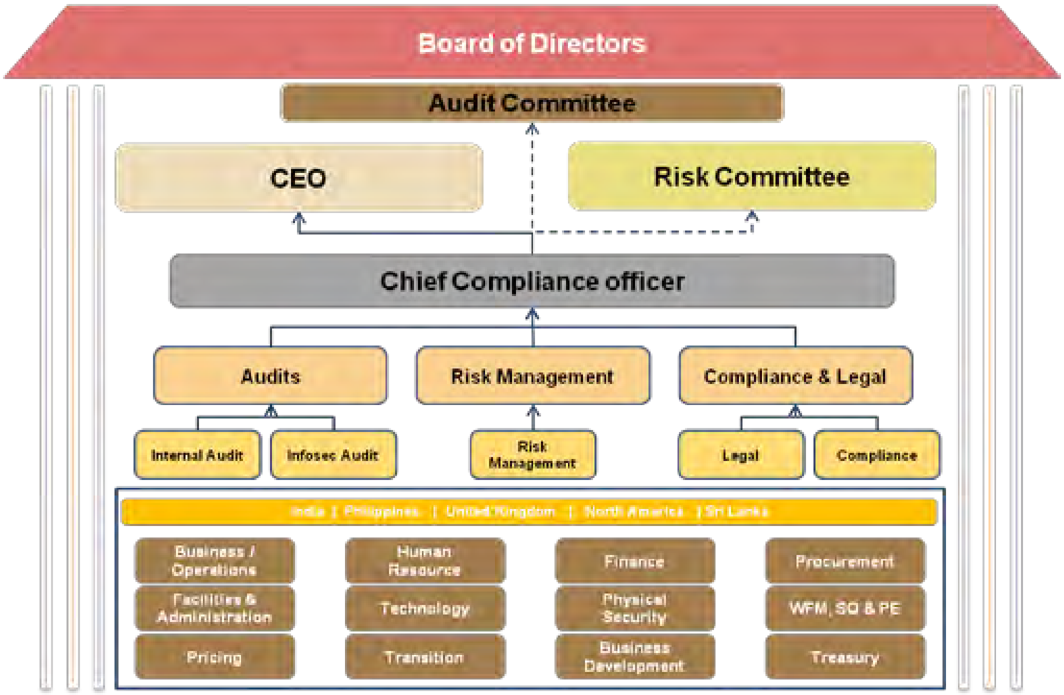
The ERM function supports the Company's objectives in an endeavour to:

- Protect Firstsource and client interests
- Provide assurance to the clients on the safeguards that the Company has implemented to protect confidentiality of its data
- Provide assurance to the board on risk controls
- Evangelise a compliance mindset
- Be a solution architect for risk management

The Company continues to emphasise and build on the need to have robust risk management culture and processes, It continuously strives to update the risk framework as per the changing business needs and objectives.

Governance Structure

ERM function in Firstsource has dedicated teams namely, Risk Management, Contractual Compliance, Legal, Regulatory Compliance, Internal Audit and Information Security Audits who work closely with the business operations and functional teams within Firstsource. Their mandate is to identify, assess, remediate and monitor the risks as per the pre-defined policies and procedures. All teams are independent and they report to the Chief Compliance Officer (CCO), Audit and Risk Committee of the Board with an overall guidance from the Board of Directors.



Roles & Responsibilities

Your Company has defined its roles and responsibilities across the organisation and stakeholders to ensure clear reporting lines, expectation setting and accountability. :-

Level	Roles & Responsibilities
Board of Directors	• Approve key business objectives and ensure that executive management manages risks affecting business objectives
Audit Committee	• Provides oversight on the internal control environment and review of the independent assurance activities performed by the auditors
Risk Committee	• Comprising the CEO, CFO and the CCO, the committee assists the Board in fulfilling its corporate governance oversight responsibilities and monitors and reviews the risk management practices
Business Heads	• Manage risk at unit level that may arise from time to time, in consultation with the Risk Committee and abide by the Company's risk policies
Chief Compliance Officer	• Establishing risk management policies, including defining roles and responsibilities and participating in setting goals for implementation • Reporting to the chief executive on progress and outliers and recommending action as needed
Risk Management Team	• Identifies, assesses, mitigates and monitors risks through risk workshops, risk registers, risk model mapping, developing mitigation strategies rating and publishing risk dashboards
Contractual Compliance	• Drives contractual compliance through a comprehensive contract management framework, covering compliance management, renewals and awareness about contractual obligations
Legal & Regulatory Compliance	• Safeguards organisational interests from legal standpoint, covering litigation management, advisory and driving standards of corporate governance through global ethics and anti-bribery frameworks
Audits	• Provides independent and objective assurance on the controls to the Board and Audit Committee and enables sharing of best practices cutting across geographies, businesses and functions

Our Risk Management Framework :

Firstsource's Risk Management framework is designed and implemented on the basis of recommendations of the 'Committee of Sponsoring Organisations' (globally known as the COSO Framework). This organisation was formed by the Treadway Commission that provides guidance and thought leadership on enterprise risk management, internal controls and fraud deterrence. Risk management at Firstsource seeks to minimise adverse impact of risks on key business objectives. It also enables the Company to leverage market opportunities effectively. There are linkages between risks and key business objectives in such a manner that several risks can impact the achievement of a business objective or one risk can impact achievement of several business objectives. These risks are continuously tracked with the help of Key Risk Indicators (KRI's), defined by the risk management team at the start of each financial year.

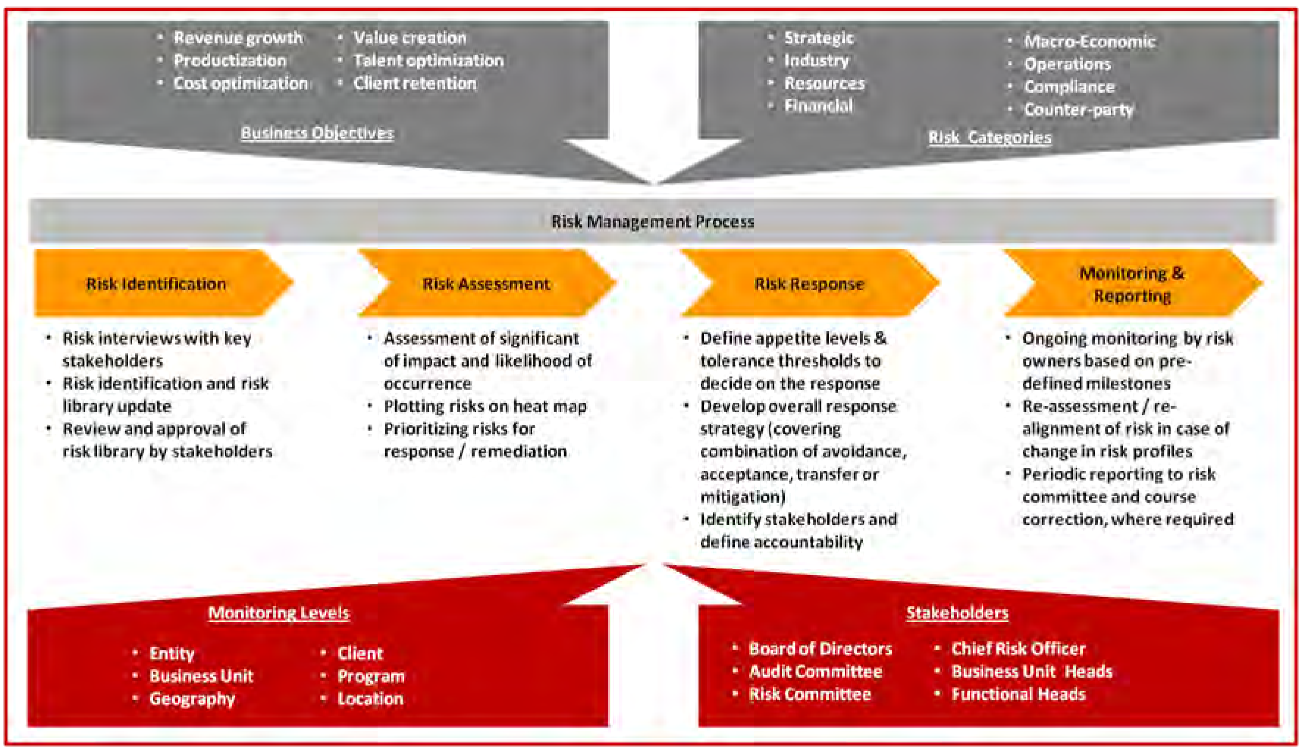
Risk Management Process

Your Company has defined a robust risk management process encompassing:

- Risk identification
- Risk assessment
- Risk response
- Monitoring & reporting.

The risks are identified across the defined risk categories and monitoring levels, taking into consideration the business objectives The stakeholders are at various levels, with clearly defined roles and responsibilities. They take up the response, remediation, monitoring, tracking, reporting and review at defined periodicities.

Risk management framework with embedded risk management process is shown below:



Key Business Risks & Mitigation

Your Company's key business risks and their mitigation measures include:

A. STRATEGY: (Risks arising out of choices we make on markets, resources and delivery model which potentially impact our competitive advantage)

Growth risk:

The Company's revenue mix is highly concentrated on few clients, primarily located in the US and the UK and belonging to specific industry segments. Any sort of economic slowdown / downturn in these economies and industries may affect the Company's business.

Country level risks:

The Company has a global footprint with operations in India, the US, the UK, the Philippines and Sri Lanka. It services clients across North America, Europe, Australia and Asia. Further, the Company's corporate structure also spans multiple jurisdictions, with intermediate or operating subsidiaries and branches, incorporated in India, the US, the UK, the Philippines and Sri Lanka. Consequently, the Company is exposed to various risks, typically associated with conducting business internationally. Many of those risks are beyond the Company's control, such as geographical, political, regulatory risks etc.

The Company has local management teams in all its operating countries and they understand the country specific operating nuances. The Company is also enhancing customer relationships, and has a well-diversified geographic spread to mitigate risks specific to a country or a geography.

B. INDUSTRY / MACRO-ECONOMIC

Fragile global economic recovery

The global economic conditions have been somewhat challenging with slower growth, since the financial crisis. While the recovery is strengthening, it is uneven and downside risks continue to remain. Global economic conditions, such as unemployment rates, economic growth, consumer spending and confidence in recovery affect clients' businesses and markets that they serve. Therefore, the Company's business could be adversely affected by its clients' financial condition and levels of business activity in industries it operates in.

Anticipating, planning and responding to changes in an uncertain economic landscape prove to be a major challenge. The Company believes, its diversified business model across industries, geographies, clients and currencies positions it well for challenges of an uncertain and volatile global economy. North America contributed 49.2 per cent of its income, while the UK contributed 35.9 per cent of its income from services in fiscal 2015. The Company is also present in relatively stable industries, such as Healthcare, which tends to be less prone to recessionary cycles. The Company also continues to focus on rigorous cost control and productivity improvement initiatives to protect operating margins during challenges.

Protectionist sentiments in developed countries

One of the impacts of the global financial crisis and recession has been increased unemployment in the developed countries, such as the US and the UK. The response to this rising unemployment has been the increase in legislation, aimed at protecting domestic industries and jobs. The issue of companies outsourcing services to organisations operating in other countries, such as India, has increasingly become a sensitive topic of intense political discussion in these countries. In the US, there has been anti-offshoring legislations aimed at making offshore outsourcing prohibitive or less attractive. In the UK, there is a prevailing legislation, TUPE (Transfer of Undertakings Protection of Employment) Regulations, based on the European Union Acquired Rights Directive. The UK has also witnessed increased resistance from labour unions against the use of foreign labour.

While protectionism is against the spirit of free trade and could also be counter-productive to the US and the UK industry in the long term, the issue is more political than productive. Such protectionist sentiments impact the quantum of work that can be offshored to delivery destinations, such as India and, the Philippines among others.

The Company recognised early in its evolution that to be a credible player in the global Business Process Outsourcing (BPO/BPM) industry, it would be imperative to have delivery capabilities across the globe. The Company is focused on establishing a delivery model that transcends offshoring benefits, provides the ability to manage operations and deliver process improvement and efficiency by deploying the Right-shore model. The Company has successfully transformed itself from an offshore BPM player to an international BPM player, with significant local delivery presence in the US and the UK. In a protectionist environment, well-established onshore presence has helped in winning more business in the US and the UK, which proves to be a market advantage. The Company derives majority of its revenues from onshore services and its dependence on offshore revenues has considerably decreased over time.

Revenue Share %	FY 12	FY 14	FY 15	Trend
Offshore	22.9%	22.7%	25.0%	↑
Onshore	64.4%	67.7%	66.7%	↔

Among the Indian pure-play BPM companies, the Company was one of the early movers to build strong onshore capabilities with the UK and the US operations. Today, the Company has fifteen delivery centres in the US, six in the UK and employs over 4,000 employees in the US and over 3,300 employees in the UK. The Company is one of the largest foreign investors in the UK BPM sector.

Long selling cycle

The Company has a long selling cycle for its BPM services, which requires significant investment of capital, resources and time, by both clients and the Company. Prior to committing to use the Company's services, the prospective clients require the Company to spend substantial time and resources to present a value proposition, feasibility assessment of systems and process integration between the Company and the client. Therefore, the Company's selling cycle, which can range from months to multiple years, is subject to various risks and delays. Over such risks the Company has little or no control, including its clients' decision to choose alternatives (such as other providers or in-house resources) and the timing of decisions and approval processes.

In any fiscal 98 per cent of revenue comes from the Company's existing clients, where there is opportunity to scale up existing processes in a very short period of time with lesser risks and uncertainties. These quick requirements are typically based on volume expansion at the client's end due to their business priorities, which help in augmenting the Company's revenue in a long run.

The Company has efficient marketing and sales teams across geographies with clearly defined goals. They work on a variety of opportunities, along with an aggressive transition methodology that helps transition new wins fairly quickly into service delivery mode. Most of the contracts with existing clients are on long-term-basis, which ensures sustainable and scalable business from the clients.

Highly competitive environment

The market for BPM services has become highly competitive over the years. The Company competes for business with various companies in each of its business units. These competitors include offshore third party 'pure-play' BPM providers largely in India and the Philippines, local / onshore BPM providers in the US and Europe, BPM divisions of global IT companies and in-house captives of potential clients. There could also be newer competitors entering the market.

The Company understands that it needs to retain and grow its leadership position in the industry. To maintain this competitive edge, the Company makes significant investments in strengthening domain capabilities, process excellence, standardisation, operations and innovation, apart from adhering to global operating standards. The Company also constantly looks to strengthen its ability to attract, train and retain qualified people, compliance rigor, global delivery capabilities, breadth and depth of service offering, price competitiveness, knowledge of industries served, and marketing and sales capabilities, Productisation is one such initiative where the Company is focussing on creating such differentiators. The awards received by the Company are testimony to its efforts to gain mindshare of its clients.

C. FINANCE

Currency volatility

The average Indian rupee / US dollar exchange rate was approximately ₹ 61.11 per \$1.00 in fiscal 2015, which represented a depreciation of the Indian rupee of 1.1 per cent, compared to the average exchange rate of approximately ₹ 60.43 per \$1.00 in fiscal 2014. The average Indian rupee / pound sterling exchange rate was approximately ₹ 98.53 per £1.00 in fiscal 2015, which represented a 2.5 per cent depreciation of the Indian rupee, compared to the average exchange rate of approximately ₹ 96.16 per £1.00 in fiscal 2014. There has been volatility in the exchange rate between INR and GBP; INR and USD in recent years, and these currencies may continue to fluctuate significantly in future as well.

The Company's operating results have been and will continue to be impacted by fluctuations in the exchange rate between the Indian rupee and the British pound; the Indian rupee and the US dollar, as well as exchange rates with other foreign currencies, such as Euro, Philippine Peso, Australian Dollar and the Sri Lankan Rupee.

The Company has significant operations onshore (within North America and Europe), and over the years the Company has also expanded operations in India for service offerings to domestic clients, with no exposure to the currency exchange risk. The Company's cross currency exposure (revenues and cost being in different currencies) is limited to its offshore delivery, spanning across India and the Philippines, catering to international customers. The Company has a dedicated treasury function, which actively tracks the movements in foreign currencies and has an internal risk management policy of proactively hedging exposures for two years ahead. As per the internal guidelines, the Company has been judiciously hedging its net exposures on a regular basis through forward cover contracts.

Revenue concentration risk

The Company relies on a small number of clients for a large proportion of its income, and loss/ discontinuance of any of these clients could adversely affect its revenue and profitability. The Company's top client accounted for 23.5 per cent of its income from services and Top five clients accounted for 43.2 per cent of its income from services in fiscal 2015. Furthermore, major events affecting the Company's clients, such as bankruptcy, change of management, mergers and acquisitions, change in their business model or regulatory factors could adversely impact its business. Moreover, the Company's revenue is highly dependent on clients concentrated in a few industries, as well as clients located primarily in the North America and Europe. Economic slowdown or factors that affect these industries or the macro-economic environment in these countries could adversely impact the Company's business.

The Company recognises this aspect and constantly strives to rebalance its business portfolio in terms of clients, as well as overall industry and geographical exposure. As a result of these ongoing efforts, the Company has managed to reduce the revenue concentration on few clients, as well as the industry- specific exposure. In fiscal 2015, revenue concentration from top five clients reduced to 43 per cent, from 45 per cent in fiscal 2014. During fiscal 2015, the Company derived 42.5 per cent income from services from the Telecommunications and Media industry, 35.8 per cent income from services from the Healthcare and 21.5 per cent income from services from the BFSI industry. North America contributed 49.3 per cent of income from services, followed by the UK, which contributed 35.9 per cent and India contributing 8.2 per cent income from services in fiscal 2015. The management believes that it has a well balanced mix of clients and industries, and going forward, shall continue to assess, evaluate and address the risk of any over dependency.

Customer credit risk

This risk is the possible inability to collect from clients or delays in collection of Company's dues. This could occur due to various reasons, including adverse economic conditions and, clients' business undergoing stress, among others. This could have an impact on the Company's cash receivables and the Company may be required to enhance its short-term line of credit temporarily, to continue its operations.

The Company addresses this risk through several measures, such as constant feedback from finance to sales and delivery teams on amounts due, combined with vigorous follow-up with customers, monthly collection targets and implementation of structured process of collection.

Expiry of certain tax benefits available in India

The Special Economic Zones Act, 2005, or the SEZ legislation, has introduced a new 15-year tax holiday scheme for operations established in designated "special economic zones" or SEZs. The SEZ legislation provides, among other restrictions, that this holiday is not available to operations formed by splitting up or reconstructing existing operations or transferring existing plant and equipment to new SEZ locations. The SEZ legislation has been criticised on economic grounds by the International Monetary Fund (IMF) and the SEZ legislation may be challenged by certain non-governmental organisations. It is possible that, as a result of such political pressures, the procedure for obtaining benefits under the SEZ legislation may become more tedious, types of land eligible for SEZ status may be further restricted or the SEZ legislation may be amended or repealed. Moreover, because this is a relatively new legislation, there is continuing uncertainty as to the governmental and regulatory approvals required to establish operations in the SEZs or to qualify for the tax benefit.

The Company already has one delivery centre in each SEZ in Bangalore and Mumbai, and is in the process to identify additional qualifying locations in India that will be eligible for the SEZ benefits, going forward.

Pricing risk

Many of the Company's contracts are long term in nature and consequently, the pricing is negotiated, based on prevailing conditions at the time the contract was agreed upon. With the rising trend of salaries getting increased at entry and mid-level, the Company may find it difficult to serve the client at the negotiated price. Increase in employee costs, without corresponding increases in pricing or productivity related improvements would adversely affect the profitability.

Alternatively, if the Company is unable to price its contracts as competitively as possible, it may lose business opportunity which shall result in lower revenue growth. Various other external factors, such as technology obsolescence, client facing pressures due to market conditions or regulatory changes, M&A activity within the industry can also contribute to pricing risk.

The Company addresses this risk through various methods including managing the employee pyramid through voluntary and involuntary attritions, automating many processes and leveraging technology. Keeping abreast of market conditions to study the impact on client businesses, analysing technology advancements that impact consumer behaviour are some of the measures which help to improve and favourably position the services provided by the Company to mitigate pricing risk to an extent.

D. OPERATIONS

Non-renewal of client contracts

The Company's key personnel continue their efforts in maintaining existing accounts and acquiring new clients. It is the Company's constant endeavour to try to grow existing client businesses, as well as add new clients to the portfolio. The contracts are of varying duration, between one and five years. At the expiry of the term, contracts are tendered through a procurement process. Non-renewal may significantly affect the Company's revenues.

The Company recognises that providing excellent services and constant value addition are critical to ensuring a high chance of contractual renewal at the expiry of the term. The Company's sales and account management teams constantly strive to enhance their relationships with the key stakeholders to favourably position the Company's services.

Data privacy risk

As part of services offered to its clients, the Company handles confidential data, including IP by employees / contract employees. Any leakage of any type of confidential information has an adverse impact on the Company's reputation its business.

The Company addresses this risk through a very strong and robust Information and Data Security process that is applicable to all its offices and employees. Various delivery centres are ISO 27001 certified, which is an international standard on Information Security Management System (ISMS). Awareness regarding importance of data privacy is emphasised through snippets during training and regular on-the-job programmes. Audits are conducted on a periodic basis and any non-conformance observed is fixed immediately. The Company adopts a Zero Tolerance policy towards non-compliance of this framework. No external web access, and email are provided to any employee, who has got access to confidential information.

Risks due to natural or man-made disasters

As the industry is highly people centric, any delay in delivery due to natural or man-made disasters like earthquake, typhoon / flood, tsunami, fire, bomb blasts and, terrorist attacks, among others, may affect the Company's services. Further, since such disasters affect economic development, the growth of services from clients may also suffer, which in turn will impact the Company's growth forecast.

As such disasters are uncontrollable beyond an extent, the Company implements robust disaster and business continuity strategies during such unforeseen events, Such strategies can help to bring down the effect of these events to some extent on the Company's service delivery.

E. HUMAN RESOURCES

Risk related to attrition

BPM industry is a labour intensive industry and the Company's success depends on its ability to retain key employees. Historically, high employee attrition has been common in BPM industry, and the Company also experiences high level of attrition at times. It has an impact on the Company's operating efficiency and productivity, and thus profitability.

The Company is taking several new initiatives to reduce employee attrition, including engaging external consultants, driving better employee engagement, ongoing focus on first time supervisory training and, using targeted compensation measures among others. There is an enhanced focus on performance management, career development and growth, job rotation and talent management within the Company to assist in retention.

Risk related to ability to recruit employees and wage costs

Signs of stabilisation and a possible gradual recovery in the global economy, demand and competition for qualified employees continue to increase and are expected to remain high. Significant competition among employees could have an adverse effect on the Company's ability to recruit, and thus expand its business and service its clients, as well as cause it to incur higher personnel expenses and training costs. Considering salaries and related benefits of employees are significant costs in the BPM industry, pressure on wages will reduce the Company's profit margins and competitive advantage in the long term.

The Company has developed innovative recruitment channels and practices to mitigate these risks. These include, strong employee referral programmes, which contribute to more than one third of the overall hiring requirements. The Company also invests considerable efforts in establishing Firstsource as an employer of choice and participates in several career events to strengthen the Firstsource brand and get access to talent.

Risk related to our leadership team

The Company's future success substantially depends on the continued service and performance of the senior leadership team. The Company's leadership team has business and technical capabilities including industry expertise that are difficult to replace.

The Company ensures that it provides a motivating and learning environment to its leadership team, coupled with remuneration and other perquisites in line with market practices. This helps keep them engaged, so that they continue to contribute to the Company's profitability.

F. GOVERNMENT REFORMS AND POLICIES Reforms in the US Healthcare Industry (Affordable Care Act)

One of the fundamental goals of the US healthcare reform, commonly referred to as the Affordable Care Act (the Patient Protection and Affordable Care Act (P.L. 111-148) and the Healthcare and Education Reconciliation Act of 2010 (P.L. 111-152)), is to make health insurance coverage affordable for everyone. In the second year of individual coverage through federal and state exchanges, the industry has seen a substantive increase in the insured population, in addition to expansion of Medicaid in just over half of the states. The states are moving towards a more streamlined Medicaid initial enrolment and re-enrolment process. The later efforts pose a risk for a portion of the Company's healthcare business that thrives on enrolling eligible individuals into a state sponsored Medicaid plan.

While the reduced eligibility volume over time may have a negative impact on the Company's eligibility services revenue, the increase in insured individuals through federal or state facilitated health insurance exchange market places creates an opportunity to potentially grow the Company's balance after insurance (BAI) services. This potential upswing in balance after insurance services would be at risk, if there is disruption or collapse of the individual exchange market created by the Affordable Care Act resulting from a ruling against the US Federal government in a recently argued Supreme Court case, King v. Burwell.

The Company is prepared to counter these risks with the launch of end-to-end revenue enhancement solutions. Through white label partnerships and home grown infrastructure, the Company recently launched MRES™ (MedAssist Revenue Enhancement Solutions). It integrates technology with services to provide end-to-end revenue cycle management solutions to the market.

The US healthcare reform also presents a growth opportunity for the Company in several ways. The health insurance industry is going through a significant shift from a B2B model to a B2C model. This has resulted in an increased demand for customer relationship and consumer orientation services. The Company is well positioned to take advantage of this shift, by cross-selling its Customer Management (Contact Centre) capabilities to the healthcare market. As employers and individuals look for more cost-effective insurance products and alternative payment models, the Company expects to see new players enter the health insurance and third party administrator markets with new delivery models. To address this market, the Company has partnered with technology companies to provide end-to-end administrative, infrastructure and services/ solutions to the healthcare industry.

G. COMPLIANCE

Compliance & regulatory risks in various geographies

As the Company has grown in size, geographic presence and customer base, exposure to various regulatory and compliance risks has also increased. The Company's operations and clients are spread across multiple geographies and are governed by various regulations, or government guidelines. Breach of any of these regulatory provisions can attract regulatory inspection, notices, penalty, and revocation of permits or licenses, among others. Clients may require the Company to perform services that will enable them to comply with applicable regulations and any breach can also cause significant reputation risk for the Company, along with legal liability and loss of stakeholder confidence.

Firstsource has implemented a robust Regulatory & Contractual Compliance framework to identify, assess, monitor, control, and report compliance status against laws and regulations specific to the country, it operates in and the client specific work in a consistent manner, for its business across the globe. Risk committee provides oversight to the Regulatory policy and compliance framework.

The framework ensures that compliance ownerships are aligned, responsible personnel are aware, compliance status is reported and necessary actions are taken to comply. All laws and regulations are verified for applicability, detailed at the provision level and tracked for compliance at the function and location.

Report On Corporate Governance

Corporate Governance is not merely the compliance of a set of regulatory laws and regulations but is a set of good and transparent practices that enable an organization to perform efficiently and ethically to generate long term wealth and create value for all its stakeholders. It goes beyond building and strengthening the trust and integrity of the Company by ensuring conformity with the globally accepted best governance practices. The Securities and Exchange Board of India (SEBI) observes keen vigilance over governance and fulfillment of these regulations in letter and spirit, which entails surety towards sustainable development of the Company, enhancing stakeholders' value eventually.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

At Firstsource Solutions Limited, ('the Company'), the adherence to the Corporate Governance practices not only justifies the legal obedience of the laws but dwells deeper, conforming to the ethical leadership and stability. It is the sense of good governance that our leaders portray which trickles down to the wider management and is further maintained across the entire functioning of the Company. Your Company envisages the importance of building trust and integrity through transparent and accountable communication with the internal and external stakeholders as well as the customers of the Company. This involves keeping the stakeholders of the Company updated on a timely basis about the development, the plans and the performance of the Company with a view to establish the long term affiliations. The Company keeps itself abreast with the best governance practices on the global front, at the same time conforming to the recent amendments.

The Board of Directors fully supports and endorses the Corporate Governance practices in accordance with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges and the Voluntary Corporate Governance Guidelines to ensure good Corporate Governance practices across the Company in letter and in spirit. The Company has complied with all the mandatory requirements of the said clause and listed below is the status with regard to the same

BOARD OF DIRECTORS

The Board of Directors ("the Board") of your Company provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company. The Board plays a crucial role of piloting the Company towards enhancement of the short and long term value interests of the stakeholders. The Board comprises of the members distinguished in various fields such as management, finance, law, marketing, technology and strategic planning. This provides reliability to the Company's functioning and the Board ensures a critical examination of the strategies and operational planning mechanisms adopted by the management across the globe.

The Company has an optimum combination of Directors on the Board and is in conformity with Clause 49 of the Listing Agreement. As on March 31, 2015, the Board comprised of 11 experts drawn from diverse fields/ professions of which 10 are Non-Executive Directors and 1 is Executive Director. 6 out of 11 Directors are Independent Directors.

Agenda papers of the Boards and its Committee meetings are circulated to the Directors well in advance of the meetings, supported with significant information including that as enumerated in Annexure X to Clause 49 of the Listing Agreement for an effective and well-informed decision making during the meetings.

The Board meets at regular intervals to discuss and decide on Company's business policy and strategy apart from other normal business. During the Financial Year 2014-15, 4 Board Meetings were held on May 2, August 1, & November 14 in 2014 and on February 9 in 2015. Time gap between any two meetings was not more than 120 days.

