

# **Firstsource Dialog Solutions Private Limited**

Financial Statements

for the financial year ended March 31, 2016

# SHELESH SINGHVI & Co.

Chartered Accountants

E-702, Dheeraj Jamuna  
Co operative housing Society,  
Chincholi Bunder road,  
Malad (West), Mumbai.  
Tel: 9314667335, 9773756991  
Email- sheleshsinghvi@yahoo.co.in

## 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 Dialog Solutions Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2016, the statement of profit and loss, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

### Management's responsibility for the standalone financial statements

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

### Auditor's Responsibility

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

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

**SHELESH SINGHVI & Co.**  
Chartered Accountants

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## **Independent Auditors' Report (Continued)**

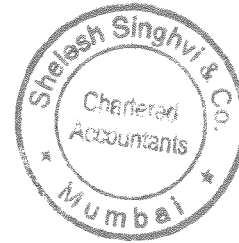
### **Auditor's Responsibility (Continued)**


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

### **Opinion**

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

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



  
**Shelesh Singhvi**  
Partner  
M. No: 079817

Mumbai  
12<sup>th</sup> May 2016

**FIRSTSOURCE-DIALOG SOLUTIONS (PRIVATE) LIMITED**

**BALANCE SHEET**

as at 31 March 2016

	Notes	Amount in	Amount in	Amount in	Amount in
		Rupees	Rupees	LKR	LKR
		31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	3	47,438,820	47,438,820	106,700,000	106,700,000
Reserves and Surplus	4	28,356,272	12,465,005	63,779,287	28,036,448
		<b>75,795,092</b>	<b>59,903,825</b>	<b>170,479,287</b>	<b>134,736,448</b>
<b>Non-current liabilities</b>					
Long-term provisions	5	3,627,571	2,923,272	8,159,179	6,575,061
<b>Current liabilities</b>					
Trade Payables	6	4,715,484	6,417,848	10,606,126	14,435,106
Other current liabilities	7	5,698,614	7,730,591	12,817,395	17,387,747
		<b>10,414,098</b>	<b>14,148,439</b>	<b>23,423,521</b>	<b>31,822,853</b>
		<b>89,836,761</b>	<b>76,975,536</b>	<b>202,061,987</b>	<b>173,134,362</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
<b>Fixed Assets</b>					
Tangible assets	8	4,298,139	5,022,836	9,667,430	11,297,426
Intangible assets		2,395,319	1,408,237	5,387,582	3,167,425
		<b>6,693,458</b>	<b>6,431,073</b>	<b>15,055,012</b>	<b>14,464,851</b>
Long term loans and advances	9	2,662,334	2,107,518	5,988,156	4,740,256
<b>Current Assets</b>					
Trade receivables	10	34,527,110	43,454,606	77,658,817	97,738,654
Cash and bank balances	11	37,857,723	17,385,064	85,150,075	39,102,707
Short term loans and advances	12	8,096,136	7,597,275	18,209,927	17,087,894
		<b>80,480,969</b>	<b>68,436,945</b>	<b>181,018,819</b>	<b>153,929,255</b>
		<b>89,836,761</b>	<b>76,975,536</b>	<b>202,061,987</b>	<b>173,134,362</b>
Significant accounting policies	2				

The accompanying notes from 1 to 26 form an integral part of this financial statement

As per our report of even date attached.

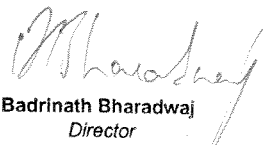
For **SHELESH SINGHVI & CO.**  
Chartered Accountants  
Firm's Registration No: 014792C

For and on behalf of the Board of Directors

  
**Shelesh Singhvi**  
Partner  
Membership No: 079817



  
**Dinesh Jain**  
Director

  
**Badrinath Bharadwaj**  
Director

Mumbai  
Date: 12/5/16

**FIRSTSOURCE-DIALOG SOLUTIONS (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT AND LOSS**  
*for the period ended on 31 March 2016*

