

# **Firstsource Business Process Services 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 Firstsource Business Process Services 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.



**SHELESH SINGHVI & Co.**  
Chartered Accountants

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Co operative housing Society,  
Chincholi Bunder road,  
Malad (West), Mumbai.  
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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 loss and its cash flows for the year ended on that date.

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



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

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

Firstsource Business Process Services 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
<b><u>EQUITY AND LIABILITIES</u></b>					
Shareholders' Funds	4				
Reserves and Surplus		1,468,346,490	1,468,468,863	22,162,048	22,163,895
		1,468,346,490	1,468,468,863	22,162,048	22,163,895
Current Liabilities	5				
Other Current Liabilities		1,166,734,516	1,166,734,516	17,609,758	17,609,758
		1,166,734,516	1,166,734,516	17,609,758	17,609,758
		2,635,081,006	2,635,203,379	39,771,806	39,773,653
<b><u>ASSETS</u></b>					
Non Current Assets	6				
Non Current Investments		2,537,325,464	2,537,325,464	38,296,362	38,296,362
Deferred Tax Assets, Net	7	96,472,050	96,472,050	1,456,072	1,456,072
		2,633,797,514	2,633,797,514	39,752,434	39,752,434
Current Assets	8				
Cash and Bank Balances		1,283,492	1,405,865	19,372	21,219
		1,283,492	1,405,865	19,372	21,219
		2,635,081,006	2,635,203,379	39,771,806	39,773,653

Significant accounting policies 2

The accompanying notes from 1 to 17 form an integral part of the financial statement.

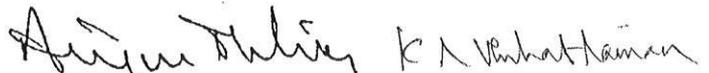
As per our report of even date attached.

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



Shelesh Singhvi  
Partner  
M. No: 079817

For and on behalf of the Board of Directors



Arjun Mitra  
Director

Venkat Raman  
Director

Mumbai  
Date 12/5/16

Firstsource Business Process Services LLC  
Statement of Profit and Loss  
for the year ended 31 March 2016

	Note	Amount in Rupees		Amount in USD	
		31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>Income</b>					
Income from operations		-	-	-	-
<b>Expenses</b>					
Other Expenses	9	122,373	391,766	1,847	5,913
		122,373	391,766	1,847	5,913
Profit / (Loss) Before Taxation		(122,373)	(391,766)	(1,847)	(5,913)
Provision for Taxation					
Current tax		-	-	-	-
Profit / (Loss) After Taxation		(122,373)	(391,766)	(1,847)	(5,913)

Significant accounting policies 2

The accompanying notes from 1 to 17 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



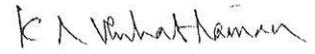
Shelesh Singhvi  
Partner  
M. No: 079817

Mumbai  
Date 12/5/16

For and on behalf of the Board of Directors



Arjun Mitra  
Director



Venkat Raman  
Director

Firstsource Business Process Services LLC  
Cash flow statement  
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
<b>Cash flow from operating activities</b>				
Net (loss) / profit before taxation	(122,373)	(391,768)	(1,847)	(5,913)
Operating cash flow before Changes in working capital (Decrease) / Increase in Other Current liabilities	(122,373)	(391,768)	(1,847)	(5,913)
Net changes in working capital	-	3,312,816	-	50,001
Income taxes paid	-	3,312,816	-	50,001
Net cash (used in) / generated from	(122,373)	2,921,050	(1,847)	44,088
<b>Cash flow from investing activities</b>				
Purchase of investment in mutual funds/ government securities	-	(1,656,375)	-	(25,000)
Net cash generated from investing activities (B)	-	(1,656,375)	-	(25,000)
<b>Cash flow from financing activities</b>				
Interest paid	-	-	-	-
Net cash used in financing activities (C)	-	-	-	-
<b>Net decrease in cash and bank Cash and bank balances at the beginning of the year*</b>	(122,373)	1,264,675	(1,847)	19,251
<b>Cash and bank balances at the end of the year*</b>	1,405,065	141,190	21,219	1,968
	1,283,492	1,405,865	19,372	21,219

\* Refer note B for components of cash and cash equivalents.  
As per our report of even date attached.

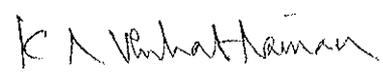
For SHELESH SINGHVI & CO.  
Chartered Accountants  
Firm's Registration No: 014792C

  
Sholesh Singhvi  
Partner  
M. No: 079817

Mumbai

Date 12/5/16

For and on behalf of the Board of Directors

Arjun Mitra  
Director

Venkat Raman  
Director

# Firstsource Business Process Services LLC

## Notes to the accounts

as at 31 March 2016

### 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 2016 which is 1 USD = Rs 66.255 (31<sup>st</sup> 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 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 recognized on completion of the related services and is billed in accordance with the contractual terms specified in the respective customer contracts. Revenue from fixed fee based service contracts is recognized on achievement of performance milestones specified in the customer contracts

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

# Firstsource Business Process Services 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, 1956) as summarized below:

Asset	Useful life (in years)
<i>Tangible</i>	
Computers*	2 – 4

\*For these class of assets, based on internal assessment and independent technical evaluation carried out by external values, 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.

