

Firstsource Advantage LLC

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 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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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

Firstsource 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	662,550	662,550	10,000	10,000
Reserves and surplus	4	1,428,064,085	1,344,295,040	21,554,057	20,289,714
		1,428,726,635	1,344,957,590	21,584,057	20,299,714
Non-current liabilities					
Long term provisions	5	6,878,873	7,065,224	103,791	106,637
Current liabilities					
Trade payables	6	76,430,963	87,059,538	1,153,589	1,314,007
Other current liabilities	7	87,592,157	90,159,130	1,322,046	1,380,790
		164,023,120	177,218,668	2,475,635	2,674,797
		1,599,626,428	1,529,241,482	24,143,483	23,081,148
ASSETS					
Fixed Assets					
Tangible assets	8	29,484,371	28,379,609	445,014	428,339
Intangible assets		7,641,757	13,411,631	115,339	202,424
		37,126,128	41,791,240	560,353	630,763
Deferred Tax Assets	9	592,396,556	592,396,863	8,941,160	8,941,162
Long-term loans and advances	10	10,021,077	11,442,836	151,250	172,709
		602,417,633	603,839,499	9,092,410	9,113,871
Current Assets					
Trade receivables	11	231,061,729	287,888,231	3,487,461	4,345,155
Cash and bank balances	12	20,784,724	168,933,809	313,708	2,549,749
Short term loans and advances	13	235,824,216	118,855,865	3,559,342	1,793,915
Other current assets	14	472,411,998	307,933,038	7,130,209	4,647,695
		960,082,667	883,610,743	14,490,720	13,336,514
		1,599,626,428	1,529,241,482	24,143,483	23,081,148
Significant accounting policies	2				

The accompanying notes from 1 to 28 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

Arjun Mitra
Director

Kimberly Nestark

Kimberly Nestark
Director

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

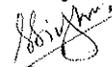
	Note	Amount in Rupees		Amount in USD	
		For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2016	For the year ended 31 March 2015
Income					
Revenue from operations	15	2,699,041,397	3,257,318,572	40,737,173	49,163,362
Other income	16	(354,863)	(443,667)	(5,353)	(6,686)
		2,698,686,734	3,256,874,905	40,731,820	49,156,666
Expenses					
Cost of Sales		530,949,217	513,080,089	8,013,723	7,744,021
Employee benefits expense	17	1,464,979,278	1,773,167,783	22,111,226	26,762,777
Finance cost	18	-	41,004	-	634
Depreciation and amortization	8	21,840,828	37,552,622	329,648	566,789
Other expenses	19	597,148,365	797,095,795	9,012,800	12,030,727
		2,614,917,688	3,120,938,283	39,467,477	47,104,948
Profit Before Taxation		83,769,046	135,936,622	1,264,343	2,051,718
Less : Provision for taxation		-	-	-	-
Profit After Taxation		83,769,046	135,936,622	1,264,343	2,051,718
Earnings per share					
Weighted average number of equity shares outstanding during the year					
- Basic and diluted		10,000	10,000	10,000	10,000
Nominal Value, Per Share		66.255	66.255	1	1
Earning per share					
- Basic and diluted		8,376.90	13,593.66	126.43	205.17

Significant accounting policies 2

The accompanying notes from 1 to 28 form an integral part of the financial statement.

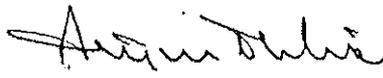
As per our report of even date attached.

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
Director



Kimberly Nestark
Director

Firstsource Advantage LLC
Cash flow statement
as at 31 March 2016

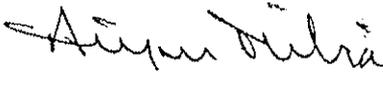
	Amount in Rupees		Amount in USD	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Cash flow from operating activities				
Net profit after tax	83,769,046	135,936,622	1,264,343	2,051,718
Adjustments for				
Depreciation and amortization	21,840,828	37,552,622	329,648	568,789
Provision for doubtful debts / (written back)	661,558	1,916,558	9,989	26,927
Interest costs	-	41,984	-	634
Interest income	-	(44,645)	-	(674)
Operating cash flow before changes in	108,271,430	176,403,141	1,603,976	2,647,394
Changes in working capital				
Increase in trade receivables	56,164,924	(24,484,270)	847,708.46	(369,548)
Decrease / (increase) in Other Current Assets and Advances	(280,025,499)	(133,519,535)	(4,226,481)	(2,015,237)
Increase / (Decrease) in Current liabilities and provisions	(13,384,041)	(110,453,843)	(202,008)	(1,667,102)
Net changes in working capital	(237,244,616)	(268,457,648)	(3,580,781)	(4,051,885)
Net cash (used in) / generated from operating	(130,973,186)	(93,054,507)	(1,976,805)	(1,404,491)
Cash flow from investing activities				
Capital expenditure	(17,175,699)	(8,596,851)	(259,236)	(129,754)
Interest income received	-	44,645	-	674
Net cash generated from / (used in) investing	(17,175,699)	(8,552,206)	(259,236)	(129,080)
Cash flow from financing activities				
Interest paid	-	(41,984)	-	(634)
Net cash used in financing activities (C)	-	(41,984)	-	(634)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(148,148,885)	(101,648,807)	(2,236,041)	(1,534,204)
Cash and cash equivalents at the beginning of the year*	168,933,609	270,582,306	2,549,749	4,083,953
Cash and cash equivalents at the end of the year*	20,784,724	168,933,609	313,708	2,549,749

