

## **One Advantage LLC**

Financial statements  
together with the Independent Auditors' Report  
for the year ended 31 March 2017

# **One Advantage LLC**

## **Financial statements together with the Independent Auditors' Report**

*for the year ended 31 March 2017*

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## **Independent Auditor's Report**

### **To the Members of Firstsource Solutions Ltd.**

#### **Report on the standalone financial statements**

We have audited the accompanying standalone financial statements of One Advantage LLC. ("the Company"), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity 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**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS ) prescribed under Section 133 of the Act, read with relevant rules issued thereunder. 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 the 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 standalone 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 thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk



## Independent Auditors' Report (Continued)

### Auditor's responsibility (Continued)

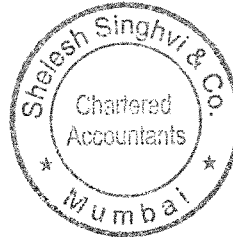
assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us 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 including the Ind AS, of the financial position of the Company as at 31 March 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then ended.

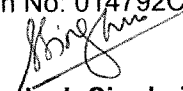
Mumbai  
5 May 2017



For **Shelesh Singhvi & Co.**

Chartered Accountants

Firm's Registration No: 014792C

  
**Shelesh Singhvi**

Partner

Membership No: 079817

# One Advantage LLC

## Balance sheet

as at 31 March 2017

	Note	31 March 2017	Amount in USD 31 March 2016	1 April 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4	137,278	117,969	-
Capital work-in-progress		-	1,953	-
<b>Total non-current assets</b>		<b>137,278</b>	<b>119,922</b>	<b>-</b>
<b>Current assets</b>				
<b>Financial assets</b>				
Trade receivables	7	1,377,194	1,072,931	-
Cash and cash equivalents	8	394,453	649,165	25,798
Other financial assets	5	27,678	36,976	-
Other assets	6	3,872,231	1,065,871	582,816
<b>Total current assets</b>		<b>5,671,556</b>	<b>2,824,943</b>	<b>608,614</b>
<b>Total assets</b>		<b>5,808,834</b>	<b>2,944,865</b>	<b>608,614</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	9	-	-	-
Other equity	B	4,960,376	1,999,193	25,000
<b>Total equity</b>		<b>4,960,376</b>	<b>1,999,193</b>	<b>25,000</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
Trade and other payables	10	360,069	527,762	-
Other liabilities	11	31,518	-	-
Provisions for employee benefits	12	142,045	138,419	142,881
Other liabilities	13	314,826	279,491	440,733
<b>Total current liabilities</b>		<b>848,458</b>	<b>945,672</b>	<b>583,614</b>
<b>Total equity and liabilities</b>		<b>5,808,834</b>	<b>2,944,865</b>	<b>608,614</b>

### Significant accounting policies

The accompanying notes from 1 to 22 are an integral part of these financial statements.

As per our report of even date attached.

For **SHELESH SINGHVI & CO.**

Chartered Accountants

Firm's Registration No: 014792C

**Shelesh Singhvi**

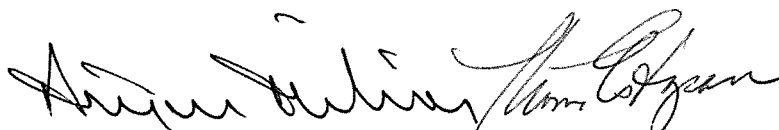
Partner

Membership No: 079817

May 5, 2017

Mumbai

For and on behalf of the Board of Directors



**Arjun Mitra**  
Director

**Thomas Estopare**  
Director

**One Advantage LLC**  
**Statement of profit and loss**  
*for the year ended 31 March 2017*

	Note	Amount in USD	
		Year ended	
		31 March 2017	31 March 2016
<b>INCOME</b>			
Revenue from operations	14	13,531,455	12,559,064
<b>Total income</b>		<u>13,531,455</u>	<u>12,559,064</u>
<b>EXPENSES</b>			
Cost Of Sales	15	10,288	8,043
Employee benefits expense	4(i),(ii)	6,317,861	6,768,185
Depreciation and amortization	16	54,894	40,754
Other expenses		4,187,229	3,767,889
<b>Total expenses</b>		<u>10,570,272</u>	<u>10,584,871</u>
<b>Profit before taxation</b>		<u>2,961,183</u>	<u>1,974,193</u>
<b>Tax expense</b>			
<b>Profit for the year</b>			
		-	-
<b>Other comprehensive income</b>			
		<u>2,961,183</u>	<u>1,974,193</u>
<b>Total other comprehensive income for the year</b>			

2

**Significant accounting policies**

The accompanying notes from 1 to 22 are an integral part of these financial statements.  
As per our report of even date attached.