	Notes	Amount in	Amount in	Amount in	Amount in
		Rupees	Rupees	LKR	LKR
		31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>INCOME</b>					
Revenue from Services	13	222,174,786	253,009,585	499,718,367	569,072,390
Other Income		983,251	655,905	2,211,540	1,475,271
		<b>223,158,037</b>	<b>253,665,490</b>	<b>501,929,907</b>	<b>570,547,661</b>
<b>EXPENSES</b>					
Employee benefits expense	14	122,654,391	129,184,927	275,875,823	290,564,389
Depreciation and Amortisation	8	3,473,545	3,832,962	7,812,742	8,621,147
Other Expenses	15	81,138,834	114,321,052	182,498,503	257,132,371
		<b>207,266,770</b>	<b>247,338,941</b>	<b>466,187,068</b>	<b>556,317,907</b>
<b>Profit Before Taxation</b>		<b>15,891,267</b>	<b>6,326,549</b>	<b>35,742,839</b>	<b>14,229,754</b>
Provision for Taxes					
- Current tax Expense		-	145,661	-	327,623
- Previous year tax		-	348,386	-	783,594
<b>Profit After Taxation</b>		<b>15,891,267</b>	<b>5,832,502</b>	<b>35,742,839</b>	<b>13,118,537</b>

**Earnings per Share**

**Weighted average number of equity shares**

outstanding during the year

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

**Basic and diluted Earnings per share**

1.49      0.55      3.35      1.23

Nominal value per share

0.47      0.47      10.00      10.00

Significant accounting policies

2

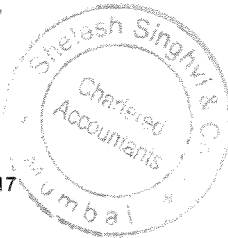
The accompanying notes from 1 to 26 form an integral part of this financial statement

As per our report of even date attached.

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

For and on behalf of the Board of Directors

*Singhvi*



**Shelesh Singhvi**  
Partner  
Membership No: 079817

*Dinesh Jain*

**Dinesh Jain**  
Director

*Badrinath Bharadwaj*

**Badrinath Bharadwaj**  
Director

Mumbai  
Date: 12/5/16

**FIRSTSOURCE-DIALOG SOLUTIONS (PRIVATE) LIMITED**  
**CASH FLOW STATEMENT**  
as at 31st March 2016

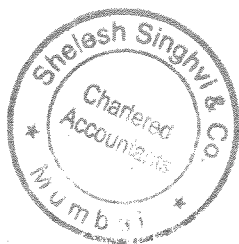
	Amount in Rupees		Amount in LKR	
	2016	2015	2016	2015
<b>Cash flow from operating activities</b>				
Net profit before tax	15,891,267	6,326,549	35,742,839	14,229,754
<b>Adjustments for</b>				
Depreciation and amortisation	3,473,545	3,832,962	7,812,742	8,621,147
Loss on Sales of Fixed Asset	(24,909)	(135,687)	(56,025)	(305,190)
Interest and dividend income	(958,342)	(520,218)	(2,155,515)	(1,170,081)
<b>Operating cash flow before changes in working capital</b>	<b>18,381,561</b>	<b>9,503,606</b>	<b>41,344,041</b>	<b>21,375,630</b>
<b>Changes in working capital</b>				
(Increase) in Trade receivables	8,927,496	261,981	20,079,837	589,250
(Increase) in Loans and advances	(1,053,667)	(1,042,899)	(2,369,933)	(2,345,702)
Increase in Current liabilities	(2,031,977)	(18,014,800)	(4,570,352)	(40,519,118)
Increase in Provisions	704,299	(977,059)	1,584,118	(2,197,515)
Increase in Trade Payable	(1,702,364)	(32,041)	(3,828,980)	(72,068)
<b>Net changes in working capital</b>	<b>4,843,787</b>	<b>(19,804,818)</b>	<b>10,894,690</b>	<b>(44,545,153)</b>
Income taxes paid	-	(494,047)	-	(1,111,217)
<b>Net cash generated from operating activities (A)</b>	<b>23,225,348</b>	<b>(10,795,259)</b>	<b>52,238,731</b>	<b>(24,280,740)</b>
<b>Cash flow from investing activities</b>				
Sale of Fixed Assets (Scrap)				
Interest and dividend income received	958,342	520,218	2,155,515	1,170,081
Capital expenditure	(3,711,031)	(1,180,754)	(8,346,878)	(2,655,769)
<b>Net cash used in investing activities (B)</b>	<b>(2,752,689)</b>	<b>(660,536)</b>	<b>(6,191,363)</b>	<b>(1,485,688)</b>
<b>Cash flow from financing activities</b>				
<b>Net cash used in financing activities (C)</b>				
<b>Net increase in cash and bank balance</b>	<b>20,472,659</b>	<b>(11,455,795)</b>	<b>46,047,368</b>	<b>(25,766,428)</b>
<b>Cash and bank balance at the beginning of the year*</b>	<b>17,385,064</b>	<b>28,840,859</b>	<b>39,102,707</b>	<b>64,869,135</b>
<b>Cash and bank balance at the end of the year*</b>	<b>37,857,723</b>	<b>17,385,064</b>	<b>85,150,075</b>	<b>39,102,707</b>

As per our report of even date attached.