Details of the composition, category of the Directors, their attendance at the Board Meetings held during the year & Annual General Meeting (AGM) held on August 1, 2014, Directorships and Committee Memberships are as under:

Name of the Director	Category	No. of Board Meetings Attended during the year	No. of Equity Shares held as on March 31, 2015	Attendance at previous AGM Held on August 1, 2014 (Y-Yes, N-No)	Directorships in other Public Companies as on March 31, 2015*	Committee Chairmanships/ Memberships/ in other Public Companies as on 31.03.2015**	
						Chairmanships	Memberships
Sanjiv Goenka, Chairman @ +	NI- NED	2	-	N	9	2	2
Rajesh Subramaniam Managing Director & CEO	ED	4	500,000	Y	1	-	-
Y. H. Malegam	I-NED	4	62,500	Y	4	3	2
Charles Miller Smith	I-NED	4	-	Y	-	-	-
Donald W. Layden Jr.	I-NED	3	-	Y	-	-	-
V. K. Sharma $	I-NED	2	-	NA	1	-	-
Ms. Grace Koshie $$	I-NED	1	-	NA	1	-	1
Pradip Roy	I-NED	4	-	Y	7	1	6
Shashwat Goenka @+	NI-NED	2	-	N	3	-	-
Subrata Talukdar @	NI-NED	3	-	Y	9	2	3
Pradip Kumar Khaitan ++	NI-NED	-	-	NA	9	-	4
K. P. Balaraj #	I-NED	-	NA	NA	NA	NA	NA
Ananda Mukerji ##	NI- NED	2	NA	N	NA	NA	NA
Haigreve Khaitan%	NI-NED	2	NA	N	NA	NA	NA
Dr. Shailesh J. Mehta%%	I-NED	-	NA	N	NA	NA	NA

Legends: I-NED: Independent- Non- Executive Director, NI- NED: Non Independent – Non Executive Director, ED: Executive Director

* The Directorships of other Indian Public Limited Companies only have been considered. Directorships of Foreign Companies, Section 8 Companies and Private Limited Companies have not been considered.

**Memberships/Chairmanships in Audit Committee and Stakeholders Relationship Committee only of other Indian Public Limited Companies have been considered.

@ Also attended 1 Board meeting through video conference.

Resigned w.e.f. May 21, 2014, ## Resigned w.e.f. August 18, 2014, % Resigned w.e.f. September 19, 2014, % % Resigned w.e.f. March 30, 2015

$ V. K. Sharma was appointed as an Independent Director as Additional Director w.e.f. November 14, 2014.

$$ Ms. Grace Koshie was appointed as a woman Independent Director as Additional Director w.e.f. February 9, 2015.

+ Shashwat Goenka is son of Sanjiv Goenka, Chairman. No other Director is related to any other Director of the Company.

++ Pradip Kumar Khaitan was nominated by Spen Liq Private Ltd, Promoter of the Company, and was appointed as a Director w.e.f. November 14, 2014 in the casual vacancy caused by the resignation of Haigreve Khaitan.

The Board periodically reviews the compliance report of all laws applicable to the Company. All the Directors have made necessary disclosures about the directorships and committee positions they occupy in other companies. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees across all Companies in which they are Directors.

The particulars of Directors, who are proposed to be re-appointed at the ensuing AGM, are given in the Notice convening the AGM.

COMMITTEES OF BOARD OF DIRECTORS
AUDIT COMMITTEE

The Audit Committee comprises of experts specialising in accounting / financial management.

During the Financial Year 2014-15, 4 meetings of the Audit Committee were held on May 2, July 31 & November 13 in 2014 and February 9 in 2015. The time gap between any two meetings was not more than 4 months and the Company has complied with all the requirements as mentioned under the Listing Agreement and the Companies Act, 2013.

Details of the composition of the Committee and attendance during the year are as under:

Name of the Director	Category	No. of Meetings Attended
Y. H. Malegam, Chairman	I-NED	4
Charles Miller Smith	I-NED	4
Subrata Talukdar	NI-NED	4
Ms. Grace Koshie#	I-NED	-
Dr. Shailesh J. Mehta *	I-NED	1

Inducted as a member of the Committee by the Board w.e.f. May 5, 2015

* Resigned as a Director w.e.f. March 30, 2015.

The terms of reference of the Audit Committee were enlarged by the Board on May 2, 2014 in order to cover the matters specified under revised Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013. This Committee has now the following powers, roles and terms of reference:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, reappointment, terms of appointment and, if required, the replacement or removal of the statutory auditors, and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other non-audit services rendered by them.
4. Reviewing, with the management, the quarterly/ annual standalone and consolidated financial statements and auditors' report thereon, before submission to the Board for approval, with particular reference to:
    a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report
    b. Changes, if any, in accounting policies and practices and reasons for the same
    c. Major accounting entries involving estimates based on the exercise of judgment by management
    d. Significant adjustments made in the financial statements arising out of audit findings
    e. Compliance with listing and other legal requirements relating to financial statements
    f. Disclosure of any related party transactions
    g. Qualifications in the draft audit report.
    h. The investments made by unlisted subsidiary companies
5. Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
6. To mandatorily review the following information:
    (i) Management discussion and analysis of financial condition and results of operations
    (ii) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management
    (iii) Management letters/ letters of internal control weaknesses issued by the statutory auditors
    (iv) Internal audit reports relating to internal control weaknesses and
7. Invite such of the executives, as it considers appropriate (and particularly the CFO) to be present at the meetings of the Committee, but on occasions it may also meet without the presence of any executives of the Company. The Managing Director & CEO, CFO, head of internal audit and a representative of the statutory auditor may be present as invitees for the meetings of the Audit Committee.
8. To secure attendance of outsiders at the meetings of Audit Committee, with relevant expertise, if it considers necessary.
9. Reviewing with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
10. Evaluation of internal financial controls and risk management systems.
11. Reviewing and monitoring of the auditor's independence and performance and effectiveness of audit process.
12. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit and reviewing appointment, removal and terms of remuneration of the Chief Internal Auditor.
13. Discussion with internal auditors any significant findings and follow up thereon.
14. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

15. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
16. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
17. To direct the Company to establish a vigil mechanism for directors and employees to report genuine concerns to the Audit Committee and to ensure that the vigil mechanism provides adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases.
18. To ensure that the details of establishment of vigil mechanism is disclosed by the Company on its website and in Board's report.
19. To review the functioning of the Whistle Blower/ Vigil mechanism.
20. Approval of appointment of CFO after assessing the qualifications, experience & background, etc. of the candidate.
21. Scrutiny of inter-corporate loans and investments.
22. Approval or any subsequent modification of transactions of the Company with related parties.
23. Valuation of undertakings or assets of the company, wherever it is necessary.
24. To investigate into any matter or activity within its terms of reference or referred to it by the Board and for this purpose shall have power to obtain legal or other professional advice from external sources and have full access to information contained in the records of the Company.
25. To seek information from any officer or employee of the Company.
26. To call for the comments of the Auditors about internal control systems, the scope of audit, including the observations of the Auditors and also discuss any related issues with the internal and Statutory Auditors and the Management of the Company.
27. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee or as enumerated in section 177 of the Companies Act, 2013 or clause 49 of the Listing Agreement with Stock Exchanges or in any subsequent amendment thereto.
28. Exercise any other power or perform any other function as enumerated in the Companies Act, 2013 or the Listing Agreement with the Stock Exchanges or in any subsequent amendment thereto.

The MD & CEO, the President & CFO, the Statutory Auditors and all the Directors of the Company are invited to the meetings of the Audit Committee. Sanjay Gupta, Senior Vice President - Corporate Affairs & Company Secretary of the Company acts as the Secretary to the Committee.

NOMINATION AND REMUNERATION COMMITTEE

The Compensation cum Board Governance Committee was renamed as Nomination and Remuneration Committee and its role and terms of reference were enlarged by the Board on May 2, 2014. The Committee's constitution and terms of reference are in compliance with provisions of section 178 of the Companies Act, 2013, Clause 49 of the Listing Agreement and the Securities and Exchange Board of India (Share Based Employee Benefits Regulations, 2014, as amended from time to time.

During the Financial Year 2014-15, 4 meetings of the Committee were held on May 2, July 31 & November 13 in 2014 and February 9 in 2015.

Details of composition of the Committee and attendance during the year are as under:

Name of the Director	Category	No. of Meetings Attended
Y. H. Malegam, Chairman*	I-NED	4
Charles Miller Smith	I-NED	4
Pradip Roy#	I-NED	-
Subrata Talukdar	NI-NED	4
K. P. Balaraj**	I-NED	-
Ananda Mukerji***	NI-NED	2
Dr. Shailesh J. Mehta *	I-NED	1

*Dr. Shailesh J. Mehta, Chairman of the Committee, resigned as a Director w.e.f. March 30, 2015. Y. H. Malegam, member of the Committee, was appointed by the Board as Chairman of the Committee in his place w.e.f. May 5, 2015

Inducted as a member of the Committee by the Board w.e.f. May 5, 2015

** Resigned as a Director w.e.f. May 21, 2014

*** Resigned as a Director w.e.f. August 18, 2014

This Committee is entrusted with the following powers:

1. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal;
2. To formulate the criteria for evaluation of Independent Directors and the Board and to carry out the evaluation of every Director's performance;
3. To formulate the criteria for determining qualification, positive attributes and independence of Directors
4. To recommend/ approve remuneration of the Executive Directors and any increase therein from time to time, within the limit approved by the members of the Company
5. To recommend/ approve remuneration of Non Executive Directors in the form of sitting fees for attending meetings of Board and its Committees, remuneration for other

services, commission on profits, grant of stock options or payment of any other amount.

6. To decide the overall compensation structure/ policy for the employees, senior management and the Directors of the Company including ratio of fixed and performance pay, performance parameters etc.
7. To approve rating of Company's performance for the purpose of payment of annual bonus/ performance incentive to employees and Executive Director(s) of the Company
8. To approve Management Incentive Plan or any other Incentive Plan for the purpose of payment of performance Incentive to the employees and Executive Director(s) of the Company.
9. To engage the services of any consulting/ professional or other agency at the cost of the Company for the purpose of recommending to the Committee on compensation structure/ policy including Stock Option Scheme.
10. To recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.
11. To recommend amendment to Employees Stock Option Scheme of the Company or to recommend any such new Scheme for approval of members of the Company.
12. To exercise all the powers as mentioned in the Employees Stock Option Scheme of the Company to be exercised by the Compensation Committee of the Company.
13. To approve grant of stock options to Directors and employees of the Company.
14. To invite any executive or outsider, at its discretion at the meetings of the Committee.
15. To devise a policy on Board diversity.
16. To exercise such other powers as may be delegated to it by the Board from time to time.

Policy for Selection and Appointment of Non Executive Directors

The Nomination and Remuneration (N&R Committee) has framed a Policy relating to appointment of the Directors on the Board and the Managing Director & CEO and their remuneration. The details of the said Policy are given hereunder:

a) The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in various fields namely marketing, finance, taxation, law, governance and general management.
b) In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the experience, expertise and independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its functions and duties effectively.
c) The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
d) The N&R Committee shall consider the qualification, expertise and experience of the Directors in their respective fields whilst recommending to the Board the candidature for appointment as a Director.
e) In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

Remuneration Policy for Non Executive Directors

The Non Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board/ Committee meetings. The detailed Remuneration Policy for Non Executive Directors and Independent Directors is attached as Annexure IVA to the Directors' Report part forming part of this Annual Report.

Details of sitting fees paid to Non Executive Directors during FY 2014-15

Till July 31, 2014, a sitting fees of ₹ 20,000/- was being paid to all the Non-Executive Directors for attending each meeting of the Board of Directors and its Committees. However, w.e.f. August 1, 2014, the sitting fees was increased to ₹ 100,000/- for attending each meeting of the Board of Directors and ₹ 50,000/- for attending each meeting of any Committee of the Board. The details of sitting fees paid during the financial year 2014-15 are as under:

(Amount in ₹)

Name of the Director	Sitting Fees		Total
	Board Meetings	Committee Meetings#	
Sanjiv Goenka, Chairman	120,000	-	120,000
Ananda Mukerji*	120,000	40,000	160,000
Y. H. Malegam	320,000	330,000	650,000
Charles Miller Smith	320,000	330,000	650,000
Donald W. Layden Jr.	220,000	50,000	270,000
Dr. Shailesh J. Mehta**	-	60,000	60,000
Pradip Roy	320,000	200,000	520,000
V. K. Sharma	200,000	50,000	250,000
Ms. Grace Koshie	100,000	-	100,000
Shashwat Goenka	120,000	100,000	220,000
Subrata Talukdar	220,000	420,000	640,000
Haigreve Khaitan***	120,000	-	120,000
TOTAL	**2,180,000**	**1,580,000**	**3,760,000**

Including sitting fees for attending meeting of Independent Directors
* Resigned as a Director w.e.f. August 18, 2014
** Resigned as a Director w.e.f. March 30, 2015
*** Resigned as a Director w.e.f. September 19, 2014

Remuneration Policy for Key Managerial Personnel and other Employees of the Company

The Company's Remuneration Policy for Key Managerial Personnel and Other employees is driven by the success and the performance of the Company and the individual & industry benchmarks and is decided by the Nomination and Remuneration Committee. Through its compensation programme, the Company endeavors to attract, retain, develop and motivate a high performance workforce. The Company follows a mix of fixed/ variable pay, benefits and performance related pay. The Company also grants Stock Options to Senior Management and deserving employees of the Company. The Remuneration Policy for Key Managerial Personnel and Other employees of the Company is attached as Annexure IVB to the Directors' Report forming part of this Annual Report.

Remuneration of the Managing Director and CEO

The Remuneration Committee of the Board is authorised to decide the remuneration of the Managing Director and CEO ("MD & CEO"), subject to the approval of the Members and the Central Government, if required. The details of remuneration of the Rajesh Subramaniam, MD & CEO for the year ended March 31, 2015 are as under:

(Amount in ₹)

Salary & Allowances	Performance Bonus	Retirals @	Perquisites #	Total
19,412,973	20,125,000	882,000	11,140,996	51,560,969

@ Retirals include contribution to Provident Fund, but does not include provision for gratuity.

Perquisites are inclusive of taxable value of perquisite on stock options exercised during the year.

The amount of performance bonus as stated in the table above represents the variable component of the remuneration availed by the MD & CEO and was decided by the Nomination & Remuneration Committee based on the performance of the Company and the individual performance of the MD & CEO during the previous financial year. This was in line with the Remuneration Policy as approved by the Board. During the financial year 2014-15, the MD & CEO was granted 1,000,000 Stock Options under the Company's Employees Stock Option Scheme. The said Stock Options were granted at the 'market price' as defined under the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. Further, the Stock Options granted to him shall vest over a period of 4 years, with 25% of Options granted vesting at the end of 12 months from the date of grant and thereafter, 12.5% each of Options granted shall vest at the end of every 6 months. Exercise Period is 10 years from the date of grant of Options.

The notice period of termination either by the Company or by the MD & CEO is 3 months or salary in lieu thereof If the Company terminates employment without cause, it shall pay to the MD & CEO 6 month's salary.

STAKEHOLDERS RELATIONSHIP COMMITTEE

2 meetings of the Committee were held during the year 2014-15 on May 2 and July 31 in 2014. The details of composition of the Committee and attendance during the year are as under:

Name of the Director	Category	No. of Meetings Attended
Dr. Shailesh J. Mehta, Chairman*	I-NED	1
Subrata Talukdar #	NI-NED	2
Rajesh Subramaniam	NI-ED	2

* Resigned as a Director w.e.f. March 30, 2015

Appointed as Chairman of the Committe by the Board w.e.f. May 5, 2015

The Shareholders'/ Investors' Grievance Committee was renamed as Stakeholders Relationship Committee and its terms of reference were enlarged by the Board on May 2, 2014 to be in line with Section 178 of the Companies Act, 2013 and revised clause 49 of the Listing Agreement. The Committee reviews Shareholders'/ Investors' complaints like non-allotment of shares under IPO, non-receipt/ short receipt of IPO refund, non receipt of Annual Report, physical transfer/ transmission/ transposition, split/ consolidation of share certificates, issue of duplicate share certificates etc. This Committee is also empowered to consider and resolve the grievance of other stakeholders of the Company including debenture-holders, deposit-holders and other security holders, if any. Sanjay Gupta, Senior Vice President – Corporate Affairs & Company Secretary is the Compliance Officer of the Company.

The total numbers of complaints received during the year were 55, all of which were resolved and there was no pending complaint as on March 31, 2015. The Company did not receive any transfer requests and hence no request was pending for approval as on March 31, 2015.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board had constituted Corporate Social Responsibility Committee on May 2, 2014 in terms of section 135 of the Companies Act, 2013. The Committee is entrusted with the following powers:

a) To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.

b) To recommend the amount of expenditure to be incurred on the activities referred in clause (a) above and

c) To monitor the Corporate Social Responsibility Policy of the Company from time to time.

3 meetings of the Committee were held during the year 2014 15 on November 14 in 2014 and February 9 & March 25 in 2015. The details of composition of the Committee and attendance during the year are as under:

Name of the Director	Category	No. of Meetings Attended
Shashwat Goenka, Chairman #	NI-NED	2
Rajesh Subramaniam	NI-ED	3
Pradip Roy	I-NED	3
Subrata Talukdar #	NI-NED	2
Haigreve Khaitan*	NI-NED	-

Also attended 1 meeting through Video conference.

* Resigned as a Director w.e.f. September 19, 2014.

OTHER COMMITTEES OF THE BOARD

Financial Results Committee: The Committee comprises of Y. H. Malegam, Chairman, Rajesh Subramaniam, Subrata Talukdar and Shashwat Goenka. It reviews and approves the quarterly financial statements.

Investment Committee: The Committee comprises of Y .H. Malegam, Chairman, Rajesh Subramaniam and Subrata Talukdar. It reviews the investment decisions made by the Management, ensures adherence to the 'Investment Policy' of the Company and approves modifications to the Investment Policy as may be required from time to time.

Strategy Committee: The Committee comprises of Shashwat Goenka, Chairman, Rajesh Subramaniam, Donald W. Layden Jr. and Subrata Talukdar. It deliberates on various strategic initiatives from time to time.

GENERAL BODY MEETINGS

Venue, day, date and time of last 3 AGMs and 1 Extra-Ordinary General Meeting:

Meeting and Venue	Day & Date and Time
13th Annual General Meeting Manik Sabhagriha, 'Vishwakarma' M. D. Lotlikar Vidya Sankul, Opp. Lilavati Hospital, Bandra Reclamation, Mumbai 400 050	Friday, August 1, 2014 3.00 p.m.
12th Annual General Meeting Ravindra Natya Mandir, Sayani Road, Prabhadevi, Mumbai - 400 025	Tuesday, August 6, 2013 3.30 p.m.
Extra-Ordinary General Meeting Ravindra Natya Mandir, 3rd Floor, Sayani Road, Prabhadevi, Mumbai - 400 025	Thursday, November 22, 2012 10.30 a.m.
11th Annual General Meeting Ravindra Natya Mandir, Sayani Road, Prabhadevi, Mumbai - 400 025	Tuesday, July 31, 2012 10.30 a.m.

Special Resolutions passed

a) 13th AGM held on August 1, 2014

(i) Approved borrowing powers of the Board of Directors of the Company upto an aggregate amount of ₹ 25,00,00,00,000 (Two Thousand Five Hundred Crores) under section 180(1)(c) of the Companies Act, 2013.

(ii) Approved creation of mortgage/ charges on the movable and immovable properties of the Company, both present and future, in respect of borrowings upto an aggregate amount not exceeding ₹ 25,00,00,00,000 (Two Thousand Five Hundred Crores) under section 180(1)(a) of the Companies Act, 2013.

(iii) Approved amendment of Articles of Association of the Company under section 14 of the Companies Act, 2013.

b) 12th AGM held on August 6, 2013

No special resolution was passed

c) EGM held on November 22, 2012

Approved issue of 226,897,444 equity shares of ₹10/- each at an issue price of ₹ 12.10 per share for an aggregate value of ₹ 2745.5 Million (including a Premium of ₹ 476.5 Million) to Spen Liq Private Limited, a wholly owned subsidiary of CESC Limited, on a preferential allotment basis under Section 81(1A) of the Companies Act, 1956.

d) 11th AGM held on July 31, 2012

No special resolution was passed

POSTAL BALLOT

During last financial year ended March 31, 2015, no resolution under section 110 of the Companies Act, 2013 was passed through Postal Ballot.

TRAINING FOR BOARD MEMBERS

Pursuant to clause 49(II)(B)(7) of the Listing Agreement, the Company has put in place a system to familiarise its Independent Directors with the Company, their roles, rights & responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. Presentation was made for the newly appointed Independent Directors to make them aware of their roles & duties and Code for Independent Directors, Code of Conduct for Non Executive Directors and Code of Conduct for Prevention of Insider Trading as issued by the Company are also shared with them at the time of their appointment/ re-appointment. Further, presentations are also made from time to time at the Board and its Committee meetings, on quarterly basis, covering the business & financial performance of the Company & its subsidiaries, quarterly/ annual financial results, revenue and capital budget, review of Internal Audit findings etc.

The details of such familiarisation programmes are disclosed on the Company's website at the link http://www.firstsource.com/articles/policy-on-familiarisation-of-independent-directors.pdf

PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. The performance of individual Directors including the Chairman of the Board was evaluated on parameters such as attendance and participation in the Meetings, preparedness for the meetings, understanding of the Company & the external environment in which it operates, contribution to strategic direction, raising of valid concerns to the Board, constructive contribution to issues, active participation at meetings and engaging with & challenging the management team without confronting or obstructing the proceeding of the Board and its Committee meetings of which the Director is a member. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors at its meeting. The Directors expressed their satisfaction with the evaluation process.

DISCLOSURES

i. Related Party Transactions

The transactions with related parties as per Accounting Standard AS-18 are set out in Notes to accounts under Note no. 28 forming part of financial statements.

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on an arms length pricing basis. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosures as required by the relevant Accounting Standards (AS18) have been made in the Notes to the Financial Statements.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website at the link http://www.firstsource.com/articles/Related-Party-Transaction-Policy.pdf

ii. Disclosures from Senior Management

In Compliance with Clause 49 (VIII)(D)(2) of the Listing Agreement, disclosures from Senior Management are obtained on quarterly basis to the effect that they have not entered into any material, financial and commercial transactions, where they have personal interest that may have potential conflict with the interest of the Company at large.

iii. Compliances by the Company

The Company has complied with the requirements of the Regulatory Authorities on matters related to the capital market and no penalties/ strictures have been imposed against the Company by the Stock Exchanges or SEBI or any other Regulatory Authority on any matter related to capital market during the last three years.

iv. Whistle Blower Policy/ Vigil Mechanism

The Company has adopted a Whistle Blower Policy to provide a vigil mechanism to directors, employees, agents, consultants, vendors and business partners to disclose instances of wrongdoing in the workplace. The object of this Whistle Blower Policy is to encourage individuals to disclose and protect such individuals in the event of a disclosure. The Company is keen on demonstrating the right values and ethical, moral and legal business practices in every field of activity within the scope of its work. The objective of this policy is to provide a vigil mechanism and framework to promote responsible whistle blowing and ensure effective remedial action and also protect the interest of the whistle blower as guided by legal principles. This policy is intended to:

a) Encourage and enable directors, employees, agents, consultants, vendors and business partners to raise issues or concerns, which are either unacceptable or patently against the stated objectives, law or ethics, within the Company
b) Ensure that directors, employees, agents, consultants, vendors and business partners can raise issues or concerns without fear of victimisation, subsequent discrimination or disadvantage thereof.
c) Reassure the whistle blower(s) that they will be protected from possible reprisals or victimisation if they have made disclosure/s in good faith.
d) Ensure that where any wrong doing by the Company or any of its directors, employees, agents, consultants, vendors or business partners is identified and reported to the Company under this policy, it will be dealt with expeditiously and thoroughly investigated and remedied. The Company will further examine the means of ensuring how such wrong doing can be prevented in future and will take corrective action accordingly.

The policy also provides adequate safeguards against victimisation of persons who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. No person has been denied access to the Audit Committee. All complaints received under the said policy are reviewed by the Audit Committee at its meeting held every quarter.

In staying true to our values of Strength, Performance and Passion and in line with Company's vision of being one of the most respected companies in India, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility.

v. Corporate Social Responsibility Activities

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established Corporate Social Responsibility (CSR) Committee, details of which are given earlier in this Report. An Annual Report on CSR Activities forms part of Directors' Report. The Company has also formulated Corporate Social Responsibility Policy and same is available at the website of the Company viz. http://www.firstsource.com/articles/fsl-corporate-social-responsibility-policy.pdf

vi. Global Ethics Compliance, Gift & Entertainment Policy and Anti Bribery Policy

The Company has implemented Global Ethics Compliance, Gift & Entertainment Policy and Anti Bribery Policy after keeping in mind the regulatory requirements of UK Bribery Act 2010 ("UKBA") and US Foreign and Corrupt Practices Act 1977 ("FCPA"). The Company provides online training to all employees on Ethics Compliance and Gift & Entertainment Policy. A system of ongoing monitoring and review of bribery and corruption issues has been implemented. The Company observes 'zero tolerance' policy towards unethical behaviour and bribery.

vii. CEO/CFO Certification

Certification on financial statements pursuant to Clause 49(V) of the Listing Agreement has been obtained from the Managing Director & CEO and the CFO of the Company. Extract of the same is given at the end of this Report.

viii. Code of Conduct for Directors and Senior Management

The Board has laid down Codes of Conduct for Executive Directors & Senior Management and for Non-Executive/ Independent Directors of the Company. The Codes of Conduct have been circulated to the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the MD & CEO in this regard is given at the end of this Report. The Code of Conduct is available on website of the Company at the link http://www.firstsource.com/articles/code%20of%2conduct-2.pdf

ix. Code of Conduct for Prohibition of Insider Trading

The Company has framed 'Firstsource Solutions Code of Conduct for Prohibition of Insider Trading' pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, which is applicable to its Directors, Officers, and Designated Employees. The Code includes provisions relating to disclosures, opening and closure of Trading Window and Pre-Clearance of trades procedure. In compliance with SEBI Regulations the Company sends intimations to Stock Exchanges from time to time.

x. Compliance Reports

The Board reviews the compliance reports on all laws applicable to the Company on quarterly basis. The MD & CEO submits a 'Compliance Certificate' to the Board every quarter based on the compliance certificates received from the functional heads and heads of subsidiaries of the Company.

xi. Subsidiary Companies

As on March 31, 2015, the Company had 1 domestic subsidiary and 11 foreign subsidiaries. 1 domestic subsidiary and 10 out of 11 foreign subsidiaries are wholly owned by the Company or its subsidiary companies. The Company has no material non-listed Indian Subsidiary Company as defined in Clause 49(V) of the Listing Agreement. However, a policy on material subsidiaries has been formulated and the same is available on website of the Company at the link http://www.firstsource.com/articles/Material-Subsidiary-Policy.pdf

The minutes of the meetings of the subsidiary companies are placed at the Board Meetings of the Company. The consolidated financial statements of the Company and its subsidiaries are reviewed by the Audit Committee.

xii. Risk Management & Internal Control

The Company has implemented a comprehensive 'Enterprise Risk Management' framework in order to anticipate, identify, measure, mitigate, monitor and report the risks to meet the strategic business objectives, details of which are given in the Risk Management section under

'Management Discussion and Analysis Report' which forms part of this Annual Report.

The Company has a competent in-House Internal Audit team which prepares and executes a vigorous Audit Plan covering various functions such as operations, finance, human resources, administration, legal and business development etc. across different geographies. The team presents their key audit findings of every quarter to the Audit Committee. The management updates the members about the remedial actions taken or proposed for the same. The suggestions and comments from the Committee members are vigilantly incorporated and executed by the Company.

xiii. Anti-Sexual Harassment Policy

The Company has an anti-sexual harassment policy to promote a protective work environment. The complaints received by the Sexual Harassment Committee with details of action taken thereon are reviewed by the Audit Committee at its meeting held every quarter. The Company has a zero-tolerance policy towards such complaints and the same is conveyed to the employees at the time of induction.

xiv. Management Discussion and Analysis Report

The Management Discussion and Analysis Report forms part of this Annual Report.

xv. Independent Directors

The Independent Directors of the Company have the option and freedom to meet and interact with the Company's Management as and when they deem it necessary. They are provided with necessary resources and support to enable them to analyse the information/data provided by the Management and help them to perform their role effectively.

xvi. Share Reconciliation Audit

As stipulated by SEBI, a Qualified Practising Company Secretary carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The Audit confirms that the total Listed and Paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form and in physical form.

xvii. Mandatory Requirements of Clause 49

The Company has complied with all applicable mandatory requirements of Clause 49 of the Listing Agreement.

xviii. Non-Mandatory Requirements of Clause 49

The Company has adopted the following non-mandatory requirements as prescribed in Annexure ID to Clause 49 of the Listing Agreement:

a) **The Board**
The Company has provided the Chairman (Non Executive) with an office, the expenses of which are borne by the Company.

b) **Shareholders' Rights**
The Company follows a practice of e-mailing the quarterly & annual financial statements to all shareholders, who have provided their e-mail addresses to the Depositories through their respective Depository Participants. The announcement of quarterly results is followed by media briefings. The financial results of the Company are normally published in Free Press Journal and Navshakti newspapers which have wide circulation.

c) **Audit Qualifications**
The Company adopts best practices to ensure unqualified financial statements. There are no audit qualifications in the Company's financial statements for the year ended March 31, 2015.

d) **Separate posts of Chairman and CEO**
There are separate posts of the Chairman and the Managing Director & CEO (MD & CEO) and there is a clear demarcation of the roles and responsibilities of the Chairman and the MD & CEO of the Company.

MEANS OF COMMUNICATION

The announcement of quarterly and annual financial results to the Stock Exchanges is followed by media call and earnings conference calls.

The quarterly and annual consolidated financial results are normally published in Financial Express (English) and Loksatta/ Navshakti (Marathi) newspapers.

The following information is promptly uploaded on the Company's website viz. www.firstsource.com

- Standalone and consolidated financial results, investors' presentations, press release, fact sheet and transcript of earnings conference calls
- Shareholding pattern (clause 35 of Listing Agreement) and Corporate Governance compliance reports (clause 49 of the Listing Agreement) filed with Stock Exchanges on a quarterly basis.

GENERAL SHAREHOLDER INFORMATION

I. Annual General Meeting

Day, Date & Time	Monday, August 3, 2014 at 3.30 p.m.
Venue	Manik Sabhagriha, 'Vishwakarma' M. D. Lotlikar Vidya Sankul, Opp. Lilavati Hospital, Bandra Reclamation, Mumbai-400 050

II. Financial Year

April 1 to March 31

Financial Calendar (Tentative) – Financial Year 2015-16

First Quarter Ending June 30, 2015	Last week of July 2015 or First/ Second week of August 2015
Second Quarter Ending September 30, 2015	Last week of October 2015 or First/ Second week of November 2015
Third Quarter Ending December 31, 2015	Last week of January 2016 or First/ Second week of February 2016
Fourth Quarter Ending March 31, 2016	First/ Second week of May 2016
Annual General Meeting (Financial Year 2015-16)	July/August 2016

III. Dates of Book Closure (both days inclusive)

Monday, July 27, 2015, 2015 to Monday, August 3, 2015

IV. Dividend

With a view to conserve cash reserves to meet current financial obligations of the Company, the Directors of your Company do not recommend any dividend for financial year 2014-15.

