One Advantage LLC

Special Purpose Financial statements
together with the Independent Auditors' Report
for the year ended 31 March 2019

One Advantage LLC

Special Purpose Financial statements together with the Independent Auditors' Report

for the year ended 31 March 2019

Contents

Independent auditors' report

Balance sheet

Statement of profit and loss

Statement of changes in equity

Cash flow statement

Notes to the financial statements

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS
FIRSTSOURCE SOLUTIONS LIMITED

Report on the Special Purpose Standalone Financial Statements

Opinion

We have audited the accompanying Special Purpose Standalone Financial Statements of **One Advantage LLC** (the 'Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the 'Special Purpose Standalone Financial Statements'). The Special Purpose Standalone Financial Statements have been prepared by the Management of the Company for the limited purpose of facilitating the preparation of the consolidated financial statements of Firstsource Solutions Limited as at and for the year ended 31 March 2019 in accordance with Generally Accepted Accounting Principles in India ('Indian GAAP') and to assist Firstsource Solutions Limited, the holding company to comply with the requirements of Section 129(3) of the Companies Act, 2013 ('the Act').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Standalone Financial Statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, of its profit and total comprehensive income, its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Special Purpose Standalone Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act ('SAs'). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Special Purpose Standalone Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Special Purpose Standalone Financial Statements.

Management's Responsibility for the Special Purpose Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Special Purpose Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Special Purpose Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Standalone Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special Purpose Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Special Purpose Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the Special Purpose Standalone Financial Statements, including the disclosures, and whether the Special Purpose Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Special Purpose Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Special Purpose Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our audit work; and (ii) to evaluate the effect of any identified misstatements in the Special Purpose Standalone Financial Statements.

Basis of preparation

Without modifying our opinion, we draw attention to Note 1 to the Special Purpose Standalone Financial Statements, which describes the basis of preparation of the Special Purpose Standalone Financial Statements.

Restriction on Distribution and Use

Our report is intended solely for the information and use of the Board of Directors of Firstsource Solutions Limited for the preparation of their consolidated financial statements for the year ended and as at 31 March 2019, and compliance with the requirements of Section 129(3) as aforesaid and is not intended to be and should not be used by anyone other than the specified parties.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

G. K. SUBRAMANIAM
Partner
(Membership No. 109839)

Mumbai
27 June 2019

One Advantage LLC

Balance sheet

as at 31 March 2019

(Currency : In US Dollar)

	Note	31 March 2019	31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	**96,573**	114,528
Other intangible assets	3	**113,981**	76,442
Other non-current assets	7(i)	**7,649**	-
Total non-current assets		**218,203**	190,970
Current assets			
Financial assets			
Trade receivables	4	**1,843,352**	1,340,513
Cash and cash equivalents	5	**894,970**	260,785
Other financial assets	6	**1,482,332**	6,204,399
Other current assets	7(ii)	**92,927**	93,171
Total current assets		**4,313,581**	7,898,868
Total assets		**4,531,784**	8,089,838
EQUITY AND LIABILITIES			
Equity			
Equity share capital	8	**-**	-
Other equity	9	**3,379,028**	6,993,535
Total equity		**3,379,028**	6,993,535
LIABILITIES			
Current liabilities			
Financial liabilities			
Trade payables		**497,367**	475,603
Other financial liabilities	10	**409,005**	353,896
Provisions for employee benefits	11	**130,675**	154,861
Other current liabilities	12	**115,709**	111,943
Total current liabilities		**1,152,756**	1,096,303
Total equity and liabilities		**4,531,784**	8,089,838
Significant accounting policies	2		

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

As per our report of even date attached.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

For and on behalf of the Board of Directors

G K Subramaniam
Partner
Membership No: 109839
27 June 2019
Mumbai

Venkat Raman
Director

Randall Shafer
Director

One Advantage LLC

Statement of profit and loss

for the year ended 31 March 2019

(Currency : In US Dollar)

	Note	Year ended 31 March 2019	31 March 2018
INCOME			
Revenue from operations	*12*	**14,043,620**	13,194,229
Total income		**14,043,620**	13,194,229
EXPENSES			
Services rendered by business associates and others		**-**	9,148
Employee benefits expenses	*14*	**5,986,911**	6,218,575
Depreciation and amortization expense	*3*	**93,143**	58,740
Other expenses	*15*	**4,828,073**	4,874,607
Total expenses		**10,908,127**	11,161,070
Profit before tax		**3,135,493**	2,033,159
Tax expense			
Current tax		**-**	-
Deferred tax		**-**	-
Profit for the year		**3,135,493**	2,033,159
Other comprehensive income		**-**	-
Total comprehensive income for the year		**3,135,493**	2,033,159

