

One Advantage LLC

Financial Statements

for the financial year ended March 31, 2016

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

Management's responsibility for the standalone financial statements

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

Auditor's Responsibility

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

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

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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
12th May 2016

One Advantage LLC
Balance Sheet
as at 31 March 2016


	Note	Amount in Rupees		Amount in USD	
		31 March 2016	31 March 2015	31 March 2016	31 March 2015
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share capital	3	-	-	-	-
Reserves and surplus	4	163,646,653	1,656,375	2,469,952	25,000
		163,646,653	1,656,375	2,469,952	25,000
Non-current liabilities					
Long term provisions	5	9,170,951	9,466,581	138,419	142,881
Current liabilities					
Trade payables	6	34,966,871	-	527,762	-
Other current liabilities	7	18,517,676	29,200,764	279,491	440,733
		53,484,547	29,200,764	807,253	440,733
		226,302,151	40,323,720	3,415,624	608,614
ASSETS					
Fixed Assets					
Tangible assets	8	7,816,029	-	117,969	-
Intangible assets		-	-	-	-
		7,816,029	-	117,969	-
Add: Capital work in progress		129,379	-	1,953	-
		7,945,408	-	119,922	-
Current Assets					
Trade receivables	9	71,087,043	-	1,072,931	-
Cash and bank balances	10	43,010,427	1,709,246	649,165	25,798
Short term loans and advances	11	70,619,290	38,614,474	1,065,871	582,816
Other current assets	12	33,639,983	-	507,735	-
		218,356,743	40,323,720	3,295,702	608,614
		226,302,151	40,323,720	3,415,624	608,614

Significant accounting policies 2

The accompanying notes from 1 to 24 form an integral part of the financial statement.


As per our report of even date attached.

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


Shelesh Singhvi
Partner
M. No: 079817

Mumbai
Date: 12/5/16

For and on behalf of the Board of Directors



Arjun Mitra Thomas Estopare
Director Director

One Advantage LLC
Statement of profit and loss
for the year ended 31 March 2016


	Note	Amount in Rupees		Amount in USD	
		For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2016	For the year ended 31 March 2015
Income					
Revenue from operations	13	863,290,923	127,968,352	13,029,823	1,931,452
		863,290,923	127,968,352	13,029,823	1,931,452
Expenses					
Cost of Sales		532,904	-	8,043	
Employee benefits expense	14	445,023,837	127,559,029	6,716,834	1,925,274
Depreciation and amortization	8	2,700,158	-	40,754	
Other expenses	15	253,043,747	409,323	3,819,240	6,178
		701,300,646	127,968,352	10,584,871	1,931,452
Profit Before Taxation		161,990,277	-	2,444,952	-
Less : Provision for taxation		-	-	-	-
Profit After Taxation		161,990,277	-	2,444,952	-

Significant accounting policies 2

The accompanying notes from 1 to 24 form an integral part of the financial statement.

As per our report of even date attached.