V. Listing on Stock Exchanges and Payment of Listing Fees

The equity shares of the Company are listed on the National Stock Exchange of India Ltd. (NSE) and the BSE Limited (BSE). Annual Listing fees for the Financial Year 2014-15 were paid by the Company to NSE and BSE in time.

VI. Custodian Fees to Depositories

The Company has paid fees for year ended 2014-15 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in time.

VII. (a) Stock Code / Symbol

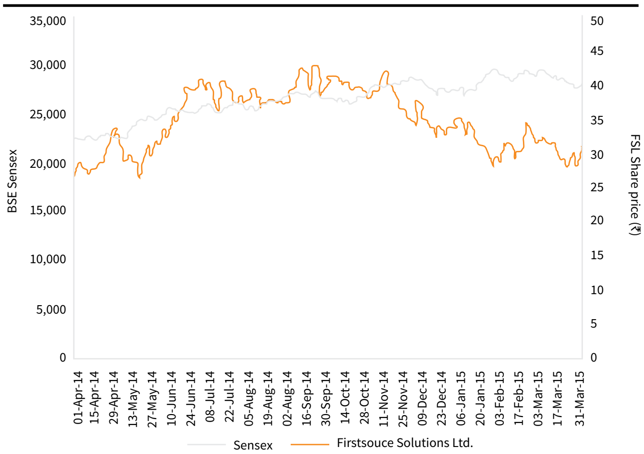
NSE	FSL
BSE	532809
ISIN in (NSDL and CDSL	INE684F01012
Corporate Identity Number (CIN)	L64202MH2001PLC134147

VIII. Market Price Data

The market price data i.e. monthly high and low prices of the Company's shares on NSE and BSE are given below:

Month	NSE			BSE		
	Share Price (₹)		No. of shares traded	Share Price (₹)		No. of shares traded
	High	Low		High	Low	
Apr – 2014	34.35	25.30	79,914,947	34.40	25.35	20,902,241
May – 2014	33.40	25.55	94,241,448	33.40	25.60	25,750,685
Jun - 2014	41.60	30.60	111,527,340	41.50	30.65	27,921,689
Jul – 2014	41.95	35.20	44,341,720	41.90	35.25	10,642,746
Aug – 2014	39.95	36.00	24,408,235	40.00	36.15	6,029,956
Sep – 2014	44.35	37.00	61,943,694	44.30	37.05	14,236,833
Oct – 2014	42.70	37.60	22,360,929	42.75	37.65	5,165,556
Nov – 2014	42.80	33.80	38,119,880	42.70	34.80	10,610,925
Dec – 2014	38.40	28.00	37,811,447	38.30	33.30	10,901,230
Jan – 2015	35.75	27.25	36,454,652	35.75	27.10	9,508,461
Feb – 2015	34.75	28.25	43,199,274	34.75	28.35	11,049,132
Mar – 2015	33.10	27.75	29,012,267	33.05	27.60	4,361,986

IX. The performance of share price of the Company in comparison to BSE Sensex is given below:



X. Registrar & Transfer Agent

3i Infotech Limited
Tower #5, 3rd to 6th Floors,
International Infotech Park,
Vashi, Navi Mumbai - 400 703

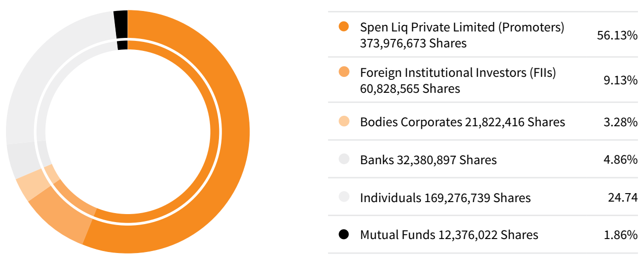
XI. Share Transfer System

The transfer of shares in physical form is generally processed by Registrar & Transfer Agent within a period of seven days from the date of receipt thereof, provided all the documents are in order. In case of shares in electronic form, the transfers are done by Depositories viz. NSDL and CDSL. In compliance with Clause 47(c) of the Listing Agreement, the Company obtains a certificate from a Practicing Company Secretary on a half-yearly basis confirming that all certificates have been issued within one month from the date of lodgement for transfer, sub-division, consolidation etc.

XII. Distribution of shareholding as on March 31, 2015

Share Holding (Nominal Value) Rs.	Shareholders		Nominal Capital	
	No.	%	Rs.	%
Upto 5,000	142,640	97.42	621,113,640	9.33
5,001-10,000	1,910	1.30	145,391,110	2.18
10,001-20,000	875	0.60	127,521,860	1.91
20,001-30,000	299	0.20	75,290,610	1.13
30,001-40,000	155	0.11	54,435,560	0.82
40,001-50,000	123	0.08	57,513,500	0.86
50,001-1,00,000	189	0.13	139,473,770	2.09
100,001 and above	221	0.16	5,442,174,540	81.68
Total	**146,412**	**100.00**	**6,662,914,590**	**100.00**

The Shareholding pattern as on March 31, 2015 is given as under:



Top 10 Shareholders as on March 31, 2015

Sr. No.	Name of the Shareholders	Category of Shareholder	No of Shares	%
1	Spen Liq Private Limited	Promoter	373,976,673	56.13
2	ICICI Bank Ltd	Bank	32,079,803	4.81
3	Jhunjhunwala Rakesh Radheshyam	Resident Individual	25,000,000	3.75
4	DB International (Asia) Ltd	FII	16,639,680	2.50
5	Goldman Sachs India Fund Limited	FII	16,023,368	2.40
6	Dimensional Emerging Market Value Fund	FII	4,466,756	0.67
7	Birla Sun Life Trustee Company Private Limited A/C Birla Sun Life Midcap Fund	Mutual Fund	4,166,653	0.63
8	Merrill Lynch Capital Markets Espana S.A. S.V	FII	2,597,746	0.39
9	MV SCIF Mauritius	FII	2,180,578	0.33
10	Emerging India Focus Funds	FII	2,092,595	0.31
	TOTAL		**479,223,852**	**71.92**

XIII. Dematerialisation of Shares and Liquidity

Trading in the Company's shares is permitted only in dematerialised form. The Company has established connectivity with both the Depositories viz. NSDL and CDSL through its Registrar & Share Transfer Agents, whereby the investors have the option to dematerialise their shares with either of the depositories.

The Company obtains a certificate from a Practising Company Secretary every quarter, which confirms that total issued capital of the Company is in agreement with total number of shares in dematerialised form with NSDL and CDSL and shares in physical form.

Shares held in dematerialised and physical form as on March 31, 2015

	Shareholders		Share Capital	
	No. of Share holders	% to Total Shareholders	No. of Shares	% to Total share Capital
Dematerialised Form				
NSDL	97,761	66.77	620,212,791	93.09
CDSL	48,640	33.22	46,072,614	6.91
Total in dematerialised from	146,401	99.99	666,285,405	100.00
Physical Form	11	0.01	6,054	0.00
Total	**146,412**	**100.00**	**666,291,459**	**100.00**

As on March 31, 2015, almost 100% of the paid up share capital constituting 99.99% of the number of shareholders, had been dematerialised.

Details of Unclaimed Shares

The Company made an Initial Public Offering (IPO) in February 2007. The Equity shares issued pursuant to the said IPO which remained unclaimed are lying in the Demat Suspense Account/ Escrow Account of the Company with ICICI Bank Ltd. The Company had sent 3 reminders to the investors requesting them to furnish correct demat account details so that the shares lying in the said Escrow Account can be transferred to their demat account.

Pursuant to Clause 5A of the Listing Agreement notified by SEBI vide its circular dated April 24, 2009, the details of unclaimed shares as on March 31, 2015 are as under:

Particulars	No. of shareholders	No. of shares
Outstanding shares in the Escrow Account with ICICI Bank Ltd. as on April 1, 2015	50	5621
Investors who have approached the Company for transfer of shares from Escrow Account during the year 2014-15	1	100
Investors to whom shares were transferred from Escrow Account during the year 2014-2015	1	100
Outstanding shares in the Escrow Account as on March 31, 2015	49	5521

XIV. Outstanding Global Depository Receipts (GDRs)/ American Depository Receipts (ADRs)/ Warrants or any convertible instruments, conversion date and likely impact on Equity

The Company had fully discharged its obligation towards the Bondholders in December 2012. No Bonds are outstanding as on March 31, 2015.

XV. Delivery Centers

The Company alongwith its 12 subsidiaries has 47 global delivery centers of which 22 are located in India, 15 in USA, 6 in UK, 3 in Philippines and 1 in Sri Lanka as per the details given below:

India: Chennai (4), Mumbai (2), Navi Mumbai (2), Trichy (2), and 1 each in Bangalore, Kolkata, Pondicherry, Vijayawada, Cochin, Hubli, Indore, Jalandhar, Siliguri, Bhubaneshwar, Bhopal and Patna.

USA: Louisville (2) in Kentucky, Kingston & Amherst in New York, Rockford and Belleville in Illinois, Salt Lake City in Utah, Colorado Springs and 7 operational hubs of MedAssist.

United Kingdom: Belfast, Coleraine, Londonderry (2), Middlesbrough and Cardiff.

Philippines: Manila (2), Cebu (1)

Sri Lanka: Colombo

XVI. Address for Correspondence

Sanjay Gupta
Sr. Vice President – Corporate Affairs & Company Secretary
Firstsource Solutions Ltd.
5th Floor, Paradigm 'B' wing, Mindspace, Link Road, Malad (W), Mumbai 400 064
Tel. No.: 91 (22) 6666 0888
Fax: 91 (22) 6666 0887
Dedicated e-mail Id for redressal of Investors grievances:
complianceofficer@firstsource.com

Place: Mumbai
Dated: May 5, 2015

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of
Firstsource Solutions Limited

I have examined the compliance of the conditions of Corporate Governance by Firstsource Solutions Limited having its Registered Office at 5th floor, Paradigm, 'B' Wing, Mindspace, Link Road, Malad (West), Mumbai 400 064, for the year ended on March 31, 2015, as stipulated in Clause 49 of the Listing Agreement entered into by the said Company with the Stock exchanges viz BSE Ltd (BSE) and National Stock Exchange of India Ltd (NSE).

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the Financial Statement of the Company.

In my opinion and to the best of my information and according to the explanations give to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Amrita D. C. Nautiyal
Proprietor
FCS 5079
C.P. No. 7989

Place: Mumbai
Date: May 5, 2015

CERTIFICATION FROM THE MANAGING DIRECTOR & CEO AND THE CFO

In terms of clause 49 IX of the Listing Agreements with the NSE and BSE, we hereby certify as under:

a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2015 and that to the best of our knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) There have been no

   i. Significant changes in internal control over financial reporting during the year;

   ii. Significant changes in accounting policies during the year;

   iii. Instances of fraud of which we have become aware and the involvement therein, of the management or an employee having significant role in the Company's internal control system over financial reporting.

For Firstsource Solutions Limited

Rajesh Subramaniam
Managing Director & CEO

Dinesh Jain
President & CFO

Mumbai
May 5, 2015

DECLARATION BY THE MANAGING DIRECTOR & CEO ON 'CODE OF CONDUCT'

I hereby confirm that:

The Company has obtained from all the members of the Board and senior management, affirmation that they have complied with the Code of Conduct as applicable to them.

Rajesh Subramaniam
Managing Director & CEO

Mumbai
May 5, 2015

Independent Auditors' Report

To the Members of
Firstsource Solutions Limited

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Firstsource Solutions Limited ("the Parent Company") and its subsidiaries (as per the list appearing in Note 1 to the consolidated financial statements) [collectively referred to as "the Company"/"the Group"], which comprise the consolidated balance sheet as at 31 March 2015, the consolidated statement of profit and loss and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's responsibility for the consolidated financial statements

The Parent Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Additionally the Company has early adopted Accounting Standard (AS) 30, Financial Instruments: Recognition and Measurement, read with AS 31, Financial Instruments – Presentation along with prescribed limited revisions to other Accounting Standards prescribed under the Act. The respective Board of Directors of the companies are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Parent Company, as aforesaid.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting the 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 thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Firstsource Solutions Limited

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Group as at 31 March 2015 and the consolidated profit and the consolidated cash flows for the year ended on that date.

Emphasis of Matter

1. Without qualifying our opinion, we draw attention to Note 36 to the consolidated financial statements that describes the early adoption by the Company of AS 30, Financial Instruments: Recognition and Measurement, read with AS 31, Financial Instruments – Presentation, along with prescribed limited revisions to other Accounting Standards Prescribed under the Act, as in management's opinion, it more appropriately reflects the nature/ substance of the related transactions. The Company has accounted for assets and liabilities as per requirements of AS 30 including prescribed limited revisions to other Accounting Standards. AS 30, along with limited revisions to the other Accounting Standards, has not currently been notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Consequent to the early adoption of AS 30 as stated above, the profit after taxation for the year is higher by ₹ 86.21 million and Reserves and Surplus as at that date is higher by ₹ 6.81 million.

2. Without qualifying our opinion, we draw attention to Note 13 to the consolidated financial statements regarding the merger during the year of Medassist Holding Inc. and Medassist Acquisition LLC, subsidiaries of FG-US, effective 31 March 2015 under the Pooling of Interests Method. As a result of the merger and as specified in the Scheme, the excess of investment over the value of net assets and reserves taken over amounting to ₹ 19,393.99 million has been considered as Goodwill in these consolidated financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Parent Company and the subsidiary company incorporated in India, Anunta Tech Infrastructure Services Limited (collectively referred to as "the Indian Group"), we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, to the extent applicable, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Group so far as appears from our examination of those books;
   c) The consolidated balance sheet, consolidated statement of profit and loss, and consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of consolidated financial statements;
   d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Additionally, the Company has early adopted AS 30, read with AS 31 along with prescribed limited revisions to other Accounting Standards prescribed under the Act as stated in Emphasis of Matter paragraph 1 above;
   e) On the basis of written representations received from the directors of the Parent Company and subsidiary incorporated in India as at 31 March 2015, and taken on record by the Board of Directors of the Parent Company and its subsidiary incorporated in India, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Companies Act, 2013; and
   f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
   i. The Company has disclosed the impact of pending litigations on the consolidated financial position in its consolidated financial statements – Refer Note 35 to the consolidated financial statements;
   ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts in line with the principles of AS 30 – Refer Note 38 to the consolidated financial statements; and
   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent Company, and its subsidiary incorporated in India.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Kolkata
5 May 2015

Annexure to the Independent Auditors' Report - 31 March 2015

(Referred to in our report of even date)

Our opinion on Companies (Auditor's Report) Order, 2015 ('the Order') below is for the Indian Group and excludes foreign subsidiaries.

1. a) The Indian Group has maintained proper records showing full particulars including quantitative details and situation of fixed assets;

   (b) The Indian Group has a regular programme of physical verification of its fixed assets by which all fixed assets are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Indian Group and the nature of its assets. No material discrepancies were noticed on such verification during the year.

2. The Indian Group is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Indian Group.

3. The Indian Group has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clauses 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Indian Group.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Indian Group and the nature of its business with regard to purchase of fixed assets and with regard to sale of services. The activities of the Indian Group do not involve purchase of inventory and sale of goods. We have not observed any major weakness in the internal control system during the course of our audit.

5. The Indian Group has not accepted any deposits from the public.

6. The Central Government has not prescribed the maintenance of cost records Section 148 (1) of the Act for any of the services rendered by the Indian Group.

7. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Indian Group, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, Service tax, customs duty, cess and other material statutory dues have been regularly deposited during the year with the appropriate authorities. As explained to us, the Indian Group did not have any dues on account of sales tax, excise duty and Investor Education and Protection Fund According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, employees' state insurance, income tax, service tax, customs duty, cess and other material statutory dues were in arrears as at the year-end for a period of more than six months from the date they became payable.

   (b) According to the information and explanations given to us, the following dues of Income tax and service tax have not been deposited by the Indian Group on account of disputes:

Name of the Statute	Nature of the Dues	Amount ₹ (million)*	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Transfer pricing demand	41	2002-03	Commissioner of Income Tax -Appeals
Income-tax Act, 1961	Assessment under Section 143 (3)	27	2003-04	Commissioner of Income Tax -Appeals
Income-tax Act, 1961	Assessment under Section 143 (3)	41	2005-06	Commissioner of Income Tax -Appeals
Income-tax Act, 1961	Assessment under Section 143 (3)	42	2006-07	Income tax Appellate Tribunal
	read with Section 147			
Income-tax Act, 1961	Assessment under Section 143 (3)	1	2007-08	Income tax Appellate Tribunal
Income-tax Act, 1961	Assessment under Section 143 (3)	60	2007-08	Commissioner of Income Tax -Appeals
	read with Section 147			
Income-tax Act, 1961	Assessment under Section 143 (3)	323	2008-09	Income tax Appellate Tribunal
Income-tax Act, 1961	Assessment under Section 143 (3)	49	2008-09	Commissioner of Income Tax -Appeals
	read with Rule 92 CA (4)			
Income-tax Act, 1961	Assessment under Section 143 (3)	50	2009-10	Commissioner of Income Tax –Appeals
Income-tax Act, 1961	Assessment under Section 201	339	2010-11	Income tax Appellate Tribunal
Income-tax Act, 1961	Assessment under Section 143 (3)	47	2010-11	Commissioner of Income Tax –Appeals
	read with Section 144(3)			
Income-tax Act, 1961	Assessment under Section 201 (1)	112	2011-12	Commissioner of Income Tax –Appeals
	and 201 (1A)			
Service Tax Rules, 1994	Demand notice	113	2006 to 2014	Commissioner of Service Tax

* These amounts are net of amount paid under protest of ₹ 103.

(c) There are no dues to investor education and protection fund.

8. The Parent Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year. As regards the subsidiary incorporated in India, the said subsidiary has been in existence for a period of less than five years and accordingly clause 3(viii) of the Order is not applicable to the said subsidiary.

9. In our opinion and according to the information and explanations given to us, the Indian Group has not defaulted in repayment of dues to its bankers and financial institutions. The Indian Group did not have any dues to debentureholders during the year.

10. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Indian Group has given guarantees for loans taken by others from banks or financial institutions are prima facie, not prejudicial to the interests of the Indian Group.

11. In our opinion and according to the information and explanations given to us, the term loans taken by the Indian Group have been applied for the purpose for which they were raised.

12. According to the information and explanations given to us, no fraud on or by the Indian Group has been noticed or reported during the course of our audit.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Kolkata
5 May 2015

Consolidated Balance Sheet

as at 31 March 2015

(Currency: In millions of Indian ₹)

	Note	31 March 2015	31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	6,662.91	6,597.35
Reserves & surplus	4	14,223.26	14,316.86
		20,886.17	20,914.21
Share application money received under ESOP scheme	3A	0.20	0.66
Minority interest		16.31	14.35
Non-current liabilities			
Long-term borrowings	5	4,142.98	6,641.50
Deferred tax liabilities, net	6	344.72	317.17
Other long-term liabilities	7	-	199.53
Long-term provisions	8	177.53	239.83
		4,665.23	7,398.03
Current liabilities			
Short-term borrowings	9	3,160.30	2,458.83
Trade payables	10	932.26	1,129.31
Other current liabilities	11	4,465.08	4,786.88
Short-term provisions	12	139.82	192.25
		8,697.46	8,567.27
TOTAL		34,265.37	**36,894.52**
ASSETS			
Non-current assets			
Goodwill on consolidation	13	23,336.35	25,940.39
Fixed assets	14		
- Tangible assets		770.73	855.45
- Intangible assets		332.19	508.44
- Capital work-in-progress		84.68	4.01
		1,187.60	1,367.90
Non-current investments	15	57.55	26.39
Long-term loans and advances	16	1,169.29	1,160.19
Other non-current assets	17	1,078.51	918.42
		26,829.30	29,413.29
Current assets			
Current investments	18	676.11	26.00
Trade receivables	19	2,889.51	3,019.26
Cash and bank balances	20	802.29	1,863.21
Short term loans and advances	21	290.20	410.28
Other current assets	22	2,777.96	2,162.48
		7,436.07	7,481.23
TOTAL		34,265.37	**36,894.52**
Significant accounting policies	2		

The accompanying notes from 1 to 41 are an integral part of the consolidated financial statements.

As per our report of even date attached.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Kolkata
5 May 2015

For and on behalf of the Board of Directors of Firstsource Solutions Limited

Sanjiv Goenka
Chairman

Rajesh Subramaniam
Managing Director and CEO

Shashwat Goenka
Director

Y. H. Malegam
Director

Charles Miller Smith
Director

V.K. Sharma
Director

Donald Layden Jr.
Director

Subrata Talukdar
Director

Grace Koshie
Director

Pradip Roy
Director

Sanjay Gupta
Company Secretary

Kolkata
5 May 2015

Dinesh Jain
President and CFO

Consolidated Statement of Profit & Loss

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

	Note	31 March 2015	31 March 2014
INCOME			
Revenue from operations	23	**30,346.52**	31,058.76
Other income	24	**65.23**	20.04
Total income		**30,411.75**	31,078.80
EXPENSES			
Employee benefit's expense	25	**20,171.50**	21,294.05
Finance costs	26	**710.86**	851.47
Depreciation and amortisation	14	**721.82**	757.02
Other expenses	27	**6,367.40**	6,143.46
Total expenses		**27,971.58**	29,046.00
Profit before taxation and minority interest		**2,440.17**	2,032.80
Less : Provision for taxation			
- Current tax including MAT		**439.36**	404.77
Less: MAT credit entitlement		**(335.20)**	(269.04)
Net current tax		**104.16**	135.73
- Deferred tax credit		**(8.76)**	(34.84)
Profit after taxation before minority interest		**2,344.77**	1,931.91
Minority interest		**1.59**	2.29
Profit after taxation and minority interest		**2,343.18**	1,929.62
Earnings per share	34		
Weighted average number of equity shares outstanding during the year			
- Basic		**663,035,913**	658,388,622
- Diluted		**701,696,211**	684,448,823
Earnings per share (₹)			
- Basic		**3.53**	2.93
- Diluted		**3.34**	2.82
Nominal value per share (₹)		**10**	10
Significant accounting policies	2		

The accompanying notes from 1 to 41 are an integral part of the consolidated financial statements.

As per our report of even date attached.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Kolkata
5 May 2015

For and on behalf of the Board of Directors of
Firstsource Solutions Limited

Sanjiv Goenka
Chairman

Rajesh Subramaniam
Managing Director and CEO

Shashwat Goenka
Director

Y. H. Malegam
Director

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Director

V.K. Sharma
Director

Donald Layden Jr.
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Subrata Talukdar
Director

Grace Koshie
Director

Pradip Roy
Director

Sanjay Gupta
Company Secretary

Kolkata
5 May 2015

Dinesh Jain
President and CFO

Consolidated Cash Flow Statement

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

	31 March 2015	31 March 2014
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and minority interest	**2,440.17**	2,032.80
Adjustments for		
Depreciation and amortisation	**721.82**	757.02
Provision for doubtful debts written off / (written back)	**56.87**	(31.96)
Gain on sale of fixed assets, net	**(4.75)**	(39.99)
Foreign exchange loss / (gain), net unrealized	**161.11**	(426.86)
Finance costs	**710.86**	851.47
Interest and dividend income	**(54.61)**	(27.73)
Profit on sale / redemption of investments	**(29.96)**	(6.93)
Rent expense on account of adoption of AS 30	**17.56**	18.56
Operating cash flow before changes in working capital	**4,019.07**	3,126.38
Changes in working capital		
Decrease in debtors	**42.15**	1,176.00
(Increase) / Decrease in loans and advances and other assets	**(86.97)**	86.76
Decrease in current liabilities and provisions	**(1,003.40)**	(16.19)
Net changes in working capital	**(1,048.22)**	1,246.58
Income taxes paid	**(510.37)**	(417.24)
Net cash generated from operating activities (A)	**2,460.48**	3,955.72
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investment in mutual funds / government securities(net)	**(680.11)**	(26.007)
Sale of Investment in Mutual fund	**55.85**	6.93
Interest and dividend income received	**33.76**	9.20
Purchase of fixed assets and capital advances given	**(462.56)**	(357.57)
Proceeds from sale of fixed assets	**10.66**	234.60
Net cash used in investing activities (B)	**(1,042.41)**	(132.84)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from unsecured loan – others	**623.77**	662.24
Repayment of secured loan	**(2,756.68)**	(2,747.92)
Proceeds from issuance of equity shares and share application money	**112.56**	26.55
Interest paid	**(444.14)**	(804.96)
Net cash used in financing activities (C)	**(2,464.49)**	(2,864.09)
Net(Decrease)/Increase in cash and cash equivalents (A+B+C)	**(1,046.42)**	958.79
Cash and cash equivalents at the beginning of the year	**1,846.23**	887.44
Cash and cash equivalents at the end of the year	**799.81**	1,846.23

Consolidated Cash Flow Statements

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

Cash and cash equivalents consist of cash on hand and balances with bank. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	31 March 2015	31 March 2014
Cash on hand	0.39	0.19
Balances with banks		
- in current accounts	827.78	2,307.11
	828.17	2,307.30
Less: Current account balances held in trust for customers	28.36	461.07
Cash and cash equivalents	799.81	1,846.23
- in deposit accounts (with original maturity of three months or less)	-	-
Bank deposits due to mature after three months but before twelve months of the reporting date	2.48	16.98
Cash and bank balances	802.29	1,863.21

Note: The above cash flow statement has been prepared under the indirect method set out in Accounting Standard – 3

As per our report of even date attached.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

For and on behalf of the Board of Directors of
Firstsource Solutions Limited

Sanjiv Goenka
Chairman

Rajesh Subramaniam
Managing Director and CEO

Shashwat Goenka
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Grace Koshie
Director

Pradip Roy
Director

Sanjay Gupta
Company Secretary

Kolkata
5 May 2015

Kolkata
5 May 2015

Dinesh Jain
President and CFO

firstsource

Notes to the Consolidated Financial Statements

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

1. BACKGROUND

Firstsource Solutions Limited ('Firstsource') was incorporated on 6 December 2001. Firstsource is engaged in the business of providing contact center, transaction processing and debt collection services including revenue cycle management in the healthcare industry.

The list of subsidiaries with percentage holding is summarised below:

Subsidiaries	Country of incorporation and other particulars	Percentage of holding by the immediate parent	Year of consolidation
Firstsource Solutions Limited, UK ("FSL UK")	A subsidiary of Firstsource Solutions Limited, incorporated under the laws of United Kingdom.	100%	2002-2003
Firstsource Solutions S.A. (FSL-Arg)	A subsidiary of Firstsource Solutions Limited UK, incorporated under the laws of S.A.	99.98%	2006-2007
Firstsource Group USA, Inc. (FG US)	A subsidiary of Firstsource Solutions Limited, incorporated in the state of Delaware, USA.	100%	2009-2010
Firstsource Business Process Services, LLC. (FBPS)	A subsidiary of FG US incorporated in the state of Delaware, USA.	100%	2009-2010
Firstsource Advantage LLC (FAL)	A subsidiary of FBPS , incorporated under the laws of the State of New York, USA	100%	2004-2005
MedAssist Holding, Inc. (MedAssist)	A subsidiary of FG US, incorporated under the laws of the State of Delaware, USA merged with Medassist Holding LLC during the year	100%	2007-2008
Firstsource Solutions USA LLC (earlier known as MedAssist LLC)	A subsidiary of MedAssist Holding, Inc., incorporated in the State of Delaware, USA.	100%	2009-2010
Anunta Tech Infrastructure Services Limited (Anunta)	A subsidiary of Firstsource Solutions Limited, incorporated on 1 November 2010 under the laws of India	100%	2010-2011
Firstsource Dialog Solutions (Private) Limited (FDS)	A subsidiary of Firstsource Solutions Limited, incorporated under the laws of Sri Lanka	74%	2011-2012
Firstsource BPO Ireland Limited (FSL Ireland)	A subsidiary of Firstsource Solutions Limited, incorporated under the laws of Ireland	100%	2011-2012
One Advantage LLC (OAL)	A subsidiary of FBPS, incorporated in the state of Delaware, USA, effective 06 August 2014	100%	2014-2015
Medassist Holding LLC (Earlier known as Medassist Acquisition LLC)	A subsidiary of FG US, incorporated under the laws of the State of Delaware, USA effective 31 March 2015	100%	2014-2015
Firstsource Transaction Services LLC (FTS)	A subsidiary of Firstsource Solutions SA LLC, incorporated on 22 May 2011 under the laws of the State of Delaware, USA	100%	2011-2012

Twin Lakes Property LLC-1 and Twin Lakes Property LLC– II have been dissolved during the previous year

Notes to the Consolidated Financial Statements

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These consolidated financial statements of Firstsource Solutions Limited and its subsidiaries (as listed in note 1 above) (collectively the 'Company' or 'the Group'),are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP), under the historical cost convention, on the accrual basis, except for certain financial instruments which are measured at fair values, comply with Accounting Standards prescribed in the Companies (Accounting standards) Rules, 2006 which continued to apply under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act to the extent applicable read with General Circular 39/2014 dated 14 October 2014 issued by Ministry of Corporate Affairs. The Company early adopted Accounting Standard 30, 'Financial Instruments: Recognition and Measurement' ('AS 30') read with Accounting Standard 31 - 'Financial Instruments: Presentation' ('AS 31') issued by the Institute of Chartered Accountants of India, effective 1 April 2008. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The consolidated financial statements are presented in Indian rupees rounded off to the nearest millions except per share data.

In the opinion of the management, all the adjustments which are necessary for a fair presentation have been included. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out under the Act.

