

**Firstsource Advantage LLC**

Financial statements  
as at and for the year ended  
31 March 2015

**Firstsource Advantage LLC****Balance Sheet**

as at 31 March 2015

	Note	Amount in Rupees	Amount in Rupees	Amount in USD	Amount in USD
		31 March 2015	31 March 2014	31 March 2015	31 March 2014
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share capital	3	625,000	625,000	10,000	10,000
Reserves and surplus	4	1,268,107,139	1,139,874,743	20,289,714	18,237,996
		<b>1,268,732,139</b>	1,140,499,743	<b>20,299,714</b>	18,247,996
<b>Current liabilities</b>					
Trade payables	5	82,125,443	97,795,479	1,314,007	1,564,730
Other current liabilities	6	85,049,365	161,970,981	1,360,790	2,591,535
Short Term provisions	7	6,664,803	18,266,820	106,637	292,269
		<b>173,839,611</b>	278,033,280	<b>2,781,434</b>	4,448,534
		<b>1,442,571,750</b>	1,418,533,023	<b>23,081,148</b>	22,696,530
<b>ASSETS</b>					
<b>Fixed Assets</b>					
Tangible assets	8	26,771,198	38,986,576	428,339	623,785
Intangible assets		12,651,527	27,750,708	202,424	444,011
		<b>39,422,725</b>	66,737,284	<b>630,763</b>	1,067,796
Deferred Tax Assets	9	558,822,601	558,822,601	8,941,162	8,941,162
Long-term loans and advances	10	10,794,293	12,657,376	172,708	202,518
		<b>569,616,894</b>	571,479,977	<b>9,113,870</b>	9,143,680
<b>Current Assets</b>					
Trade receivables	11	271,572,175	248,475,657	4,345,155	3,975,609
Cash and bank balances	12	159,359,303	255,247,053	2,549,749	4,083,953
Short term loans and advances	13	13,366,818	34,141,661	213,869	546,267
Other current assets	14	389,233,835	242,451,391	6,227,742	3,879,225
		<b>833,532,131</b>	780,315,762	<b>13,336,515</b>	12,485,054
		<b>1,442,571,750</b>	1,418,533,023	<b>23,081,148</b>	22,696,530

Significant accounting policies 2

The accompanying notes from 1 to 29 form an integral part of the financial statement.

As per our report of even date attached.

**For SHELESH SINGHVI & CO.****Chartered Accountants**

Firm's Registration No: 014792C

**For and on behalf of the Board of Directors****Praveena Jain**

Partner

Membership No: 402256

Mumbai

Date: 5 May 2015

**Arjun Mitra**

Director

**Kimberly Nestark**

Director

**Firstsource Advantage LLC**  
**Statement of profit and loss**  
for the year ended 31 March 2015

	Note	Amount in Rupees	Amount in Rupees	Amount in USD	Amount in USD
		For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>Income</b>					
Revenue from operations	15	<b>3,072,710,147</b>	3,233,385,138	<b>49,163,362</b>	51,734,163
Other Income	16	<b>(418,522)</b>	(264,582)	<b>(6,696)</b>	(4,233)
		<b>3,072,291,625</b>	3,233,120,556	<b>49,156,666</b>	51,729,930
<b>Expenses</b>					
Cost of Sales		<b>484,001,301</b>	325,950,563	<b>7,744,021</b>	5,215,209
Employee benefits expense	17	<b>1,672,673,556</b>	1,921,363,686	<b>26,762,777</b>	30,741,819
Finance cost	18	<b>39,605</b>	239,131	<b>634</b>	3,826
Depreciation and amortization	8	<b>35,424,329</b>	41,479,125	<b>566,789</b>	663,666
Other expenses	19	<b>751,920,567</b>	804,279,171	<b>12,030,727</b>	12,868,466
		<b>2,944,059,358</b>	3,093,311,675	<b>47,104,948</b>	49,492,987
<b>Profit Before Taxation</b>		<b>128,232,267</b>	139,808,880	<b>2,051,718</b>	2,236,943
Less : Provision for taxation		-	-	-	-
<b>Profit After Taxation</b>		<b>128,232,267</b>	139,808,880	<b>2,051,718</b>	2,236,943
<b>Earnings per share</b>					
Weighted average number of equity shares outstanding during the year					
- Basic and diluted		<b>10,000</b>	10,000	<b>10,000</b>	10,000
Nominal Value Per Share		<b>62.500</b>	62.500	<b>1</b>	1
Earning per share					
- Basic and diluted		<b>12,823.23</b>	13,980.89	<b>205.17</b>	223.69