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


Shelesh Singhvi
Partner
M. No: 079817

Mumbai
Date: 12/5/16

For and on behalf of the Board of Directors

Arjun Mitra **Thomas Estopare**
Director Director

One Advantage LLC
Cash flow statement
as of 31 March 2018

	Amount in Rupees		Amount in USD	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Cash flow from operating activities				
Net profit after tax	161,890,295	-	2,444,852	-
Adjustments for				
Depreciation and amortization	2,700,156	-	40,754	-
Provision for doubtful debts / (written back)	-	-	-	-
Operating cash flow before changes in	164,590,451	-	2,485,606	-
Changes in working capital				
Increases in trade receivables	(71,067,043)	-	(1,072,931)	-
Decrease / (Increase) in Loan and Advances and Other current assets	(85,844,791)	(38,014,474)	(990,790)	(582,816)
Increase / (Decrease) in Long term	(295,631)	-	(4,462)	-
Increase / (Decrease) in Current liabilities	24,283,793	38,667,349	368,520	583,014
Net changes in working capital	(112,743,682)	52,671	(1,701,663)	798
Income taxes paid	-	-	-	-
Net cash (used in) / generated from operating	51,946,769	52,671	784,043	798
Cash flow from investing activities				
Capital expenditure	(10,645,588)	-	(160,676)	-
Net cash generated from / (used in) investing	(10,645,588)	-	(160,676)	-
Cash flow from financing activities				
Investment received from Parent Company	-	1,656,375	-	25,000
Net cash used in financing activities (C)	-	1,656,375	-	25,000
Net (decrease) / increase in cash and cash equivalents (A+B+C)	41,301,181	1,709,246	623,367	25,798
Cash and cash equivalents at the beginning of the year*	1,709,246	-	25,798	-
Cash and cash equivalents at the end of the year*	43,010,427	1,709,246	649,165	25,798

* Refer note 10 for components of cash and cash equivalents.

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:

As per our report of even date attached.

For SHELESH SINGHVI & CO.
Chartered Accountants
Firm's Registration No: D14792C

Shelesh Singhvi
Partner

M. No: 078817

Mumbai

Date: 12/5/16

For and on behalf of the Board of Directors

Arjun Mitra
Director

Thomas Estopane
Director

One Advantage LLC

Notes to the accounts as at 31 March 2016

1 Background

One Advantage LLC was incorporated under the laws of the State of Delaware on 6th August 2014 for the purpose of providing debt collection services mainly of healthcare business throughout the United States. Credit is granted to primarily all of its customers.

The Company is a wholly owned subsidiary of Firstsource Business Process Services LLC ('the Company') was incorporated under the laws of the State of Delaware on November 25, 2009. Which is a wholly owned subsidiary of Firstsource Group USA, Inc, incorporated in the state of Delaware, USA (who have the voting rights in the Company), which is a wholly owned subsidiary of Firstsource Solutions Ltd, a company incorporate in India.

2 Significant accounting policies

2.1 Basis of preparation

These financial statements of Firstsource Business Process Services, LLC have been prepared and presented under the historical cost convention on accrual basis of accounting and accounting principles generally accepted in India. The Balance Sheet and Statement of profit and loss of the Company have been drawn up in the country of its incorporation (United States of America) in the terms of United States of Dollar ('USD'). 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 USD = Rs 66.255. No representation is made that USD amounts have been, could have been or could be converted into Indian rupees at such a rate.

2.2 Use of estimates

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

2.3 Revenue recognition

Revenue from operations comprises mainly of healthcare business related to debt collection services to major credit card issuers and banks 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).

One Advantage LLC

Notes to the accounts

as at 31 March 2016

2 Significant accounting policies (*Continued*)

2.4 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to acquisition and installation of the fixed assets. Depreciation on fixed assets is provided, using the straight line basis, pro rata to the period of use based on management's best estimate of useful lives of the assets (which are shorter than those prescribed under the Companies Act, 2013) as summarized below:

Asset category	Useful life (in years)*
Tangible assets	
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	
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.

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 company 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.

One Advantage LLC

Notes to the accounts
as at 31 March 2016

2 Significant accounting policies (*Continued*)

b) Non-financial assets

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

2.6 *Foreign currency transactions*

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

2.7 *Taxation*

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. The tax liability is computed on a consolidated basis and hence the tax liabilities for the company have been included in the financial statements of the ultimate holding company ie Firstsource Group USA, Inc.

2.8 *Provisions and Contingencies*

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

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

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

One Advantage LLC

Notes to the accounts
as at 31 March 2016

2 Significant accounting policies (*Continued*)

2.9 Leases

Operating lease

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

2.10 Employee Benefits

Defined Contribution Plans

The Companies having a savings and investment plan under section 401 (K) of the internal revenue code of the United States of America. This is a Defined Contribution plan. Contribution made under the plan are charged to the statement of Profit and loss in the period in which that accrue. Other retirement benefits are accrued based on the amounts payable as per local regulations.