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

For **SHELESH SINGHVI & CO.**

*Chartered Accountants*

Firm's Registration No: 014792C

**Shelesh Singhvi**

*Partner*

Membership No: 079817

May 5, 2017

Mumbai



*Arjun Mitra*  
**Arjun Mitra**  
*Director*

*Thomas Estopari*  
**Thomas Estopari**  
*Director*

**One Advantage LLC**  
**Statement of cash flows**  
*for the year ended 31 March 2017*

	Amount in USD	
	31 March 2017	31 March 2016
<b><u>Cash flow from operating activities</u></b>		
Profit before tax	2,961,183	1,974,193
Adjustments for		
Depreciation and amortisation	54,894	40,754
Provision for doubtful debts written off / (written back)	32	(1,182)
Operating cash flow before changes in working capital	3,016,109	2,013,765
Changes in working capital		
Decrease / (increase) in trade receivables	(304,295)	(1,071,749)
Decrease / (increase) in loans and advances and other assets	(2,797,062)	(520,031)
(Decrease) / Increase in liabilities and provisions	(97,214)	362,058
Net changes in working capital	(3,198,571)	(1,229,722)
Income taxes paid	-	-
Net cash used in operating activities (A)	(182,462)	784,043
<b><u>Cash flow from investing activities</u></b>		
Purchase of property plant and equipment and capital advances given	(72,250)	(160,676)
Net cash (used in) / generated from investing activities (B)	(72,250)	(160,676)
<b><u>Cash flow from financing activities</u></b>		
Net cash generated from financing activities (C)	-	-
Net decrease in cash and cash equivalents at the end of the year (A+B+C)	(254,712)	623,367
Cash and cash equivalents at the beginning of the year	649,165	25,798
Cash and cash equivalents at the end of the year	394,453	649,165

**Notes to the cash flow statement**

Cash and cash equivalents consist of cash on hand and balances with bank. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	31 March 2017	31 March 2016
Cash on hand	-	-
Balances with banks	394,453	649,165
Cash and cash equivalents	394,453	649,165

As per our report of even date attached.

For **SHELESH SINGHVI & CO.**

Chartered Accountants

Firm's Registration No: 014792C

*Shelesh Singhvi*

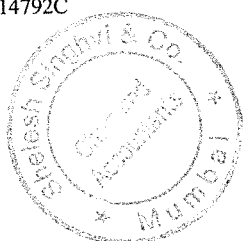
Shelesh Singhvi

Partner

Membership No: 079817

May 5, 2017

Mumbai



For and on behalf of the Board of Directors

*Arjun Mitra*

Arjun Mitra

Director

Thomas Estopare

Director

**One Advantage LLC**  
**Statement of changes in equity**  
*for the year ended 31 March 2017*

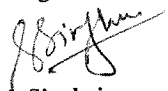
**B. Equity share capital and other equity**

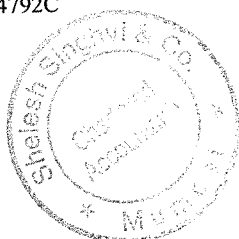
Particulars	Attributable to owners of the Company		Total
	Equity share capital	Reserve and surplus	
		Retained earnings	
Balance as at 1 April 2016	-	1,999,193	1,999,193
Profit for the period	-	2,961,183	2,961,183
<b>Balance at the end of the 31 March 2017</b>	<b>-</b>	<b>4,960,376</b>	<b>4,960,376</b>

Particulars	Attributable to owners of the Company		Total
	Equity share capital	Reserve and surplus	
		Retained earnings	
Balance as at 1 April 2015	-	25,000	25,000
Profit for the year	-	1,974,193	1,974,193
<b>Balance at the end of the 31 March 2016</b>	<b>-</b>	<b>1,999,193</b>	<b>1,999,193</b>

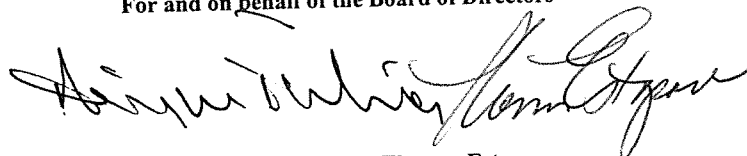
As per our report of even date attached.