2.2 Basis of consolidation

These consolidated financial statements are prepared in accordance with the principles and procedures prescribed under AS 21-'Consolidated Financial Statements' for the purpose of preparation and presentation of consolidated financial statements. The financial statements of Firstsource and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances/ transactions and resulting unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated unless cost cannot be recovered. Minority interest's share of profits or losses are adjusted against income to arrive at the net income attributable to the Company's shareholders. Minority interest's share of net assets is disclosed separately in the consolidated balance sheet. The consolidated financial statements are prepared using uniform accounting policies for transactions and other similar events in similar circumstances across the Group.

2.3 Use of estimates

The preparation of the consolidated 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 disclosure of contingent liabilities on the date of the financial statements and the reported amount of income and expenses for the period. Management believes that the estimates made in the preparation of these consolidated financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revisions to accounting estimates are recognised prospectively in current and future periods.

2.4 Revenue recognition

Revenue from contact center 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. Revenue from debt collection services is recognised when debts are collected (including post dated cheques) / realized. Income from contingency based contracts, in which the client is invoiced for a percentage of the reimbursement, is recognised on completion of services. 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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2015

2.5 Government grants

Revenue grants are recognised when reasonable certainty exists that the conditions precedent will be / are met and the grants will be realised, on a systematic basis in the consolidated Statement of profit and loss over the period necessary to match them with the related cost which they are intended to compensate.

2.6 Goodwill on consolidated

The excess of cost to Firstsource of its investment in the subsidiaries over its portion of equity in the subsidiaries, as at the date on which the investment was made, is recognised as goodwill in the consolidated financial statements. Firstsource's portion of equity in the subsidiaries is determined on the basis of the book value of assets and liabilities as per the financial statements of the subsidiaries as on the date of investment.

Goodwill including that arising on merger (refer Note 13) in terms of the Scheme, is reviewed for a decline other than temporary in its carrying value, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group assesses the recoverability of goodwill by reference to the valuation methodology adopted by it on the acquisition date, which included strategic and synergic factors that were expected to enhance the enterprise value. Accordingly, the Group would consider that there exists a decline other than temporary in the carrying value of goodwill when, in conjunction with its valuation methodology, its expectations with respect to the underlying acquisitions it has made deteriorate with adverse market conditions.

2.7 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:

(Currency: In millions of Indian ₹)

Asset category	Useful life (in years)*
Tangible assets	
Building	27
Leasehold improvements	Lease term or 5 years, whichever is shorter
Computers*	2 – 4
Service equipment*	2 – 5
Furniture and fixtures*	2 – 5
Office equipment*	2 – 5
Vehicles	2 – 5
Intangible assets	
Goodwill on acquired assets	5 years or estimated useful life, whichever is shorter
Domain name	3
Software*	2 – 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 is 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.

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 capitalised and amortised over the estimated useful life of the products as determined by the management. This capitalisation 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

Notes to the Consolidated Financial Statements

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

software development costs comprise expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to the development of the product.

The amortisation of software development costs is allocated on a systematic basis over the best estimate of its useful life after the product is ready for use. The factors considered for identifying the basis include obsolescence, product life cycle and actions of competitors.

The amortisation period and the amortisation method are reviewed at the end of each reporting period. If the expected useful life of the product is shorter from previous estimates, the amortisation period is changed accordingly.

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

2.8 Impairment of assets

a. Financial assets

The Group 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 Group 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 recognised 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 recognised impairment loss is reversed, subject to maximum of initial carrying amount of the short-term receivable.

b. Non-financial assets

The Group 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 Group 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.

2.9 Employee benefits

a) Post employment benefits

Gratuity

The Company's gratuity scheme with insurer is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the balance sheet date. When the calculation results in a benefit to the Company, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. Actuarial gains and losses are recognised immediately in the consolidated Statement of profit and loss.

Defined contribution plans

In accordance with Indian regulations, all employees of the Indian entities receive benefits from a Government administered provident fund scheme. This is a defined contribution retirement plan in which both, the company and the employee contribute at a determined rate. Monthly contributions payable to the provident fund are charged to the consolidated Statement of profit and loss as incurred.

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The subsidiaries in the United States of America have a savings and investment plan under Section 401 (k) of the Internal Revenue Code of the United Sates of America. This is a defined contribution plan. Contributions made under the plan are charged to the consolidated Statement of profit and loss in the period in which they accrue. Other retirement benefits are accrued based on the amounts payable as per local regulations.

b) Other long term employee benefits

Compensated absences

Provision for compensated absences cost has been made based on actuarial valuation by an independent actuary at balance sheet date.

Where employees of the Company are entitled to compensated absences, the employees can carry-forward a portion of the unutilised 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 at the balance sheet date.

2.10 Investments

Non-current investments are carried at cost, and provision is made when in the management's opinion there is a decline, other than temporary, in the carrying value of such investments. Current investments are valued at lower of cost and market value.

2.11 Taxation

Income tax expense comprises current tax expense and deferred tax expense or credit.

Current taxes

Provision for current income-tax is recognised in accordance with the tax laws applicable to the respective companies and is made annually based on the tax liability after taking credit for tax allowances and exemptions. In case of matter under appeal, full provision is made in the financial statements when the Company accepts liability.

Deferred taxes

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences that result from differences between the profits offered for income taxes and the profits as per the financial statements in respect of each entity within the Group. Deferred tax assets and liabilities and the corresponding deferred tax credit or charge are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date. The effect of a change in tax rates on deferred tax assets and liabilities is recognised in the period that includes the enactment date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in the future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realization of such assets.

Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet date.

The Company has operations in Special Economic Zones (SEZ). Income from SEZ is eligible for 100% deduction for the first five years, 50% deduction for next five years and 50% deduction for another five years, subject to fulfilling certain conditions. In this regard, the Group 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.

2.12 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 or 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 on finance lease are shown as amounts recoverable

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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.

Operating lease

Lease rentals in respect of assets acquired under operating lease are charged off to the consolidated Statement of profit and loss as incurred on a straight line basis.

2.13 Foreign currency transactions, derivative instruments and hedge accounting

a. 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 recognised in the consolidated Statement of profit and loss for the period. Monetary foreign currency denominated assets and liabilities other than fixed assets are translated at the period end exchange rates and the resulting net gain or loss is recognised in the consolidated Statement of profit and loss except for the exchange differences arising on monetary items that qualify as hedging instruments in a cash flow hedge or hedge of a net investment. In such cases, the exchange difference is initially recognised in hedging reserve account or foreign currency translation reserve account respectively. Such exchange differences are subsequently recognised in the consolidated Statement of profit and loss on occurrence of the underlying hedged transaction or on disposal of the investment, as the case may be.

b. Derivative instruments and hedge accounting

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 provide 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.

The Company uses foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. The Company designates these as cash flow hedges.

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 and effective as hedges of future cash flows are recognised directly in shareholder's funds and the ineffective portion is recognised immediately in the consolidated Statement of profit and loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the consolidated Statement of profit and loss as they arise. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in shareholder's funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' funds is transferred to the consolidated Statement of profit and loss for the period.

The impact of adoption of AS 30 has been described in note 36 to the consolidated financial statements.

c. Non-derivative financial instruments and hedge accounting

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets of the Company mainly include cash and bank balances, trade receivables, unbilled revenues, finance lease receivables, employee travel and other advances, other loans and advances and derivative financial instruments with a positive fair value. Financial liabilities of the Company mainly comprise secured and unsecured loans, trade payables, accrued expenses and derivative financial instruments with a negative fair value. Financial assets / liabilities are recognised on the consolidated balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets are

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(Currency: In millions of Indian ₹)

derecognised when all of risks and rewards of the ownership have been transferred. The transfer of risks and rewards is evaluated by comparing the exposure, before and after the transfer, with the variability in the amounts and timing of the net cash flows of the transferred assets.

Short-term receivables with no stated interest rates are measured at original invoice amount, if the effect of discounting is immaterial. Non-interest-bearing deposits are discounted to their present value.

The Company also designates financial instruments as hedges of net investments in non-integral foreign operations. The portion of changes in fair value of financial instrument that is determined to be an effective hedge is recognised in foreign currency translation reserve and would be recognised in consolidated Statement of profit and loss upon sale / disposal of the related non-integral foreign operations. Changes in fair value relating to the ineffective portion of hedges are recognised in the consolidated Statement of profit and loss as they arise.

The Company measures the financial liabilities, except for derivative financial liabilities, at amortised cost using the effective interest method. The Company measures the short-term payables with no stated rate of interest at original invoice amount, if the effect of discounting is immaterial.

2.14 Foreign currency translation

The consolidated financial statements 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 expense items other than the depreciation costs, using average exchange rate during the reporting period. Fixed assets of integral foreign operations are translated at exchange rates on the date of the 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 consolidation of non-integral subsidiaries under Reserves and surplus.

2.15 Earnings per share

The basic 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.

2.16 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 an 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.

2.17 Onerous contracts

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

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(Currency: In millions of Indian ₹)

		31 March 2015	31 March 2014
3.	**SHARE CAPITAL**		
	Authorised		
	872,000,000 (31 March 2014: 872,000,000) equity shares of ₹ 10 each	**8,720.00**	8,720.00
		8,720.00	8,720.00
	Issued, subscribed and paid-up		
	666,291,459 (31 March 2014: 659,734,876) equity shares of ₹ 10 each, fully paid-up	**6,662.91**	6,597.35
		6,662.91	6,597.35

a. Reconciliation of shares outstanding at the beginning and at the end of the year

	31 March 2015		31 March 2014	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	**659,734,876**	**6,597.35**	657,673,751	6,576.74
Shares issued during the year- employee stock option scheme	**6,556,583**	**65.56**	2,061,125	20.61
At the end of the year	**666,291,459**	**6,662.91**	659,734,876	6,597.35

b. Particulars of shareholders holding more than 5% equity shares

	31 March 2015		31 March 2014	
	Number of shares	% of total shares	Number of shares	% of total shares
Spen Liq Private Limited	**373,976,673**	**56.13**	373,976,673	56.69

c. Shares held by holding company

	31 March 2015		31 March 2014	
	Number of shares	Amount	Number of shares	Amount
Spen Liq Private Limited	**373,976,673**	**3,739.76**	373,976,673	3,739.76

d. Employees stock options

For Stock options granted during the year to employees and non-executive directors, (refer Note 29).

e. Shares reserved for issue under options

42,308,052 (31 March 2014: 47,605,635) number of shares are reserved for employees and non-executive directors for issue under the employee stock options plan (ESOP) amounting to ₹ 423.08 (31 March 2014: ₹ 476.06). (refer Note 29)

f. Rights, preferences and restrictions attached to equity shares

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 shareholders 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.

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(Currency: In millions of Indian ₹)

3A. Share application money received under ESOP scheme

During the year, the Company has allotted 55,000 shares from balance lying as share application money pending allotment under ESOP scheme as on 31 March 2014. The Company has also received ₹ 112.62 as share application money under ESOP scheme during the year. Out of the total share application money received during the year, 6,556,583 shares were issued during the year and ₹ 0.20 is outstanding pending allotment of 20,000 shares. These shares will be allotted during the financial year 2015-16.

	31 March 2015	31 March 2014
4. RESERVES AND SURPLUS		
Securities premium reserve		
At the commencement of the year*	**1,629.54**	1,624.26
Add: Premium on shares issued during the year	**47.45**	5.28
At the end of the year	**1,676.99**	1,629.54
General reserve		
At the commencement of the year	**30.41**	30.41
At the end of the year	**30.41**	30.41
Hedging reserve		
At the commencement of the year	**(45.22)**	9.81
Movement during the year	**684.95**	(55.03)
At the end of the year	**639.73**	(45.22)
Foreign currency translation reserve		
At the commencement of the year	**3,354.70**	1,477.35
Exchange difference on consolidation of non-integral subsidiaries / operations	**522.16**	1,877.35
At the end of the year	**3,876.86**	3,354.70
Surplus (consolidated profit and loss balance)		
At the commencement of the year	**9,347.43**	7,417.81
Add: Net profit for the year	**2,343.18**	1,929.62
Less: Adjustment pursuant to the scheme of merger (refer note 13)	**(3,691.34)**	-
At the end of the year	**7,999.27**	9,347.43
Total reserve and surplus	**14,223.26**	14,316.86

* Includes ₹ 39.27 (31 March 2014: ₹ 39.27) from acquisition of Customer Assets India Limited merged with Firstsource effective 1 April 2004.

	31 March 2015	31 March 2014
5. LONG-TERM BORROWINGS		
Secured		
Term loans – from banks		
External commercial borrowings (ECB) – (refer note ‘a’)	**1,168.75**	1,180.33
Term loan (refer note ‘b’)	**2,852.08**	5,392.35
Long-term maturities of finance lease obligations - (refer note ‘c’ and 28)	**89.16**	52.60
Unsecured		
Loan from non-banking financing companies – (refer note ‘d’)	**32.99**	16.22
	4,142.98	6,641.50

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(Currency: In millions of Indian ₹)

a. External commercial borrowing carries interest at the rate of LIBOR + 471 bps. The loan is repayable from December 2013 up to June 2019 in 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.

b. The term loan carries interest at an average rate of LIBOR + 425 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 and guarantee given by Firstsource.

c. Finance lease obligation carries interest in the range of 4% - 12.5% for the period of 3 - 5 years from April 2011 upto October 2017, repayable in quarterly installments. This is secured by way of hypothecation of underlying fixed assets taken on lease- refer note 14.

d. Loan from non-banking financing companies carries interest in the range of 7.5% - 12.5% for the period of 3 - 4 years from October 2011 to October 2017, repayable in quarterly installments from the date of its origination.

e. The above excludes current maturity of long term borrowings which are mentioned in note 11 - Other current liabilities / Current maturities of long-term borrowings.

	31 March 2015	31 March 2014
6. DEFERRED TAX LIABILITIES, NET		
Deferred tax asset on account of:		
Business losses and unabsorbed depreciation carried forward	**1,522.06**	1,201.61
Gratuity and compensated absences	**112.13**	132.42
Accrued expenses / allowance for doubtful debts	**18.21**	22.18
	1,652.40	1,356.21
Deferred tax liability on account of:		
Depreciation and amortization	**1,997.12**	1,673.38
	344.72	317.17
7. OTHER LONG-TERM LIABILITIES		
Payable on asset purchase	**-**	199.53
	-	199.53
8. LONG-TERM PROVISIONS		
Provision for employee benefits		
Gratuity	**53.68**	43.97
Compensated absences	**123.85**	195.86
	177.53	239.83
9. SHORT-TERM BORROWINGS		
Secured		
Working capital demand loan – (refer note ‘a’)	**1,875.01**	1,797.57
Unsecured		
Export finance from banks – (refer note ‘b’)	**1,007.07**	661.26
Overdraft from bank – (refer note ‘c’)	**278.22**	-
	3,160.30	2,458.83

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a. The working capital demand loan carries interest in the range of @ LIBOR + 300 bps to LIBOR + 350 bps. The loan is a revolving facility to be renewed every year. The loan is secured against charge on all current assets, non-current assets and fixed assets of FSL-UK and guarantee given by Firstsource.

b. Export finance from banks including post-shipment and pre-shipment, carries interest in the range of @ LIBOR + 230 bps to LIBOR + 300 bps. The same is repayable on demand / receipt from customers.

c. Overdraft from bank carries interest in the range of @ LIBOR + 150 bps to LIBOR + 325 bps.

		31 March 2015	31 March 2014
10. TRADE PAYABLES			
Trade payables for services and goods			
(For dues to micro and small suppliers refer Note 41)		**932.26**	1,129.31
		932.26	1,129.31
11. OTHER CURRENT LIABILITIES			
Current maturities of long-term borrowings			
External commercial borrowing - (refer note '5(a)')		**62.50**	11.98
Term loan – (refer note '5(b)')		**2,812.50**	2,696.18
Finance lease obligation – (refer note '5(c)')		**112.76**	54.97
Loan from non-banking financing companies – (refer note '5(d)')		**22.91**	24.05
Interest accrued but not due on borrowings Other payables		**51.19**	81.19
Others payables			
Payable on asset purchase		**184.94**	199.53
Book credit in bank account		**310.75**	273.85
Creditors for capital goods		**12.63**	64.44
Value added tax		**198.66**	295.43
Tax deducted at source		**16.28**	23.77
Employee benefits payable		**679.96**	794.86
Exchange loss on derivative contracts		**-**	49.85
Advance from customer		**-**	216.78
		4,465.08	4,786.88
12. SHORT-TERM PROVISIONS			
Provision for employee benefits			
Compensated absences		**79.11**	75.14
Other provision			
Provision for taxation		**60.71**	117.11
		139.82	192.25
13. GOODWILL			
MedAssist*	20 September 2007	**19,393.99**	22,130.51
FAL	22 September 2004	**2,200.12**	2,109.13
FDS	13 May 2011	**16.39**	15.94
FR-US	3 September 2003	**992.24**	951.20
Customer Asset India Limited	22 April 2002	**733.61**	733.61
		23,336.35	25,940.39

Goodwill has been restated at exchange rate at balance sheet date.

* During the year Medassist Holding Inc. and Medassist Acquisition LLC, subsidiaries of FG-US, merged effective 31 March 2015. The Scheme was recorded by the State of Delaware. The merged entity has been renamed as MedAssist Holding LLC. As a result of the merger which is accounted under pooling of interests method and as specified in the Scheme, the excess of investment over the value of net assets and reserves taken over has been adjusted against the reserves (balance in profit and loss) to the extent of ₹ 3,691.34 and the balance amounting to ₹ 19,393.99 has been considered as Goodwill in these consolidated financial statements.

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14. FIXED ASSETS

	Tangible assets							Intangible assets					
	Leasehold improvements	Computers	Service equipment	Office equipment	Furniture, fixture	Vehicles	Total	Goodwill	Domain name	Software	Total	Grand total	Capital work in Progress
Gross block (at cost)													
As at 1 April 2014	1,740.29	1,421.64	1,193.72	1,273.02	719.39	11.74	6,359.80	1,010.82	6.72	1,297.38	2,314.92	8,674.72	4.01
Additions / adjustments during the year*	31.22	57.24	166.46	48.34	29.57	3.16	336.00	44.03	-	161.94	205.97	541.97	80.67
Deletions during the year	(0.62)	(56.24)	(8.71)	(14.11)	(5.98)	(1.17)	(86.83)	-	-	(1.35)	(1.35)	(88.18)	-
As at 31 March 2015	1,770.89	1,422.64	1,351.47	1,307.25	742.98	13.73	6,608.97	1,054.85	6.72	1,457.97	2,519.54	9,128.51	84.68
Accumulated depreciation / amortization													
As at 1 April 2014	1,451.92	1,314.48	1,047.41	1,099.73	586.75	4.06	5,504.35	704.96	6.72	1,094.80	1,806.48	7,310.83	-
Charge for the year	121.39	58.02	103.46	85.28	30.44	2.41	401.00	198.52	-	122.30	320.82	721.82	-
On deletions / adjustments during the year *	0.91	(38.98)	(22.37)	(5.68)	(0.65)	(0.34)	(67.11)	33.88	-	26.17	60.05	(7.06)	-
As at 31 March 2015	1,574.22	1,333.52	1,128.50	1,179.33	616.54	6.13	5,838.24	937.36	6.72	1,243.27	2,187.35	8,025.59	-
Net Block as at 31 March 2015	196.67	89.12	222.97	127.92	126.45	7.60	770.73	117.49	-	214.70	332.19	1,102.92	84.68
As at 31 March 2014	288.37	107.16	146.31	173.29	132.64	7.68	855.45	305.86	-	202.58	508.44	1,363.89	4.01

* Includes adjustments relating to foreign exchange on account of translation of foreign subsidiaries / operations.

	Tangible assets									Intangible assets					
	Land	Building	Leasehold improve -ments	Computers	Service equipment	Office equipment	Furniture, fixture	Vehicles	Total	Goodwill	Domain name	Software	Total	Grand total	Capital work in Progress
Gross block (at cost)															
As at 1 April 2013	49.30	222.39	1,664.78	1,279.46	1,186.92	1,017.99	739.20	17.23	6,177.27	887.09	6.72	1,060.32	1,954.13	8,131.40	18.20
Additions / adjustments during the year*	-	-	293.89	227.72	199.88	259.58	52.05	2.38	1,035.50	267.99	-	318.83	586.82	1,622.32	2.91
Deletions during the year	(49.30)	(222.39)	(218.38)	(85.54)	(193.08)	(4.55)	(71.86)	(7.87)	(852.97)	(144.26)	-	(81.77)	(226.03)	(1,079.00)	(17.10)
As at 31 March 2014	-	-	1,740.29	1,421.64	1,193.72	1,273.02	719.39	11.74	6,359.80	1,010.82	6.72	1,297.38	2,314.92	8,674.72	4.01
Accumulated depreciation / amortization															
As at 1 April 2013	-	78.38	1,336.75	1,179.32	1,036.26	834.62	610.68	9.36	5,085.37	564.66	6.72	931.30	1,502.68	6,588.05	-
Charge for the year	-	1.15	161.73	61.21	80.14	102.10	45.77	1.70	453.80	203.35	-	99.87	303.22	757.02	-
On deletions / adjustments during the year*	-	(79.53)	(46.56)	73.95	(68.99)	163.01	(69.70)	(7.00)	(34.82)	(63.05)	-	63.63	0.58	(34.24)	-
As at 31 March 2014	-	-	1,451.92	1,314.48	1,047.41	1,099.73	586.75	4.06	5,504.35	704.96	6.72	1,094.80	1,806.48	7,310.83	-
Net Block as at 31 March 2014	-	-	288.37	107.16	146.31	173.29	132.64	7.68	855.45	305.86	-	202.58	508.44	1,363.89	4.01
As at 31 March 2013	49.30	144.01	328.03	100.14	150.66	183.37	128.52	7.87	1,091.90	322.43	-	129.02	451.45	1,543.3	18.20

* Includes adjustments relating to foreign exchange on account of translation of foreign subsidiaries / operations

Notes to the Consolidated Financial Statements

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(Currency: In millions of Indian ₹)

The above assets include assets taken on finance lease as follows:

	Tangible assets				Intangible assets	
	Leasehold improvements	**Computers**	**Service equipment**	**Office equipment**	**Software**	**Total**
Gross block (at cost)						
As at 1 April 2014	123.55	63.71	103.20	32.43	38.90	361.79
As at 31 March 2015	**116.12**	**63.71**	**247.21**	**32.43**	**68.52**	**527.99**
Accumulated depreciation / amortization						
As at 1 April 2014	48.45	63.71	103.20	14.67	15.49	245.51
As at 31 March 2015	**69.14**	**63.71**	129.24	**17.35**	**49.12**	**328.55**
Net block						
As at 31 March 2015	**46.98**	**-**	**117.97**	**15.08**	**19.40**	**199.44**
As at 31 March 2014	75.10	-	-	17.76	23.41	116.28

	Tangible assets				Intangible assets	
	Leasehold improvements	**Computers**	**Service equipment**	**Office equipment**	**Software**	**Total**
Gross block (at cost)						
As at 1 April 2013	105.70	64.75	106.03	32.43	5.34	314.25
As at 31 March 2014	**123.55**	**63.71**	**103.20**	**32.43**	**38.90**	**361.79**
Accumulated depreciation / amortization						
As at 1 April 2013	24.57	62.58	99.93	10.33	2.88	200.29
As at 31 March 2014	**123.55**	**63.71**	**103.20**	**14.67**	**15.49**	**245.52**
Net block						
As at 1 April 2013	24.57	**-**	**-**	**17.76**	**23.41**	**116.28**
As at 31 March 2014	81.13	2.17	6.10	22.10	2.46	113.96

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as at 31 March 2015

(Currency: In millions of Indian ₹)

	31 March 2015	31 March 2014
15. NON-CURRENT INVESTMENTS		
Long term investments - at cost Trade (Unquoted)		
1,000 (31 March 2014 : Nil) fully paid Equity shares of Rs 10 each of Nanobi Data and Analytics Private Limited	**0.08**	-
376,884 (31 March 2014 : Nil) fully paid Compulsory Convertible Cumulative Preference Shares of Rs 10 each of Nanobi Data and Analytics Private Limited	**29.92**	-
Non-trade (Unquoted)		
In mutual fund (Philippines Treasury bills)*	**27.55**	26.39
Total non-current investments	**57.55**	26.39
* These securities have been earmarked in favor of SEC, Philippines in compliance with corporation code of Philippines.		
16. LONG-TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
To parties other than related parties		
Capital advances	**1.25**	1.28
Deposits (refer note 36)	**357.02**	318.11
Other loans and advances		
Prepaid expenses	**153.48**	214.21
Lease rentals receivable, net	**26.17**	31.87
Advance tax and tax deducted at source	**631.37**	594.72
	1,169.29	1,160.19
17. OTHER NON-CURRENT ASSETS		
(Unsecured, considered good unless otherwise stated)		
Bank deposits - Due to mature after twelve months from the reporting date, (refer note 20)*	**-**	0.48
Unamortised costs (refer note 36)	**25.40**	51.96
Accrued interest	**1.62**	0.65
Minimum alternate tax credit carried forward	**1,051.49**	865.33
	1,078.51	918.42
* Under lien for bank guarantees to the Customs authorities		
18. CURRENT INVESTMENTS (AT LOWER OF COST AND FAIR VALUE)		
Non trade (Unquoted)		
473,425 (31 March 2014: 137,087) units of ICICI Prudential Liquid – Direct plan – Growth	**98.00**	26.00
21,838 (31 March 2014: Nil) units of Kotak Floater Short term – Direct Plan – Growth	**150.00**	-
424,365 (31 March 2014: Nil) units of DWS Insta Cash Plus Fund – Direct Plan – Growth	**77.00**	-
32,348 (31 March 2014: Nil) units of SBI Magnum Insta Cash Fund – Direct Plan – Growth	**100.07**	-
29,656 (31 March 2014: Nil) units of Reliance		

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(Currency: In millions of Indian ₹)

	31 March 2015	31 March 2014
Liquid Fund – Treasury Plan- Direct Growth Plan – Growth option	101.04	-
52,016 (31 March 2014: Nil) units of Religare		
Invesco Liquid Fund – Direct Plan – Growth	100.00	-
1,712,000 (31 March 2014: Nil) units of HDFC		
Cash Management Fund – Saving Plan- Direct Plan – Growth Option	50.00	-
	676.11	26.00
(Net assets value of unquoted investments ₹ 676.89 (31 March 2014 : ₹ 26.04))		
19. TRADE RECEIVABLES		
(Unsecured)		
Receivables outstanding for a period exceeding		
six months from the date they become due for payment		
- considered good	-	-
- considered doubtful	36.71	22.67
	36.71	22.67
Less: Provision for doubtful debts	36.71	22.67
	-	-
Others receivables		
- considered good	2,889.51	3,019.26
	2,889.51	3,019.26
	2,889.51	3,019.26
20. CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash on hand	0.39	0.19
Balances with banks		
- in current accounts	827.78	2,307.11
	828.17	2,307.30
Other bank balances		
- Bank deposits due to mature after twelve	-	0.48
months from the reporting date		
- Bank deposits due to mature after three	2.48	16.98
months but before twelve months of the reporting date *		
	830.65	2,324.76
Less: Current account balance held in trust for customers	28.36	461.07
Less: Bank deposits due to mature after twelve	-	0.48
months from the reporting date (refer note 17)		
	802.29	1,863.21

* Includes ₹ Nil (31 March 2014: ₹ 14.98) towards line of credit

Notes to the Consolidated Financial Statements

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(Currency: In millions of Indian ₹)

	31 March 2015	31 March 2014
21. SHORT-TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
To parties other than related parties		
Prepaid expenses	**239.77**	319.38
Lease rentals receivable, net	**17.06**	20.04
Service Tax	**9.15**	-
Other advances	**24.22**	70.86
	290.20	410.28
22. OTHER CURRENT ASSETS		
(Unsecured, considered good unless otherwise stated)		
Unbilled receivables	**2,040.16**	2,110.46
Unamortised costs (refer note 36)	**18.59**	18.68
Recoverable on sale of subsidiary – Pipal	**33.34**	33.34
Minimum alternate tax credit carried forward	**149.05**	-
Exchange gain on derivative contracts	**536.82**	-
	2,777.96	2,162.48

Notes to the Consolidated Financial Statements

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

	31 March 2015	31 March 2014
23. REVENUE FROM OPERATIONS		
Sale of services	30,033.78	31,270.23
Other operating income (refer note 33)	312.74	(211.47)
	30,346.52	31,058.76
24. OTHER INCOME		
Interest income	54.61	27.73
Profit on sale/redemption of current investments, net	29.96	6.93
Foreign exchange loss, net	(25.75)	(56.14)
Gain on sale of fixed assets, net	4.75	39.99
Miscellaneous income	1.66	1.53
	65.23	20.04
25. EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	18,517.75	19,610.51
Contribution to provident and other funds	854.15	892.52
Staff welfare expenses	799.60	791.02
	20,171.50	21,294.05
26. FINANCE COSTS		
Interest expense		
- on external commercial borrowings and term loan	544.94	765.35
- on working capital demand loan and others	165.92	85.15
Bank guarantee commission	-	0.97
	710.86	851.47
27. OTHER EXPENSES		
Rent	1,309.92	1,296.68
Repair(others), maintenance and upkeep	524.45	510.24
Insurance	230.60	233.14
Rates and taxes	132.73	108.20
Services rendered by business associates and others	38.73	63.78
Legal and professional fees	616.47	644.04
Car and other hire charges	523.29	484.10
Connectivity charges	315.00	214.50
Information and communication expenses	758.04	912.22
Recruitment and training expenses	273.79	239.72
Electricity, water and power consumption	390.07	394.12
Travel and conveyance	498.24	446.73
Computer expenses	345.33	268.17
Printing and stationery	104.39	117.78
Marketing and support fees	77.81	76.80
Payment to auditors		
- as auditor	15.62	14.50
- for reimbursement of expenses	0.20	0.20
Meeting and seminar expenses	6.34	3.72
Advertisement and publicity	3.30	4.49

Notes to the Consolidated Financial Statements

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

	31 March 2015	31 March 2014
Membership and registration fees	**12.27**	-
Directors' sitting fees	**3.80**	1.22
Provision for doubtful trade receivable / bad debts / written-off / (written-back), net	**56.87**	(31.96)
Bank administration charges	**90.33**	88.65
Contribution to CSR (refer note 39)	**17.13**	-
Miscellaneous expenses	**22.68**	52.42
	6,367.40	6,143.46

28. LEASES

Operating lease

The Company is obligated under non-cancellable operating leases for office space and office equipment which are renewable on a periodic basis at the option of both the lesser and lessee. Expenses under non-cancellable operating leases for the year ended 31 March 2015 aggregated to ₹ 980.08 (31 March 2014: ₹ 764.17).