Significant accounting policies 2

The accompanying notes from 1 to 29 form an integral part of the financial statement.

As per our report of even date attached.

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

**For and on behalf of the Board of Directors**

**Praveena Jain**  
Partner  
Membership No: 402256

**Arjun Mitra**  
Director

**Kimberly Nestark**  
Director

Mumbai  
Date: 5 May 2015

**Firstsource Advantage LLC**

**Cash flow statement**

for the year ended 31 March 2015

	Amount in Rupees		Amount in USD	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
<b><u>Cash flow from operating activities</u></b>				
<b>Net profit after tax</b>	128,232,267	139,808,880	2,051,718	2,236,943
<b>Adjustments for</b>				
Depreciation and amortization	35,424,329	41,479,208	566,789	663,668
Provision for doubtful debts / (written back)	1,807,959	(7,755,884)	28,927	(124,094)
(Profit) / loss on sale of fixed assets net	-	-	-	-
Interest costs	39,605	239,131	634	3,826
Interest Income	(42,125)	-	(674)	-
<b>Operating cash flow before changes in working capital</b>	165,462,035	173,771,334	2,647,395	2,780,343
<b>Changes in working capital</b>				
Increases in trade receivables	(23,096,630)	12,198,640	(369,546)	195,178
Decrease / (Increase) in Other Current Assets and Advances	(125,952,323)	(185,491,768)	(2,015,237)	(2,967,868)
Increase / (Decrease) in Current liabilities and Advances	(104,193,710)	41,642,792	(1,667,102)	666,283
<b>Net changes in working capital</b>	(253,242,663)	(131,650,336)	(4,051,885)	(2,106,407)
<b>Net cash (used in) / generated from operating activities</b>	(87,780,628)	42,120,998	(1,404,490)	673,936
<b><u>Cash flow from investing activities</u></b>				
Capital expenditure	(8,109,643)	(19,437,826)	(129,754)	(311,005)
Interest income received	42,125		674	
Investment / dissolution in subsidiary	0	92,445,477	-	1,479,128
<b>Net cash generated from / (used in) investing activities</b>	(8,067,518)	73,007,651	(129,080)	1,168,122
<b><u>Cash flow from financing activities</u></b>				
Interest paid	(39,605)	(239,131)	(634)	(3,826)
<b>Net cash used in financing activities (C)</b>	(39,605)	(239,131)	(634)	(3,826)
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	(95,887,750)	114,889,519	(1,534,204)	1,838,233
<b>Cash and cash equivalents at the beginning of the year*</b>	255,247,053	140,357,534	4,083,953	2,245,721
<b>Cash and cash equivalents at the end of the year*</b>	159,359,303	255,247,053	2,549,749	4,083,953

\* Refer note 13 for components of cash and cash equivalents.

For SHELESH SINGHVI & CO.

Chartered Accountants

Firm's Registration No: 014792C

For and on behalf of the Board of Directors

Arjun Mitra  
Director

Kimberly Nestark  
Director

Partner

Membership No: 402256

Mumbai

Date: 5 May 2015

# Firstsource Advantage LLC

## Notes to the financial statements

for the year ended at 31 March 2015

### 1 Background

Firstsource Advantage LLC ('the Company') was incorporated under the laws of the State of New York on April 27, 1995 for the purpose of providing debt collection services to major credit card issuers and banks throughout the United States. Credit is granted to primarily all of its customers.