Significant accounting policies *2*

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

As per our report of even date attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
Firm's Registration No: 117366W/W-100018

For and on behalf of the Board of Directors

G K Subramaniam
Partner
Membership No: 109839
27 June 2019
Mumbai

Venkat Raman
Director

Randall Shafer
Director

One Advantage LLC

Statement of changes in equity

for the year ended 31 March 2019

(Currency : In US Dollar)

Statement of Changes in Equity

		Attributable to owners of the Company	
		Reserve and surplus	
	Equity share capital	**Retained earnings**	**Total**
Balance as at 1 April 2018	-	6,993,535	6,993,535
Interim Dividend paid	-	(6,750,000)	(6,750,000)
Profit for the year	-	3,135,493	3,135,493
Balance as at 31 March 2019	**-**	**3,379,028**	**3,379,028**

		Attributable to owners of the Company	
		Reserve and surplus	
	Equity share capital	**Retained earnings**	**Total**
Balance as at 1 April 2017	-	4,960,376	4,960,376
Profit for the year	-	2,033,159	2,033,159
Balance as at 31 March 2018	**-**	**6,993,535**	**6,993,535**

As per our report of even date attached.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

Firm's Registration No: 117366W/W-100018

For and on behalf of the Board of Directors

G K Subramaniam
Partner
Membership No: 109839
27 June 2019
Mumbai

Venkat Raman
Director

Randall Shafer
Director

One Advantage LLC

Statement of cash flows

for the year ended 31 March 2019

(Currency : In US Dollar)

	31 March 2019	31 March 2018
<u>Cash flow from operating activities</u>		
Profit before tax	**3,135,493**	2,033,159
Adjustments for		
Depreciation and amortisation	**93,143**	58,740
Provision for doubtful debts written off / (written back)	**3,584**	3,535
Operating cash flow before changes in working capital	**3,232,220**	2,095,434
Changes in working capital		
Decrease / (Increase) in trade receivables	**(506,422)**	33,146
Decrease / (Increase) in loans and advances and other assets	**4,714,662**	(1,530,702)
(Decrease) / Increase in liabilities and provisions	**56,452**	(619,114)
Net changes in working capital	**4,264,692**	(2,116,670)
Income taxes paid	-	-
Net cash generated from / (used in) operating activities (A)	**7,496,912**	(21,236)
<u>Cash flow from investing activities</u>		
Interest income received	-	-
Purchase of property plant and equipment and intangible asstes	**(112,727)**	(112,432)
Sale of fixed assets	-	-
Net cash generated from / (used in) investing activities (B)	**(112,727)**	(112,432)
<u>Cash flow from financing activities</u>		
Interim Dividend paid	**(6,750,000)**	-
Net cash generated from / (used in) financing activities (C)	**(6,750,000)**	-
Net Increase / (decrease) in cash and cash equivalents at the end of the year (A+B+C)	**634,185**	(133,668)
Cash and cash equivalents at the beginning of the year	**260,785**	394,453
Cash and cash equivalents at the end of the year	**894,970**	260,785

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 2019	31 March 2018
Cash on hand	-	-
Balances with banks		
- in current accounts	**894,970**	260,785
Cash and cash equivalents	**894,970**	260,785

As per our report of even date attached.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

Firm's Registration No: 117366W/W-100018

For and on behalf of the Board of Directors

G K Subramaniam
Partner
Membership No: 109839
27 June 2019
Mumbai

Venkat Raman
Director

Randall Shafer
Director

1 Company overview

One Advantage LLC (the 'Company') was incorporated under the laws of the state of Delware on 6 August 2014. The Company is engaged in the business of debt collection services mainly of healthcare business throughout the United States of America.

The Company is a wholly owned Subsidiary of Firstsource Business Process Services LLC incorporated under the laws of the state of Delware.

Basis of Preparation and Statement of compliance

The special purpose financial statements are prepared in accordance with Indian Accounting Standards ('Ind AS'), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values and the provisions of the Companies Act, 2013 (the 'Act') (to the extend notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereunder.