* Refer note 12 for components of cash and cash equivalents.

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
Kimberly Nestark
Director

Mumbai
Date: 12/5/16

Firstsource Advantage LLC

Notes to the financial statements for the year ended at 31 March 2016

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.

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 66.2550 (31st Mar 2015 which was 1 USD = Rs. 62.5). 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 operations comprises debt collection services to major credit card issuers and banks and is billed in accordance with the contractual terms specified in the respective.

Firstsource Advantage LLC

Notes to the financial statements for the year ended at 31 March 2016

2 Significant accounting policies (*Continued*)

2.3 Revenue recognition (*continued*)

customer contracts. Revenue from fixed fee based service contracts is recognized on achievement of performance milestones specified in the customer contracts.

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.

2.4 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, 1956) 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.

Firstsource Advantage LLC

Notes to the financial statements for the year ended 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 parent 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.

Firstsource Advantage LLC

Notes to the financial statements for the year ended at 31 March 2016

2 **Significant accounting policies (Continued)**

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 **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 New York 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.

Firstsource Advantage LLC

Notes to the financial statements
for the year ended at 31 March 2016

2 *Significant accounting policies (Continued)*

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.

2.12 *Earnings per share*

The basic earnings per equity share are computed by dividing the net profit or loss for the period attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which may be issued on the conversion of all dilutive potential shares, unless the results would be anti-dilutive.

Firstsource 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						
Authorised : 10,000 units (31 March 2015: 10,000 Units) of USD 1 each	662,550	662,550	10,000	10,000		
Issued, subscribed and paid up 10,000 units (31 March 2015: 10,000 Units) of USD 1 each	662,550	662,550	10,000	10,000		
	662,550	662,550	10,000	10,000		
a. Reconciliation of number of units outstanding	31-Mar-16		31-Mar-15			
	No. of units	Amount in Rupees	Amount in USD	No. of units	Amount in Rupees	Amount in USD
Units outstanding at the beginning of the year	10,000	625,000	10,000	10,000	662,550	10,000
Units outstanding at the end of the year	10,000	625,000	10,000	10,000	662,550	10,000
b. Details of holding more than 5% shares in the	31 March 2016		31 March 2015			
	No. of Units	% of holding	No. of Units	% of holding		
Firstsource Business Process Services LLC	10,000	100	10,000	100		
c. Rights, Preferences & Restriction attached to Units	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.					
	Amount in Rupees		Amount in USD			
	31 March 2016	31 March 2015	31 March 2016	31 March 2015		
4) Reserves and surplus						
Balance in statement of profit and loss						
At the commencement of the year	1,344,295,040	1,208,358,418	20,289,714	18,237,996		
Add : Additions during the year	83,769,045	135,936,622	1,264,343	2,051,718		
At the end of the year	1,428,064,085	1,344,295,040	21,554,057	20,289,714		
5) Long Term provisions						
Compensated Absences	6,876,673	7,065,224	103,791	106,637		
	6,876,673	7,065,224	103,791	106,637		
6) Trade payables						
Trade payables for services and goods	76,430,963	87,059,538	1,153,589	1,314,007		
	76,430,963	87,059,538	1,153,589	1,314,007		
7) Other current liabilities						
Others						
Statutory Dues	9,923,608	5,120,998	149,779	77,292		
Employee Related Payable	73,771,497	85,038,132	1,113,448	1,283,498		
Payable to Client	3,749,172	-	56,587	-		
Payable to Capital goods	147,880	-	2,232	-		
	87,592,157	90,159,130	1,322,046	1,360,790		