On September 22, 2004, 100% of the membership units were sold to FirstRing Inc. (merged with Firstsource Business Process Services LLC, a subsidiary of Firstsource Group USA, Inc), a subsidiary of Firstsource Solutions Limited, which has its corporate office located at Mumbai, India. The Company also holds 100% voting rights in Twin Lakes Property LLC I and Twin Lakes Property LLC II, which entitles the Company to receive dividend.

Further with effect from October 1, 2011, Firstsource Financial Services LLC, a subsidiary of Medassist Holdings Inc. was merged with the company.

During the previous year Twin Lake Property I & Twin lake property II dissolved, they were 100 % subsidiaries of company.

### 2 Significant accounting policies

#### 2.1 Basis of preparation

The financial statements of Firstsource Advantage LLC. ('the Company') have been prepared under the historical cost convention, on accrual basis of accounting principles generally accepted in India. The Balance Sheet and Statement of profit and loss of the Company has been drawn up in the country of its incorporation (United States of America) in the terms of United States Dollar ('USD'). However, for the purpose of compliance with the requirements of Section 129 (3) of the Companies Act 2013, amounts for both years in these financial statements have been translated into Indian rupees at the closing rate on 31 March 2015 which is 1 USD = Rs 62.50. No representation is made that USD amounts have been, could have been or could be converted into Indian rupees at such a rate.

#### 2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities on the date of the financial statements and the reported amount of income and 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 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.

# Firstsource Advantage LLC

## Notes to the financial statements

for the year ended at 31 March 2015

### 2 Significant accounting policies (Continued)

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.

#### 2.3 Revenue recognition (continued)

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.

#### 2.1 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)*
<b>Tangible assets</b>	
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
<b>Intangible assets</b>	
Software*	3 – 4

\* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II to the Companies Act 2013.

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

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

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

# Firstsource Advantage LLC

## Notes to the financial statements

for the year ended at 31 March 2015

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

## 2 Significant accounting policies (*Continued*)

### 2.2 *Fixed assets and depreciation(continued)*

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.

### 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.

#### *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

# Firstsource Advantage LLC

## Notes to the financial statements

for the year ended at 31 March 2015

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

## **2 Significant accounting policies (Continued)**

### **2.7 Taxation(Continued)**

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.