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

Shelesh Singhvi  
Partner  
Membership No: 079817

Mumbai  
Date: 12/5/16



For and on behalf of the Board of Directors

Dinesh Jain  
Director

Badrinath Bharadwaj  
Director

# FIRSTSOURCE DIALOG SOLUTIONS (PRIVATE) LIMITED

## Notes to the accounts

as at 31 March 2016

### 1 Background

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

### 2 Significant accounting policies

#### 2.1 Basis of preparation

The financial statements of Firstsource Dialog Solutions Private Limited ('the Company') have been prepared under the historical cost convention, on accrual basis of accounting principles generally accepted in India. The Balance Sheet and Statement of profit and loss of the Company has been drawn up in the country of its incorporation (Srilanka) in the terms of Sri Lankan Rupee ('LKR'). However, for the purpose of compliance with the requirements of Section 129 (3) of the Companies Act 2013, amounts in these financial statements have been translated into Indian rupees at the closing rate on 31 March 2016 which is 1 LKR = Rs.0.4446. No representation is made that LKR amounts have been, could have been or could be converted into Indian rupees at such a rate.

#### 2.2 Use of estimates

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

#### 2.3 Revenue recognition

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

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

Dividend income is recognized when the right to receive dividend is established.

Interest income is recognized using the time proportion method, based on the underlying interest rates.



# FIRSTSOURCE DAILOG SOLUTIONS (PRIVATE) LIMITED

## Notes to the accounts

as at 31 March 2016

### 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:

<b>Asset category</b>	<b>Useful life (in years)*</b>
<b>Tangible assets</b>	
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
<b>Intangible assets</b>	
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 are different from the useful lives as prescribed under Part C of Schedule II to the Companies Act 2013.

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

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.





# FIRSTSOURCE DAILOG SOLUTIONS (PRIVATE) LIMITED

Notes to the accounts  
as at 31 March 2016

## 2.5 Impairment of assets

### a) Financial assets

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

### b) Non-financial assets

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

## 2.6 Foreign currency transactions

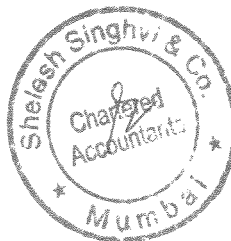
Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Net exchange gain or loss resulting in respect of foreign exchange transactions settled during the period is, recognized in the statement of profit and loss. Foreign currency denominated assets and liabilities other than fixed assets at year end are translated at the year end exchange rates and the resulting net gain or loss is recognized in the statement of profit and loss. Non Monetary assets are carried at historical cost.

## 2.7 Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. The Company profits are exempted under Board of Investments (BOI) regulations for 7 years. In this regard, the Company recognises deferred taxes in respect of those originating timing differences which reverse after the tax holiday period resulting in tax consequences. Timing differences which originate and reverse within the tax holiday period do not result in tax consequence and, therefore, no deferred taxes are recognised in respect of the same.

## 2.8 Provisions and Contingencies

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



# FIRSTSOURCE DAILOG SOLUTIONS (PRIVATE) LIMITED

## Notes to the accounts

as at 31 March 2016

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

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

### 2.9 Leases

#### *Operating lease*

Lease rentals in respect of assets acquired under operating lease are charged off to the statement of profit and loss as incurred.

### 2.10 Investments

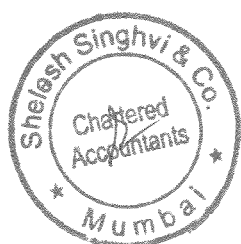
Investments are classified into non-current investments and current investments. Investments which are intended to be held for one year or more are classified as non-current investments and investments which are intended to be held for less than one year are classified as current investments.

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

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

### 2.11 Employee Benefits

Employees are eligible for Employee's Provident Fund contributions and Employee's Trust Fund contributions in line with respective statutes and regulations.