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

	As at 31 March 2015	As at 31 March 2014
Amount due within one year from the balance sheet date	**650.44**	596.82
Amount due in the period between one year and five years	**954.60**	915.41
Amount due in the period beyond five years	**199.03**	203.71
	1,804.07	1,715.94

The Company also leases office facilities and residential facilities under cancellable operating leases that are renewable on a periodic basis at the option of both the lessor and lessee. Expenses under cancellable operating leases for the year ended 31 March 2015 is ₹ 468.27 (31 March 2014: ₹ 513.00).

Finance lease

The Company has acquired certain capital assets under finance lease. Future minimum lease payments under finance lease as at 31 March 2015 are as follows:

	Minimum lease payments	Finance charges	Present value of minimum lease payments
As at 31 March 2015			
Amount payable within one year from the balance sheet date	**117.18**	**4.42**	**112.76**
Amount payable in the period between one year and five years	**91.24**	**2.08**	**89.16**
	208.42	**6.50**	**201.92**
As at 31 March 2014			
Amount payable within one year from the balance sheet date	61.66	6.69	54.97
Amount payable in the period between one year and five years	55.39	2.79	52.60
	117.05	9.48	107.57

Notes to the Consolidated Financial Statements

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

The Company has given vehicles on finance lease to its employees as per policy. As at 31 March 2015, the future minimum lease rentals receivables are as follows:

	Minimum lease payments	Finance charges	Present value of minimum lease payments
As at 31 March 2015			
Amount receivable within one year from the balance sheet date	**20.99**	**3.93**	**17.06**
Amount receivable in the period between one year and five years	**29.50**	**3.33**	**26.17**
	50.49	**7.26**	**43.23**
As at 31 March 2014			
Amount receivable within one year from the balance sheet date	24.71	4.67	20.04
Amount receivable in the period between one year and five years	36.01	4.14	31.87
	60.72	8.81	51.91

29. Employee stock option plan

Stock option scheme 2002 ('Scheme 2002')

In September 2002, the Board of the Company approved the ICICI OneSource Stock Option Scheme 2002 ("the Scheme"), which covers the employees and directors of Firstsource including its holding Company and subsidiaries. The Scheme is administered and supervised by the members of the Compensation cum Board Governance Committee (the 'Committee').

As per the Scheme, the Committee shall issue stock options to the employees at an exercise price equal to the fair value on the date of grant, as determined by an independent valuer. The Scheme provides that these options would vest in tranches over a period of four years as follows:

Period within which options will vest unto the participant	% of options that will vest
End of 12 months from the date of grant of options	25.0
End of 18 months from the date of grant of options	12.5
End of 24 months from the date of grant of options	12.5
End of 30 months from the date of grant of options	12.5
End of 36 months from the date of grant of options	12.5
End of 42 months from the date of grant of options	12.5
End of 48 months from the date of grant of options	12.5

Further, the participants shall exercise the options within a period of nine years commencing on or after the expiry of twelve months from the date of the grant of the options.

Employee stock option activity under Scheme 2002 is as follows:

Description	31 March 2015		31 March 2014	
	Shares arising out of options	Weighted average remaining contractual term (in months)	Shares arising out of options	Weighted average remaining contractual term (in months)
Exercise Range(in ₹) : 00.00 - 30.00				
Outstanding at the beginning of the year	-	-	60,000	9
Granted during the year	-	-	-	-
Forfeited during the year	-	-	30,000	-
Exercised during the year	-	-	30,000	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

Notes to the Consolidated Financial Statements

for the year ended 31 March 2015

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Employee stock option scheme 2003 ('Scheme 2003')

In September 2003, the Board and the members of Firstsource approved the ICICI OneSource Stock Option Scheme 2003 ('Scheme 2003') effective 11 October 2003. The terms and conditions under this Scheme are similar to those under 'Scheme 2002' except for the following, which were included in line with the amended "SEBI (Employee stock option scheme and employee stock purchase scheme) guidelines, 1999":

- The Scheme would be administered and supervised by the members of the Compensation committee.

- Exercise price to be determined based on a fair valuation carried out at the beginning of every six months for options granted during those respective periods

  After Firstsource has been listed on any stock-exchange, the Exercise Price shall be determined by the Committee on the date the Option is granted in accordance with, and subject to, the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (as amended from time to time);

- The Compensation Cum Board Governance Committee of Firstsource, at its meeting held on 27 April 2006, amended the vesting schedule for stock options granted on 1 May 2006 to General Managers and above grade employees and to non executive directors. The vesting schedule for 15,980,000 stock options granted pursuant to the above is set forth below:

Period within which options will vest unto the participant	% of options that will vest
End of 24 months from the date of grant of options	50.0
End of 36 months from the date of grant of options	50.0

- At the Extra-Ordinary General Meeting held on 22 November 2007, the scheme was amended to include 'Executive Options'. 50% of the vesting for 'Executive Options' is time linked and the balance 50% is performance linked. The vesting schedule for time linked 'Executive Options' is set forth below:

Period within which Executive Options shall vest to the Option grantee	% of options that will vest
End of 24 months from date of grant of Options	20.0
End of 36 months from date of grant of Options	10.0
End of 48 months from date of grant of Options	10.0
End of 60 months from date of grant of Options	10.0

The vesting schedule for Performance Linked options is set forth below:

50% of 'Executive Options' which are performance linked shall vest in proportion to the achievement of 5 year performance targets to be decided by the Committee, with the first vesting being at the end of the second year from the date of grant of 'Executive Options'. The number of 'Executive Options' vesting at the end of each year would be in proportion to the percentage achievement against the targets and if the targets were not met, the vesting period would be extended beyond 5 years. If performance was better than targets, the Options would vest in less than 5 years.

- The Compensation Cum Board Governance Committee of Firstsource, at its meeting held on 30 October 2008 prescribed the Exercise Period for stock options (other than Executive Options) whether already granted or to be granted to employees of the Company and its subsidiaries under Firstsource Solutions Employee Stock Option Scheme 2003 as 10 years from the date of grant of Options.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

- Employee stock option activity under Scheme 2003 is as follows:

Description	Exercise Range (in ₹)	31 March 2015 Shares arising out of options	31 March 2015 Weighted average remaining contractual term (in months)	31 March 2014 Shares arising out of options	31 March 2014 Weighted average remaining contractual term (in months)
Outstanding at	00.00 - 30.00	34,076,127	91.96	31,424,649	95.83
the beginning of	30.01 - 60.00	10,585,246	37.48	13,444,621	49.61
the year	60.01 - 90.00	2,944,262	43.13	3,079,262	55.99
		47,605,635		47,948,532	
Granted during	00.00 - 30.00	5,000,000	-	11,075,000	-
the year	30.01 - 60.00	900,000	-	-	-
	60.01 - 90.00	-	-	-	-
		5,900,000			
Forfeited during	00.00 - 30.00	4,277,500	-	6,299,897	-
the year	30.01 - 60.00	411,000	-	2,859,375	-
	60.01 - 90.00	25,000	-	135,000	-
		4,713,500		9,294,272	
Exercised during	00.00 - 30.00	6,170,025	-	2,123,625	-
the year	30.01 - 60.00	314,058	-	-	-
	60.01 - 90.00	-	-	-	-
		64,84,083			
Outstanding at	00.00 - 30.00	28,628,602	91.96	34,076,127	91.96
the end of the	30.01 - 60.00	10,760,188	37.48	10,585,246	37.48
year	60.01 - 90.00	2,919,262	43.13	2,944,262	43.13
		42,308,052		47,605,635	
Exercisable at	00.00 - 30.00	15,742,977	76.14	15,468,002	76.14
the end of the	30.01 - 60.00	9,860,188	37.39	10,560,246	37.39
year	60.01 - 90.00	2,919,262	43.13	2,944,262	43.13
		28,522,427		28,972,510	

Outstanding options as at 31 March 2015 out of Scheme 2002 is Nil (31 March 2014: nil) and Scheme 2003 is 42,308,052 (31 March 2014: 47,605,635) i.e. total outstanding is 42,308,052.

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1 The aggregate stock option pool under Employee Stock Option Scheme 2002 and Employee Stock Option Scheme 2003 is 20% fully diluted equity shares as of 31 March 2015.

2 The Company applies the intrinsic value based method of accounting for determining compensation cost for its stock- based compensation plan. Had the compensation cost been determined using the fair value approach, the Company's net Income and basic and diluted earnings per share as reported would have reduced to the proforma amounts as indicated:

Particulars	31 March 2015	31 March 2014
Net income as reported	**2,343.18**	1,929.62
Less: Stock-based employee compensation expense (fair value method)	**(0.97)**	(21.30)
Proforma net income	**2,342.21**	1,908.32
Basic earnings per share as reported (₹)	**3.53**	2.93
Proforma basic earnings per share (₹)	**3.53**	2.90
Diluted earnings per share as reported (₹)	**3.34**	2.82
Proforma diluted earnings per share (₹)	**3.34**	2.79

The key assumptions used to estimate the fair value of options are:

	31 March 2015	31 March 2014
Dividend yield	**0%**	0%
Expected Life	**5.5-7 years**	5.5-7 years
Risk free interest rate	**6.50% to 9.06%**	6.50% to 9.06%
Volatility	**0% to 75%**	0% to 75%

30. RELATED PARTY TRANSACTIONS

Details of related parties including summary of transactions entered into during the three and nine months ended 31 March 2015 are summarized below:

Ultimate Holding Company	• CESC Limited
Holding Company	• Spen Liq Private limited
Fellow Subsidiary	• Spencer Retail Limited
Subsidiaries wherein control exists	• The related parties where control exists are subsidiaries as referred below to in note 1 to the consolidated financial statements.
Key Managerial Personnel	• Rajesh Subramaniam
	• Dinesh Jain
Non Executive Directors	• Sanjiv Goenka
	• Ananda Mukerji*
	• Charles Miller Smith
	• Shailesh Mehta*
	• K.P.Balaraj*
	• Y.H.Malegam
	• Pradip Roy
	• Subrata Talukdar
	• Shashwat Goenka
	• Haigreve Khaitan*
	• Donald W. Layden, Jr
	• V. K. Sharma
	• Pradip Kumar Khaitan
	• Grace Koshie

* Resigned during the period.

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for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

Particulars of related party transactions:

Name of the related party	Description	Transaction value during the year ended		Receivable / (Payable) at	
		31 March 2015	31 March 2014	31 March 2015	31 March 2014
CESC Limited	Income from services	16.33	6.04	1.39	0.64
Spencer Retail Ltd	Employee benefits	1.48	0.21	-	-
Non- executive directors	Sitting fees paid	3.80	1.22	-	-
Key Managerial Personnel	Remuneration*	50.19	44.99	-	-

*Excludes ESOP, gratuity and compensated absences.

Description	31 March 2015	31 March 2014
Rajesh Subramaniam	38.03	33.86
Dinesh Jain	12.16	11.13

List of transactions with related parties having total value more than 10% of value of transactions with related parties

31. SEGMENTAL REPORTING

The Group has determined its primary reportable segment as geography identified on the basis of the location of the customer which, in management's opinion, is the predominant source of risks and rewards. The Group has determined industries serviced i.e. Banking, Financial Services and Insurance and Non – Banking, Financial Services and Insurance as its secondary segment as management perceives risk and rewards to be separate for these different industries.

Geographic segments

The Group's business is organised into four key geographic segments comprising United States of America and Canada, United Kingdom, India and Rest of the world.

Segment revenues and expenses

Revenues are attributable to individual geographic segments based on location of the end customer. Direct expenses in relation to the segments is categorized based on items that are individually identifiable to that segment while other costs, wherever allocable, are apportioned to the segments on an appropriate basis.

Un-allocable expenses

Certain expenses are not specifically allocable to individual segments as the underlying services are used interchangeably. The Group therefore believes that it is not practicable to provide segment disclosures relating to such expenses, and accordingly such expenses are separately disclosed as 'unallocated' and directly charged against total income.

Capital employed

Capital employed comprises debtors and unbilled receivables and goodwill directly attributable to the reportable segments. As the fixed assets and services are used interchangeably between the segments by the Group's businesses and liabilities contracted have not been identified to any of the reportable segments, the Group believes that it is currently not practicable to provide segment disclosures relating to these assets and liabilities and hence, have been included under unallocated.

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	Year ended 31 March 2015	Year ended 31 March 2014
Primary segment		
Segment revenue excluding other operating income		
UK	10,778.35	11,135.07
USA and Canada	14,795.40	14,583.73
India	2,462.05	2,784.20
Rest of the world	1,997.98	2,767.23
	30,033.78	31,270.23

	Year ended 31 March 2015	Year ended 31 March 2014
Segment result		
Segment revenue excluding other operating income		
UK	2,236.95	1,905.51
USA and Canada	1,944.56	1,804.27
India	263.42	369.13
Rest of the world	225.86	266.36
	4,670.79	4,345.27
Finance costs	(710.86)	(851.47)
Other un-allocable expenditure, net of un-allocable income	(1,519.76)	(1,461.00)
Profit before taxation and minority interest	2,440.17	2032.80
Taxation	(95.40)	(100.89)
Minority interest	(1.59)	(2.29)
Profit after taxation and minority interest	2,343.18	1,929.62

	As at 31 March 2015	As at 31 March 2014
Capital employed*		
UK	1,136.45	1,475.99
USA and Canada	25,849.63	27,207.95
India	465.03	771.28
Rest of the world	81.30	881.29
Unallocated	2,325.22	1,559.41
	29,857.63	31,895.92

	Revenue excluding other operating income for the year ended		Capital employed* as at	
Secondary segment	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Banking, Financial Services and Insurance	5,595.97	6,579.21	3,693.59	3,463.67
Non-Banking, Financial Services and Insurance	24,437.81	24,691.02	23,838.82	26,872.84
Unallocated	-	-	2,325.22	1,559.41
	30,033.78	31,270.23	29,857.63	31,895.92

*Excludes taxes, borrowings and minority interest

Notes to the Consolidated Financial Statements

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(Currency: In millions of Indian ₹)

32. EMPLOYEE BENEFITS

a) Gratuity plan

The following table sets out the status of the gratuity plan as required under AS 15:

Reconciliation of opening and closing balances of the present value of the defined benefit obligation and fair value of planned assets:

Particulars	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Change in present value of obligations					
Obligations at beginning of the year	**92.61**	117.79	119.88	99.14	87.96
Service cost	**21.95**	26.46	34.70	41.48	27.55
Interest cost	**7.13**	8.19	9.02	8.08	6.55
Actuarial (gain)/loss	**(17.03)**	(34.14)	(17.83)	(8.62)	(7.28)
Benefits paid	**(20.41)**	(25.69)	(27.98)	(20.20)	(15.64)
Obligations at the end of the year	**84.25**	92.61	117.79	119.88	99.14
Change in plan assets					
Fair value of plan assets at beginning of the year	**48.64**	50.69	68.43	70.88	44.44
Expected return on plan assets	**3.46**	3.45	5.13	5.99	5.02
Actuarial gain/(loss)	**(1.12)**	0.18	0.02	0.75	(1.22)
Contributions	**-**	20.00	0.82	10.03	36.98
Benefits paid	**(20.41)**	(25.68)	(23.71)	(19.22)	(14.34)
Fair value of plan assets at end of the year	**30.57**	48.64	50.69	68.43	70.88
Reconciliation of present value of the obligation and the fair value of plan assets					
Present value of the defined benefit obligations at the end of the year	**84.25**	88.58	117.79	119.88	99.14
Fair value of plan assets at the end of year	**(30.57)**	(48.64)	(50.69)	(68.43)	(70.88)
Funded status being amount of liability recognised in the consolidated balance sheet	**53.68**	43.97	67.10	51.45	28.26
Gratuity cost for the year					
Service cost	**21.95**	26.46	34.70	38.38	27.55
Interest cost	**7.13**	8.19	9.02	8.08	6.55
Expected return on plan assets	**3.46**	(3.45)	(5.13)	(4.99)	(6.07)
Actuarial (gain)/loss	**(18.35)**	(34.32)	(17.85)	(9.36)	(5.02)
Net gratuity cost	**7.47**	(3.12)	20.74	32.11	23.01
Actual return on plan assets Assumptions	**2.34**	3.63	5.15	6.74	3.80
Interest rate	**7.87%**	9.10%	8.05%	8.60%	8.30%
Estimated rate of return on plan assets	**9.00%**	9.00%	9.00%	9.00%	9.00%
Rate of growth in salary levels	**5.00%**	5.00%	8.00%	10.00%	10.00%
Withdrawal rate	**25.00% reducing to 2% for over 20 years of service**	25.00% reducing to 2% for over 20 years of service	25% reducing to 2% for over 20 years of service	25% reducing to 2% for over 20 years of service	25% reducing to 2% for over 20 years of service
Experience adjustments					
On plan liabilities loss / (gain)	**(17.03)**	(34.14)	(14.17)	(8.93)	(13.23)
On plan assets (gain) / loss	**(1.12)**	0.18	(0.20)	(0.15)	1.22

Notes to the Consolidated Financial Statements

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

The Company continues to fund to the trust in next year by reimbursing the actual payouts.
Gratuity cost, as disclosed above, is included under 'Employee benefit expense'.

b) Contribution to Provident Fund
The provident fund charge during the year amounts to ₹ 188.38 (31 March 2014: ₹ 209.51).

c) Compensated absences

	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Actuarial assumptions					
Interest rate	**7.87%**	9.10%	8.05%	8.60%	8.30%
Rate of growth in salary levels	**5.00%**	5.00%	8.00%	10.00%	10.00%

33. Other operating income

Other operating income of ₹ 312.74 (31 March 2014: ₹ (211.47)) includes net loss of ₹ 42.07 (31 March 2014: ₹ 335.20) on restatement and settlement of debtor balances and ₹ 284.79 related gain / loss on forward/option contracts and income of ₹ 67.45 for the year ended 31 March 2015 (31 March 2014: ₹ 123.73) on account of grant income earned by FSL-UK.

34. Computation of number of shares for calculating diluted earnings per share

	Year ended	
	31 March 2015	31 March 2014
Number of shares considered as basic weighted average shares outstanding	**663,035,913**	658,388,622
Add: Effect of potential issue of shares/ stock options *	**38,660,298**	26,060,201
Number of shares considered as weighted average shares and potential shares outstanding	**701,696,211**	684,448,823
Net profit after tax attributable to shareholders	**2,343.18**	1,929.62
Net profit after tax for diluted earnings per share	**2,343.18**	1,929.62

* Not considered when anti-dilutive

35. Capital and other commitments and contingent liabilities

	31 March 2015	31 March 2014
The estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	**215.23**	74.40
Claims not acknowledged as debts	**1.35**	1.35
Guarantees given	**6.18**	3.44

Direct tax matters

Income tax demands amounting to ₹ 1,236.77 (31 March 2014: ₹ 1,240.27) for the various assessment years are disputed in appeal by the Company in respect of which the Company has favorable decisions supporting its stand based on the past assessment or otherwise and hence, the provision for taxation is considered adequate. The Company has paid ₹ 10.38 (31 March 2014: ₹ 10.38) tax under protest against the demand raised for the assessment year 2004-05, ₹ 12.50 (31 March 2014: ₹ 12.50) tax under protest against the demand raised for the assessment year 2009-10 and ₹ 80.00 (31 March 2014: ₹ 50.00) tax under protest against the demand raised for the assessment year 2011-12.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

Indirect tax matters

The Service tax demands amounting to ₹ 131.15 (31 March 2014: ₹ 125.52) in respect of service tax input credit and FCCB issue expenses is disputed in appeal by the Company. The Company expects favourable appellate decision in this regard.

The Company's pending litigations comprise of claims against the Company and pertaining to proceedings pending with Income tax and service tax. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

Guarantees

Guarantees given pertains to guarantees given to the Government of India, Customs and Central Excise department towards duty securities. Also refer note 5(a) and 9(b).

36. Adoption of AS 30

In December 2007, the ICAI issued AS 30, Financials Instruments: Recognition and Measurement, recommendatory in respect of accounting periods commencing on or after 1 April 2009 and mandatory in respect of accounting periods commencing on or after 1 April 2011.

In March 2008, ICAI announced that earlier adoption of AS 30 is encouraged. However, AS 30, along with limited revision to other accounting standards, has not been notified under the Companies (Accounts) Rules, 2014.

On 1 October, 2008, the Company had early adopted AS 30 in its entirety, read with AS 31, effective 1 April, 2008 and the limited revisions to other Accounting Standards.

AS 30 states that particular sections of other Accounting Standards; AS 4, Contingencies and Events Occurring after Balance sheet Date, to the extent it deals with contingencies, AS 11 (revised 2003), The Effects of Changes in Foreign Exchange Rates, to the extent it deals with the 'forward exchange contracts' and AS 13, Accounting for Investments, except to the extent it relates to accounting for investment properties, would stand withdrawn only from the date AS 30 becomes mandatory. In view of the Company, on an early adoption of AS 30, accounting treatment made on the basis of the relevant sections of Accounting Standards referred above viz. AS 4, AS 11 and AS 13 stands withdrawn as it believes that principles of AS 30 more appropriately reflect the nature of these transactions.

Pursuant to the early adoption of AS 30, the Company has discounted interest-free deposits to their present value and the difference between original amount of deposit and the discounted present value has been disclosed as "Unamortised cost" under other current and non-current assets. This unamortised cost is charged to the Statement of profit and loss over the period of related lease. Correspondingly, interest income is accrued on these interest-free deposits using the implicit rate of return over the period of lease and is recognised under "Interest income".

In accordance with the transition provisions of AS 30, impact on first time adoption was accounted in General Reserve.

The Company has also designated forward contracts to hedge highly probable forecasted transactions on the principles as set out in AS-30.

Consequent to the early adoption of AS 30 as stated above, the profit after taxation for the year ended 31 March 2015 and Reserves and Surplus as at the Balance sheet date is higher by ₹ 86.21 (31 March 2014: higher by ₹ 169) and ₹ 6.81 (31 March 2014: ₹ 3) respectively. The increase in Reserve and surplus includes translation gain on the investment in non-integral foreign operation, used as hedging against translation loss on ECB, which is currently credited to Reserve and surplus, would be transferred to consolidated Statement of profit and loss upon disposal of non-integral foreign operation.

37. DERIVATIVES

As at 31 March 2015, the Company has derivative financial instruments to sell USD 41.99 million (31 March 2014: USD 30.60 million) having fair value gain of ₹ 50.72 (31 March 2014: gain of ₹ 45.84), GBP 62.95 million (31 March 2014: GBP 51.43 million) having fair value gain of ₹ 677.15 (31 March 2014: loss of ₹ 125.53) relating to highly probable forecasted transactions.

Foreign currency exposures on loans and receivables that are not hedged by derivative instruments or otherwise are ₹ 340.30 (equivalent to USD 2.41 million, AUD 0.74 million and GBP 1.66 million) (31 March 2014: ₹ 249.43 (equivalent to USD 2.41 million, EUR 0.25 million and GBP 0.85 million).

38. LONG-TERM CONTRACTS

The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of account.

39. CORPORATE SOCIAL RESPONSIBILITY (CSR)

As per Section 135 of the Companies Act, 2013, a CSR trust has been formed by the Ultimate Holding Company. The areas identified by the CSR trust includes activities for promoting healthcare, art / culture, sports and education as the four priority areas to be pursued in phases and in a manner aligned with the CSR rules and regulations. The funds have been contributed to the trust and will be utilized on these activities which are specified in Schedule VII to the Companies Act, 2013.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

40. Statement pursuant to requirement of Schedule III to the Companies Act, 2013 relating Company's interest in subsidiary companies.

Sr. no.	Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
		As % of consolidated net assets*	Amount	As % of consolidated profit or loss*	Amount
	Firstsource Solutions Limited	77.96%	16,283.07	69.89%	1,637.54
	Subsidiaries Indian				
1	Anunta Tech Infrastructure Services Limited	0.15%	30.49	(0.01%)	(0.13)
	Subsidiaries Foreign				
1	Firstsource Group USA, Inc.	61.66%	12,878.98	(23.82)%	(558.19)
2	Firstsource Solutions UK Limited	9.07%	1,895.29	22.25%	521.46
3	Firstsource Solutions S.A.	-	-	-	-
4	Firstsource Advantage LLC	5.46%	1,140.46	5.35%	125.38
5	Firstsource Business Process Services, LLC	6.63%	1,385.24	(0.02)%	(0.36)
6	MedAssist Holding, Inc	-	-	-	-
7	Firstsource Solutions USA LLC	86.03%	17,968.56	11.64%	272.70
8	Firstsource Transaction Services LLC	3.45%	720.11	10.62%	248.83
9	Firstsource Dialog Solutions (Private) Limited	0.30%	63.49	0.26%	6.12
10	Firstsource BPO Ireland Limited	1.11%	231.70	3.90%	91.42
11	One Advantage LLC	0.01%	1.56	-	-
12	MedAssist Holding, LLC	-	-	-	-
	Adjustment	-	(31,696.27)	-	-
	Minority Interests in all subsidiaries	0.09%	16.31	(0.07%)	(1.59)
	Total	100.00%	20,886.37	100.00%	2,343.18

Notes to the Consolidated Financial Statements

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

41. Under the Micro Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006 and on the basis of the information and records available with the Management, following are the details of dues to Micro and small enterprises:

	31 March 2015	31 March 2014
Principal amount and the interest due thereon remaining unpaid to any supplier as at the year end	**Nil**	Nil
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	**Nil**	Nil
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED	**Nil**	Nil
Amount of interest accrued and remaining unpaid at the end of the accounting year	**Nil**	Nil
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible	**Nil**	Nil

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Kolkata
5 May 2015

For and on behalf of the Board of Directors of Firstsource Solutions Limited

Sanjiv Goenka
Chairman

Rajesh Subramaniam
Managing Director and CEO

Shashwat Goenka
Director

Y. H. Malegam
Director

Charles Miller Smith
Director

V.K. Sharma
Director

Donald Layden Jr.
Director

Subrata Talukdar
Director

Grace Koshie
Director

Pradip Roy
Director

Sanjay Gupta
Company Secretary

Kolkata
5 May 2015

Dinesh Jain
President and CFO

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statements of subsidiaries/ associate companies/ joint ventures

Part "A": Subsidiaries

(₹ in millions)

Sr. No.	Name of the Subsidiary	Anunta Tech Infrastructure Services Limited	Firstsource Group USA Inc	Firstsource Business Process Services LLC	Firstsource Advantage LLC	Firstsource Solutions UK Limited	MedAssist Holding LLC	Firstsource Solutions USA LLC	Firstsource Transaction Services LLC	Firstsource BPO Ireland Limited	Firstsource-Dialog Solutions (Private) Limited	Firstsource Solution S.A.	One Advantage LLC
1	Reporting period for the subsidiary concerned	01-04-2014 to 31-03-2015	01-04-2014 to 31-03-2015	01-04-2014 to 31-03-2015	01-04-2014 to 31-03-2015	01-04-2014 to 31-03-2015	01-04-2014 to 31-03-2015	01-04-2014 to 31-03-2015	01-04-2014 to 31-03-2015	01-04-2014 to 31-03-2015	01-04-2014 to 31-03-2015	01-04-2014 to 31-03-2015	01-04-2014 to 31-03-2015
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaires	INR	USD 62.50	USD 62.50	USD 62.50	GBP 92.47	USD 62.50	USD 62.50	USD 62.50	EUR 67.19	LKR 0.4712	NA	USD 62.50
3	Paid-up Share Capital	10.50	13.66	-	0.63	262.12	-	-	-	-	50.28	Nil	-
4	Reserves & Surplus	18.61	12,293.65	1,385.23	1,268.11	1,633.17	4,404.35	3,688.85	974.60	231.70	13.21	Nil	1.56
5	Total Assets	29.80	24,293.32	2,485.84	1,442.57	6,054.12	6,138.83	4,351.06	1,186.20	271.07	81.70	Nil	38.04
6	Total Liabilities (excluding Capital and Reserves)	0.70	11,986.01	1,100.61	173.84	4,158.82	1,734.49	662.21	211.60	39.36	18.22	Nil	36.48
7	Investments (excluding Investments in Subsidiaries)	27.00	23,475.41	2,393.52	-	-	-	-	-	-	-	Nil	-
8	Total Income	0.75	1,799.45	-	3,072.29	8,900.98	-	5,801.05	4,437.14	1,207.11	268.82	Nil	120.72
9	Profit / (Loss) Before Tax	(1.51)	(583.29)	(0.37)	128.23	613.87	-	278.90	254.50	88.64	6.71	Nil	-
10	Provision for Tax	-	(12.36)	-	-	124.48	-	-	-	11.10	0.52	Nil	-
11	Profit / (Loss) After Tax	(1.51)	(570.93)	(0.37)	128.23	489.38	-	278.90	254.50	77.55	6.18	Nil	-
12	Proposed Dividend (including Tax thereon)	-	-	-	-	-	-	-	-	-	-	Nil	-
13	% of Shareholding	100%	100%	100%	100%	100%	100%	100%	100%	100%	74%	99.98%	100%

Notes: 1. The Names of subsidiaries which are yet to commence opperations: None
2. Names of the subsidiaries which have been liquidated or sold during the year: 1. MedAssist Holding, Inc., USA

Part "B": Associates and Joint Ventures: Tha Comapany has no Associates or Joint Ventures

For and on behalf of the Board of Directors

Sanjiv Goenka
Chairman

Rajesh Subramaniam
Managing Director and CEO

Shashwat Goenka
Director

Y. H. Malegam
Director

Charles Miller Smith
Director

V.K. Sharma
Director

Donald Layden Jr.
Director

Subrata Talukdar
Director

Grace Koshie
Director

Pradip Roy
Director

Sanjay Gupta
Company Secretary

Kolkata
5 May 2015

Dinesh Jain
President and CFO

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 Solutions Limited ("the Company"), which comprise the balance sheet as at 31 March 2015, the statement of profit and loss and 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. Additionally the Company has early adopted Accounting Standard (AS) 30, Financial Instruments: Recognition and Measurement, read with AS 31, Financial Instruments – Presentation along with prescribed limited revisions to other Accounting Standards prescribed under the Act. 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. While conducting the 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 thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence 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 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 2015 and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 34 to the financial statements that describes the early adoption by the Company of AS 30, Financial Instruments: Recognition and Measurement, read with AS 31, Financial Instruments – Presentation, along with prescribed limited revisions to other Accounting Standards prescribed under the Act, as in management's opinion, it more appropriately reflects the nature / substance of the related transactions. The Company has accounted for assets and liabilities as per requirements of AS-30 including prescribed limited revisions to other Accounting Standards. AS 30, along with limited revisions to the other Accounting Standards, has not currently been notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Consequent to early adoption of AS 30 as stated above, the profit after taxation for the year and Reserves and Surplus as at the balance sheet date are higher by Rs 31 million and by Rs 2,817 million respectively.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid financial statements;

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c) The balance sheet, statement of profit and loss, and cash flow statement dealt with by this Report are in agreement with the books of account maintained;

   d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Additionally, the Company has early adopted AS 30, read with AS 31, along with prescribed limited revisions to other Accounting Standards prescribed under the Act as stated in Emphasis of Matter paragraph above;

   e) On the basis of written representations received from the directors of the Company as at 31 March 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Companies Act, 2013; and
   f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on the financial position in its financial statements – Refer Note 32 to the financial statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts in line with the principles of AS 30 – Refer Note 37 to the financial statements; and

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Kolkata
5 May 2015

Annexure to the Independent Auditors' Report - 31 March 2015

(Referred to in our report of even date)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;

   (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification during the year.

2. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clauses 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and with regard to sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. We have not observed any major weakness in the internal control system during the course of our audit.

5. The Company has not accepted any deposits from the public.

6. The Central Government has not prescribed the maintenance of cost records Section 148 (1) of the Act for any of the services rendered by the Company.

7. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, Service tax, customs duty, cess and other material statutory dues have been regularly deposited during the year with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, excise duty and Investor Education and Protection Fund

   According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, employees' state insurance, income tax, service tax, customs duty, cess and other material statutory dues were in arrears as at the year end for a period of more than six months from the date they became payable.

   (b) According to the information and explanations given to us, the following dues of Income tax and service tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of the Dues	Amount Rs (million)*	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Transfer pricing demand	41	2002-03	Commissioner of Income Tax -Appeals
Income-tax Act, 1961	Assessment under Section 143 (3)	27	2003-04	Commissioner of Income Tax -Appeals
Income-tax Act, 1961	Assessment under Section 143 (3)	41	2005-06	Commissioner of Income Tax -Appeals
Income-tax Act, 1961	Assessment under Section 143 (3) read with Section 147	42	2006-07	Income tax Appellate Tribunal
Income-tax Act, 1961	Assessment under Section 143 (3)	1	2007-08	Income tax Appellate Tribunal
Income-tax Act, 1961	Assessment under Section 143 (3) read with Section 147	60	2007-08	Commissioner of Income Tax -Appeals
Income-tax Act, 1961	Assessment under Section 143 (3)	323	2008-09	Income tax Appellate Tribunal
Income-tax Act, 1961	Assessment under Section 143 (3) read with Rule 92 CA (4)	49	2008-09	Commissioner of Income Tax -Appeals
Income-tax Act, 1961	Assessment under Section 143 (3)	50	2009-10	Commissioner of Income Tax –Appeals
Income-tax Act, 1961	Assessment under Section 201	339	2010-11	Income tax Appellate Tribunal
Income-tax Act, 1961	Assessment under Section 143 (3) read with Section 144(3)	47	2010-11	Commissioner of Income Tax –Appeals
Income-tax Act, 1961	Assessment under Section 201 (1) and 201 (1A)	112	2011-12	Commissioner of Income Tax –Appeals
Service Tax Rules, 1994	Demand notice	113	2006 to 2014	Commissioner of Service Tax

* These amounts are net of amount paid under protest of Rs.103.

c) There are no dues to investor education and protection fund.

8. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.

9. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers and financial institutions. The Company did not have any dues to debentureholders during the year.

10. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are, prima facie, not prejudicial to the interests of the Company.

11. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised

12. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Kolkata
5 May 2015

firstsource

Balance Sheet

as at 31 March 2015

(Currency: In millions of Indian ₹)

	Note	31 March 2015	31 March 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	6,662.91	6,597.35
Reserves & surplus	4	9,620.16	7,204.60
		16,283.07	13,801.95
Share application money received under ESOP scheme	3A	0.20	0.66
Non-current liabilities			
Long-term borrowings	5	1,218.08	1,217.72
Long-term provisions	6	73.41	62.57
		1,291.49	1,280.29
Current liabilities			
Short-term borrowings	7	1,007.07	661.26
Trade payables	8	254.00	305.94
Other current liabilities	9	755.44	1,599.69
Short-term provisions	10	38.11	41.66
		2,054.62	2,608.55
TOTAL		19,629.38	17,691.45
ASSETS			
Non-current assets			
Fixed Assets	11		
- Tangible assets		322.27	447.13
- Intangible assets		262.50	408.90
- Capital work-in-progess		0.50	0.50
		585.27	856.53
Non-current investments	12	11,813.71	11,731.28
Deferred tax assets	13	454.44	406.64
Long-term loans and advances	14	984.56	932.65
Other non-current assets	15	1,077.71	918.29
		14,915.69	14,845.39
Current assets			
Current Investments	16	649.11	
Trade receivables	17	2,335.48	1,852.43
Cash and bank balances	18	260.98	287.79
Short-term loans and advances	19	337.85	399.30
Other current assets	20	1,130.27	306.54
		4,713.69	2,846.06
TOTAL		19,629.38	17,691.45
Significant accounting policies	2		

The accompanying notes from 1 to 38 are an integral part of the financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Kolkata
5 May 2015

For and on behalf of the Board of Directors of
Firstsource Solutions Limited

Sanjiv Goenka
Chairman

Rajesh Subramaniam
Managing Director and CEO

Shashwat Goenka
Director

Y. H. Malegam
Director

Charles Miller Smith
Director

V.K. Sharma
Director

Donald Layden Jr.
Director

Subrata Talukdar
Director

Grace Koshie
Director

Pradip Roy
Director

Sanjay Gupta
Company Secretary

Dinesh Jain
President and CFO

Kolkata
5 May 2015

Statement of Profit and Loss

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

Particulars	Note	31 March 2015	31 March 2014
INCOME			
Revenue from operations	21	9,141.39	9,173.28
Other income	22	186.67	152.13
Total income		9,328.06	9,325.41
EXPENSE			
Employee benefit's expense	23	4,377.19	4,607.91
Finance costs	24	202.23	177.19
Depreciation and amortisation	11	464.30	527.19
Other expenses	25	2,685.16	2,668.42
Total expense		7,728.88	7,980.71
Profit before taxation		1,599.18	1,344.70
Less : Provision for taxation			
- Current tax including MAT		344.64	269.04
Less: MAT credit entitlement		(335.20)	(269.04)
Net current tax		9.44	-
- Deferred tax credit		(47.80)	-
Profit after taxation		1,637.54	1,344.70
Earnings per share	31		
Weighted average number of equity shares outstanding during the year			
- Basic		663,035,913	658,388,622
- Diluted		701,696,211	684,448,823
Earnings per share (₹)			
- Basic		2.47	2.04
- Diluted		2.33	1.96
Nominal value per share (₹)		10	10
Significant accounting policies	2		

The accompanying notes from 1 to 38 are an integral part of the financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

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Company Secretary

Kolkata
5 May 2015

Kolkata
5 May 2015

Dinesh Jain
President and CFO

Cash Flow Statement

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

	31 March 2015	31 March 2014
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**1,599.18**	1,344.70
Adjustments for		
Depreciation and amortisation	**464.30**	527.19
Provision for doubtful debts written back	**-**	(2.40)
Gain on sale of fixed assets, net	**(4.49)**	(11.92)
Foreign exchange loss, net	**636.62**	101.87
Finance costs	**150.96**	90.15
Interest and dividend income	**(53.74)**	(26.55)
Provision for diminution in value of investments	**-**	67.50
Profit on sale / redemption of investments	**(40.18)**	(5.67)
Rent expense on account of adoption of AS 30	**17.56**	18.56
Operating cash flow before changes in working capital	**2,770.21**	2,103.43
Changes in working capital		
Increase in trade receivables	**(403.20)**	(997.82)
Decrease / (Increase) in loans and advances and other assets	**784.30**	(27.02)
Decrease in current liabilities and provisions	**(1,871.52)**	(861.68)
Net changes in working capital	**(1,490.42)**	(1,886.52)
Income taxes paid	**(774.00)**	(390.65)
Net cash generated from (used in)operating activities (A)	**505.79**	(173.74)
CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase) / Sale of investment in mutual funds / government securities	**(639.36)**	5.67
Interest and dividend income received	**33.48**	8.03
Purchase of fixed assets and capital advances given	**93.04**	(26.36)
Proceeds from sale of fixed assets	**7.26**	16.57
Net cash (used in)/generated from investing activities (B)	**(505.58)**	3.91
Cash flow from financing activities		
Proceeds from unsecured loan – others	**23.60**	274.10
Repayment of secured loan	**(12.33)**	(6.12)
Proceeds from issuance of equity shares and share application money	**112.56**	26.55
Interest paid	**(151.33)**	(92.23)
Net cash (used in)/ generated from investing activities (C)	**(27.50)**	202.30
Net Increase /(Decrease) in cash and cash equivalents	**(27.79)**	32.47
at the end of Year (A+B+C)		
Cash and cash equivalents at the beginning of the year	**285.79**	253.32
Cash and cash equivalents at the end of the year	**258.50**	285.79

Cash Flow Statement

for the year ended 31 March 2015

(Currency: In milions of Indian ₹)

Notes to the cash flow statement

Cash and cash equivalents consist of cash on hand and balances with bank. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	31March 2015	31 March 2014
Cash on hand	0.22	0.07
Balances with banks		
- in current accounts	258.28	285.72
- in deposit accounts (with original maturity of three months or less)	-	-
Cash and cash equivalents	258.50	285.79
in deposit accounts more than 3 months but less than 12 months	2.48	2.00
Cash and bank balances	**260.98**	287.79

Note : The above cash flow statement has been prepared under the indirect method set out in Accounting Standard - 3

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Kolkata
5 May 2015

For and on behalf of the Board of Directors of Firstsource Solutions Limited

Sanjiv Goenka
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Director

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Company Secretary

Kolkata
5 May 2015

Dinesh Jain
President and CFO

Notes to the Financial Statements

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

1. Background

Firstsource Solutions Limited ('Firstsource' or the Company) was incorporated on 6 December 2001. Firstsource is engaged in the business of providing contact center, transaction processing and debt collection services including revenue cycle management in the healthcare industry.

The list of subsidiaries with percentage holding is summarised below:

Subsidiaries	Country of incorporation and other particulars	Percentage of holding by the immediate parent
Firstsource Solutions UK Limited (FSL-UK)	A subsidiary of Firstsource Solutions Limited, incorporated under the laws of United Kingdom.	100%
Firstsource Solutions S.A. (FSL-Arg)	A subsidiary of FSL - UK, incorporated under the laws of Argentina.	99.98%
Firstsource Group USA, Inc. (FG US)	A subsidiary of Firstsource Solutions Limited, incorporated in the state of Delaware, USA.	100%
Firstsource Business Process Services, LLC. (FBPS)	A subsidiary of FG US incorporated in the state of Delaware, USA.	100%
Firstsource Advantage LLC (FAL)	A subsidiary of FBPS , incorporated under the laws of the State of New York, USA	100%
MedAssist Holding Inc, (MedAssist)	A Subsidiary of FG US, incorporated under the laws of the State of Delaware, USA, merged with MedAssist Holding LLC during the year	100%
Firstsource Solutions USA LLC (earlier known as MedAssist LLC)	A subsidiary of MedAssist Holding, Inc., incorporated in the State of Delaware, USA.	100%
Anunta Tech Infrastructure Services Limited (Anunta)	A subsidiary of Firstsource Solutions Limited, incorporated on 1 November 2010 under the laws of India	100%
Firstsource Transaction Services LLC (FTS)	A Subsidiary of Firstsource Solutions USA LLC, incorporated on 22 May 2011 in the state of Delaware, USA	100%
Firstsource BPO Ireland Limited (FSL Ireland)	A subsidiary of Firstsource Solutions Limited, incorporated under the laws of Ireland	100%
One Advantage LLC (OAL)	A subsidiary of FBPS, incorporated in the state of Delaware, USA. effective 06 August 2014	100%
MedAssist Holding LLC, (Earlier known as Medassist Acquisition LLC)	A subsidiary of FG US, incorporated under the laws of the State of Delaware, USA, effective 31 March 2015	100%
Firstsource Dialog Solutions (Private) Limited (FDS)	A subsidiary of Firstsource Solutions Limited, incorporated under the laws of Sri Lanka	74%

Twin Lakes Property LLC-1 and Twin Lakes Property LLC– II have been dissolved during the previous year.

Notes to the Financial Statements

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

2. Significant accounting policies

2.1 Basis of preparation

These financial statements of Firstsource Solutions Limited, are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP), under the historical cost convention, on the accrual basis, except for certain financial instruments which are measured at fair values, comply with Accounting Standards prescribed in the Companies (Accounting standards) Rules, 2006 which continued to apply under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act to the extent applicable. The Company early adopted Accounting Standard 30, 'Financial Instruments: Recognition and Measurement' ('AS 30') read with Accounting Standard 31 - 'Financial Instruments: Presentation' ('AS 31') issued by the Institute of Chartered Accountants of India, effective 1 April 2008. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The financial statements are presented in Indian rupees rounded off to the nearest millions except per share data.
In the opinion of the management, all the adjustments which are necessary for a fair presentation have been included. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out under the Act.

2.2 Use of estimates

The preparation of the 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 disclosure of contingent liabilities on the date of the financial statements and the reported amount of income and expenses for the period. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revisions to accounting estimates are recognised 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.

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.

Notes to the Financial Statements

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

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.

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 capitalised and amortised over the estimated useful life of the products as determined by the management. This capitalisation 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.

The amortisation of software development costs is allocated on a systematic basis over the best estimate of its useful life after the product is ready for use. The factors considered for identifying the basis include obsolescence, product life cycle and actions of competitors.
The amortisation period and the amortisation method are reviewed at the end of each reporting period. If the expected useful life of the product is shorter from previous estimates, the amortisation period is changed accordingly.
Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

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 recognised 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 recognised 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 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 Employee Benefits

a) Post employment benefits

Gratuity

The gratuity scheme with insurer is a defined benefit plan. The net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan

Notes to the Financial Statements

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

assets is deducted. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the balance sheet date. When the calculation results in a benefit to the Company, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. Actuarial gains and losses are recognised immediately in the statement of profit and loss.

Defined contribution plans

All employees of the company receive benefits from Government approved provident fund scheme, which is a defined contribution retirement plan in which both, the Company and the employees, contribute at a determined rate. Monthly contributions payable to the provident fund are charged to the statement of profit and loss as incurred.

b) Other long term employee benefits

Compensated absences

Provision for compensated absences cost has been made based on actuarial valuation by an independent actuary 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 at the balance sheet date.

2.7 Investments

Non-current investments are carried at cost and provision is made when in the management's opinion there is a decline, other than temporary, in the carrying value of such investments. Current investments are valued at the lower of cost and market value.

2.8 Taxation

Income tax expense comprises current tax expense and deferred tax expense or credit.

Current taxes

Provision for current income-tax is recognised in accordance with the provisions of Indian Income-tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions. In case of matter under appeal, full provision is made in the financial statements when the Company accepts liability.

Deferred taxes

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences that result from differences between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities and the corresponding deferred tax credit or charge are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date. The effect of a change in tax rates on deferred tax assets and liabilities is recognised in the period that includes the enactment date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in the future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet date. The Company has operations in Special Economic Zones (SEZ). Income from SEZ is eligible for 100% deduction for the first five years, 50% deduction for next five years and 50% deduction for another five years, subject to fulfilling certain conditions. 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.

2.9 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.

Operating lease

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

2.10 Foreign currency transactions, derivative instruments and hedge accounting

a. 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 recognised in the statement of profit and loss for the period. Foreign currency denominated assets and liabilities other than fixed assets are translated at the period end exchange rates and the resulting net gain or loss is recognised in the statement of profit and loss.

b. Derivative instruments and hedge accounting

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.
The Company uses foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. The Company designates these as cash flow hedges.

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 and effective as hedges of future cash flows are recognized directly in shareholder's funds and the ineffective portion is recognised immediately in the statement of profit and loss. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the statement of profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in shareholders' funds is retained there until the forecasted transaction occurs.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' funds is transferred to the statement of profit and loss for the period.

The impact of adoption of AS 30 has been described in note 34 to the financial statements.

Notes to the Financial Statements

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

c. Non-derivative financial instruments and hedge accounting

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets of the Company include cash and bank balances, trade receivables, unbilled revenues, finance lease receivables, employee travel and other advances, other loans and advances and derivative financial instruments with a positive fair value. Financial liabilities of the Company comprise secured and unsecured loans, trade payables, accrued expenses and derivative financial instruments with a negative fair value. Financial assets / liabilities are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when all of risks and rewards of the ownership have been transferred. The transfer of risks and rewards is evaluated by comparing the exposure, before and after the transfer, with the variability in the amounts and timing of the net cash flows of the transferred assets.

Short-term receivables with no stated interest rates are measured at original invoice amount, if the effect of discounting is immaterial. Non-interest-bearing deposits are discounted to their present value.

The Company also designates financial instruments as hedges of net investments in non-integral foreign operations. The portion of changes in fair value of financial instrument that is determined to be an effective hedge is recognised in statement of profit and loss together with the translation of the related investment. Changes in fair value relating to the ineffective portion of hedges are recognised in the statement of profit and loss as they arise.

The Company measures the financial liabilities, except for derivative financial liabilities, at amortised cost using the effective interest method. The Company measures the short-term payables with no stated rate of interest at original invoice amount, if the effect of discounting is immaterial.

2.11 Foreign currency translation

The financial statements are reported in Indian rupees. The translation of the local currency of each integral foreign oprerations 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 expense items other than the depreciation costs, using average exchange rate during the reporting period. Fixed assets of integral foreign operations are translated at exchange rates on the date of the transaction and depreciation on fixed assets is translated at exchange rates used for translation of the underlying fixed assets.

In respect of non-integral entity, assets and liabilities including fixed assets are translated at exchange rates prevailing at the date of the balance sheet. The items in the statement of profit and loss are translated at the average exchange rate during the period. The difference arising out of the translations are transferred to Exchange difference on consolidation of non-integral entities under Reserves and surplus.

2.12 Earnings per share

The basic earnings per equity share are computed by dividing the net profit or loss for the period attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the 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.

2.13 Provisions and contingencies

The Company creates a provision when there is a 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 an outflow of resources would be required to settle the obligation, the provision is reversed.

Notes to the Financial Statements

as at 31 March 2015

(Currency: In millions of Indian ₹)

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.

2.14 Onerous contracts

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

		31 March 2015	31 March 2014
3.	**SHARE CAPITAL**		
	Authorised		
	872,000,000(31 March 2014:872,000,000) equity shares of ₹ 10 each	**8,720.00**	8,720.00
		8,720.00	8,720.00
	Issued, subscribed and paid-up		
	666,291,459 (31 March 2014: 659,734,876) equity shares of ₹ 10 each, fully paid-up	**6,662.91**	6,597.35
		6,662.91	6,597.35

a. Reconciliation of shares outstanding at the beginning and at the end of the year

	31 March 2015		31 March 2014	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	**659,734,876**	**6,597.35**	657,673,751	6,576.74
Shares issued during the year- employee stock option scheme	**6,556,583**	**65.56**	2,061,125	20.61
At the end of the year	**666,291,459**	**6,662.91**	659,734,876	6,597.35

b. Particulars of shareholders holding more than 5% equity shares

	31 March 2015		31 March 2014	
	Number of shares	% of total shares	Number of shares	% of total shares
Spen Liq Private Limited	**373,976,673**	**56.13**	373,976,673	56.69

c. Shares held by holding company

	31 March 2015		31 March 2014	
	Number of shares	Amount	Number of shares	Amount
Spen Liq Private Limited	**373,976,673**	**3,739.76**	373,976,673	3,739.76

d. Employees stock options

For stock options granted during the year to employees and non-executive directors, refer Note 27.

e. Shares reserved for issue under options

42,308,052 (31 March 2014: 47,605,635) number of shares are reserved for employees and non-executive directors for issue under the employee stock options plan (ESOP) amounting to ₹ 423.08 (31 March 2014: ₹ 476.06). (refer Note 27)

Notes to the Financial Statements

as at 31 March 2015

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f. Rights, preferences and restrictions attached to equity shares

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 shareholders 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.

3A. Share application money received under ESOP scheme

During the year, the Company has allotted 55,000 shares from balance lying as share application money pending allotment under ESOP scheme as on 31 March 2014. The Company has also received ₹ 112.62 as share application money under ESOP scheme during the year.. Out of the total share application money received during the year, 6,556,583 shares were issued during the year and ₹ 0.20 is outstanding pending allotment of 20,000 shares. These shares will be allotted during the financial year 2015-16.

		31 March 2015	31 March 2014
4.	**RESERVES AND SURPLUS**		
	Securities premium reserve		
	At the commencement of the year	1,668.80	1,663.52
	Add : Premium on shares issued during the year	47.45	5.28
	At the end of the year	1,716.25	1,668.80
	Amalgamation deficit adjustment account	(1,136.72)	(1,136.72)
	General reserve		
	At the commencement of the year	30.68	30.68
	At the end of the year	30.68	30.68
	Hedging reserve		
	At the commencement of the year	(103.67)	(7.89)
	Movement during the year	735.03	(95.78)
	At the end of the year	631.36	(103.67)
	Foreign currency translation reserve		
	At the commencement of the year	202.23	-
	Movement during the year	(4.46)	202.23
	At the end of the year	197.77	202.23
	Surplus (profit and loss balance)		
	At the commencement of the year	6,543.28	5,198.58
	Add: Net profit for the year	1,637.54	1,344.70
	At the end of the year	8,180.82	6,543.28
	Total reserve and surplus	9,620.16	7,204.60

		31 March 2015	31 March 2014
5.	**LONG-TERM BORROWINGS**		
	Secured		
	Term loan - from banks		
	External commercial borrowings (ECB) - (refer note 'a')	1,168.75	1,180.33
	Long-term maturities of finance lease obligations - (refer note 'b' and 26)	16.79	27.37
	Unsecured		
	Other loans and advances		
	Loan from non-banking financing companies - (refer note 'c')	32.54	10.02
		1,218.08	1,217.72

Notes to the Financial Statements

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a. External commercial borrowing carries interest at the rate of LIBOR + 471 bps. The loan is repayable from December 2013 up to June 2019 in quarterly installments. The loan is secured against pari passu charge on all current assets, non-current assets and fixed assets of the Company and its subsidiaries except assets of Anunta and FDS.

b. Finance lease obligation carries interest in the range of 6% - 12.5% for the period of 3 - 5 years from January 2011 up to November 2016 repayable in quarterly installments. This is secured by way of hypothecation of underlying fixed assets taken on lease, (refer note 11).

c. Loan from non-banking financing companies carries interest in the range of 7.5%-12.5% for the period of 3 - 4 years from October 2011 to October 2017, repayable in quarterly installments from the date of its origination.

d. The above excludes current maturity of long term borrowings which are mentioned in note 9 - Other current liabilities / Current maturities of long-term borrowings.

		31 March 2015	31 March 2014
6.	**LONG-TERM PROVISIONS**		
	Provision for employee benefits		
	Gratuity	50.58	39.94
	Compensated absences	22.83	22.63
		73.41	62.57
7.	**SHORT-TERM BORROWINGS**		
	Secured		
	Export finance from banks (refer note – ‘a’ below)	1,007.07	661.26
		1,007.07	661.26

a. Export finance from banks including post-shipment and pre-shipment carries interest in the range of LIBOR + 230 bps to LIBOR +300 bps. The same is repayable on demand / receipt from customers.

		31 March 2015	31 March 2014
8.	**TRADE PAYABLES**		
	Trade payables for services and goods	254.00	305.94
	(For dues to micro and small suppliers refer note 38)		
		254.00	305.94
9.	**OTHER CURRENT LIABILITIES**		
	Current maturities of long-term borrowings		
	External commercial borrowings – (refer note ‘5(a)’)	62.50	11.98
	Finance lease obligation – (refer note ‘5(b)’)	35.92	29.41
	Loan from non-banking financing companies –(refer note ‘5(c)’)	22.64	19.51
	Interest accrued but not due on borrowings	4.38	2.68
	Other payables		
	Amount payable to Firstsource Solutions UK Limited*	114.93	892.60
	Book credit in bank account	310.75	273.85
	Creditors for capital goods	7.76	61.30
	Tax deducted at source	16.28	23.77
	Employee benefits payable	180.28	238.66
	Exchange loss on derivative contracts	-	45.93
		755.44	1,599.69

*Maximum balance outstanding during the year was Rs 892.60 (31 March 2014: Rs 892.60) and is repayable on demand

		31 March 2015	31 March 2014
10.	**SHORT-TERM PROVISIONS**		
	Compensated absences	38.11	41.66
		38.11	41.66

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as at 31 March 2015

(Currency: In millions of Indian ₹)

11. FIXED ASSETS

	Tangible assets							Intangible assets					
	Leasehold improvements	Computers	Service equipment	Furniture, fixture	Office equipment	Vehicles	Total	Goodwill	Domain name	Software	Total	Grand total	Capital work in Progress
Gross block (at cost)													
As at 1 April 2014	1,015.19	769.88	499.66	333.65	1,001.93	6.60	**3,626.91**	963.99	6.72	572.72	**1,543.43**	**5,170.34**	**0.50**
Additions / adjustments during the Period*	35.12	13.69	3.89	9.72	21.09	2.94	**86.45**	42.01	-	113.67	**155.68**	**242.13**	-
Deletions during the Period	(0.62)	(46.35)	(0.38)	(5.98)	(14.11)	(1.17)	**(68.61)**	-	-	(1.35)	**(1.35)**	**(69.96)**	-
As at 31 March 2015	**1,049.69**	**737.22**	**503.17**	**337.39**	**1,008.91**	**8.37**	**3,644.75**	**1,006.00**	**6.72**	**685.04**	**1,697.76**	**5,342.51**	**0.50**
Accumulated depreciation / amortization													
As at 1 April 2014	872.10	732.76	426.90	258.51	888.07	1.44	**3,179.78**	658.16	6.72	469.65	**1,134.53**	**4,314.31**	-
Charge for the Period	70.47	23.36	25.93	12.48	61.30	1.69	**195.23**	198.05	-	71.02	**269.07**	**464.30**	-
On deletions/adjustments during the Period*	11.93	(43.63)	1.54	(5.15)	(16.55)	(0.67)	**(52.53)**	31.36	-	0.30	**31.66**	**(20.87)**	-
As at 31 March 2015	**954.50**	**712.49**	**454.37**	**265.84**	**932.82**	**2.46**	**3,322.48**	**887.57**	**6.72**	**540.97**	**1,435.26**	**4,757.74**	-
Net Block as at 31 March 2015	**95.19**	**24.73**	**48.80**	**71.55**	**76.09**	**5.91**	**322.27**	**118.43**	-	**144.07**	**262.50**	**584.77**	**0.50**
As at 31 March 2014	143.09	37.12	72.76	75.14	113.83	5.16	447.13	305.83	-	103.07	408.90	856.03	0.50

* Includes adjustments relating to foreign exchange on account of translation of foreign entities.

	Tangible assets							Intangible assets					
	Leasehold improvements	Computers	Service equipment	Furniture, fixture	Office equipment	Vehicles	Total	Goodwill	Domain name	Software	Total	Grand total	Capital work in Progress
Gross block (at cost)													
As at 1 April 2013	1,143.80	759.29	567.34	343.01	951.63	0.41	**3,765.48**	759.97	6.72	498.45	**1,265.14**	**5,030.62**	**17.60**
Additions / adjustments during the year*	81.37	27.86	46.48	18.46	55.36	6.19	**235.72**	204.02	-	74.27	**278.29**	**514.01**	**0.50**
Deletions during the year	(209.98)	(17.27)	(114.16)	(27.82)	(5.06)	-	**(374.29)**	-	-	-	**-**	**(374.29)**	**(17.60)**
As at 31 March 2014	**1,015.19**	**769.88**	**499.66**	**333.65**	**1,001.93**	**6.60**	**3,626.91**	**963.99**	**6.72**	**572.72**	**1,543.43**	**5,170.34**	**0.50**
Accumulated depreciation / amortization													
As at 1 April 2013	940.44	714.68	499.24	257.61	814.38	0.17	**3,226.52**	413.02	6.72	420.23	**839.97**	**4,066.49**	-
Charge for the year	112.38	30.00	30.40	26.66	78.50	1.10	**279.04**	200.31	-	47.84	**248.15**	**527.19**	-
On deletions / adjustments during the year*	(180.72)	(11.92)	(102.74)	(25.76)	(4.81)	0.17	**(325.78)**	44.83	-	1.58	**46.41**	**(279.37)**	-
As at 31 March 2014	**872.10**	**732.76**	**426.90**	**258.51**	**888.07**	**1.44**	**3,179.78**	**658.16**	**6.72**	**469.65**	**1,134.53**	**4,314.31**	-
Net Block as at 31 March 2014	**143.09**	**37.12**	**72.76**	**75.14**	**113.83**	**5.16**	**447.13**	**305.83**	-	**103.07**	**408.90**	**856.03**	**0.50**
As at 31 March 2013	203.36	44.61	68.10	9.36	213.29	0.24	538.96	346.95	-	78.22	425.17	964.13	17.60

* Includes adjustments relating to foreign exchange on account of translation of foreign entities.