These special purpose financial statements have been prepared for the limited purpose of facilitating the preparation of the consolidated financial statements of Firstsource Solutions Limited, the Holding Company, as at and for the year ended March 31, 2019 in accordance with Generally Accepted Accounting Principles in India ('Indian GAAP') and to assist the Holding Company Firstsource Solutions Limited to comply with the requirements of section 129(3) of the Act.

These special purpose financial statements were approved by the Board of Directors of Firstsource Solutions Limited the Holding Company, and authorised for issue on 6 May 2019.

2 Significant accounting policies

2.1 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 2.1.1.

2.1.1 Critical Accounting Estimates

Property, plant and equipment and Intangible assets

The charge in respect of periodic depreciation / amortisation 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 are 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.

2.2 Revenue recognition

Effective 1 April 2018, the Company has applied Ind AS 115 'Revenue from contracts with customers' which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. The adoption of the standard did not have any material impact to the financial statements of the Company.

The Company, in its contracts with customers, promises to transfer distinct services rendered in the form of healthcare (transaction processing and revenue cycle management).

Each distinct service, results in a simultaneous benefit to the corresponding customer. Also, the Company has an enforceable right to payment from the customer for the performance completed to date. Revenue from unit price based contracts is measured by multiplying the units of output delivered with the agreed transaction price per unit while in case of time and material based contracts, revenue is the product of the efforts expended and the agreed transaction price per unit. The Company continually reassesses the estimated discounts, rebates, price concessions, refund, credits, incentives, performance bonuses, etc., (variable consideration) aganist each performance obligation each reporting period and recgnises changes to estimated variable consideration as changes to the transaction price (i.e., revenue) of the apllicable performance obligation.

Dividend income is recognised when the right to receive dividend is established.

For all instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

2 Significant accounting policies *(Continued)*

2.3 Property, plant and equipment and Intangible assets

Property, plant and equipment and intangible assets are stated at cost less accumulated depreciation and impairment, if any. Cost includes freight, duties, taxes and incidental expenses related to acquisition and installation of the property, plant and equipment. Depreciation / Amortisation on property, plant and equipment and intangile assets is provided pro-rata to the period of use based on management's best estimate of useful lives of the assets as summarised below:

Asset category	**Useful life (in years)**
Tangible assets	
Leasehold improvements	Lease term or 5 years, whichever is shorter
Service equipment*	2 – 5
Computers*	2 – 4
Office Equipment*	2 – 5
Furniture and Fixtures*	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 is different from the useful lives as prescribed under Part C of Schedule II to the Companies Act, 2013.

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

2.4 Impairment

a. Financial assets

The Company recognises 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. A default on a financial asset is when there is a significant increase in the credit risk which is evaluated based on the business environment. The assets are written off when the Company is certain about the non-recovery.

b. Non-financial assets

Property, plant and equipment and Intangible assets

Property, plant and equipment and Intangible assets 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 Cash Generating Unit ('CGU') to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised 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 recognised for the asset in prior years.

2.5 Employee benefits

Defined contribution plans

The Company has 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 accure. The Company has no further obligation to the plan beyond its monthly contribution. Other retirement benefits, including social security and medicare, are accrued based on the amounts payable as per local regulations.

Compensated absences

Employees of the Company are entitled to compensated absences to be utilised within one calendar year. The employees can 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 at the balance sheet date.

2 Significant accounting policies *(Continued)*

2.6 Taxation

Current income taxes and deferred income taxes

Income-tax expense comprises current tax (i.e. amount of tax for the year 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 recongised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available aganist which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be recognised.

The Income tax liability and Deferred Tax Asset and Liability are computed on a combined basis and a combined tax return is filed for all subsidiaries of Firstsource Solutions Limited operating in the United States of America and the charge, the asset and the liability is accounted on a combined basis by Firstsource Group USA, Inc. (parent company in the United States of America) in its financial statements.

2.7 Leases

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.

2.8 Foreign currency

Functional currency

The functional currency of the Company is the US Dollar (USD) .

Transactions and Translations

Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Gains or losses realised upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash flow items denominated in foreign currencies are translated into the functional currency using the exchange rate in effect on the date of the transaction.

2.9 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 Significant accounting policies *(Continued)*

2.10 Financial instruments

2.10.1 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.