### **2.9 Leases**

#### *Operating lease*

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

### **2.10 Retirement benefits**

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

### **2.11 Investments**

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

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

## **Firstsource Advantage LLC**

### **Notes to the financial statements**

for the year ended at 31 March 2015

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

## Firstsource Advantage LLC

### Notes to the accounts

as at 31 March 2015

	Amount in Rupees		Amount in USD	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
<b>3) Share capital</b>				
<b>Authorised :</b> 10,000 units (31 March 2014: 10,000 Units) of USD 1 each	<b>625,000</b>	625,000	<b>10,000</b>	10,000
<b>Issued, subscribed and paid up</b> 10,000 units (31 March 2014: 10,000 Units) of USD 1 each	<b>625,000</b>	625,000	<b>10,000</b>	10,000
	<b>625,000</b>	625,000	<b>10,000</b>	10,000
<b>a. Reconciliation of number of units outstanding</b>	<b>31-Mar-15</b>		<b>31-Mar-14</b>	
	<b>No. of units</b>	<b>Amount in Rupees</b>	<b>No. of units</b>	<b>Amount in USD</b>
Units outstanding at the beginning of the year	10,000	625,000	10,000	599,150
Units outstanding at the end of the year	<b>10,000</b>	<b>625,000</b>	10,000	599,150
<b>b. Details of holding more than 5% shares in the</b>	<b>31 March 2015</b>		<b>31 March 2014</b>	
	<b>No. of Units</b>	<b>% of holding</b>	<b>No. of Units</b>	<b>% of holding</b>
Firstsource Business Process Services LLC	<b>10,000</b>	100	<b>10,000</b>	100
<b>c. Rights, Preferences &amp; Restriction attached to Units</b>	The Company has a single class of units. Accordingly, all unit holders rank equally with regard to dividends and share in the Company's residual assets. The unit holders are entitled to receive dividend as declared from time to time. The voting rights of an unit holder are in proportion to its share of the units of the Company. On winding up of the Company, the unit holders will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of units held.			
	<b>Amount in Rupees</b>		<b>Amount in USD</b>	
	<b>31 March 2015</b>	<b>31 March 2014</b>	<b>31 March 2015</b>	<b>31 March 2014</b>
<b>4) Reserves and surplus</b>				
Balance in statement of profit and loss				
At the commencement of the year	<b>1,139,874,743</b>	945,120,248	<b>18,237,996</b>	15,121,924
Add : Additions during the year	<b>128,232,396</b>	139,808,956	<b>2,051,718</b>	2,236,943
Add : - Transfer from TL1 and TL2 on dissolution	-	54,945,539	-	879,129
At the end of the year	<b>1,268,107,139</b>	1,139,874,743	<b>20,289,714</b>	18,237,996
<b>5) Trade payables</b>				
Trade payables for services and goods	<b>82,125,443</b>	97,795,479	<b>1,314,007</b>	1,564,730
	<b>82,125,443</b>	97,795,479	<b>1,314,007</b>	1,564,730
<b>6) Other current liabilities</b>				
<b>Related Party</b>				
Amount payable to group companies, Net	-	74,238,463	-	1,187,815
<b>Others</b>				
Statutory Dues	<b>4,830,766</b>	5,511,633	<b>77,292</b>	88,186
Employee Related Payable	<b>80,218,599</b>	82,220,884	<b>1,283,498</b>	1,315,534
	<b>85,049,365</b>	161,970,981	<b>1,360,790</b>	2,591,535
<b>7) Short Term provisions</b>				
Compensated Absences	<b>6,664,803</b>	18,266,820	<b>106,637</b>	292,269
	<b>6,664,803</b>	18,266,820	<b>106,637</b>	292,269

## Firstsource Advantage LLC

Notes to the accounts  
as at 31 March 2015

### 8) Fixed Assets

	Tangible Assets					Intangible assets		Grand Total	
	Computers	Network	Office furniture and equipment	Furniture & Fixtures	Leasehold improvements	Total	Software		Total
<b>Gross Block</b>									
As at 1 April 2014 (INR)	150,180,061	203,006,299	99,173,567	108,064,106	72,198,188	632,622,221	245,052,988	245,052,988	877,675,209
Additions during the year	2,274,973	-	2,616,703	678,129	-	5,569,804	2,539,839	2,539,839	8,109,643
Additions on account of merger	-	-	-	-	-	-	-	-	-
Deletions during the year	-	-	-	-	-	-	-	-	-
As at 31 March 2015 (INR)	<b>152,455,034</b>	<b>203,006,299</b>	<b>101,790,270</b>	<b>108,742,235</b>	<b>72,198,188</b>	638,192,026	<b>247,592,827</b>	<b>247,592,827</b>	<b>885,784,853</b>
<b>Accumulated depreciation / amortization</b>									
As at 1 April 2014 (INR)	146,557,654	181,311,034	94,122,621	107,860,385	63,783,949	593,635,644	217,302,156	217,302,156	810,937,800
Accumulated depreciation on account of merger	-	-	-	-	-	-	-	-	-
Charge for the year	1,957,927	9,032,498	2,672,624	716,778	3,405,358	17,785,185	17,639,144	17,639,144	35,424,329
On deletions during the year	-	-	-	-	-	-	-	-	-
As at 31 March 2015 (INR)	<b>148,515,581</b>	<b>190,343,532</b>	<b>96,795,245</b>	<b>108,577,163</b>	<b>67,189,307</b>	611,420,827	<b>234,941,300</b>	<b>234,941,300</b>	<b>846,362,128</b>
<b>Net Block (INR)</b>	<b>3,939,453</b>	<b>12,662,767</b>	<b>4,995,025</b>	<b>165,072</b>	<b>5,008,881</b>	<b>26,771,199</b>	<b>12,651,527</b>	<b>12,651,527</b>	<b>39,422,725</b>
As at 31 March 2015(INR)	3,622,407	21,695,264	5,050,946	203,721	8,414,239	38,986,576	27,750,833	27,750,833	66,737,409
<b>Net Block (USD)</b>	<b>63,031</b>	<b>202,604</b>	<b>79,920</b>	<b>2,641</b>	<b>80,142</b>	<b>428,339</b>	<b>202,424</b>	<b>202,424</b>	<b>630,764</b>
As at 31 March 2014(USD)	57,959	347,124	80,815	3,260	134,628	623,785	444,011	444,011	1,067,796

