

Firstsource Business Process Services LLC

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

Firstsource Business Process Services LLC**Balance Sheet**

as at 31 March 2015

	Note	Amount in Rupees		Amount in USD	
		31 March 2015	31 March 2014	31 March 2015	31 March 2014
<u>EQUITY AND LIABILITIES</u>					
Shareholders' Funds					
Reserves and Surplus	4	1,385,233,143	1,385,602,711	22,163,731	22,169,644
		1,385,233,143	1,385,602,711	22,163,731	22,169,644
Curent liabilities					
Other Current Liabilities	5	1,100,609,963	1,097,484,902	17,609,758	17,559,758
		1,100,609,963	1,097,484,902	17,609,758	17,559,758
		2,485,843,106	2,483,087,613	39,773,489	39,729,402
<u>ASSETS</u>					
Non Current Assets					
Non Current Investments	6	2,393,522,627	2,391,960,128	38,296,362	38,271,362
Deferred Tax Assets, Net	7	91,004,478	91,004,478	1,456,072	1,456,072
		2,484,527,105	2,482,964,606	39,752,434	39,727,434
Current Assets					
Cash and Bank Balances	8	1,316,001	123,007	21,055	1,968
Other Current Asset		-	-	-	-
		1,316,001	123,007	21,055	1,968
		2,485,843,106	2,483,087,613	39,773,489	39,729,402

Significant accounting policies 2

The accompanying notes from 1 to 19 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

Venkat Raman

Director

Mumbai

Date: 5 May 2015

Firstsource Business Process Services LLC

Statement of Profit and Loss

for the year ended 31 March 2015

	Note	Amount in Rupees		Amount in USD	
		31 March 2015	31 March 2014	31 March 2015	31 March 2014
Income					
Income from operations		-	-	-	-
Other Income		-	-	-	-
		-	-	-	-
Expenses					
Finance Cost		-	-	-	-
Other Expenses	9	369,568	95,005	5,913	1,520
		369,568	95,005	5,913	1,520
Profit / (Loss) Before Taxation		(369,568)	(95,005)	(5,913)	(1,520)
Provision for Taxation					
Current tax		-	-	-	-
Profit / (Loss) After Taxation		(369,568)	(95,005)	(5,913)	(1,520)

Significant accounting policies 2

The accompanying notes from 1 to 19 are 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

Venkat Raman
Director

Mumbai
Date: 5 May 2015

Firstsource Business Process Services 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
<u>Cash flow from operating activities</u>				
Net (loss) / profit before taxation	(369,568)	(95,005)	(5,913)	(1,520)
Operating cash flow before Changes in working capital	(369,568)	(95,005)	(5,913)	(1,520)
Decrease in Loans and advances, Other Current Assets	-	-	-	-
(Decrease) / increase in Other Current	3,125,063	(182,775)	50,001	(2,924)
Net changes in working capital	3,125,063	(182,775)	50,001	(2,924)
Income taxes paid	-	-	-	-
Net cash (used in) / generated from	2,755,494	(277,780)	44,088	(4,444)
<u>Cash flow from investing activities</u>				
Investment in subsidiary	(1,562,500)	-	(25,000)	-
Net cash generated from investing activities (B)	(1,562,500)	-	(25,000)	-
<u>Cash flow from financing activities</u>				
Net cash used in financing activities (C)	-	-	-	-
Net decrease in cash and bank	1,192,994	(277,780)	19,087	(4,444)
Cash and bank balances at the beginning of the year*	123,007	400,787	1,968	6,412
Cash and bank balances at the end of the year*	1,316,001	123,007	21,055	1,968

* Refer note 8 for components of cash and cash equivalents.

As per our report of even date attached.

For SHELESH SINGHVI & CO.

Chartered Accountants

Firm's Registration No: 014792C

For and on behalf of the Board of Directors

Praveena Jain

Partner

Membership No: 402256

Arjun Mitra

Director

Venkat Raman

Director

Mumbai

Date: 5 May 2015

Firstsource Business Process Services LLC

Notes to the accounts

for the year ended at 31 March 2015

1 Background

Firstsource Business Process Services LLC ('the Company') was incorporated under the laws of the State of Delaware on November 25, 2009. The Company 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. On December 31, 2009, FirstRing Inc, USA, an another subsidiary of Firstsource Solutions Ltd was merged with the Company.

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 2015 which is 1 USD = Rs 62.5 (31st Mar 2014 which was 1 USD = Rs. 59.9150). 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 contact centre and transaction processing services comprises from both time / unit price and fixed fee based service contracts. Revenue from time / unit price based contracts is recognised as services are rendered and is billed in accordance with the contractual terms specified in the customer contracts. Revenue from fixed fee based service contracts is recognised on achievement of performance milestones specified in the customer contracts. Unbilled receivables represent costs incurred and revenues recognised on contracts to be billed in subsequent periods as per the terms of the contract.

Dividend income is recognised when the right to receive dividend is established. Interest income is recognised using the time proportion method, based on the underlying interest rates

Firstsource Business Process Services LLC

Notes to the accounts

for the year ended at 31 March 2015

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	Useful life (in years)
<i>Tangible</i>	
Computers*	3 – 4

Individual assets costing upto Rs. 5,000 are depreciated in full in the year of purchase.

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

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

Firstsource Business Process Services LLC

Notes to the accounts

for the year ended at 31 March 2015

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 parent company ie Firstsource Group USA Inc. Refunds if any received are recorded by the company itself since the tax pertaining to those years were paid by the company.