2.10.2 Classification and subsequent measurement

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.

ii) 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.

iii) 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.

iv) 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.

v) 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.

vi) 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.

b) Share Capital

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

2.10.3 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.

2.10.4 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 realised. For all other financial instruments, the carrying amounts approximate the fair value due to short maturity of those instruments.

2.11 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 items 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 Significant accounting policies *(Continued)*

2.12 Onerous contracts

Provisions for onerous contracts are recognised when the expected benefits to be derived 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.

***2.13* Recent accounting pronouncements**

Ind AS 116 Leases:

On 30 March, 2019, Ministry of Corporate Affairs has notified Ind AS 116 'Leases', Ind AS 116 will replace the existing leases standard Ind AS 17 'Leases and related interpretations'. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure for leases for both parties to a contract , i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Ind AS 116 also contains enhanced disclosure requirement for lessees. Ind AS 116 substantially carries forward the lessor accounting requirement in Ind AS 17. The effective date for adoption of Ind AS 116 is annual periods beginning on or after 1 April 2019 and permits two possible methods of transition; (a) Full retrospective - retrospectively adjusting each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and error or (b) Modified retrospective - retrospectively, with cumulative effect of initially applying the standard recognised at the date of initial application. The Company is currently evaluating the effect of Ind AS 116 on the financial statements.

Amendment to Ind AS 12 Income taxes

On 30 March 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12 'Income Taxes' in connection with accounting for dividend distribution taxes. The effective date of application of this amendment is annual periods beginning on or after 1 April 2019. This amendment clarifies that an entity shall recognise the income tax consequences of dividends in the Statement of Profit and Loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The effect of application of this amendment on the financial statements is expected to be insignificant.

Ind AS 12 Appendix C Uncertainty Over Income Tax Treatments

On 30 March, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C Uncertainty Over Income Tax Treatments with effective date for adoption for annual periods beginning on or after 1 April 2019. This appendix requires companies to determine the probability of the relevant tax authority accepting each tax treatment or group of tax treatments that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates, The effect of adoption of the Appendix on the financial statements is expected to be insignificant.

Amendment to Ind AS 19 Employee Benefits

On 30 March 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19 'Employee Benefits' which requires an entity to use updated assumptions to determine service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in the Statement of Profit and Loss as part of past service cost or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the assets ceiling. The effective date of application of this amendment is annual periods beginning on or after 1 April 2019. The effect of application of this amendment on the financial statements is expected to be insignificant.

(Currency : In US Dollar)

3 Property, plant and equipment and intangible assets

	Tangible Asset						Intangible Asset	
Particulars	**Leasehold improvements**	**Service Equipment**	**Computers**	**Office equipment**	**Furniture and fixture**	**Total**	**Software**	**Grand Total**
Gross block								
As at 1 April 2018	**154,316**	**550,621**	**632,154**	**225,709**	**359,916**	**1,922,716**	**417,937**	**2,340,653**
Additions / adjustments during the year	**-**	**-**	**36,825**	**4,074**	**-**	**40,899**	**71,828**	**112,727**
Deletions during the year	**-**	**(1,889)**	**-**	**(159)**	**-**	**(2,048)**	**(341,381)**	**(343,429)**
As at 31 March 2019	**154,316**	**548,732**	**668,979**	**229,624**	**359,916**	**1,961,567**	**148,384**	**2,109,951**
Accumulated depreciation / amortization								
As at 1 April 2018	**143,461**	**529,700**	**595,652**	**195,727**	**343,648**	**1,808,188**	**341,495**	**2,149,683**
Charge for the year	**10,855**	**10,463**	**18,952**	**13,320**	**5,264**	**58,854**	**34,289**	**93,143**
On deletions / adjustments during the year	**-**	**(1,889)**	**-**	**(159)**	**-**	**(2,048)**	**(341,381)**	**(343,429)**
As at 31 March 2019	**154,316**	**538,274**	**614,604**	**208,888**	**348,912**	**1,864,994**	**34,403**	**1,899,397**
Net block								
As at 31 March 2019	**-**	**10,458**	**54,375**	**20,736**	**11,004**	**96,573**	**113,981**	**210,554**
As at 31 March 2018	**10,855**	**20,921**	**36,502**	**29,982**	**16,268**	**114,528**	**76,442**	**190,970**