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

Other long term employee benefits

Compensated absences

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

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

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

2.11 Investments

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

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

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

One Advantage LLC
Notes to the accounts

as at 31 March 2016

	Amount in Rupees		Amount in USD	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
3) Share capital				
Issued, subscribed and paid up	-	-	-	-
A. Details of holding more than 5% shares in the Company				
Firstsource Business Process Services LLC		31 March 2016		31 March 2015
		% of holding		% of holding
		100		100
4) Reserves and surplus				
Balance in statement of profit and loss				
At the commencement of the year	1,656,375	-	25,000	-
Capital Contribution during the year	-	1,656,375	-	25,000
Add : - Profit for the year	161,990,278	-	2,444,952	-
At the end of the year	163,646,653	1,656,375	2,469,952	25,000
5) Long Term Provisions				
Compensated Absences	9,170,951	9,466,581	138,419	142,881
	9,170,951	9,466,581	138,419	142,881
6) Trade payables				
Trade payables for services and goods	34,966,871	-	527,762	-
	34,966,871	-	527,762	-
7) Other current liabilities				
Related Party				
Amount payable to group companies, Net	-	2,318,925	-	35,000
Others				
Statutory Dues	2,026,608	1,530,225	30,588	23,096
Employee Related Payable	14,239,988	25,351,614	214,927	382,637
Payable to Client	2,251,080	-	33,976	-
	18,517,676	29,200,764	279,491	440,733

One Advantage LLC

Notes to the accounts

as at 31 March 2016

	Amount in Rupees		Amount in USD	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
9) Trade receivables				
<i>(unsecured)</i>				
Receivables outstanding for a period exceeding six months from the date they are due for payment				
Considered good	-	-	-	-
Considered doubtful	78,313	-	1,182	-
Less : Provision for doubtful debts	78,313	-	1,182	-
Other receivables	-	-	-	-
Considered good	71,087,043	-	1,072,931	-
	71,087,043	-	1,072,931	-
	71,087,043	-	1,072,931	-
10) Cash and bank balances				
Cash and cash equivalents				
Balance with banks:				
in Trust accounts	2,449,845	-	36,976	-
in Current accounts	43,010,427	1,709,246	649,165	25,798
	45,460,272	1,709,246	686,141	25,798
Less: balance held in trust accounts	(2,449,845)	-	(36,976)	-
	43,010,427	1,709,246	649,165	25,798
11) Short term loans and advances				
<i>(Unsecured, considered good)</i>				
Related Parties				
Advance to group companies, Net	68,326,529	38,444,729	1,031,266	580,254
Others				
Prepaid Expenses	2,292,761	169,745	34,605	2,562
	70,619,290	38,614,474	1,065,871	582,816
12) Other current assets				
<i>(Unsecured Considered good unless otherwise stated)</i>				
Unbilled receivables	31,190,138	-	470,759	-
Funds Held in Trust Account	2,449,845	-	36,976	-
	33,639,983	-	507,735	-