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

  
**Shelesh Singhvi**  
Partner  
Membership No: 079817  
May 5, 2017  
Mumbai



For and on behalf of the Board of Directors



**Arjun Mitra**  
Director

**Thomas Estopare**  
Director



# One Advantage LLC

## Notes to the financial statements

for the year ended 31 March 2017

### 1 Company overview

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

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

### 2 Significant accounting policies

#### 2.1 Basis of Preparation and Statement of compliance with IND AS

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 - First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and description of the effects of the transition have been summarized in Note 3.

In accordance with the notification dated February 16, 2015, issued by the Ministry of Corporate Affairs, the Ultimate Holding Company has adopted Indian Accounting Standards (IND AS) notified under Sec 133 read with Rule 4A of the Company (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the Companies Act, 2013 (Collectively, IND AS), with effect from April 1, 2016 and is required to prepare its financial statements in accordance with Ind AS for the year ended March 31, 2017. Accordingly as per the requirements of Section 129(3) of the Act, these financial statements of the Company has been prepared in the same form and manner as that of its Ultimate Holding Company.

The financial statements 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').

#### 2.2 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of income and expenses for the period. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revisions to accounting estimates are recognised prospectively in current and future periods. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 2.2.1.

#### 2.2 Use of estimates

##### 2.2.1 Critical accounting estimates

#### Property, plant and equipment

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.



# One Advantage LLC

## Notes to the financial statements

for the year ended 31 March 2017

### 2 Significant accounting policies (continued)

#### 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.

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.

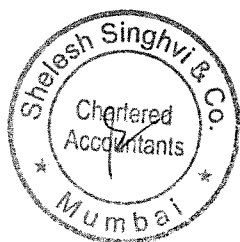
#### 2.4 Property, plant and equipment

Property, plant and equipment 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 property, plant and equipment. 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*	2 – 4
Service equipment*	2 – 5
Furniture and fixtures*	2 – 5
Office equipment*	2 – 5
Vehicles	2 – 5
<b>Intangible assets</b>	
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 is different from the useful lives as prescribed under Part C of Schedule II to the Companies Act, 2013.	

Depreciation methods, useful lives and residual values are reviewed periodically at the end of each financial year.

The Company has elected to apply fair value method on transition for Leasehold improvements as permitted under Ind AS 16 - Property, plant and equipments.



# One Advantage LLC

## Notes to the financial statements

for the year ended 31 March 2017

### 2 Significant accounting policies (continued)

#### 2.5 Impairment

##### a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

##### b. Non-financial assets

##### i Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

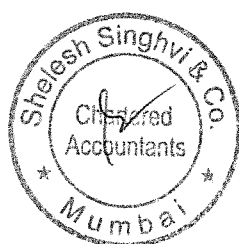
If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

#### 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 Income tax and deferred 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.



# One Advantage LLC

## Notes to the financial statements

for the year ended 31 March 2017

### 2 Significant accounting policies (continued)

#### 2.8 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.

#### 2.9 Leases

##### *Finance lease*

Assets acquired on finance leases, including assets acquired under sale and lease back transactions, have been recognised as an asset and a liability at the inception of the lease and have been recorded at an amount equal to the lower of the fair value of the leased asset or the present value of the future minimum lease payments. Such leased assets are depreciated over the lease term or its estimated useful life, whichever is shorter. Further, the instalments of minimum lease payments have been apportioned between finance charge / expense and principal repayment. Assets given on finance lease are shown as amounts recoverable from the lessee. The rentals received on such leases are apportioned between the finance income and principal amount using the implicit rate of return.

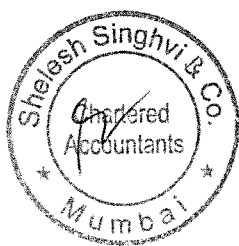
The finance charge / (income) is recognised as income, and principal received is reduced from the amount receivable. All initial direct costs incurred are included in the cost of the asset.

##### *Operating lease*

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating lease payments are recognised on a straight line basis over the lease term, unless the increase is on account of inflation, in the statement of profit and loss.