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(Currency: In millions of Indian ₹)

The above assets include assets taken on finance lease as follows:

	Tangible assets				Intangible assets	
	Leasehold improvements	Computers	Service equipment	Furniture fixture and Office equipment	Software	Total
Gross block (at cost)						
As at 1 April 2014	21.98	63.71	103.20	32.43	38.90	260.22
As at 31 March 2015	**21.98**	**63.71**	**103.20**	**32.43**	**68.52**	**289.84**
Accumulated depreciation / amortization						
As at 1 April 2014	16.30	63.71	103.20	14.67	15.49	213.37
As at 31 March 2015	**21.98**	**63.71**	**103.20**	**17.35**	**49.12**	**255.36**
Net Block as at 31 March 2015	**-**	**-**	**-**	**15.08**	**19.40**	**34.48**
As at 31 March 2014	5.68	-	-	17.76	23.41	46.85

	Tangible assets				Intangible assets	
	Leasehold improvements	Computers	Service equipment	Furniture fixture and Office equipment	Software	Total
Gross block (at cost)						
As at 1 April 2013	21.98	64.75	106.03	32.43	5.34	**230.53**
As at 31 March 2014	**21.98**	**63.71**	**103.20**	**32.43**	**38.90**	**260.22**
Accumulated depreciation / amortization						
As at 1 April 2013	7.06	62.58	99.93	10.33	2.88	**182.78**
As at 31 March 2014	**16.30**	**63.71**	**103.20**	**14.67**	**15.49**	**213.37**
Net Block as at 31 March 2014	**5.68**	**-**	**-**	**17.76**	**23.41**	**46.85**
As at 31 March 2013	14.92	2.17	6.10	22.09	2.46	47.74

Notes to the Financial Statements

as at 31 March 2015

(Currency: In millions of Indian ₹)

		31 March 2015	31 March 2014
12.	**NON-CURRENT INVESTMENTS**		
	Long-term investments - at cost		
	Trade (Unquoted)		
	Investments in equity instruments of subsidiaries		
	2,834,672 (31 March 2014: 2,834,672) fully paid-up equity shares of GBP 1 each of Firstsource Solutions UK Limited	**18.35**	18.35
	218,483 (31 March 2014: 218,483) fully paid-up common stock of USD 1 each of Firstsource Group USA Inc.	**11,641.27**	11,590.00
	1,050,000 (31 March 2014: 1,050,000) fully paid-up equity shares of ₹ 10 each of Anunta Tech Infrastructure Services Limited	**100.50**	100.50
	6,823,570 (31 March 2014: 6,823,570) fully paid-up common stock of LKR 10 each of Firstsource Dialog Solutions (Private) Limited	**46.18**	46.18
	1 (31 March 2014: 1) fully paid-up common stock of EUR 1 each of Firstsource BPO Ireland Limited	**17.36**	17.36
	Investments in other than subsidiaries		
	1,000 (31 March 2014 : Nil) fully paid-up of Equity share of ₹ 10 each of Nanobi Data and Analytics Private Limited	**0.08**	-
	375,884 (31 March 2014 : Nil) fully paid-up of Compulsory Convertible Cumulative Preference Shares of ₹ 10 each of Nanobi Data and Analytics Private Limited	**29.92**	-
	Non-trade (Unquoted)		
	In mutual fund (Philippines Treasury bills) *	**27.55**	26.39
		11,881.21	11,798.78
	Less : Provision for diminution in value of investment in Anunta Tech Infrastructure Services Limited	**(67.50)**	(67.50)
	Total Non-current investments	11,813.71	11,731.28

* These securities have been earmarked in favour of SEC, Philippines in compliance with corporation code of Philippines.

13.	**DEFERRED TAX ASSETS**		
	Difference between tax and book value of fixed assets	**340.30**	339.46
	Gratuity and compensated absences	**37.91**	67.18
	Carry forward losses	**76.23**	-
		454.44	406.64
14.	**LONG-TERM LOANS AND ADVANCES**		
	(Unsecured, considered good)		
	To parties other than related parties		
	Capital advances	**1.25**	1.28
	Deposits (refer note 34)	**314.17**	289.28
	Other loans and advances		
	Prepaid expenses	**17.10**	23.05
	Lease rentals receivable, net	**26.17**	31.87
	Advance tax and tax deducted at source	**625.87**	587.17
		984.56	932.65

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as at 31 March 2015

(Currency: In millions of Indian ₹)

		31 March 2015	31 March 2014
15.	**OTHER NON-CURRENT ASSETS**		
	(Unsecured, considered good unless otherwise stated)		
	Bank deposits- Due to mature after twelve months from reporting date*(refer note 18)	-	0.48
	Unamortised cost (refer note 34)	25.39	51.82
	Accrued interest	0.83	0.65
	Minimum alternate tax credit carried forward	1,051.49	865.34
		1,077.71	918.29

* Under lien for bank guarantees to the Customs authorities

		31 March 2015	31 March 2014
16.	**CURRENT INVESTMENTS (AT LOWER OF COST AND FAIR VALUE)**		
	473,425 (31 March 2014: Nil) units of ICICI Prudential Liquid – Direct plan – Growth	98.00	-
	21,838 (31 March 2014: Nil) units of Kotak Floater Short term – Direct Plan – Growth	150.00	-
	424,365 (31 March 2014: Nil) units of DWS Insta Cash Plus Fund – Direct Plan – Growth	50.00	-
	32,348 (31 March 2014: Nil) units of SBI Magnum Insta Cash Fund – Direct Plan – Growth	100.07	-
	29,656 (31 March 2014: Nil) units of Reliance Liquid Fund – Treasury Plan- Direct Growth Plan – Growth option	101.04	-
	52,016 (31 March 2014: Nil) units of Religare Invesco Liquid Fund – Direct Plan – Growth	100.00	-
	1,712,000 (31 March 2014: Nil) units of HDFC Cash Management Fund – Saving Plan- Direct Plan – Growth Option	50.00	-
		649.11	-

(Net assets value of unquoted investments ₹ 649.89 (31 March 2014: Nil))

		31 March 2015	31 March 2014
17.	**TRADE RECEIVABLES**		
	(Unsecured)		
	Receivables outstanding for a period exceeding six months from the date they became due for payment		
	- considered doubtful	-	-
	Less: Provision for doubtful debts	-	-
	Others receivables	-	-
	- considered good	2,335.48	1,852.43
		2,335.48	1,852.43

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as at 31 March 2015

(Currency: In millions of Indian ₹)

		31 March 2015	31 March 2014
18.	**CASH AND BANK BALANCES**		
	Cash and cash equivalents		
	Cash on hand	**0.22**	0.07
	Balances with banks		
	- in current accounts	**258.28**	285.72
		258.50	285.79
	Other bank balances		
	- Bank deposits due to mature after twelve months from the reporting date	**-**	0.48
	- Bank deposits due to mature after three months but before twelve months from the reporting date	**2.48**	2.00
		260.98	288.27
	Less: Bank deposits due to mature after twelve months from the reporting date (refer note 15)	**-**	(0.48)
		260.98	287.79
19.	**SHORT-TERM LOANS AND ADVANCES**		
	(Unsecured, considered good)		
	To related parties		
	Advances to subsidiaries (refer note 39)	**222.01**	240.99
	To parties other than related parties		
	Prepaid expenses	**71.36**	88.32
	Lease rentals receivable, net	**17.06**	20.04
	Service tax	**9.15**	-
	Other advances	**18.27**	49.95
		337.85	399.30
20.	**OTHER CURRENT ASSETS**		
	(Unsecured, considered good, unless otherwise stated)		
	Unbilled receivables	**212.93**	254.52
	Unamortised costs (refer note 34)	**18.59**	18.68
	Recoverable on sale of subsidiary – Pipal	**33.34**	33.34
	Exchange gain on derivatives contract	**716.36**	-
	Minimum alternate tax credit carried forward	**149.05**	-
		1,130.27	306.54

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Notes to the Financial Statements

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

		31 March 2015	31 March 2014
21.	**REVENUE FROM OPERATIONS**		
	Sale of services	**8,895.21**	9,541.72
	Other operating income (refer note 30)	**246.18**	(368.44)
		9,141.39	9,173.28
22.	**OTHER INCOME**		
	Interest income	53.74	26.55
	Profit on sale / redemption of current investments, net	40.18	5.67
	Foreign exchange gain, net		
	- Translation loss on ECB	-	(26.09
	- Exchange gain on translation of investments (refer note 34)	51.27	113.13
	- Others	(45.58)	(151.76)
	Gain on sale of fixed assets, net	4.49	11.92
	Miscellaneous Income	82.57	172.71
		186.67	152.13
23.	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries and wages	4,023.34	4,259.19
	Contribution to provident and other funds	301.67	318.27
	Staff welfare expenses	52.18	30.45
		4,377.19	4,607.91
24.	**FINANCE COST**		
	Interest expense		
	- on external commercial borrowings	**61.62**	70.52
	- on export finance and other debts	**83.74**	14.28
	Finance charges on leased assets	**5.60**	4.38
	Bank guarantee commission	**-**	0.97
		150.96	90.15
	Translation loss on ECB	**51.27**	87.04
		202.23	177.19

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(Currency: In millions of Indian ₹)

	31 March 2015	31 March 2014
25. OTHER EXPENSES		
Rent	671.82	692.01
Repair(others), maintenance and upkeep	339.01	313.66
Insurance	65.12	90.77
Rates and taxes	3.17	1.98
Legal and professional fees	174.06	170.45
Car and other hire charges	421.47	421.43
Connectivity charges	158.07	124.30
Recruitment and training expenses	127.47	116.70
Electricity, water and power consumption	295.20	307.46
Travel and conveyance	72.99	102.11
Computer expenses	183.86	109.06
Communication expenses	75.70	86.59
Printing and stationery	17.52	18.76
Payment to auditors		
- as auditor	16.50	14.50
- for reimbursement of expenses	0.30	0.20
Meeting and seminar expenses	5.49	3.13
Directors' sitting fees	3.80	1.22
Provision for doubtful receivables / written-off/ (written- back), net	-	(2.40)
Bank administration charges	3.07	3.92
Provision for diminution in value of investment	-	67.50
Contribution to CSR (refer note 37)	17.13	-
Miscellaneous expenses	33.41	25.07
	2,685.16	2,668.42

26. Leases

Operating lease

The Company is obligated under non-cancellable operating leases for office space and office equipment which are renewable on a periodic basis at the option of both the lessor and lessee. Expenses under non-cancellable operating leases for the year ended 31 March 2015 aggregated ₹ 588.76 (31 March 2014: ₹ 405.27).

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

	As at 31 March 2015	As at 31 March 2014
Amount due within one year from the balance sheet date	252.42	316.60
Amount due in the period between one year and five years	153.82	281.82
Amount due in the period beyond 5 years	-	-
	406.24	**598.42**

The Company also leased office facilities and residential facilities under cancellable operating leases that are renewable on a periodic basis at the option of both the lessor and lessee. Expenses under cancellable operating leases for the year ended 31 March 2015 is ₹ 247.57(31 March 2014: ₹164.89)

Notes to the Financial Statements

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

Finance lease

The Company has acquired certain capital assets under finance lease. Future minimum lease payments under finance lease as at 31 March 2015 are as follows:

	Minimum lease payments	Finance charges	Present value of minimum lease payments
As at 31 March 2015			
Amount due within one year from the balance sheet date	**39.65**	**3.73**	**35.92**
Amount due between one year and five years	**19.63**	**2.84**	**16.79**
	59.28	**6.57**	**52.71**
As at 31 March 2014			
Amount due within one year from the balance sheet date	33.21	3.80	29.41
Amount due between one year and five years	29.02	1.65	27.37
	62.23	5.45	56.78

The Company has given vehicles on finance lease to its employees as per policy. As at 31 March 2015, the future minimum lease rentals receivable are as follows:

	Minimum lease payments	Finance charges	Present value of minimum lease payments
As at 31 March 2015			
Amount receivable within one year from the balance sheet date	**20.98**	**3.93**	**17.06**
Amount receivable in the period between one year and five years	**29.49**	**3.33**	**26.17**
	50.47	**7.26**	**43.23**
As at 31 March 2014			
Amount receivable within one year from the balance sheet date	24.70	4.66	20.04
Amount receivable in the period between one year and five years	36.02	4.15	31.87
	60.72	8.81	51.91

27. Employee Stock Option Plan

Stock option scheme 2002 (‘Scheme 2002’)

In September 2002, the Board of the Company approved the ICICI OneSource Stock Option Scheme 2002 (“the Scheme”), which covers the employees and directors of Firstsource and its subsidiaries. The Scheme is administered and supervised by the members of the Compensation cum Board Governance Committee (the ‘Committee’).

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for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

As per the Scheme, the Committee shall issue stock options to the employees at an exercise price equal to the fair value on the date of grant, as determined by an independent valuer. The Scheme provides that these options would vest in tranches over a period of four years as follows:

Period within which options will vest unto the participant	% of options that will vest
End of 12 months from the date of grant of options	25.0
End of 18 months from the date of grant of options	12.5
End of 24 months from the date of grant of options	12.5
End of 30 months from the date of grant of options	12.5
End of 36 months from the date of grant of options	12.5
End of 42 months from the date of grant of options	12.5
End of 48 months from the date of grant of options	12.5

Further, the participants shall exercise the options within a period of nine years commencing on or after the expiry of twelve months from the date of the grant of the options.

Employee stock option activity under Scheme 2002 is as follows:

Description	31 March 2015		31 March 2014	
	Shares arising out of options	Weighted average remaining contractual term (in months)	Shares arising out of options	Weighted average remaining contractual term (in months)
Exercise Range(in ₹.) : 00.00 - 30.00		-	60,000	9
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	-	-	30,000	-
Forfeited during the year	-	-	30,000	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

Employee stock option scheme 2003 ('Scheme 2003')

In September 2003, the Board and the members of Firstsource approved the ICICI OneSource Stock Option Scheme 2003 ('Scheme 2003') effective 11 October 2003. The terms and conditions under this Scheme are similar to those under 'Scheme 2002' except for the following, which were included in line with the amended "SEBI (Employee stock option scheme and employee stock purchase scheme) guidelines, 1999":

- The Scheme would be administered and supervised by the members of the Compensation committee.

- Exercise price to be determined based on a fair valuation carried out at the beginning of every six months for options granted during those respective periods .

  After Firstsource has been listed on any stock-exchange, the Exercise Price shall be determined by the Committee on the date the Option is granted in accordance with, and subject to, the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (as amended from time to time);

Notes to the Financial Statements

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

- The Compensation Cum Board Governance Committee of Firstsource, at its meeting held on 27 April 2006, amended the vesting schedule for stock options granted on 1 May 2006 to General Managers and above grade employees and to non-executive directors. The vesting schedule for 15,980,000 stock options granted pursuant to the above is set forth below:

Period within which options will vest unto the participant	% of options that will vest
End of 24 months from the date of grant of options	50.0
End of 36 months from the date of grant of options	50.0

- At the Extra-Ordinary General Meeting held on 22 November 2007, the scheme was amended to include 'Executive Options'. 50% of the vesting for 'Executive Options' is time linked and the balance 50% is performance linked. The vesting schedule for time linked 'Executive Options' is set forth below:

Period within which Executive Options shall vest to the Option grantee	% of options that will vest
End of 24 months from date of grant of Options	20.0
End of 36 months from date of grant of Options	10.0
End of 48 months from date of grant of Options	10.0
End of 60 months from date of grant of Options	10.0

The vesting schedule for Performance Linked options is set forth below:

50% of 'Executive Options' which are performance linked shall vest in proportion to the achievement of 5 year performance targets to be decided by the Committee, with the first vesting being at the end of the second year from the date of grant of 'Executive Options'. The number of 'Executive Options' vesting at the end of each year would be in proportion to the percentage achievement against the targets and if the targets were not met, the vesting period would be extended beyond 5 years. If performance was better than targets, the Options would vest in less than 5 years.

- The Compensation Cum Board Governance Committee of Firstsource, at its meeting held on 30 October 2008 prescribed the Exercise Period for stock options (other than Executive Options) whether already granted or to be granted to employees of the Company and its subsidiaries under Firstsource Solutions Employee Stock Option Scheme 2003 as 10 years from the date of grant of Options.

- Employee stock option activity under Scheme 2003 is as follows:

	Exercise Range (in ₹)	31 March 2015		31 March 2014	
		Shares arising out of options	Weighted average remaining contractual term (in months)	Shares arising out of options	Weighted average remaining contractual term (in months)
Outstanding at the beginning of the year	00.00 - 30.00	34,076,127	91.96	31,424,649	95.83
	30.01 - 60.00	10,585,246	37.48	13,444,621	49.61
	60.01 - 90.00	2,944,262	43.13	3,079,262	55.99
		47,605,635		47,948,532	
Granted during the year	00.00 - 30.00	5,000,000	-	11,075,000	-
	30.01 - 60.00	900,000	-	-	-
	60.01 - 90.00	-	-	-	-
		59,00,000			

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for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

Description	Exercise Range (in ₹)	31 March 2015 Shares arising out of options	31 March 2015 Weighted average remaining contractual term (in months)	31 March 2014 Shares arising out of options	31 March 2014 Weighted average remaining contractual term (in months)
Forfeited during the year	00.00 - 30.00	**4,277,500**	**-**	6,299,897	-
	30.01 - 60.00	**411,000**	**-**	2,859,375	-
	60.01 - 90.00	**25,000**	**-**	135,000	-
		4,713,500		9,294,272	
Exercised during the year	00.00 - 30.00	**6,170,025**	**-**	2,123,625	-
	30.01 - 60.00	**314,058**	**-**	-	-
	60.01 - 90.00	**-**	**-**	-	-
		64,84,083			
Outstanding at the end of the year	00.00 - 30.00	**28,628,602**	**85.71**	34,076,127	91.96
	30.01 - 60.00	**10,760,188**	**33.75**	10,585,246	37.48
	60.01 - 90.00	**2,919,262**	**31.57**	2,944,262	43.13
		42,308,052		47,605,635	
Exercisable at the end of the year	00.00 - 30.00	**15,742,977**	**72.93**	15,468,002	76.14
	30.01 - 60.00	**9,860,188**	**26.00**	10,560,246	37.39
	60.01 - 90.00	**2,919,262**	**31.57**	2,944,262	43.13
		28,522,427		28,972,510	

Outstanding options as at 31 March 2015 out of Scheme 2002 is Nil (31 March 2014: Nil) and Scheme 2003 is 42,308,052 (31 March 2014: 47,605,635) i.e. total outstanding is 42,308,052.

1 The aggregate stock option pool under Employee Stock Option Scheme 2002 and Employee Stock Option Scheme 2003 is 20% fully diluted equity shares as of 31 March 2015.

2 The Company applies the intrinsic value based method of accounting for determining compensation cost for its stock- based compensation plan. Had the compensation cost been determined using the fair value approach, the Company's net income and basic and diluted earnings per share as reported would have reduced to the proforma amounts as indicated:

Particulars	31 March 2015	31 March 2014
Net income as reported	**1,637.54**	1,344.70
Less: Stock-based employee compensation expense (fair value method)	**(0.97)**	(21.30)
Proforma net income	**1,636.57**	1,323.40
Basic earnings per share as reported (₹)	**2.47**	2.04
Proforma basic earnings per share (₹)	**2.47**	2.01
Diluted earnings per share as reported (₹)	**2.33**	1.96
Proforma diluted earnings per share (₹)	**2.33**	1.93

The key assumptions used to estimate the fair value of options are:

	31 March 2015	31 March 2014
Dividend yield	**0%**	0%
Expected Life	**5.5-7 years**	5.5-7 years
Risk free interest rate	**6.50% to 9.06%**	6.50% to 9.06%
Volatility	**0% to 75%**	0% to 75%

Notes to the Financial Statements

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

28. RELATED PARTY TRANSACTIONS

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

Ultimate Holding Company	• CESC Limited
Holding Company	• Spen Liq Private limited (Spen Liq)
Fellow Subsidiary	• Spencer Retail Limited (Spencer)
Subsidiaries wherein control exists	The related parties where control exists are subsidiaries as referred below :-
	• Firstsource Solutions UK Limited (FSL-UK)
	• Firstsource Group USA, Inc. (FG US)
	• Firstsource Business Process Services, LLC. (FBPS)
	• Firstsource Advantage LLC (FAL)
	• MedAssist Holding, Inc. (MedAssist)
	• Firstsource Solutions USA LLC (earlier known as MedAssist LLC)
	• Anunta Tech Infrastructure Services Limited (Anunta)
	• Firstsource Transaction Services LLC (FTS)
	• Firstsource Dialog Solutions (Private) Limited (earlier known as Dialog Business Services Private Limited) (FDS)
	• Firstsource BPO Ireland Limited
	• Firstsource Solution S.A. (FSL Arg)
	• One Advantage LLC (OAL)
	• Medassist Holding LLC (earlier known as Medassist Acquisition Inc.)
	• Twin Lakes Property LLC-1 and Twin Lakes Property LLC– II have been dissolved during the previous year
Key Managerial Personnel	• Rajesh Subramaniam
	• Dinesh Jain
Non Executive Directors	• Sanjiv Goenka
	• Ananda Mukerji**
	• Charles Miller Smith
	• Shailesh Mehta**
	• K.P.Balaraj**
	• Y.H.Malegam
	• Pradip Roy
	• Subrata Talukdar
	• Shashwat Goenka
	• Haigreve Khaitan**
	• Donald W. Layden, Jr.
	• V. K. Sharma
	• Pradip Kumar Khaitan
	• Grace Koshie

** Resigned during the period.

Notes to the Financial Statements

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

Name of the related party	Description	Transaction value during the year ended		Receivable / (Payable) at	
		31 March 2015	31 March 2014	31 March 2015	31 March 2014
FSL-UK	Income from services	2,504.41	2,855.06	1,163.60	415.79
	Reimbursement of expenses	133.01	28.84	-	(5.92)
	Recovery of expense	101.72	155.92	111.52	111.49
	Investment in equity	-	-	18.35	18.35
	Goodwill on asset purchase	-	-	(149.05)	(339.50)
	Receipt of services	697.95	908.00	(77.40)	(636.13)
	Parental guarantee	20.00	71.62	-	71.62
	Advance received	-	1,772.50	-	-
FAL	Income from services	384.10	340.67	122.20	177.66
	Reimbursement of expenses	1.74	1.61	-	-
	Recovery of expense	23.40	40.99	47.01	36.28
Medassist	Income from services	60.00	65.03	11.02	44.94
	Reimbursement of expenses	-	3.00	-	-
	Recovery of expense	38.93	36.46	61.33	26.08
FG US	Income from services	605.25	795.05	178.14	366.71
	Reimbursement of expenses	16.88	14.31	-	-
	Recovery of expense	13.94	46.13	74.50	35.30
	Investment in equity	-	-	11,641.27	11,590.00
	Parental guarantee	55.52	79.09	-	79.09
Anunta Tech	Reimbursement of expenses	-	0.23	-	-
	Investment in equity	-	-	100.50	100.50
FDS	Recovery of expense	1.78	2.50	-	1.23
	Investment in equity	-	-	46.18	46.18
FTS	Income from services	845.95	790.48	312.35	307.74
	Recovery of expense	33.43	43.44	39.17	36.70
	Reimbursement of expenses	0.95	0.63	-	(0.18)
FSL Ireland	Investment in equity	-	-	17.36	17.36
	Recovery of expense	9.56	2.22	(0.96)	1.68
	Parental guarantee	5.38	19.84	-	19.84
	Income from services	6.45	-	6.45	-
CESC Limited	Income from services	18.49	6.04	1.39	0.64
Spen Liq	Issue of shares (including - premium)	-	-	(2,745.36)	(2,745.36)
Spencer	Employee benefits	1.48	0.21	-	-
Non-executive directors	Sitting fees paid	3.80	1.22	-	-
Key Managerial Personne	Remuneration*	50.19	44.99	-	-

*excluding ESOP, gratuity and compensated absences.

Notes to the Financial Statements

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

List of transactions with related parties having total value more than 10% value of transactions with related parties :

Description	31 March 2015	31 March 2014
Rajesh Subramaniam	**38.03**	33.86
Dinesh Jain	**12.16**	11.13

List of transactions with related parties having total value more than 10% of value of transactions with related parties

Advances to subsidiaries consist of the followings amounts advanced to subsidiaries towards reimbursement of expenses and are repayable on demand:

	Closing balance	Maximum amount outstanding during the year
FGUS	**74.50**	130.95
FAL	**47.01**	60.65
FTS	**39.17**	121.24
MedAssist	**61.33**	61.33
Total	**222.01**	

Notes to the Financial Statements

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

29. Employee benefits

a) Gratuity plan

The following table sets out the status of the gratuity plan as required under AS 15: Reconciliation of opening and closing balances of the present value of the defined benefit obligation and fair value of planned assets:

Particulars	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Change in present value of obligations					
Obligations at beginning of the year	**88.58**	117.79	119.88	99.14	87.96
Service cost	**21.95**	22.43	34.70	41.48	27.55
Interest cost	**7.13**	8.19	9.02	8.08	6.55
Actuarial (gain)/loss	**(16.10)**	(34.14)	(17.83)	(8.62)	(7.28)
Benefits paid	**(20.41)**	(25.69)	(27.98)	(20.20)	(15.64)
Obligations at the end of the year	**81.15**	88.58	117.79	119.88	99.14
Change in plan assets					
Fair value of plan assets at beginning of the year	**48.64**	50.69	68.43	70.88	44.44
Expected return on plan assets	**3.46**	3.45	5.13	5.99	5.02
Actuarial gain/(loss)	**(1.12)**	0.18	0.02	0.75	(1.22)
Contributions	**-**	20.00	0.82	10.03	36.98
Benefits paid	**(20.41)**	(25.68)	(23.71)	(19.22)	(14.34)
Fair value of plan assets at end of the year	**30.57**	48.64	50.69	68.43	70.88
Reconciliation of present value of the obligation and the fair value of plan assets					
Present value of the defined benefit obligations at the end of the year	**81.15**	88.58	117.79	119.88	99.14
Fair value of plan assets at the end of year	**(30.57)**	(48.64)	(50.69)	(68.43)	(70.88)
Funded status being amount of liability recognised in the balance sheet	**50.58**	39.94	67.10	51.45	28.26
Gratuity cost for the year					
Service cost	**21.95**	22.43	34.70	38.38	27.55
Interest cost	**7.13**	8.19	9.02	8.08	6.55
Expected return on plan assets	**3.46**	(3.45)	(5.13)	(4.99)	(6.07)
Actuarial (gain)/loss	**(17.22)**	(34.32)	(17.85)	(9.36)	(5.02)
Net gratuity cost	**8.40**	(3.12)	20.74	32.11	23.01
Actual return on plan assets Assumptions	**2.34**	3.63	5.15	6.74	3.80
Interest rate	**7.87%**	9.10%	8.05%	8.60%	8.30%
Estimated rate of return on plan assets	**9.00%**	9.00%	9.00%	9.00%	9.00%
Rate of growth in salary levels	**5.00%**	5.00%	8.00%	10.00%	10.00%
Withdrawal rate	25.00% reduc -ing to 2% for over 20 years of service	25.00% reducing to 2% for over 20 years of service	25.00% reducing to 2% for over 20 years of service	25.00% reducing to 2% for over 20 years of service	25.00% reducing to 2% for over 20 years of service
Experience adjustments					
On plan liabilities (gain) /loss	**(16.10)**	(34.14)	(14.17)	(8.93)	(13.23)
On plan assets (gain) / loss	**(1.12)**	0.18	(0.20)	(0.15)	1.22

Notes to the Financial Statements

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

The Company continues to fund to the trust in next year by reimbursing the actual payouts.
Gratuity cost, as disclosed above, is included under 'Employee benefit expense'.

b) Contribution to Provident Fund

The provident fund charge during the year amounts to ₹ 188.38 (31 March 2014: ₹ 209.51).

c) Compensated absences

	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Actuarial assumptions					
Interest rate	**7.87%**	9.10%	8.05%	8.60%	8.30%
Rate of growth in salary levels	**5.00%**	5.00%	8.00%	10.00%	10.00%

30. Other operating income

Other operating income comprises of net gain on restatement and settlement of debtor balances and related gain / loss on forward / option contracts.

31. Computation of number of shares for calculating diluted earnings per share

	31 March 2015	31 March 2014
Number of shares considered as basic weighted average shares outstanding	**663,035,913**	658,388,622
Add: Effect of potential issue of shares/ stock options *	**38,660,298**	26,060,201
Number of shares considered as weighted average shares and potential shares outstanding	**701,696,211**	684,448,823
Net profit after tax attributable to shareholders	**1,637.54**	1,344.70
Net profit after tax for diluted earnings per share	**1,637.54**	1,344.70

* Not considered when anti-dilutive

32. Capital and other commitments and contingent liabilities

	31 March 2015	31 March 2014
The estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	**144.86**	57.12
Claims not acknowledge as debt	**1.35**	1.35
Guarantees and letters of credit given	**13,940.05**	16,504.10

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for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

Direct tax matters

Income tax demands amounting to ₹ 1,236.77 (31 March 2014: ₹ 1,240.27) for the various assessment years are disputed in appeal by the Company in respect of which the Company has favorable decisions supporting its stand based on the past assessment or otherwise and hence, the provision for taxation is considered adequate. The Company has paid ₹ 10.38 (31 March 2014: ₹ 10.38) tax under protest against the demand raised for the assessment year 2004-05, ₹ 12.50 (31 March 2014: ₹ 12.50) tax under protest against the demand raised for the assessment year 2009-10 and ₹ 80.00 (31 March 2014: ₹ 50.00) tax under protest against the demand raised for the assessment year 2011-12.

Indirect tax matters

The Service tax demands amounting to ₹ 131.15 (31 March 2014: ₹ 125.52) in respect of service tax input credit and FCCB issue expenses is disputed in appeal by the Company. The Company expects favourable appellate decision in this regard.