Firstsource Advantage LLC

Notes to the accounts
as at 31 March 2016

8) Fixed Assets

	Tangible Assets						Intangible assets		Grand Total
	Computers	Network	Office furniture and equipment	Furniture & Fixtures	Leasehold improvements	Total	Software	Total	
Gross Block									
As at 1 April 2015 (INR)	161,614,532	215,202,917	107,905,829	115,275,468	76,535,855	676,534,601	262,468,204	262,468,204	939,002,805
Additions during the year	5,703,391	291,439	10,756,798	783,667	5,609,816	23,145,111	3,773,250	3,773,250	26,918,361
Transfer to OAL	39,456,899	34,947,738	12,512,942	22,180,964	10,224,231	119,322,774	22,618,180	22,618,180	141,940,954
Deletions during the year	-	-	-	-	-	-	-	-	-
As at 31 March 2016 (INR)	127,861,024	180,546,618	106,149,685	93,878,171	71,921,440	580,356,938	243,623,274	243,623,274	823,980,212
Accumulated depreciation / amortization									
As at 1 April 2015 (INR)	157,438,397	201,779,371	102,610,704	115,100,479	71,226,041	648,154,992	249,056,573	249,056,573	897,211,565
Transfer to OAL	38,398,662	32,796,548	10,688,589	22,170,576	5,540,765	109,595,140	22,603,152	22,603,152	132,198,292
Charge for the year	2,442,237	6,718,411	1,903,975	99,673	1,148,419	12,312,715	9,528,096	9,528,096	21,840,811
On deletions during the year	-	-	-	-	-	-	-	-	-
As at 31 March 2016 (INR)	121,481,972	175,701,234	93,826,090	93,029,576	66,833,695	550,872,567	235,981,517	235,981,517	786,854,084
Net Block 31 March 2016 (INR)	6,379,052	4,845,384	12,323,595	848,595	5,087,745	29,484,371	7,641,757	7,641,757	37,126,128
As at 31 March 2015 (INR)	4,176,135	13,423,546	5,295,125	174,989	5,309,814	28,379,609	13,411,631	13,411,631	41,791,240
Net Block 31 March 2016 (USD)	96,280	73,132	186,002	12,808	76,790	445,014	115,339	115,339	560,353
As at 31 March 2015 (USD)	63,031	202,604	79,920	2,641	80,142	428,339	202,424	202,424	630,763

Firstsource 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) Deferred tax assets				
Deferred tax assets	592,396,556	592,396,663	8,941,160	8,941,162
	592,396,556	592,396,663	8,941,160	8,941,162
10) Long-term loans and advances (Unsecured, considered good)				
Deposits	9,910,224	10,042,734	149,577	151,577
Prepaid expenses	110,853	1,400,102	1,673	21,132
	10,021,077	11,442,836	151,250	172,709
11) Trade receivables (unsecured & Considered Good)				
Receivables outstanding for a period exceeding six months from the date they are due for payment				
- Considered good	-	-	-	-
- Considered doubtful	-	160,015	-	2,415
Less : Provision for doubtful debts	-	160,015	-	2,415
	-	-	-	-
Other receivables				
- Considered good	231,061,729	287,888,231	3,487,461	4,345,155
	231,061,729	287,888,231	3,487,461	4,345,155
	231,061,729	287,888,231	3,487,461	4,345,155
12) Cash and bank balances Cash and cash equivalents				
Balance with banks:				
in Trust accounts	50,226,922	30,064,745	758,085	453,773
in Current accounts	20,784,724	168,933,609	313,708	2,549,749
	71,011,646	198,998,354	1,071,793	3,003,522
Less: balance held in trust accounts	50,226,922	30,064,745	758,085	453,773
	20,784,724	168,933,609	313,708	2,549,749
13) Short term loans and advances (Unsecured, considered good)				
Related Party				
Amount Receivable to group companies, Net	204,786,453	104,685,965	3,090,883	1,580,046
Others				
Prepaid Expenses	24,849,525	13,083,318	375,059	197,469
Advance for expenses	6,188,238	1,086,582	93,400	16,400
	235,824,216	118,855,865	3,559,342	1,793,915
14) Other current assets				
Others				
Receivable Held in Trust Account	50,226,922	8,004,511	758,085	120,814
Unbilled receivables	422,185,076	299,928,527	6,372,124	4,526,881
	472,411,998	307,933,038	7,130,209	4,647,695