#### 2.10 Earnings per equity share

The basic earnings per equity share is computed by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting 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.



# One Advantage LLC

## Notes to the financial statements

for the year ended 31 March 2017

### 2 Significant accounting policies (continued)

#### 2.11 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 an 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.

#### 2.12 Financial instruments

##### 2.12.1 Initial recognition

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

##### a) Non-derivative financial instruments

##### i) Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

##### 2.12.2 Classification and subsequent measurement

##### i) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### ii) Financial assets at fair value through other comprehensive income ('FVOCI')

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity investments not held for trading.



# One Advantage LLC

## Notes to the financial statements

for the year ended 31 March 2017

### 2 Significant accounting policies (continued)

#### 2.12 Financial instruments (continued)

##### 2.12.2 Classification and subsequent measurement (continued)

###### iii) Financial assets at fair value through profit and loss ('FVTPL')

Financial assets are measured at fair value through profit and loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in statement of profit and loss.

###### iv) Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amount approximate fair value to short-term maturity of these instruments

###### v) Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recognised by the Company at the proceeds received net of direct issue cost.

##### 2.12.3 Share capital

###### Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

###### De-recognition of financial instruments

The Company de-recognises a financial asset when the contractual rights to the cash flows from the financial assets expire or it transfers the financial assets and such transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of financial liability) is de-recognised from the Company's balance sheet when obligation specified in the contract is discharged or cancelled or expired.

###### Fair value of financial instrument

In determining the fair value of its financial instrument, the Company uses the methods and assumptions based on market conditions and risk existing at each reporting date. Methods of assessing fair value result in general approximation of value, and such value may never actually be realized. For all other financial instruments, the carrying amounts approximate the fair value due to short maturity of those instruments.

##### 2.13 Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

##### 2.14 Onerous contracts

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.



# One Advantage LLC

## Notes to the financial statements (continued)

as at 31 March 2017

### 3) First-time adoption of Ind AS

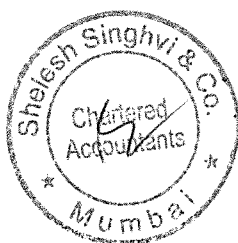
These financial statements of One Advantage LLC for the year ended 31 March 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with 1 April 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2017 and the comparative information. An explanation of how the transition from IGAAP to Ind AS has affected the Company's balance sheet and statement of profit and loss is set out in Notes 3.1 and 3.2.

#### 3.1) Reconciliation of equity as previously reported under IGAAP to Ind AS

Note	Opening balance sheet as at 1 April 2015			Balance sheet as at 31 March 2016		
	IGAAP	Effect of transition to Ind AS	IND AS	IGAAP	Effect of transition to Ind AS	IND AS
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	-	-	-	117,969	-	117,969
Capital work-in-progress	-	-	-	1,953	-	1,953
<b>Total non-current assets</b>	-	-	-	119,922	-	119,922
<b>Current assets</b>						
<b>Financial assets</b>						
Trade receivables	-	-	-	1,072,931	-	1,072,931
Cash and cash equivalents	25,798	-	25,798	649,165	-	649,165
Other financial assets	-	-	-	36,976	-	36,976
Other current assets	a 582,816	-	582,816	1,536,630	470,759	1,065,871
<b>Total current assets</b>	608,614	-	608,614	3,295,702	470,759	2,824,943
<b>Total assets</b>	608,614	-	608,614	3,415,624	470,759	2,944,865
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Equity share capital	-	-	-	-	-	-
Other equity	a 25,000	-	25,000	2,469,952	470,759	1,999,193
<b>Total equity attributable to equity share holders of the company</b>	25,000	-	25,000	2,469,952	470,759	1,999,193
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	527,762	-	527,762
Provision for employee benefits	142,881	-	142,881	138,419	-	138,419
Other liabilities	440,733	-	440,733	279,491	-	279,491
<b>Total current liabilities</b>	583,614	-	583,614	945,672	-	945,672
<b>Total equity and liabilities</b>	608,614	-	608,614	3,415,624	470,759	2,944,865

a. On application of Ind AS 18, the Company aligned its revenue recognition relating to collections business.