**FIRSTSOURCE-DIALOG SOLUTIONS (PRIVATE) LIMITED**

Notes to the accounts  
as at 31 March 2016

	Amount in Rupees	Amount in Rupees	Amount in LKR	Amount in LKR
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>3) Share Capital</b>				
<b>Authorised</b> 10,670,000 (31 March 2016: 10,670,000) Equity Shares of LKR 10 each	4,74,38,820	4,74,38,820	10,67,00,000	10,67,00,000
<b>Issued, Subscribed and Paid up</b> 10,670,000 (31 March 2016: 10,670,000) Equity Shares of LKR 10 each	4,74,38,820	4,74,38,820	10,67,00,000	10,67,00,000
	4,74,38,820	4,74,38,820	10,67,00,000	10,67,00,000

**a. Reconciliation of number of shares outstanding**

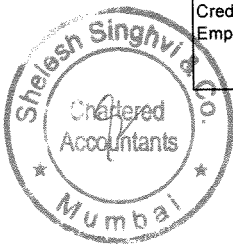
	31 March 2016			31 March 2015		
	No. of shares	Amount (Rs.)	Amount (LKR)	No. of shares	Amount (Rs.)	Amount (LKR)
At the commencement of the year	1,06,70,000	4,74,38,820	10,67,00,000	1,06,70,000	5,02,77,040	10,67,00,000
Addition During the Year						
At the end of the year	1,06,70,000	4,74,38,820	10,67,00,000	1,06,70,000	5,02,77,040	10,67,00,000

**b. Details of shareholders holding more than 5% shares in the Company**

	31 March 2016		31 March 2015	
	No. of shares	% of holding	No. of shares	% of holding
Firstsource Solution Ltd.	78,95,800	74	78,95,800	74
Dialog Axiata PLC	27,74,200	26	27,74,200	26

**c. Rights, Preferences & Restriction 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 shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder are in proportion to its share of the paid-up equity capital of the Company. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

	Amount in Rupees	Amount in Rupees	Amount in LKR	Amount in LKR
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>4) Reserves and Surplus</b>				
<b>Balance in statement of profit and loss</b>				
At the commencement of the year	1,24,65,005	66,32,503	2,80,36,448	1,49,17,911
Add: Net profit \ (Loss) for the year	1,58,91,267	58,32,502	3,57,42,839	1,31,18,537
At the end of the year	2,83,56,272	1,24,65,005	6,37,79,287	2,80,36,448
	2,83,56,272	1,24,65,005	6,37,79,287	2,80,36,448
<b>5) Long-term provisions</b>				
Gratuity	36,27,571	29,23,272	81,59,179	65,75,061
	36,27,571	29,23,272	81,59,179	65,75,061
<b>6) Trade Payables</b>				
Trade Payables for services & goods	47,15,484	64,17,848	1,06,06,126	1,44,35,106
	47,15,484	64,17,848	1,06,06,126	1,44,35,106
<b>7) Other Current Liabilities</b>				
<b>Statutory Dues</b>				
Employee Provident fund	11,28,077	13,30,434	25,37,286	29,92,429
Employee Trust fund	1,69,212	1,99,565	3,80,593	4,48,864
Stamp duty payable	12,716	12,493	28,600	28,100
PAYE	53,278	1,36,622	1,19,833	3,07,292
Value added tax and Nation building tax	20,23,739	28,27,932	45,51,820	63,60,621
Economic Service charge payable	1,24,577	2,01,085	2,80,201	4,52,282
<b>Others</b>				
Unbilled Revenue	7,87,735	19,27,173	17,71,783	43,34,623
Creditors for capital goods	-	1,71,148	-	3,84,949
Employee related payable	13,99,280	9,24,139	31,47,279	20,78,585
	56,98,614	77,30,591	1,28,17,395	1,73,87,747