One Advantage LLC
Notes to the accounts
for the year ended 31 March 2016

	Amount in Rupees		Amount in USD	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
13) Revenue from operations				
Sale of Services	862,625,988	127,968,352	13,019,787	1,931,452
Miscellaneous Income	664,935	-	10,036	-
	863,290,923	127,968,352	13,029,823	1,931,452
14) Employee benefits expense				
Salaries and wages	414,297,418	126,913,904	6,253,074	1,915,537
Contribution to statutory funds	2,373,188	645,125	35,819	9,737
Staff welfare expenses	28,353,231	-	427,941	-
	445,023,837	127,559,029	6,716,834	1,925,274
15) Other Expenses				
Rent	23,273,593	-	351,273	-
Rates and taxes	266,875	-	4,028	-
Insurance	3,408,886	-	51,451	-
Travelling and conveyance	3,497,800	74,934	52,793	1,131
Legal and professional fees	76,163,965	331,209	1,149,558	4,999
Information services	7,559,629	-	114,099	-
Car hire charges and other hire charges	1,535,195	-	23,171	-
Communication expenses	87,010,836	-	1,313,272	-
Computer Expenses	6,734,291	-	101,642	-
Printing and stationery	1,570,509	-	23,704	-
Marketing and support services	361,487	-	5,456	-
Miscellaneous expenses	43,397	-	655	-
Provision for Doubtful Debts	(78,313)	-	(1,182)	-
Repairs, maintenance and Upkeep Charges	2,523,322	-	38,085	-
Charitable Contributions	343,135	-	5,179	-
Software expenses	12,365,104	-	186,629	-
Registration and Membership fees	1,644,317	-	24,818	-
Bank charges	24,819,719	3,180	374,609	48
	253,043,747	409,323	3,819,240	6,178

One Advantage LLC

Notes to the accounts as at 31 March 2016

16. Leases

Operating Lease

The Company has taken office facilities under non-cancelable operating leases. The Company intends to renew such leases in the normal course of its business. Rental expenses under non-cancelable operating leases aggregating to Rs. 23,273,593 equivalent to USD 351,273 (31 March 2015: Rs. Nil equivalent to USD Nil) have been debited to the profit and loss account.

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

	Amount in Rupees		Amount in USD	
	2016	2015	2016	2015
Amount due within one year from the balance sheet date	30,732,283	-	4,63,849	-
Amount due in the period between one year and five years	127,608,053	-	1,926,014	-
Amount due after the period of five years	<u>71,599,949</u>	=	<u>1,0806,72</u>	=
	<u>229,940,285</u>	-	<u>3,470,535</u>	-

Rental expenses under cancelable operating leases aggregating to Nil (31 March 2015: Nil) have been debited to the profit and loss account.

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.

18 Capital commitments

The Company has capital commitments of RS 3,481,176 in USD 52,542.08 as at the balance sheet date.

One Advantage LLC

Notes to the accounts as at 31 March 2016

19 EPS

As the company is a foreign Company incorporated under the laws of the State of Delaware of United States of America ("USA"). As per Country's laws, company is having voting control & there is no share capital. Earning per share cannot be calculated in the absence of share capital.

20 Contingent liabilities

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

21 Related Party Transactions

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

Ultimate Holding company	• Firstsource Solutions Ltd
Holding Company	• Firstsource Group USA Inc.
Subsidiary Company	• Medassist Holding LLC
	• Firstsource BPO Ireland Limited
	• Firstsource Advantage LLC
	• Firstsource Transaction Services LLC
	• Firstsource Dialog Solutions (Private) Limited
	• Firstsource Solutions UK Limited
	• Firstsource Process Management Services Limited (earlier known as Anunta Tech Infrastructure Services Limited)
	• Firstsource Solutions S.A
	• Firstsource Business Processing Services LLC
	• Firstsource Solutions USA LLC
Director	• Thomas Estopare
	• Arjun Mitra

One Advantage LLC

Notes to the accounts
as at 31 March 2016

22 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)

- 23 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.
- 24 Previous year's figures have been appropriately regrouped/ reclassified to conform to current year's presentation

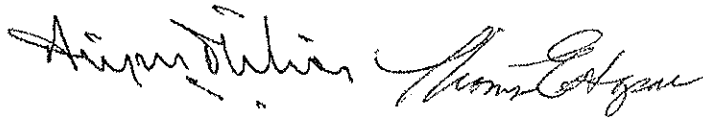
As per our report of even date attached.

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



Shelesh Singhvi
Partner
M. No: 079817

For and on behalf of the Board of Directors



Arjun Mitra
Director

Thomas Estopare
Director

Mumbai

Date: 12/5/16