# One Advantage LLC

## Notes to the financial statements (continued)

for the year ended 31 March 2017

### 3.2) Reconciliation of statement of profit and loss as previously reported under IGAAP to Ind AS

		Year ended 31 March 2016		
	Note	IGAAP	Effect of transition to Ind AS	Ind AS
<b>Income</b>				
Revenue from operations	a	13,029,823	470,759	12,559,064
Other income		-	-	-
<b>Total income</b>		<b>13,029,823</b>	<b>470,759</b>	<b>12,559,064</b>
<b>Expenses</b>				
Cost Of Sales		8,043	-	8,043
Employee benefits expense		6,768,185	-	6,768,185
Depreciation and amortisation		40,754	-	40,754
Other expenses		3,767,889	-	3,767,889
<b>Total expenses</b>		<b>10,584,871</b>	<b>-</b>	<b>10,584,871</b>
<b>Profit before taxation</b>		<b>2,444,952</b>	<b>470,759</b>	<b>1,974,193</b>
Tax expenses				
- Current tax		-	-	-
- Deferred tax		-	-	-
<b>Profit for the period</b>		<b>2,444,952</b>	<b>470,759</b>	<b>1,974,193</b>
<b>Other comprehensive income</b>				
<i>Items that will not be subsequently classified to profit or loss</i>				
Remeasurement of the net defined benefit liability/asset		-	-	-
<i>Items that will be subsequently classified to profit or loss</i>				
Net changes in fair value of cash flow hedges		-	-	-
Exchange difference on translation of foreign operations		-	-	-
<b>Total comprehensive income for the period</b>		<b>2,444,952</b>	<b>470,759</b>	<b>1,974,193</b>

### Explanations for reconciliation of balance sheet and statement of profit and loss as previously reported under IGAAP to IND AS

a. On application of Ind AS 18, the Company aligned its revenue recognition relating to collections business.




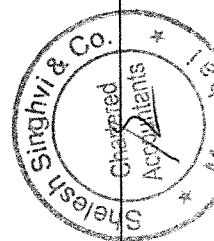


**One Advantage LLC**  
**Notes to the financial statements (continued)**  
*as at 31 March 2017*

4) **Property, plant and equipment**

Property, plant and equipment							(Amount in USD)
Particulars	Tangible Asset					Intangible Asset Software	Grand Total
	Computers	Network	Office Equipment	Furniture & Fixture	Leasehold		
Gross block (at deemed cost)							
As at 1 April 2016	595,531	527,474	199,205	336,112	154,316	1,812,638	1,812,638
Additions / adjustments during the year	2,707	23,147	24,544	23,804	-	74,202	74,202
Deletions during the year	-	-	-	-	-	-	-
As at 31 March 2017	598,238	550,621	223,749	359,916	154,316	1,886,840	1,886,840
Accumulated depreciation / amortization							
As at 1 April 2016	586,566	503,008	169,146	334,723	101,225	1,694,668	1,694,668
Charge for the year	5,099	12,592	12,424	3,661	21,118	54,894	54,894
On deletions / adjustments during the year	-	-	-	-	-	-	-
As at 31 March 2017	591,665	515,600	181,570	338,384	122,343	1,749,562	1,749,562
Net block							
As at 31 March 2017	6,573	35,021	42,179	21,532	31,973	137,278	137,278
As at 31 March 2016	8,965	24,466	30,059	1,389	53,091	117,969	117,969
Particulars	Tangible Asset					Intangible Asset Software	Grand Total
	Computers	Network	Office Equipment	Furniture & Fixture	Leasehold		
Gross block (at deemed cost)							
As at 1 April 2015	595,531	527,474	188,860	334,782	154,316	1,800,963	2,142,344
Transfer from FAL	-	-	10,345	1,330	-	11,675	11,675
Addition during the year	-	-	-	-	-	-	-
Deletions during the year	-	-	-	-	-	-	-
As at 31 March 2016	595,531	527,474	199,205	336,112	154,316	1,812,638	2,154,019
Accumulated depreciation / amortization							
As at 1 April 2015	579,559	495,005	161,325	334,625	83,627	1,654,141	1,995,295
Transfer from FAL	7,007	8,003	7,821	98	17,598	40,527	40,754
Charge for the year	-	-	-	-	-	-	-
On deletions / adjustments during the year	-	-	-	-	-	-	-
As at 31 March 2016	586,566	503,008	169,146	334,723	101,225	1,694,668	2,036,049
Net block							
As at 31 March 2016	8,965	24,466	30,059	1,389	53,091	117,969	117,969
As at 31 March 2015	-	-	-	-	-	-	-