Firstsource 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
15) Revenue from operations				
Sale of Services	2,699,041,397	3,257,318,572	40,737,173	49,163,362
	2,699,041,397	3,257,318,572	40,737,173	49,163,362
16) Other income				
Foreign Exchange (Loss) / Gain, net	(369,040)	(501,709)	(5,570)	(7,572)
Interest Income	-	44,645	-	674
Miscellaneous receipts	14,377	13,397	217	202
	(354,663)	(443,667)	(5,353)	(6,696)
17) Employee benefits expense				
Salaries and wages	1,380,902,412	1,641,654,586	20,842,237	24,777,822
Contribution to statutory funds	7,835,979	9,222,667	118,270	139,200
Staff welfare expenses	76,240,887	122,290,530	1,150,719	1,845,755
	1,464,979,278	1,773,167,783	22,111,226	26,762,777
18) Finance cost				
Interest expense	-	41,984	-	634
	-	41,984	-	634
19) Other Expenses				
Rent	44,789,506	73,177,389	676,017	1,104,481
Rates and taxes	3,009,633	10,519,373	45,425	158,771
Insurance	18,065,155	23,627,991	272,661	356,622
Travelling and conveyance	9,835,687	15,371,293	148,452	232,002
Electricity, water and power consumption	6,157,806	7,884,478	92,941	119,002
Legal and professional fees	47,107,901	100,225,396	711,009	1,512,722
Information services	50,342,802	49,213,883	759,834	742,795
Car hire charges and other hire charges	8,563,194	5,858,996	129,246	88,431
Communication expenses	231,512,130	285,903,311	3,494,259	4,315,196
Bad debts written off / Provision for doubtful accounts	661,556	(1,916,558)	9,985	(28,927)
Registration and Membership fees	8,052,169	256,539	121,533	3,872
Common corporate expenses	38,925,873	49,457,701	587,516	746,475
Computer Expenses	32,488,073	34,925,661	490,349	527,140
Recruitment and training expenses	3,371,849	5,272,772	50,892	79,583
Printing and stationery	6,189,940	9,521,904	93,426	143,716
Marketing and support services	2,149,047	1,914,041	32,436	28,889
Repairs, maintenance and Upkeep Charges	21,828,174	30,779,528	329,457	464,562
Software expenses	15,676,662	25,960,962	236,611	391,834
Bank charges	48,353,827	68,957,210	729,814	1,040,785
Charitable contribution	67,381	183,925	1,017	2,776
	597,148,365	797,095,795	9,012,880	12,030,727

Firstsource Advantage LLC

Notes to the accounts
as at 31 March 2016

20. 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. 49,576,422 equivalent to USD 748,267 (31 March 2015: Rs. 61,980,757 equivalent to USD 9,35,488) 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	65,324,332	56,464,167	9,85,953	8,52,225
Amount due in the period between one year and five years	201,026,962	202,476,208	3,034,140	3,056,014
Amount due after the period of five years	<u>353,719,027</u>	<u>312,858,694</u>	<u>5,338,752</u>	<u>4,722,039</u>
	<u>620,070,321</u>	<u>571,799,069</u>	<u>9,358,845</u>	<u>8,630,278</u>

Rental expenses under cancelable operating leases aggregating to Nil (31 March 2015: Rs. 11,196,624 equivalent to USD 168,993) have been debited to the profit and loss account.

21. 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.

22. Capital commitments

The Company has capital commitments of Rs 1,003,733 in USD 15,149.54 (31 March 2015: Rs. 26,502 in USD 400) as at the balance sheet date.

Firstsource Advantage LLC

Notes to the accounts
as at 31 March 2016

23. Supplementary statutory information (accrual basis)

	31 March 2016	31 March 2015
	In USD	In USD
(i). <i>Earnings in foreign exchange</i>		
Income from services	288,607	211,905
Other income	-	-
(ii). <i>Expenditure in foreign currency</i>		
Employee cost	-	-
Travel and conveyance	-	130
Printing and stationery	-	-
Other expenses	-	-

24. Contingent liabilities

The Company has no contingent liabilities as at the balance sheet date (31 March 2015: Nil)

25. 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).

26. 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 Business Process Services LLC
Parties with substantial interests	• Firstsource Group USA Inc.
	• Firstsource Transaction Services LLC
	• Firstsource Solutions USA LLC
	• Firstsource Solution UK Limited
	• Firstsource Process Management Services Limited (earlier known as Anunta Tech Infrastructure Services Limited)
	• MedAssist Holding, LLC,
	• Firstsource BPO Ireland Limited
	• Firstsource Dialog Solutions (Private) Limited
	• Firstsource Solutions S.A
	• One Advantage LLC
Directors	• Arjun Mitra
	• Kimnberly Nestark

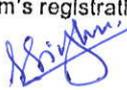
Firstsource Advantage LLC

Notes to the accounts
as at 31 March 2016

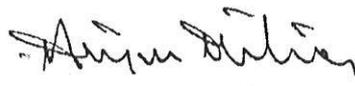
27. The Company is a foreign company and is not governed by the provisions of Micro, Small and Medium Scale Development Act, 2006 Hence disclosure under the act are not applicable.
28. Previous year's figures have been appropriately regrouped/ reclassified to conform to current year's presentation.

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
Mumbai
Date: 12/5/16

For and on behalf of the Board of Directors



Arjun Mitra
Director



Kimberly Nestark
Director