**Firstsource Advantage LLC**
**Notes to the accounts**

as at 31 March 2015

	Amount in Rupees		Amount in USD	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
<b>9) Deferred tax assets</b>				
Deferred tax assets	<b>558,822,601</b>	558,822,601	<b>8,941,162</b>	8,941,162
	<b>558,822,601</b>	558,822,601	<b>8,941,162</b>	8,941,162
<b>10) Long-term loans and advances</b> (Unsecured, considered good)				
Deposits	<b>9,473,587</b>	9,473,542	<b>151,576</b>	151,577
Prepaid expenses	<b>1,320,706</b>	3,183,834	<b>21,132</b>	50,941
	<b>10,794,293</b>	12,657,376	<b>172,708</b>	202,518
<b>11) Trade receivables</b> (unsecured & Considered Good)				
Receivables outstanding for a period exceeding six months from the date they are due for payment				
'- Considered good	-	-	-	-
'- Considered doubtful	<b>150,946</b>	1,958,906	<b>2,415</b>	31,342
Less : Provision for doubtful debts	<b>150,946</b>	1,958,906	<b>2,415</b>	31,342
	-	-	-	-
Other receivables				
'- Considered good	<b>271,572,175</b>	248,475,657	<b>4,345,155</b>	3,975,609
	<b>271,572,175</b>	248,475,657	<b>4,345,155</b>	3,975,609
	<b>271,572,175</b>	248,475,657	<b>4,345,155</b>	3,975,609
<b>12) Cash and bank balances</b> <b>Cash and cash equivalents</b>				
Balance with banks:				
in Trust accounts	<b>28,360,828</b>	480,957,989	<b>453,773</b>	7,695,328
in Current accounts	<b>159,359,303</b>	255,247,053	<b>2,549,749</b>	4,083,953
	<b>187,720,129</b>	736,205,041	<b>3,003,522</b>	11,779,281
Less: balance held in trust accounts	<b>28,360,828</b>	480,957,989	<b>453,773</b>	7,695,328
	<b>159,359,303</b>	255,247,053	<b>2,549,749</b>	4,083,953
<b>13) Short term loans and advances</b> (Unsecured, considered good)				
Prepaid Expenses	<b>12,341,818</b>	33,116,661	<b>197,469</b>	529,867
Advance for expenses	<b>1,025,000</b>	1,025,000	<b>16,400</b>	16,400
	<b>13,366,818</b>	34,141,661	<b>213,869</b>	546,267
<b>14) Other current assets</b>				
<b>Related Party</b>				
Amount Receivable to group companies, Net	<b>98,752,891</b>	-	<b>1,580,046</b>	-
<b>Others</b>				
Receivable Held in Trust Account (Net of Due to Client)	<b>7,550,844</b>	33,214,168	<b>120,814</b>	531,429
Unbilled receivables	<b>282,930,100</b>	209,237,223	<b>4,526,882</b>	3,347,796
	<b>389,233,835</b>	242,451,391	<b>6,227,742</b>	3,879,225