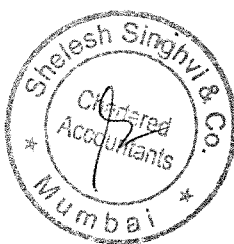


# One Advantage LLC

## Notes to the financial statements (continued)

as at 31 March 2017

Amount in USD			
	31 March 2017	31 March 2016	1 April 2015
<b>5) Other financial assets</b>			
<b>Other current financial assets</b>			
Receivable held in Trust	27,678	36,976	-
Unbilled receivables	-	-	-
	<u>27,678</u>	<u>36,976</u>	<u>-</u>
Financial assets carried at amortised cost	27,678	36,976	-
<b>6) Other assets</b>			
<b>Other current assets</b>			
Advances to Group Companies (Net)	3,821,685	1,031,266	580,254
Prepaid expenses	50,546	34,605	2,562
	<u>3,872,231</u>	<u>1,065,871</u>	<u>582,816</u>
<b>7) Trade receivables</b>			
<i>(Unsecured)</i>			
Considered doubtful	32	1,182	-
	<u>32</u>	<u>1,182</u>	<u>-</u>
Less: Impairment allowance	32	1,182	-
	<u>-</u>	<u>-</u>	<u>-</u>
Considered good	1,377,194	1,072,931	-
	<u>1,377,194</u>	<u>1,072,931</u>	<u>-</u>
<b>8) Cash and cash equivalents</b>			
Cash on hand			
Balances with banks			
in Trust accounts	27,679	36,976	-
in current accounts	394,453	649,165	25,798
	<u>422,132</u>	<u>686,141</u>	<u>25,798</u>
Less: Current account balance held in trust for customers	(27,679)	(36,976)	-
	<u>394,453</u>	<u>649,165</u>	<u>25,798</u>



## One Advantage LLC

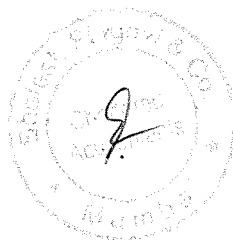
### Notes to the financial statements *(continued)*

as at 31 March 2017

		Amount in USD		
		31 March 2017	31 March 2016	1 April 2015
9)	Share capital			
a)	Issued, subscribed and paid-up	-	-	-
		-	-	-

b) Particulars of voting rights holding more than 5%

	31 March 2017 % of Holding	31 March 2016 % of Holding	1 April 2015 % of Holding
Firstsource Business Process Services LLC	100	100	100



# One Advantage LLC

## Notes to the financial statements (continued)

as at 31 March 2017

		Amount in USD		
		31 March 2017	31 March 2016	1 April 2015
10)	Trade Payables			
	Trade Payables	360,069	527,762	-
		<u>360,069</u>	<u>527,762</u>	<u>-</u>
11)	Other Financial Liabilities			
	Book Credit in Bank	31,518	-	-
		<u>31,518</u>	<u>-</u>	<u>-</u>
12)	Provision for employee benefits			
	Current			
	Compensated absences	142,045	138,419	142,881
		<u>142,045</u>	<u>138,419</u>	<u>142,881</u>
13)	Other liabilities			
	Other current liabilities			
	Amount payable to subsidiary		-	35,000
	Statutory Dues	19,839	30,588	23,096
	Employee benefits payable	270,308	214,927	382,637
	Payable to Client	24,679	33,976	-
		<u>314,826</u>	<u>279,491</u>	<u>440,733</u>



**One Advantage LLC**  
**Notes to the financial statements (continued)**  
*for the year ended 31 March 2017*

		Amount in USD	
		Year ended	
		31 March 2017	31 March 2016
<b>14)</b>	<b>Revenue from operations</b>		
	Sale of services	13,531,455	12,549,028
	Miscellaneous income	-	10,036
		<u>13,531,455</u>	<u>12,559,064</u>
<b>15)</b>	<b>Employee benefits expense</b>		
	Salaries and wages	5,647,070	6,253,074
	Contribution to statutory and other funds	37,538	35,819
	Staff welfare expenses	633,253	479,292
		<u>6,317,861</u>	<u>6,768,185</u>
<b>16)</b>	<b>Other expenses</b>		
	Rent	391,702	351,273
	Repairs, maintenance and upkeep	46,626	38,085
	Insurance	3,198	100
	Rates and taxes	13,611	4,028
	Legal and professional fees	1,300,719	1,149,558
	Car and other hire charges	39,126	23,171
	Information and communication expenses	1,460,846	1,427,371
	Meeting and seminar expenses	25,019	5,456
	Travel and conveyance	44,220	52,793
	Computer expenses	391,055	288,271
	Printing and stationery	28,991	23,704
	Registration and Membership fees	28,568	24,818
	Provision for doubtful debts/ written off/ (written back), net	32	(1,182)
	Bank administration charges	411,226	374,609
	Charitable Contribution	1,438	5,179
	Miscellaneous expenses	852	655
		<u>4,187,229</u>	<u>3,767,889</u>