The Company's pending litigations comprise of claims against the Company and pertaining to proceedings pending with Income tax and service tax. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

Guarantees and letters of credit given consist of the following:

	31 March 2015	31 March 2014
Guarantees given for working capital facilities and finance lease on behalf of FSL-UK	**3,590.12**	2,022.13
Guarantees given for credit facilities and term loans on behalf of FGUS.	**10,343.75**	14,478.53
Guarantees given to the Government of India, Customs and Central excise department with relation to duty securities.	**6.18**	3.44

33. Segmental reporting

In accordance with paragraph 4 of Accounting Standard 17 "Segment Reporting" prescribed in the Companies (Accounts) Rules, 2014, issued by the Central Government, the Company has presented segmental information only on the basis of the consolidated financial statements (refer note 31 of the consolidated financial statements).

34. Adoption of AS 30

In December 2007, the ICAI issued AS 30, Financials Instruments: Recognition and Measurement, recommendatory in respect of accounting periods commencing on or after 1 April 2009 and mandatory in respect of accounting periods commencing on or after 1 April 2011.

In March 2008, ICAI announced that earlier adoption of AS 30 is encouraged. However, AS 30, along with limited revision to other accounting standards, has not been notified under the Companies (Accounts) Rules, 2014.

On 1 October, 2008, the Company had early adopted AS 30 in its entirety, read with AS 31, effective 1 April, 2008 and the limited revisions to other Accounting Standards.

AS 30 states that particular sections of other Accounting Standards; AS 4, Contingencies and Events Occurring after Balance

Notes to the Financial Statements

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sheet date, to the extent it deals with contingencies, AS 11 (revised 2003), The Effects of Changes in Foreign Exchange Rates, to the extent it deals with the 'forward exchange contracts' and AS 13, Accounting for Investments, except to the extent it relates to accounting for investment properties, would stand withdrawn only from the date AS 30 becomes mandatory. In view of the Company, on an early adoption of AS 30, accounting treatment made on the basis of the relevant sections of Accounting Standards referred above viz. AS 4, AS 11 and AS 13 stands withdrawn as it believes that principles of AS 30 more appropriately reflect the nature of these transactions.

Pursuant to the early adoption of AS 30, the Company has discounted Non-interest-bearing deposits to their present value and the difference between original amount of deposit and the discounted present value has been disclosed as "Unamortised cost" under other current and non-current assets. This unamortised cost is charged to the statement of profit and loss over the period of related lease. Correspondingly, interest income is accrued on these Non-interest bearing deposits using the implicit rate of return over the period of lease and is recognised under "Interest income".

In accordance with the transition provisions of AS 30, impact on first time adoption was accounted in General Reserve.

The Company has also designated forward contracts and payable on asset acquisition to hedge highly probable forecasted transactions on the principles as set out in AS-30.

Consequent to the early adoption of AS 30 as stated above, the profit after taxation for the year ended on 31 March 2015 and Reserves and surplus as at the Balance sheet date is higher by ₹ 31 (31 March 2014: higher by 208) and higher by ₹ 2,817 (31 March 2014: higher by ₹ 2,754) respectively The increase in Reserves and surplus includes translation gain on the investment in non-integral foreign operation used as hedge against translation loss on ECB, which is currently credited to Reserves and Surplus, would be realized upon disposal of non-integral foreign operation.

35a. Supplementary statutory information (accrual basis)

	31 March 2015	31 March 2014
(i). Value of imports calculated on CIF basis		
Capital goods	119.47	302.22
(ii). Earnings in foreign exchange		
Income from services	5,258.10	4,462.54
Interest income	-	-
Other income	80.89	170.55
(iii). Expenditure in foreign currency		
Marketing and support services	2.82	3.48
Travel and conveyance	3.61	24.68
Repairs and maintenance	6.91	5.56
Interest	61.12	60.87
Connectivity charges	1.02	23.73
Legal and professional fees	10.71	16.61

Notes to the Financial Statements

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

35b. Derivatives

As at 31 March 2015, the Company has derivative financial instruments to sell USD 41.99 million (31 March 2014: USD 30,60 million) having fair value gain of ₹ 50.72 (31 March 2014: gain of ₹ 45.84), GBP 62.95 million (31 March 2014: GBP 51.42 million) having fair value gain of ₹ 677.15 (31 March 2014: loss of ₹ 125.53) and AUD Nil (31 March 2014: AUD 29.02) having fair value gain of ₹ Nil (31 March 2014: gain of ₹ 10.18) relating to highly probable forecasted transactions.

Foreign currency exposures on loans and receivables that are not hedged by derivative instruments or otherwise are ₹ 340.30 (equivalent to USD 2.41 million, AUD 0.74 million and GBP 1.66 million) (31 March 2014: ₹ 249.43 (equivalent to USD 2.41 million, EUR 0.25 million and GBP 0.85 million)).

36. Corporate social responsibility (CSR)

As per Section 135 of the Companies Act, 2013, a CSR trust has been formed by the Ultimate Holding Company. The areas identified by the CSR trust includes activities for promoting healthcare, art / culture, sports and education as the four priority areas to be pursued in phases and in a manner aligned with the CSR rules and regulations. The funds have been contributed to the trust and will be utilized on these activities which are specified in Schedule VII to the Companies Act, 2013.

37. Long-term contracts

The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

Notes to the Financial Statements

for the year ended 31 March 2015

(Currency: In millions of Indian ₹)

38. Under the Micro Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006 and on the basis of the information and records available with the Management, following are the dues:

	31 March 2015	31 March 2014
Principal amount and the interest due thereon remaining unpaid to any supplier as at the year end	**Nil**	Nil
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	**Nil**	Nil
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED	**Nil**	Nil
Amount of interest accrued and remaining unpaid at the end of the accounting year	**Nil**	Nil
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible	**Nil**	Nil

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of
Firstsource Solutions Limited

Rajesh Mehra
Partner
Membership No: 103145

Sanjiv Goenka
Chairman

Rajesh Subramaniam
Managing Director and CEO

Shashwat Goenka
Director

Y. H. Malegam
Director

Charles Miller Smith
Director

V.K. Sharma
Director

Donald Layden Jr.
Director

Subrata Talukdar
Director

Grace Koshie
Director

Pradip Roy
Director

Sanjay Gupta
Company Secretary

Kolkata
5 May

Kolkata
5 May 2015

Dinesh Jain
President and CFO

Notice

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Members of Firstsource Solutions Limited will be held on Monday, August 3, 2015 at 3.30 p.m. at Manik Sabhagriha, 'Vishwakarma' M. D. Lotlikar Vidya Sankul, Opposite - Lilavati Hospital, Bandra Reclamation, Mumbai - 400 050 to transact the following businesses:

ORDINARY BUSINESS

1. To consider and adopt:
   (a) the audited financial statements of the Company for the financial year ended March 31, 2015 alongwith the reports of the Board of Directors and Auditors thereon; and
   (b) the audited consolidated financial statements of the Company and its subsidiaries for the financial year ended March 31, 2015 alongwith the report of Auditors thereon.

2. To appoint **Mr. Subrata Talukdar** (DIN 01794978), as a Director of the Company, who retires by rotation and being eligible, offers himself for re-appointment.

3. **RE-APPOINTMENT OF STATUTORY AUDITORS**

   To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, **M/s. B S R & Co. LLP, Chartered Accountants,** bearing Registration Number: 101248W, be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of Sixteenth Annual General Meeting of the Company to be held in the year 2017 (subject to ratification of their appointment at the next AGM), at such remuneration and out-of-pocket expenses, as may be decided by the Audit Committee of the Board of Directors of the Company."

SPECIAL BUSINESS

4. **APPOINTMENT OF MR. V. K. SHARMA AS AN INDEPENDENT DIRECTOR OF THE COMPANY**

   To consider and if thought fit, to pass the following resolution, as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, **Mr. V. K. Sharma** (DIN 02051084), a Director of the Company, from whom a notice has been received under section 160(1) of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director on the Board of Directors of the Company, not liable to retire by rotation, for a period of five years expiring on November 13, 2019."

5. **APPOINTMENT OF MS. GRACE KOSHIE AS AN INDEPENDENT DIRECTOR OF THE COMPANY**

   To consider and if thought fit, to pass the following resolution, as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ("the Act"), and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, **Ms. Grace Koshie** (DIN 06765216), a woman Director of the Company, from whom a notice has been received under section 160(1) of the Act, proposing her candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director on the Board of Directors of the Company, not liable to retire by rotation, for a period of five years expiring on February 8, 2020."

6. **APPOINTMENT OF MR. PRADIP KUMAR KHAITAN AS A DIRECTOR OF THE COMPANY**

   To consider and if thought fit, to pass the following resolution, as an **Ordinary Resolution:**

   "RESOLVED THAT Mr. Pradip Kumar Khaitan (DIN 00004821), who was appointed as a Director by the Board of Directors on November 14, 2015 in a casual vacancy, and from whom a notice has been received under Section 160(1) of the Companies Act, 2013, proposing his candidature for the office of a Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By Order of the Board of Directors

Sanjay Gupta

Senior VP - Corporate Affairs and Company Secretary

June 27,2015

Firstsource Solutions Limited

CIN: L64202MH2001PLC134147

Registered Office:

5th Floor, Paradigm 'B' Wing, Mindspace, Link Road,
Malad (West), Mumbai - 400 064

Tel : +91-22-66660888 Fax: +91-22-66660887

www.firstsource.com

Email:complianceofficer@firstsource.com

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND, ON A POLL, TO VOTE ON HIS BEHALF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

2. Corporate members intending to send their authorised representatives to attend the Annual General Meeting ("AGM") are requested to send a certified copy of the appropriate resolution/ authority, as applicable, authorising their representatives to attend and vote on their behalf at the AGM.

3. The Register of Members and Share Transfer Books of the Company will be closed from Monday, July 27, 2015 to Monday, August 3, 2015 (both days inclusive).

4. All the documents referred to in the Notice and Explanatory Statement will be available for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days upto the date of the AGM.

5. Members are requested to bring their duly filled Attendance Slip alongwith the copy of the Annual Report at the AGM.

6. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.

7. Members holding shares in electronic (dematerialised) form are advised to send the requests for change of address, bank particulars, bank mandate, residential status or requests for transmission of shares etc. to their Depository Participants. The Company or its Registrars can not act on any such requests received directly from the members holding shares in electronic form.

8. Pursuant to the requirement of Corporate Governance Code under the Listing Agreement with the Stock Exchanges, the information about the Directors proposed to be appointed/ re-appointed at the AGM is given in the Annexure to this Notice.

9. Members desirous of getting any information about the accounts and operations of the Company are requested to write to the Company atleast 7 days before the AGM to enable the Company to keep the information ready at the AGM.

   The Notice of the AGM along with the Annual Report for FY 2014-15 is being sent by electronic mode to those Members whose email addresses are registered with the Company/ Depository Participants unless any Member has requested for a physical copy of the same. For Members who have not registered their email addresses, physical copies are being sent by the permitted mode. To support the 'Green Initiative', the Members who have not registered their email addresses, are requested to register the same with their Depository Participants. Members holding shares in physical mode are requested to register their email addresses with the Registrar & Transfer Agent of the Company.

10. Voting through Electronic means:

    (i) In compliance with the provisions of section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

    (ii) The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

    (iii) The Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

    (iv) The remote e-voting period will commence on Thursday, July 30, 2015 at 10.00 a.m. and will end on Sunday, August 2, 2015 at 5.00 p.m. During this period, the members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of July 27, 2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

(v) The Company has appointed Ms. Amrita Nautiyal, a Company Secretary in whole time practice (email: amrita.nautiyal@gmail.com), to act as the Scrutinizer for conducting the electronic voting process and voting at the AGM in a fair and transparent manner.

(vi) The process and manner for remote e-voting are as under:

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/ Depository Participants(s)]:

a. Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/ PIN for remote e-voting. Please note that the password is an initial password.
b. Launch the internet browser by typing the following URL:https://www.evoting.nsdl.com
c. Click on "Shareholder-Login" to cast your vote.
d. Put your user Id and password as the initial password/ PIN noted in step (a) above. Click Login.
e. If you are logging in for the first time, Password Change Menu appears. Change the password of your choice with minimum 8 digits/ characters or a combination thereof. Please note this new password for all the future e-voting cycles offered on NSDL e-voting Platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
f. Home page of "e-voting" opens. Click on "e-voting": Active Voting Cycles.
g. Select "EVEN (E-Voting Event Number)" of FIRSTSOURCE SOLUTIONS LIMITED which is 101995. For an EVEN, you can login any number of times on e-voting platform of NSDL till you have voted on the resolution during the voting period.
h. Now you are ready for "e-voting" as "Cast Vote" Page opens.
i. Cast your vote by selecting appropriate option and click "Submit" and also "Confirm" when prompted. Kindly note that vote once cast cannot be modified.
j. Upon confirmation, the message "Vote cast successfully" will be displayed.
k. Once you have voted on the resolutions, you will not be allowed to modify your vote.
l. Institutional members (i.e. members other than individuals, HUF, NRIs, etc.) are also required to send scanned copy (PDF/ JPG format) of the relevant Board Resolution/ Authority Letter etc. together with the attested specimen signature(s) of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer Ms. Amrita Nautiyal through email at: amrita_nautiyal@gmail.com with a copy marked to evoting@nsdl.co.in

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:

a. Initial password is provided as below/ at the bottom of the Attendance Slip for the AGM:

EVEN (Remote e-voting Event Number)	USER ID	PASSWORD/ PIN

b. Please follow all steps from Sr. No. (a) to Sr. No. (l) above, to cast vote.

C. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and e voting user manual for members available at the "downloads" section of https://wwwevoting.nsdl.com or contact NSDL by email at evoting@nsdl.co.in . Further, in case of any grievances in connection with the facility for voting by electronic means, please contact Ms. Pallavi Mhatre, National Securities Depository Limited, Trade World, A Wing, Kamala Mills Compound, Lower Parel, Mumbai – 400013, Asst. Manager, email:pallavid@nsdl.co.in , Tel: 022 24994545, 1800222990.

D. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.

E. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

F. Members have an option to vote either through e-voting or casting a vote at the Meeting. If a Member has opted for e-voting, then he should not cast his vote at the Meeting also and vice-versa. However, in case, a Member has cast his vote at the Meeting and also by e-voting, then voting done through e-voting shall prevail and voting done at the Meeting shall be treated as invalid.

G. The voting rights of members shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date of July 27, 2015.

H. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e.

July 27, 2015, may obtain the login ID and password by sending a request at evoting@nsdl.co.in

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

I. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

J. The Chairman shall, at the AGM, allow voting with the assistance of the Scrutinizer, by use of "Ballot Paper" or e-voting for all those members who are present at the AGM but have not cast their votes by availing the remote evoting facility.

K. The Scrutinizer shall, after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of atleast two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by the Chairman in writing, who shall countersign the same and declare the result of the voting forthwith.

L. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company viz: www firstsource.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited and National Stock Exchange of India Limited, Mumbai.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item Numbers 4 & 5

Mr. V. K. Sharma and Ms. Grace Koshie were appointed as Additional Directors by the Board of Directors of the Company as Independent Directors on November 14, 2014 and February 9, 2015 respectively, and they hold office as Directors until the conclusion of the ensuing Annual General Meeting ("AGM"). Subject to the approval of the shareholders at the AGM, Mr. Sharma and Ms Koshie are proposed to be appointed as Independent Directors of the Company for a term of five years each expiring on November 13, 2019 and February 8, 2020 respectively.

The Nomination and Remuneration Committee of the Board and the Board of Directors of the Company have recommended the above appointment of Mr. V. K. Sharma and Ms. Grace Koshie as Independent Directors considering the qualifications, positive attributes, experience, expertise and independence, for the aforesaid period of 5 years. According to the provision of section 149(10) of the Companies Act, 2013 (the "Act"), an Independent Director shall hold office for a term upto five (5) consecutive years on the Board but shall be eligible for re-appointment on passing of a special resolution by the Company. Further, Section 149(13) of the Act states that the Independent Directors so appointed shall not be liable to retire by rotation under section 152 of the Act. Their brief resumes are given in the Annexure to this Notice.

Mr. V. K. Sharma and Ms. Grace Koshie have given a declaration each to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, they fulfill the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and are independent of the management. Notices have also been received from them pursuant to Section 160(1) of the Act, signifying their intention to propose their candidature for appointment as Directors of the Company, alongwith prescribed amount of deposit with each notice.

Copies of the draft letters of appointment of Mr. V. K. Sharma and Ms. Grace Koshie, setting out the terms and conditions of appointment as Independent Directors are available for inspection by members at the registered office of the Company.

Mr. V. K. Sharma and Ms. Grace Koshie may be deemed to be concerned or interested in the respective resolutions for their appointment as Directors. None of the other Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in the Resolutions in the accompanying Notice. In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of these Directors as Independent Directors is now being placed before the Members for their approval. The Board recommends the appointment of the Mr. V. K. Sharma and Ms. Grace Koshie as Independent Directors on the Board of the Company as set out at Item Nos. 4 and 5 respectively of the Notice for approval by the Members.

This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement.

Item Number 6

Mr. Pradip Kumar Khaitan was appointed by the Board of Directors of the Company ('the Board') on November 14, 2014 in the casual vacancy arising from the resignation of Mr. Haigreve Khaitan, pursuant to the provisions of Section 161(4) of the Companies Act 2013 (hereinafter referred to as the 'Act'). Mr. Khaitan represents Spen Liq Private Limited, the Promoter, on the Board. He holds office as a Director until the conclusion of the ensuing Annual General Meeting (the 'AGM')

The Nomination and Remuneration Committee of the Board has suggested and the Board agrees that the appointment of Mr. Khaitan as a Director of the Company will be in the interest of the Company considering his qualifications, positive attributes, experience and expertise. Mr. Khaitan's brief resume is given in the Annexure to this Notice.

Notice has also been received from Mr. Khaitan pursuant to Section 160(1) of the Act, signifying his intention to propose his candidature for appointment as a Director of the Company, alongwith prescribed amount of deposit.

Mr. Khaitan may be deemed to be concerned or interested in the resolution for his appointment. None of the other Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in the Resolution in the accompanying Notice. The appointment of Mr. Khaitan as a Director is now being placed before the Members for their approval. The Board recommends the appointment of Mr. Khaitan as a Director on the Board of the Company as set out at Item No. 6 of the Notice for approval by the Members.

This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement.

By Order of the Board of Directors

Sanjay Gupta
Senior VP – Corporate Affairs and Company Secretary

June 27, 2015

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Tel : +91-22-66660888 Fax: +91-22-66660887
www.firstsource.com
Email:complianceofficer@firstsource.com

ANNEXURE TO THE NOTICE

RESUMES OF PERSONS PROPOSED TO BE APPOINTED AS DIRECTORS AT THE ENSUING ANNUAL GENERAL MEETING

Mr. Subrata Talukdar (DIN 01794978), 56 years, is a commerce graduate and an alumnus of the Kellogg School of Management, USA and Chartered Accountant in India. Mr. Talukdar began his career at the Indian arm of Coopers Lybrand, before switching over to the manufacturing sector handling the finance portfolio. Mr. Talukdar is the President & CFO - Power Group of CESC Limited. He has been associated with the group for over two decades and has been instrumental in CESC's success. Going beyond his core function of conventional finance, Mr. Talukdar takes keen interest in the CESC's operations and expansion plans. He is also a core member of the corporate strategy team.

Mr. Talukdar represents Spen Liq Private Limited, Promoter, on the Board of Directors of the Company. He is a Director on the Boards of various companies namely Spen Liq Private Limited, Jharkhand Electric Company Limited, Haldia Energy Limited, Dhariwal Infrastructure Limited, Crescent Power Limited, Surya Vidyut Limited, CESC Infrastructure Limited, CESC Projects Limited, Ranchi Power Distribution Limited, Kolkata Games & Sports Private Limited and Bantal Singapore Pte. Limited. Mr. Talukdar is member of the Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Financial Results Committee, Investment Committee, Strategy Committee and Empowered Committee of the Board of Directors of the Company. He is Chairman of the Audit Committee of Crescent Power Limited and Surya Vidyut Limited. He is also a member of the Audit Committees of Haldia Energy Limited, Dhariwal Infrastructure Limited and CESC Infrastructure Limited. He is also a Chairman of Nomination and Remuneration Committee of CESC Infrastructure Limited and member of Nomination and Remuneration Committee of Crescent Power Limited, Surya Vidyut Limited and Haldia Energy Limited.

Mr. Talukdar does not hold any shares or stock options of the Company. He is not related to any other Director of the Company.

Mr. V. K. Sharma (DIN 02051084), 62 years, is B.Sc. in Physics, Pure and Applied Mathematics and an M.Sc. in Physics. He holds an Advanced Studies Certificate in International Economic Policy Research from Kiel Institute of World Economics, Kiel, Germany. He is recipient of the prestigious Lord Aldington Banking Research Fellowship and the first RBI Golden Jubilee scholarship for pursuing research and advanced studies abroad. He has distinguished track record of service with the Reserve Bank of India (RBI) and as a Member of the Markets Committee of RBI for International Settlements, Basel Switzerland. Mr. Sharma retired as Executive Director from RBI on 31st December, 2012. As

Executive Director, Mr. Sharma was responsible for various critical and sensitive Departments covering areas such as Financial Markets, Foreign Exchange Reserves Management, Internal Debt Management, Human Resources, Administration, Currency Management, Rural Planning and Credit, Financial Inclusion, Customer Service, Premises and Regulation and Supervision of Urban Co-operative Banks. He has formidable credentials in Financial and Derivatives Analytics and Risk Diagnostics & Risk Management Solutions. Several of his research papers, articles and speeches have been published in leading business news papers and prestigious journals for International Settlement (BIS) Reviews. He has served as Chairman/Member/Director of several important Committees/ Working Groups/Governing Boards/Councils/Bank Boards and represented RBI in various prestigious national and international fora. After retirement, Mr. Sharma addressed Boards of Directors of a few Public Sector Banks on Risk Management as part of a Consultancy's Board Academy Program.

Mr. Sharma is a Director on the Boards of IL&FS Trust Company Limited, Equitas Holdings Private Limited and Equitas Finance Private Limited.

Mr. Sharma does not hold any shares or stock options of the Company. He is not related to any other Director of the Company.

Ms. Grace Koshie (DIN 06765216), 62 years, is M.A. in Economics (Econometrics/Monetary Economics) from Bombay University, holds Post Graduate Diploma in Higher Education from Bombay University and is a CAIIB. Ms. Grace Koshie held a variety of assignments in different functional areas over a period of nearly 37 years (February 1976 to December 2012) at the Bank's Central Office and its offices in Mumbai, Bangalore and New Delhi. During her stint with RBI, she has held the offices of the Head of the Foreign Exchange Department in the RBI's New Delhi Office, the Chief General Manager-in-Charge of the Foreign Exchange Department and the Chief General Manager and the Secretary to the Central Board of RBI. She also served as RBI's Nominee Director on the Boards of Dena Bank and Corporation Bank. She has also participated/represented the RBI at various International seminars/programmes in Tokyo, Paris, Cambridge (UK) and New York.

She is also a woman Independent Director on the Board of Directors of Federal Bank Ltd since November 2013. She is a member of the Audit Committee, Human Resource Committee and Large Value Frauds Committee and the Chairman of the Risk Management Committee of the Federal Bank Limited.

Ms. Grace Koshie does not hold any shares or stock option of the Company. She is not related to any other Director of the Company.

Mr. Pradip Kumar Khaitan (DIN 00004821), 74 years, is a B.Com, LL.B. and Attorney-at-law (Bell Chambers Gold Medalist). He has professional Affiliations with Bar Council of India, Bar Council of West Bengal, Indian Council of Arbitration, New Delhi and Incorporated Law Society of Calcutta. Mr. Khaitan is the Senior Partner of Khaitan & Co. and is widely regarded as amongst the most influential legal practitioners in India. With over 50 years of experience, Mr. Khaitan has advised on a wide range of transactions.

Mr. Khaitan's practice includes advising domestic business houses and International Corporations, Banks, development agencies and Governments on all aspects of commercial and corporate laws, taxation, joint ventures, IPOs, mergers & de-mergers, corporate governance, restructuring and insolvency issues. He regularly advises on strategic decisions and sensitive commercial and legal issues.

Mr. Khaitan represents Spen Liq Private Limited, the Promoter on the Board of Directors of the Company. Mr. Khaitan is a Director on the Board of Directors of several public listed Companies in India namely CESC limited, Dalmia Bharat Limited, Dhunseri Petrochem Limited, Electrosteel Castings Limited, Emami Limited, Graphite India Limited, India Glycols Limited, OCL India Limited and Woodlands Multispeciality Hospital Limited. He is a member of the Audit Committees of Dalmia Bharat Limited, Electrosteel Castings Limited and India Glycols Limited. He is also the Chairman of Nomination and Remuneration Committee of Dalmia Bharat Limited and Graphite India Limited, a member of the Nomination and Remuneration Committees of CESC Limited, Dhunseri Petrochem Limited and India Glycols Limited and a member of the Stakeholders Relationship Committee of Graphite India Limited.

He does not hold any shares or stock options of the Company. He is not related to any other Director of the Company.

FIRSTSOURCE SOLUTIONS LIMITED

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Registered Office: 5th Floor, Paradigm 'B' Wing, Mindspace, Link Road,
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Tel: + 91 22 6666 0888 Fax: + 91 22 6666 0887
Email: complianceofficer@firstsource.com Website::www.firstsource.com

FOURTEENTH ANNUAL GENERAL MEETING

Monday, August 3, 2015 at 3.30 p.m.

ATTENDANCE SLIP

I hereby record my presence at the Fourteenth Annual General Meeting of the Company held at Manik Sabhagriha, 'Vishwakarma' M. D. Lotlikar Vidya Sankul, Opposite Lilavati Hospital, Bandra Reclamation, Mumbai 400 050

....	....	....
Member's Folio/DP ID & Client ID No.	Member's/Proxy's name in Block Letters	Member's/ Proxy's Signature

Notes : Members are requested to bring this Attendance Slip alongwith them as duplicate slips will not be issued at the venue of the Meeting.

Note: Please complete and sign this Attendance Slip and hand it over at the Entrance of the Meeting Hall

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FOURTEENTH ANNUAL GENERAL MEETING

Monday, August 3, 2015 at 3.30 p.m.

PROXY FORM

I/We, being the member(s), holding...shares of Firstsource Solutions Limited, hereby appoint:

(1) Name...Address...
Email Id:...Signature....................................... or failing him/her;

(2) Name...Address...
Email-Id: ....Signature.......................................or failing him/her;

(3) Name...Address...
Email-Id: ....Signature...

as my/our proxy to attend and vote (on a poll) for me/ us and our behalf at the Fourteenth Annual General Meeting of the Company to be held on Monday, August 3, 2015 at 3.30 p.m. at Manik Sabhagriha, 'Vishwakarma' M. D. Lotlikar Vidya Sankul, Opp. Lilavati Hospital, Bandra Reclamation, Mumbai 400 050 and at any adjournment thereof in respect of such resolutions as are indicated below:

	Resolutions	**Optional***	
		For	**Against**
Ordinary Business			
1.	Adoption of the Audited Standalone and Consolidated financial statements for the financial year ended March 31, 2015		
2.	Re-appointment of Mr. Subrata Talukdar as a Director of the Company, who retires by rotation		
3.	Re-appointment of Statutory Auditors		
Special Business			
4.	Appointment of Mr. V. K. Sharma as an Independent Director of the Company		
5.	Appointment of Ms. Grace Koshie as an Independent Director of the Company		
6.	Appointment of Mr. Pradip Kumar Khaitan as a Director of the Company		

Member's Folio/DP ID & Client ID No.................................... Signature of Shareholder(s)..................... ....

Affix Revenue Stamp Re. 1/-

ELECTRONIC VOTING PARTICULARS

Folio/DPID & Client ID	EVEN (Remote e-Voting Event Number)	User Id	Password / PIN

P.T.O

Notes: 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not later than 48 hours before the commencement of the Meeting.

2. A proxy need not be a member of the Company.

3. A person can act as a proxy on behalf of the members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

4. For the Resolutions, Expalnatory Statment and Notes, please refer to the Notice of the Fourteenth Annual General Meeting.

5. *It is Optional to put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolutions, your Proxy will be entitled to vote in the manner as he/ she thinks appropriate.

6. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.

7. User id and initial Password/ PIN for e-voting are provided at the bottom of the Proxy Form for the AGM.

8. If you are already registered with NSDL for remote e-voting, then you can use your existing User -Id and Password/ PIN for casting your vote.

Corporate Information

REGISTERED OFFICE

CIN: L64202MH2001PLC134147
5th Floor, Paradigm 'B' Wing,
Mindspace, Link Road, Malad (West),
Mumbai – 400 064.
www.firstsource.com

STATUTORY AUDITORS

B S R & Co. LLP, Chartered Accountants,
1st Floor, Lodha Excelus,
Apollo Mills Compound,
N. M. Joshi Marg, Mahalaxmi,
Mumbai – 400 011, India.

COMPANY SECRETARY AND COMPLIANCE OFFICER

Sanjay Gupta

COMMITTEE DETAILS

Audit Committee

Mr. Y. H. Malegam, Chairman
Mr. Charles Miller Smith
Ms. Grace Koshie
Mr. Subrata Talukdar

Nomination and Remuneration Committee

Mr. Y. H. Malegam, Chairman
Mr. Charles Miller Smith
Mr. Pradip Roy
Mr. Subrata Talukdar

Stakeholders Relationship Committee

Mr. Subrata Talukdar, Chairman
Mr. Rajesh Subramaniam

Corporate Social Responsibility Committee

Mr. Shashwat Goenka, Chairman
Mr. Rajesh Subramaniam
Mr. Pradip Roy
Mr. Subrata Talukdar

BANKERS

1. ICICI Bank
2. DBS Bank
3. Citi bank
4. Ratnakar Bank
5. Yes Bank
6. Barclays Bank
7. Deutsche Bank AG
8. Standard Chartered Bank
9. Bank of Philippine Islands
10. Bank of America
11. The PNC Financial Services Group
12. HDFC Bank Limited

firstsource
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