**Firstsource Advantage LLC**
**Notes to the accounts**

as at 31 March 2015

	Amount in Rupees		Amount in USD	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
<b>15) Revenue from operations</b>				
Sale of Services	<b>3,072,710,147</b>	3,233,385,138	<b>49,163,362</b>	51,734,163
	<b>3,072,710,147</b>	3,233,385,138	<b>49,163,362</b>	51,734,163
<b>16) Other income</b>				
Foreign Exchange Loss / (Gain), net	<b>(473,274)</b>	(268,088)	<b>(7,572)</b>	(4,289)
Interest Income	<b>42,114</b>	-	<b>674</b>	-
Miscellaneous receipts	<b>12,638</b>	3,506	<b>202</b>	56
	<b>(418,522)</b>	(264,582)	<b>(6,696)</b>	(4,233)
<b>17) Employee benefits expense</b>				
Salaries and wages	<b>1,548,613,865</b>	1,801,648,471	<b>24,777,822</b>	28,826,376
Contribution to provident and other funds	<b>8,699,973</b>	8,384,444	<b>139,200</b>	134,151
Staff welfare expenses	<b>115,359,718</b>	111,330,771	<b>1,845,755</b>	1,781,292
	<b>1,672,673,556</b>	1,921,363,686	<b>26,762,777</b>	30,741,819
<b>18) Finance cost</b>				
Interest expense	<b>39,605</b>	239,131	<b>634</b>	3,826
	<b>39,605</b>	239,131	<b>634</b>	3,826
<b>19) Other Expenses</b>				
Rent	<b>69,030,056</b>	70,788,126	<b>1,104,481</b>	1,132,610
Rates and taxes	<b>9,923,162</b>	8,207,998	<b>158,771</b>	131,328
Insurance	<b>22,288,896</b>	18,740,148	<b>356,622</b>	299,842
Travelling and conveyance	<b>14,500,139</b>	11,838,778	<b>232,002</b>	189,420
Electricity, water and power consumption	<b>7,437,639</b>	8,532,508	<b>119,002</b>	136,520
Legal and professional fees	<b>92,438,896</b>	105,598,558	<b>1,479,022</b>	1,689,577
Audit Fees	<b>2,106,250</b>	1,513,125	<b>33,700</b>	24,210
Information services	<b>46,424,692</b>	71,404,848	<b>742,795</b>	1,142,478
Car hire charges and other hire charges	<b>5,526,950</b>	6,178,609	<b>88,431</b>	98,858
Communication expenses	<b>269,699,741</b>	270,961,356	<b>4,315,196</b>	4,335,382
Bad debts written off / Provision for doubtful accounts	<b>(1,807,959)</b>	(7,755,884)	<b>(28,927)</b>	(124,094)
Membership fees	<b>242,031</b>	203,486	<b>3,872</b>	3,256
Common corporate expenses	<b>46,654,658</b>	62,939,113	<b>746,475</b>	1,007,026
Computer Expenses	<b>32,946,264</b>	35,601,414	<b>527,140</b>	569,623
Recruitment and training expenses	<b>4,973,919</b>	13,420,319	<b>79,583</b>	214,725
Printing and stationery	<b>8,982,281</b>	10,236,568	<b>143,716</b>	163,785
Marketing and support services	<b>1,805,568</b>	3,130,663	<b>28,889</b>	50,091
Miscellaneous expenses	-	97,648	-	1,562
Repairs, maintenance and Upkeep Charges	<b>29,035,133</b>	21,430,299	<b>464,562</b>	342,885
Software expenses	<b>24,489,640</b>	25,453,932	<b>391,834</b>	407,263
Bank charges	<b>65,049,093</b>	65,438,585	<b>1,040,785</b>	1,047,017
Charitable contribution	<b>173,519</b>	318,974	<b>2,776</b>	5,102
	<b>751,920,567</b>	804,279,171	<b>12,030,727</b>	12,868,466