# One Advantage LLC

## Notes to the financial statements (continued)

for the year ended 31 March 2017

### 17) Financial instruments

#### I. Financial instruments by category:

The carrying value and fair value of financial instruments by categories as of 31 March 2017 were as follows:

(Amount in USD)

	Amortized cost	FVTPL	FVOCI	Total carrying amount	Total fair value
<b>Financial assets</b>					
Trade receivables	1,377,194	-	-	1,377,194	1,377,194
Cash and cash equivalents	394,453	-	-	394,453	394,453
Other financial assets	27,678	-	-	27,678	27,678
<b>Total</b>	<b>1,799,325</b>	<b>-</b>	<b>-</b>	<b>1,799,325</b>	<b>1,799,325</b>
<b>Financial liabilities</b>					
Trade and other payables	360,069	-	-	360,069	360,069
Book Credit in Bank	31,518	-	-	31,518	31,518
<b>Total</b>	<b>391,587</b>	<b>-</b>	<b>-</b>	<b>391,587</b>	<b>391,587</b>

The carrying value and fair value of financial instruments by categories as of 31 March 2016 were as follows:

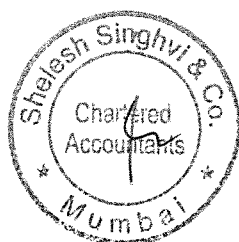
(Amount in USD)

	Amortized cost	FVTPL	FVOCI	Total carrying amount	Total fair value
<b>Financial assets</b>					
Trade receivables	1,072,931	-	-	1,072,931	1,072,931
Cash and cash equivalents	649,165	-	-	649,165	649,165
Other financial assets	36,976	-	-	36,976	36,976
<b>Total</b>	<b>1,759,072</b>	<b>-</b>	<b>-</b>	<b>1,759,072</b>	<b>1,759,072</b>
<b>Financial liabilities</b>					
Trade and other payables	527,762	-	-	527,762	527,762
<b>Total</b>	<b>527,762</b>	<b>-</b>	<b>-</b>	<b>527,762</b>	<b>527,762</b>

The carrying value and fair value of financial instruments by categories as of 1 April 2015 were as follows:

(Amount in USD)

	Amortized cost	FVTPL	FVOCI	Total carrying amount	Total fair value
<b>Financial assets</b>					
Cash and cash equivalents	25,798	-	-	25,798	25,798
<b>Total</b>	<b>25,798</b>	<b>-</b>	<b>-</b>	<b>25,798</b>	<b>25,798</b>



17) **Financial instruments (continued)**

**II Financial risk management:**

**Financial risk factors:**

The Company's activities are exposed to a variety of financial risks: market risk, credit risk, and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

**a) Market risk**

The Company operates in the US and there is no major transactions outside the US, so there is no major market risk for the Company.

**b) Credit Risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to USD 1,377,194, USD 1,072,931 and Nil as of 31 March 2017, 31 March 2016 and 1 April 2015 respectively and unbilled revenue Nil. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States, United Kingdom and other locations. Credit risk has always been managed by the Company by continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business.

**c) Liquidity Risk**

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2017, 31 March 2016 and 1 April 2015:

	31 March 2017		31 March 2016		01 April 2015	
	Less than 1 Year	More than 1 year	Less than 1 Year	More than 1 year	Less than 1 Year	More than 1 year
Trade payables	360,069	-	527,762	-	-	-
Book credit in bank account	31,518	-	-	-	-	-

18) **Leases**

**Operating lease**

The Company is obligated under non-cancellable operating leases for office space and office equipment which are renewable on a periodic basis at the option of both the lessor and lessee. Expenses under non-cancellable operating leases for the year ended 31 March 2017 aggregated to USD 391,702 (31 March 2016: USD 351,273 ) have been debited to the profit and loss account.