# Firstsource Business Process Services LLC

## Notes to the accounts

as at 31 March 2016

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

#### 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. 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.

# Firstsource Business Process Services LLC

Notes to the accounts  
as at 31 March 2016

## 2 Significant accounting policies (*Continued*)

### 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.

### 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.

### 2.9 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 Business Process Services LLC**

Notes to accounts as at 31 March 2016

	Amount in Rupees		Amount in USD	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>3) Share Capital</b>				
Issued, Subscribed and paid up :	-	-	-	-
	-		-	

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

Firstsource Group USA Inc

31 March 2016	31 March 2015
% of Holding	% of Holding
100	100

	Amount in Rupees		Amount in USD	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>4) Reserve and surplus</b>				
<b>Securities Premium</b>				
At the commencement of the year	984,790,932	984,790,932	14,863,647	14,863,647
At the end of the year	984,790,932	984,790,932	14,863,647	14,863,647
<b>Statement of profit and loss</b>				
At the commencement of the year	483,677,931	484,069,697	7,300,248	7,306,161
Add: Net (loss) / profit for the year	(122,373)	(391,766)	(1,847)	(5,913)
At the end of the year	483,555,558	483,677,931	7,298,401	7,300,248
	1,468,346,490	1,468,468,863	22,162,048	22,163,895
<b>5) Other Current Liabilities</b>				
<b>Related Party</b>				
Payable to group companies, net	1,166,734,516	1,166,734,516	17,609,758	17,609,758
	1,166,734,516	1,166,734,516	17,609,758	17,609,758
<b>6) Non Current Investments</b>				
<b>Trade</b>				
<b>Investment in Subsidiary (Unquoted)</b>				
10,000 membership units (31 March 2015: 10,000 units) of face value of USD 1 each in Firstsource Advantage LLC	2,535,669,089	2,535,669,089	38,271,362	38,271,362
Investment in One advantage LLC	1,656,375	1,656,375	25,000	25,000
	2,537,325,464	2,537,325,464	38,296,362	38,296,362
<b>7) Deferred tax assets, net</b>				
<b>Deferred tax assets on account of:</b>				
Business losses carry forward	397,820,131	397,820,131	6,004,379	6,004,379
Depreciation	5,791,085	5,791,085	87,406	87,406
	403,611,215	403,611,215	6,091,785	6,091,785
<b>Deferred tax liability on account of:</b>				
Accrued expenses	1,024,832	1,024,832	15,468	15,468
Goodwill and other amortization	306,114,332	306,114,332	4,620,245	4,620,245
	307,139,165	307,139,165	4,635,713	4,635,713
	96,472,050	96,472,050	1,456,072	1,456,072
<b>8) Cash and bank balances</b>				
<b>Cash and cash equivalents</b>				
Balance with banks:				
in current accounts	1,283,492	1,405,865	19,372	21,219
	1,283,492	1,405,865	19,372	21,219

Firstsource Business Process Services LLC  
Notes to accounts as at 31 March 2016

	Amount in Rupees		Amount in USD	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>9) Other Expenses</b>				
Bank administration fee	122,373	391,766	1,847	5,913
	122,373	391,766	1,847	5,913

# Firstsource Business Process Services LLC

## Notes to the accounts as at 31 March 2016

### 10. Leases

The Company does not have any operating leases.

### 11. Capital commitments

The Company has capital commitments of Rs. Nil (31<sup>st</sup> March 2015: Nil) as at the balance sheet date.

### 12. EPS

As the company is incorporated under the laws of the State of New York, USA . 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.

### 13. Contingent liabilities

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

### 14. 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.
Fellow Subsidiary Company	• MedAssist Holding, Inc.,
	• Firstsource Advantage LLC
	• Firstsource Solutions USA LLC (earlier known as MedAssist LLC)
	• Firstsource Solution UK Limited
	• Firstsource Process Management Services Limited (earlier known as Anunta Tech Infrastructure Services Limited)
	• Firstsource BPO Ireland Limited
	• Firstsource Dialog Solutions (Private) Ltd.
	• Firstsource Business Process Services LLC
	• Firstsource Solutions USA LLC
Directors	• One Advantage LLC
	• Venkat Raman
	• Arjun Mitra

**Firstsource Business Process Services LLC**

Notes to the accounts  
as at 31 March 2016

**15 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)

**16 Micro, Small and Medium scale Business entities:**

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

**17 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

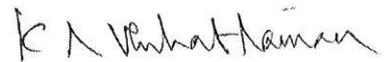


Shelesh Singhvi  
Partner  
M. No: 079817  
Mumbai  
Date:

For and on behalf of the Board of Directors



Arjun Mitra  
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