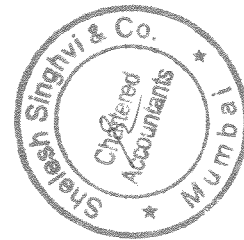


**FIRSTSOURCE-DIALOG SOLUTIONS (PRIVATE) LIMITED**

Notes to the accounts  
as at 31 March 2016

**8) Fixed Assets**

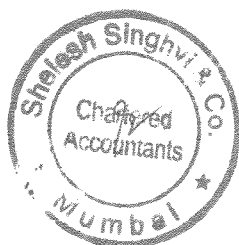
	Tangible Assets				Intangible Assets				Grand Total
	Leasehold Improvement	Computers	Service Equipment	Furniture, Fixture and office equipments	Total	Software	Network	Total	
<b>Gross Block</b>									
As at 1 April 2015 (INR)	6,331,663	8,909,738	10,722,673	3,372,440	29,336,514	4,273,821	8,160,771	12,434,592	41,771,106
Additions during the year	-	652,188	699,658	6,002	1,357,848	2,378,082	-	2,378,082	3,735,930
Deletions during the year	-	-	-	106,828	106,828	-	-	-	106,828
As at 31 March 2016 (INR)	6,331,663	9,561,926	11,422,331	3,271,614	30,587,534	6,651,903	8,160,771	14,812,674	45,400,208
<b>Accumulated depreciation / amortization</b>									
As at 1 April 2015 (INR)	6,325,120	7,399,546	7,399,848	3,189,165	24,313,679	3,176,742	7,849,612	11,026,354	35,340,033
Charge for the year	3,350	976,154	1,018,737	84,303	2,082,544	1,215,883	175,118	1,391,001	3,473,545
On deletions during the year	-	-	-	(106,828)	(106,828)	-	-	-	(106,828)
As at 31 March 2016 (INR)	6,328,470	8,375,700	8,418,585	3,166,640	26,289,395	4,392,625	8,024,730	12,417,355	38,706,750
<b>Net Block (INR)</b>									
As at 31 March 2016	3,193	1,186,226	3,003,746	104,974	4,298,139	2,259,278	136,041	2,395,319	6,693,458
As at 31 March 2015	6,543	1,510,192	3,322,825	183,275	5,022,836	1,097,079	311,159	1,408,237	6,431,073
<b>Net Block (LKR)</b>									
As at 31 March 2016	7,182	2,668,075	6,756,064	236,109	9,667,430	5,081,597	305,985	5,387,582	15,055,012
As at 31 March 2015	14,717	3,396,744	7,473,740	412,225	11,297,426	2,467,564	699,862	3,167,425	14,464,851



FIRSTSOURCE-DIALOG SOLUTIONS (PRIVATE) LIMITED

Notes to the accounts  
as at 31 March 2016

	Amount in Rupees	Amount in Rupees	Amount in LKR	Amount in LKR
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>9) Long term loans and advances</b> (Unsecured, considered good)				
Sundry Deposits	252,866	270,650	568,750	608,750
Economic Service Charge Accrued	2,409,468	1,836,868	5,419,406	4,131,506
	<b>2,662,334</b>	<b>2,107,518</b>	<b>5,988,156</b>	<b>4,740,256</b>
<b>10) Trade Receivables</b> (unsecured and considered good, unless stated otherwise)				
Receivable outstanding for more than six months				
Considered good				
Considered doubtful	-	34,281,816	-	77,107,099
Less: Provision for doubtful Debts	-	(34,281,816)	-	(77,107,099)
Other Receivable				
Considered good	34,527,110	43,454,606	77,658,817	97,738,654
	<b>34,527,110</b>	<b>43,454,606</b>	<b>77,658,817</b>	<b>97,738,654</b>
<b>11) Cash and Bank Balances</b>				
Balance with banks: in current accounts	37,857,723	17,385,064	85,150,075	39,102,707
	<b>37,857,723</b>	<b>17,385,064</b>	<b>85,150,075</b>	<b>39,102,707</b>
<b>12) Short term loans and advances</b> (unsecured and considered good)				
Other than Related Party				
Advance to Staff	394,171	145,353	886,574	326,930
Advance for Expenses	46,238	53,352	104,000	120,000
Prepaid Expenses	7,655,727	7,398,570	17,219,353	16,640,964
	<b>8,096,136</b>	<b>7,597,275</b>	<b>18,209,927</b>	<b>17,087,894</b>