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

	(Amount in USD)	
	As at 31 March 2017	As at 31 March 2016
Amount due within one year from the	388,176	463,849
Amount due in the period between one year	233,435	1,926,014
Amount due in the period beyond five years		1,080,672
	<u>621,611</u>	<u>3,470,535</u>



# One Advantage LLC

## Notes to the financial statements (continued)

for the year ended 31 March 2017

### 19) Related party transactions

Details of related parties including summary of transactions entered into during the year ended 31 March 2017 are summarized below:

Ultimate Holding Company	Firstsource Solutions Ltd
Holding Company	Firstsource Business Process Services LLC
Fellow Subsidiaries	MedAssist Holding, LLC Firstsource BPO Ireland Limited Firstsource Advantage LLC Firstsource Transaction Services LLC Firstsource Dialog Solutions (Private) Ltd. Firstsource Solution UK Limited Firstsource Process Management Services Limited (earlier known as Anunta Tech Infrastructure Services Limited) Firstsource Group USA Inc. Firstsource Solutions USA LLC (earlier known as MedAssist LLC) ISGN Fulfillment Services, Inc ISGN Solutions, Inc. ISGN Fulfillment Agency, LLC
Fellow Associate	Nanobi Data and Analytics Private Limited
Directors	Arjun Mitra Thomas Estopare

#### Particulars of related party transactions:

Name of the related party	Description	Transaction value during year ended** Amount in USD		Receivable / (Payable) at USD	
		31 March 2017	31 March 2016	31 March 2017	31 March 2016
Firstsource Solutions Limited	Cost of Sales	-	8,043	-	-
	Reimbursement of expenses	87	-	-	-
	Receivable / (Payable)	-	-	(43)	(130)
Firstsource Group USA Inc	Reimbursement of expenses	46,520	715,014	-	-
	Recovery of expense	53,932	16,909	-	-
	Receivable / (Payable)	-	-	4,716,322	798,076
Firstsource Transaction Services LLC	Reimbursement of expenses	1,922,271	2,453	-	-
	Recovery of expense	3,226	17,468	-	-
	Receivable / (Payable)	-	-	(4,030)	1,715,015
Medassit Holding LLC	Reimbursement of expenses	1,707,535	1,201,566	-	-
	Recovery of expense	415,085	110,488	-	-
	Receivable / (Payable)	-	-	(646,434)	(2,701,077)
First Source Advantage LLC	Receipt of Services	-	1,012,673	-	-
	Net transfer of Assets	-	147,048	-	-
	Reimbursement of expenses	1,272,477	3,031,961	-	-
	Recovery of expense	128,345	1,595,464	-	-
	Receivable / (Payable)	-	-	(244,130)	1,219,382





## One Advantage LLC

### Notes to the financial statements *(continued)*

for the year ended 31 March 2017

#### 20) Segment reporting

As per Ind AS 108 - Operating Segment, if a financial report contains both consolidated financial statements of a parent that is within the scope of this Ind AS as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements. Accordingly, information required to be presented under Ind AS 108 - Operating Segment has been given in the consolidated financial statements of the Ultimate Holding Company.

#### 21) Capital and other commitments and contingent liabilities

The Company has capital commitments of USD 1,183 (31 March 2016: USD 52,542) as at the balance sheet date. There are no contingent liabilities as at the balance sheet date.

#### 22) Subsequent events


The Company evaluated subsequent events from the balance sheet date through 5 May 2017 and determined there are no material items to report.

As per our report of even date attached.

For **SHELESH SINGHVI & CO.**

Chartered Accountants

Firm's Registration No: 014792C

  
**Shelesh Singhvi**

Partner

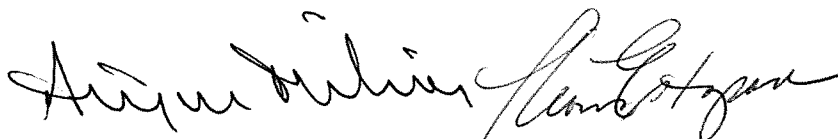
Membership No: 079817

May 5, 2017

Mumbai



For and on behalf of the Board of Directors



**Arjun Mitra**  
Director

**Thomas Estopare**  
Director