## Firstsource Advantage LLC

### Notes to the accounts

as at 31 March 2015

#### 21. 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. 58,468,019 equivalent to USD 935,488 (31 March 2014: Rs. 65,066,563 equivalent to USD 1,041,065) 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	
	2015	2014	2015	2014
Amount due within one year from the balance sheet date	<b>53,264,063</b>	65,643,875	<b>852,225</b>	<b>1,050,302</b>
Amount due in the period between one year and five years	<b>191,000,875</b>	239,329,938	<b>3,056,014</b>	<b>3,829,279</b>
Amount due after the period of five years	<b>295,127,438</b>	145,197,313	<b>4,722,039</b>	<b>2,323,157</b>
	<b>450,171,125</b>	532,191,563	<b>7,202,738</b>	8,515,065

Rental expenses under cancelable operating leases aggregating to Rs.10,562,036 equivalent to USD 168,993 (31 March 2014: Rs. 10,310,313 equivalent to USD 164,965) have been debited to the profit and loss account.

#### 22. Transfer pricing

The Company's management is of the opinion that its international transactions with related parties are at arms length and that the Company is in compliance with the transfer pricing legislation. Accordingly, the company's management believes that the transfer pricing legislation will not have any impact on the financial statements for the year ended 31 March 2015, particularly on the amount of tax expense and that of the provision for taxation.

#### 23. Capital commitments

The Company has capital commitments of Rs 25,000 .in USD 400 (31 March 2014: Rs. 45595 in USD 389) as at the balance sheet date.

# Firstsource Advantage LLC

## Notes to the accounts

as at 31 March 2015

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

	31 March 2015	31 March 2014
(i). <i>Earnings in foreign exchange</i>		
Income from services	211905	134,831
Other income	-	-
(ii). <i>Expenditure in foreign currency</i>		
<i>Employee cost</i>	-	-
Travel and conveyance	-	130
Printing and stationery	-	-
Other expenses	-	-

### 25. Contingent liabilities

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

### 26. Related Party Transactions

Details of related parties including summary of transactions entered into during the year ended 31 March 2015 are summarized below:

Ultimate Holding Company	• Firstsource Solutions Ltd
Holding Company	• Firstsource Business Process Services LLC
Parties with substantial interests	• Firstsource Group USA Inc.
	• Firstsource Transaction Services LLC
	• Firstsource Solutions USA LLC
	• Firstsource Solution UK Limited
	• Anunta Tech Infrastructure Services Limited
	• MedAssist Holding, LLC,
	• Firstsource Solutions Limited – Ireland
	• Firstsource Solutions S.A
Managers	• One Advantage LLC
	• Arjun Mitra
	• Kimberly Nestark

## Firstsource Advantage LLC

### Notes to the accounts

as at 31 March 2015

#### 26. Related Party Transactions (continued)

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

Name of the related party	Description	Transaction value during the year ended (In Rupees)		Transaction value during the year ended (In USD)		Receivable / (Payable) (In Rupees)		Receivable / (Payable) (In USD)	
		2015	2014	2015	2014	2015	2014	2015	2014
Firstsource Solutions Ltd	Cost of Sales	<b>384,095,085</b>	340,670,000	<b>6,145,521</b>	5,685,880	-	-	-	-
	Recovery of expenses	<b>1,743,209</b>	1,610,000	<b>27,891</b>	26,876	-	-	-	-
	Reimbursement of expenses	<b>23,397,171</b>	40,990,000	<b>374,355</b>	684,090	-	-	-	-
	Receivable/ (Payable)	-	-	-	-	<b>(169,212,027)</b>	(213,940,000)	<b>(2,707,392)</b>	(3,570,982)
Firstsource Group USA Inc.	Reimbursement of expenses	<b>39,950,938</b>	5,153,125	<b>639,215</b>	82,450	-	-	-	-
	Recovery Services	<b>15,211,250</b>	-	<b>243,380</b>	-	-	-	-	-
	Receivable/ (Payable)	-	-	-	-	<b>379,520,306</b>	154,657,896	<b>6,072,325</b>	2,474,526
Firstsource Transaction services	Reimbursement of expenses	<b>6,774,557</b>	4,673,063	<b>108,393</b>	74,769	-	-	-	-