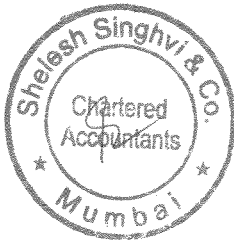


**FIRSTSOURCE-DIALOG SOLUTIONS (PRIVATE) LIMITED**

Notes to the accounts

for the year ended 31 March 2016

	Amount in Rupees	Amount in Rupees	Amount in LKR	Amount in LKR
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>13) Other Income</b>				
Interest	9,58,342	5,20,218	21,55,515	11,70,081
Gain / (Loss) on sale of Fixed assets / Written off	24,909	1,35,687	56,025	3,05,190
	<b>9,83,251</b>	<b>6,55,905</b>	<b>22,11,540</b>	<b>14,75,271</b>
<b>14) Employee Benefit expenses</b>				
Salaries,bonus and other allowances	10,73,30,653	11,29,45,085	24,14,09,476	25,40,37,528
Contribution to provident and other funds	96,37,689	99,11,231	2,16,77,214	2,22,92,468
Staff welfare expenses	56,86,049	63,28,611	1,27,89,133	1,42,34,393
	<b>12,26,54,391</b>	<b>12,91,84,927</b>	<b>27,58,75,823</b>	<b>29,05,64,389</b>
<b>15) Other expenses</b>				
Rent	3,56,80,571	3,24,36,884	8,02,53,196	7,29,57,454
Rates and Taxes	28,095	6,669	63,192	15,000
Insurance	45,39,646	43,50,027	1,02,10,627	97,84,136
Travelling and conveyance	3,77,815	9,30,868	8,49,785	20,93,721
Electricity, Water and power consumption	1,79,14,596	1,81,52,512	4,02,93,737	4,08,28,862
Legal and Professional fees	15,64,348	19,85,348	35,18,552	44,65,470
Audit fees	88,920	1,96,326	2,00,000	4,41,580
Communication Expenses	12,20,254	7,81,808	27,44,610	17,58,453
Connectivity Charges	15,39,483	15,38,382	34,62,625	34,60,149
Membership & Registration fees	1,67,129	1,95,538	3,75,909	4,39,806
Computer Expenses	5,27,489	8,54,003	11,86,435	19,20,834
Recruitment / Training expenses	9,41,701	5,54,300	21,18,087	12,46,739
Printing and Stationery	5,26,979	6,12,522	11,85,288	13,77,693
Marketing and Support Services	10,587	977	23,813	2,198
Bank Charges	52,601	56,985	1,18,310	1,28,172
Foreign Exchange (Loss) / Gain	6,931	21,100	15,589	47,458
Car Hire and other Hire charges	99,20,261	1,06,64,640	2,23,12,778	2,39,87,044
Meetings & seminar expenses	4,369	62,657	9,827	1,40,928
Maintenance and upkeep	59,17,180	65,82,601	1,33,08,998	1,48,05,670
Provision for doubtful debts	-	3,42,81,816	-	7,71,07,099
Books and Periodicals	3,139	3,179	7,060	7,150
Miscellaneous Expenses	1,06,742	51,909	2,40,085	1,16,755
	<b>8,11,38,834</b>	<b>11,43,21,052</b>	<b>18,24,98,503</b>	<b>25,71,32,371</b>



# Firstsource Dialog Solutions (Private) Limited

## Notes to the accounts as at 31 March 2016

### 16. Leases

The Company has taken office facilities under non cancelable operating leases. The Company intends to renew such lease in the normal course of its business. Rental expenses under non cancelable operating leases aggregating to Rs.35,680,571 equivalent to LKR 80,253,196 (31<sup>st</sup> March 2015: Rs. 32,539,024 equivalent to LKR 72,957,454) have been debited to the statement of profit and loss.

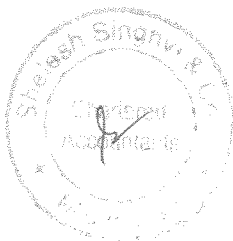
The future minimum lease payments in respect of non-cancelable operating leases are as follows:

Particulars	Amount in Rupees	Amount in Rupees	Amount in LKR	Amount in LKR
	2016	2015	2016	2015
Amount due within one year from the balance sheet date	<b>6,038,250</b>	35,680,566	<b>13,581,308</b>	80,253,184
Amount due in the period between one year and five years	-	6,038,250	-	<b>13,581,308</b>
<b>Total</b>	<b>6,038,250</b>	41,718,816	<b>13,581,308</b>	93,834,492

Rental expenses under cancelable operating leases aggregating to NIL (31st March 2015:Nil ) have been debited to the statement of profit and loss

### 17. Transfer pricing

The Company's management is of the opinion that its international transactions with related parties are at arms length and that the Company is in compliance with the transfer pricing legislation. Accordingly, the company's management believes that the transfer pricing legislation will not have any impact on the financial statements for the year ended 31 March 2016, particularly on the amount of tax expense and that of the provision for taxation.