2.8 Provisions and Contingencies

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

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

Contingent assets are not 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 Delaware Law are charged to the statement of profit and loss.

Firstsource Business Process Services LLC

Notes to the accounts

for the year ended at 31 March 2015

2.11 Investments

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

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

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

Firstsource Business Process Services LLC

Notes to accounts as at 31 March 2015

	Amount in Rupees		Amount in USD	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
3) Share Capital				
Issued, Subscribed and paid up :	-	-	-	-
	-		-	

A. Details of voting rights holding more than 5% in the Company

Firstsource Group USA Inc

31 March 2015	31 March 2014
% of Holding	% of Holding
100	100

	Amount in Rupees		Amount in USD	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
4) Reserve and surplus				
Securities Premium				
At the commencement of the year	928,977,930	928,977,930	14,863,647	14,863,647
At the end of the year	928,977,930	928,977,930	14,863,647	14,863,647
Statement of profit and loss				
At the commencement of the year	456,624,781	456,719,786	7,305,997	7,307,517
Add: Net (loss) / profit for the year	(369,568)	(95,005)	(5,913)	(1,520)
At the end of the year	456,255,213	456,624,781	7,300,084	7,305,997
	1,385,233,143	1,385,602,711	22,163,731	22,169,644
5) Other Current Liabilities				
Related Party				
Payable to group companies, net	1,100,609,963	1,097,484,902	17,609,758	17,559,758
	1,100,609,963	1,097,484,902	17,609,758	17,559,758

Firstsource Business Process Services LLC

Notes to accounts as at 31 March 2015

	Amount in Rupees		Amount in USD	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
6) Non Current Investments				
<i>Trade</i>				
Investment in Subsidiary (Unquoted)				
10,000 membership units (31 March 2014: 10,000 units) of face value of USD 1 each in Firstsource Advantage LLC	2,391,960,127	2,391,960,128	38,271,362	38,271,362
Investment in One advantage LLC(31 March 2014: NIL)	1,562,500	-	25,000	-
	2,393,522,627	2,391,960,128	38,296,362	38,271,362
7) Deferred tax assets, net				
Deferred tax assets on account of:				
Business losses carry forward	375,273,713	375,273,713	6,004,379	6,004,379
Accrued expenses	(966,780)	(966,780)	(15,468)	(15,468)
	374,306,933	374,306,933	5,988,911	5,988,911
Deferred tax liability on account of:				
Depreciation	5,462,873	5,462,873	87,406	87,406
Goodwill and other amortization	(288,765,328)	(288,765,328)	(4,620,245)	(4,620,245)
	(283,302,456)	(283,302,456)	(4,532,839)	(4,532,839)
	91,004,478	91,004,478	1,456,072	1,456,072
8) Cash and bank balances				
Cash and cash equivalents				
Balance with banks: in current accounts	1,316,001	123,007	21,055	1,968
	1,316,001	123,007	21,055	1,968
9) Other Expenses				
Bank administration fee	369,568	95,005	5,913	1,520
	369,568	95,005	5,913	1,520

Firstsource Business Process Services LLC

Notes to the accounts

as at 31 March 2015

12. Leases

The Company does not have any operating leases.

13 Capital commitments

The Company has no capital commitments as at the balance sheet date.

14 EPS

As the company is incorporated as LLC under the laws of the State of Delaware. As per Country's laws, company is having voting control & there is no share capital. Earning per share is not calculated in the absence of share capital.

15 Contingent liabilities

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

16 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 Group USA Inc.
Fellow Subsidiary Company	• MedAssist Holding, Inc.,
	• Firstsource Advantage LLC
	• Firstsource Solution UK Limited
	• Anunta Tech Infrastructure Services Limited
	• Firstsource BPO Ireland Limited
	• Firstsource Solutions S.A
	• Firstsource Dialog Solutions (Private) Ltd.
	• Firstsource Solutions USA LLC
	• One Advantage LLC
Directors	• Venkat Raman
	• Arjun Mitra

Twin lakes Property I LLC and Twin Lakes Properties II LLC dissolved during the previous year

Firstsource Business Process Services LLC

Notes to the accounts

as at 31 March 2015

16 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		Transaction value during the year ended		Receivable/ (Payable)		Receivable/ (Payable)	
		(In Rupees)		(In USD)		(In Rupees)		(In USD)	
		2015	2014	2015	2014	2015	2014	2015	2014
Firstsource Group USA Inc.	Advance	3,125,000	-	50,000	-	-	-	-	-
	Receivable/(Payables)	-	-	-	-	(1,100,427,275)	(1,097,302,214)	(17,612,682)	(17,562,682)
Firstsource Advantage LLC	Recovery of expense	-	182,688	-	2,923	-	-	-	-
	Receivable/(Payables)	-	-	-	-	182,688	182,688	2,923	2,923
	Investment in Equity	-	-	-	-	239,196,012	239,196,012	38,271,262	38,271,262
One Advantage LLC	Investment	156,250	-	25,000	-	156,250	-	25,000	-

Firstsource Business Process Services LLC

Notes to the accounts

as at 31 March 2015

17 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)

18 Micro, Small and Medium scale Business entities:

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 31st 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)

19 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

Praveena Jain

Partner

Membership No: 402256

For and on behalf of the Board of Directors

Arjun Mitra

Director

Venkat Raman

Director

Mumbai

Date: 5 May 2015