## Firstsource Advantage LLC

### Notes to the accounts

as at 31 March 2015

#### 26. Related Party Transactions (continued)

Name of the related party	Description	Transaction value during the year ended (In Rupees)		Transaction value during the year ended (In USD)		Receivable / (Payable) (In Rupees)		Receivable / (Payable) (In USD)	
		2015	2014	2015	2014	2015	2014	2015	2014
	Recovery of Expenses	126,040	303,750	2,017	4,860	-	-	-	-
	Receivable/ (Payable)	-	-	-	-	56,548,813	(10,056,125)	(904,781)	(160898)
Medassist Holding LLC.	Recovery of expenses	399,972,419	94,296,625	6,399,559	1508746	-	-	-	-
	Reimbursement of Expenses	209,813,549	-	3,357,017	-	-	-	-	-
	Receivable / (Payable)					(18,558,030)	15,583,438	(296,928)	249,335
Firstsource Business Process Services LLC	Reimbursement of expense	-	182,688	-	2,923	-	-	-	-
	Receivable/(Payable)	-	-	-	-	(182,688)	(182,688)	(2,923)	(2,923)
One Advantage LLC	Cost of Sales	120,715,739	-	1,931,452	-	-	-	-	-
	Reimbursement of Expenses	2,629,737	-	42,078	-	-	-	-	-
	Recovery of Expenses	54,948	-	878	-	-	-	-	-

## Firstsource Advantage LLC

### Notes to the accounts

as at 31 March 2015

Name of the related party	Description	Transaction value during the year ended (In Rupees)		Transaction value during the year ended (In USD)		Receivable / (Payable) (In Rupees)		Receivable / (Payable) (In USD)	
		2015	2014	2015	2014	2015	2014	2015	2014
	Receivable/(Payable)	-	-	-	-	<b>36,265,875</b>	-	<b>580,254</b>	-
Twin Lake Property I LLC	Rental Expense	-	4,022,513	-	67,137	-	-	-	-
Twin Lake Property II LLC	Rental Expense	-	3,274,834	-	54,658	-	-	-	-
Twin Lake Property I LLC & Twin Lake Property II LLC	Investment	-	35,949,000	-	600,000	-	-	-	-

## Firstsource Advantage LLC

### Notes to the accounts

as at 31 March 2015

#### 27. Segmental Reporting

The company has no separate identifiable segment and in accordance with paragraph 4 of Accounting Standard 17 "Segment Reporting" prescribed in the companies (Accounting Standards) Rules, 2006, issued by the central government, the Company has presented segmental information in the consolidated financial statements (refer Note 31 of the consolidated financial statements).

28. There are no Micro, Small and Medium Enterprises to whom the Company Owes dues, which are outstanding for more than 45 days during the year and also as at 31<sup>st</sup> March 2015. This information as required to be disclosed under the Micro, Small and Medium Enterprises Developments Act, 2006 has been determined to the extent such parties have been identified on the Basis of information available with the Company (refer Note 41 of the consolidated financial statements).

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

As per our report of even date attached

**For SHELESH SINGHVI & CO.**

**Chartered Accountants**

Firm's registration no: 014792C

**For and on behalf of the Board of Directors**

**Praveena Jain**

*Partner*

Membership No: 402256

Mumbai

Date: 05th May 2015

**Arjun Mitra**

*Director*

**Kimberly Nestark**

*Director*