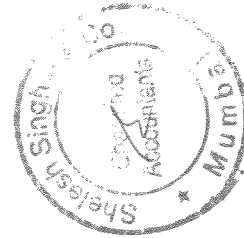
# Firstsource Dialog Solutions (Private) Limited

Notes to the accounts  
as at 31 March 2016

## 18. Related Party Transactions

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

Holding Company	• Firstsource Solutions Ltd
Parties with substantial interests	• Firstsource Group USA Inc. • Firstsource Transaction Services LLC • Firstsource Solution UK Limited • Firstsource Process Management Services Limited (earlier known as Anunta Tech Infrastructure Services Limited)
	• Firstsource Solutions S.A • MedAssist Holding, LLC., • Firstsource Advantage LLC • One Advantage LLC • Firstsource BPO Ireland Limited • Firstsource Business Processing Services LLC • Firstsource Solutions USA LLC
Directors	• Dr. Hans. Wijayasuriya • Dinesh Jain • Shalabh Jain • Badrinath Bharadwaj



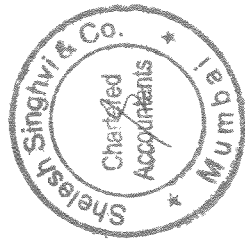


# Firstsource Dialog Solutions (Private) Limited

Notes to the accounts  
as at 31 March 2016

## Particulars of related party transactions during the year ended 31 March 2016

Name of the related party	Description	Transaction value during the year ended 31.03.16 (Rupees)	Transaction value during the year ended 31.03.15 (Rupees)	Transaction value during the year ended 31.03.16 (LKR)	Transaction value during the year ended 31.03.15 (LKR)	Receivable / (Payable) at 31.03.16 (In Rupees)	Receivable / (Payable) at 31.03.15 (In Rupees)	Receivable / (Payable) at 31.03.16 (In LKR)	Receivable / (Payable) at 31.03.15 (In LKR)
Firstsource Solutions Ltd	Reimbursement of Expenses	-	1,694,403	-	3,811,075	-	-	-	-



# Firstsource Dialog Solutions (Private) Limited

## Notes to the accounts

as at 31 March 2016

### 19. Capital commitments

The Company has capital commitments of LKR 10,48,900 equivalent to INR 4,66,340.94 & USD 7,038.57 equivalent to INR 2,59,786 as at the balance sheet date (31<sup>st</sup> March 2015 LKR 11,40,000 equivalent to 5,06,844 INR ).

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

	31 March 2016	31 March 2015
(i). <i>Expenditure in foreign currency</i>		
Employee cost	-	-
Travel and conveyance	-	-
Maintenance and upkeep	-	1,854,700
Connectivity charges	-	-
Other expenses	-	-

### 21. Contingent liabilities

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

### 22. Provision for Tax

There is no current tax provision for the financial year 2015-16 on other income and for remaining revenue receipts no tax payable as company covered under 7 years tax holiday for the period 2011-12 to 2017-18

### 23. Gratuity Fund

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

### 24. Segmental Reporting

The company has no separate identifiable segment and in accordance with paragraph 4 of Accounting Standard 17 "Segment Reporting" prescribed in the companies (Accounting Standards) Rules, 2006, issued by the central government, the Company has presented segmental information in the consolidated financial statements (refer Note 30 of the consolidated financial statements)



## Firstsource Dialog Solutions Private Limited

Notes to the accounts  
as at 31 March 2016


### 25. Micro, Small and Medium scale Business entities:

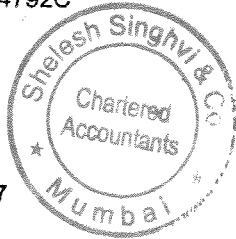
The Company is a foreign company and is not governed by the provisions of Micro, Small and Medium Scale Development Act, 2006 Hence disclosure under the act are not applicable.

### 26. Previous year's figures have been appropriately regrouped/ reclassified to confirm to current year's presentation.

As per our report of even date attached.

For SHELESH SINGHVI & CO.  
Chartered Accountants  
Firm's registration no: 014792C

  
Shelesh Singhvi  
Partner  
Membership No: 079817



For and on behalf of the Board of Directors

  
Dinesh Jain  
Director

  
Badrinath Bharadwaj  
Director

Mumbai

Date: 12/5/16