	Tangible Asset						Intangible Asset	
Particulars	**Leasehold improvements**	**Service Equipment**	**Computers**	**Office equipment**	**Furniture and fixture**	**Total**	**Software**	**Grand Total**
Gross block								
As at 1 April 2017	154,316	550,621	598,238	223,749	359,916	1,886,840	341,381	2,228,221
Additions / adjustments during the year	-	-	33,916	1,960	-	35,876	76,556	112,432
Deletions during the year	-	-	-	-	-	-	-	-
As at 31 March 2018	154,316	550,621	632,154	225,709	359,916	1,922,716	417,937	2,340,653
Accumulated depreciation / amortization								
As at 1 April 2017	122,343	515,600	591,665	181,570	338,384	1,749,562	341,381	2,090,943
Charge for the year	21,118	14,100	3,987	14,157	5,264	58,626	114	58,740
On deletions / adjustments during the year	-	-	-	-	-	-	-	-
As at 31 March 2018	143,461	529,700	595,652	195,727	343,648	1,808,188	341,495	2,149,683
Net block								
As at 31 March 2018	10,855	20,921	36,502	29,982	16,268	114,528	76,442	190,970
As at 31 March 2017	31,973	35,021	6,573	42,179	21,532	137,278	-	137,278

One Advantage LLC

Notes to the financial statements (Continued)

as at 31 March 2019

(Currency : In US Dollar)

	31 March 2019	31 March 2018
4 Trade receivables		
(Unsecured)		
Considered doubtful	**8,332**	4,749
Less: Impairment allowance	**(8,332)**	(4,749)
	-	-
Considered good	**1,843,352**	1,340,513
	1,843,352	1,340,513

a) Trade receivables are non interest bearing.

b) No trade or other receivables are due from directors or other officers of the Company, either severally or jointly

c) For receivables from related parties, refer note 18.

	31 March 2019	31 March 2018
5 Cash and cash equivalents		
Cash on hand		
Balances with banks		
-in current accounts	**894,970**	260,785
Earmarked balances with banks held in trust	**118,106**	94,106
	1,013,076	354,891
Less: Current account balance held in trust for customers	**(118,106)**	(94,106)
	894,970	260,785

	31 March 2019	31 March 2018
6 Other financial assets		
(Unsecured, considered good)		
Other current financial assets		
Advance to Related Parties	**1,482,332**	6,204,399
	1,482,332	6,204,399

	31 March 2019	31 March 2018
7 Other assets		
(i) Non-current Assets		
Prepaid expenses	**7,649**	-
	7,649	-
(ii) Current Assets		
Prepaid expenses	**91,532**	93,171
Other Advances	**1,395**	-
	92,927	93,171

(Currency : In US Dollar)

	31 March 2019	31 March 2018
8 Share capital		
Authorised		
	-	-
	-	-
Issued, subscribed and paid-up		
	-	-
	-	-

a) Particulars of shareholders holding more than 5% equity shares

	31 March 2019 **% of holding**	31 March 2018 % of holding
Firstsource Business Process Services LLC	**100**	100

Management confirms to a framework of capital through agreement without any contributions thereby providing 100% ownership and voting rights and right to 100% of profits / losses. Hence, the financials do not disclose any Earnings per share value.

	31 March 2019	31 March 2018
9 Other Equity		
Retained earnings		
At the commencement of the year	**6,993,535**	4,960,376
Add: Net profit for the year	**3,135,493**	2,033,159
Less: Interim Dividend paid during the year	**(6,750,000)**	-
At the end of the year	**3,379,028**	6,993,535
Total other equity	**3,379,028**	6,993,535
10 Other financial liabilities		
Payable to related parties	**409,005**	353,896
	409,005	353,896
11 Provision for employee benefits		
Current		
Compensated absences	**130,675**	154,861
	130,675	154,861
12 Other liabilities		
Other current liabilities		
Advance received from customers	**102,208**	91,106
Statutory Dues	**13,501**	20,837
	115,709	111,943

(Currency : In US Dollar)

	Year ended	
	31 March 2019	31 March 2018
13 Revenue from operations		
Sale of services	**14,043,620**	13,194,229
	14,043,620	13,194,229

The Company provides transaction processing and revenue cycle management services for customers in the healthcare industry and operates in the US geography only.

Revenues in excess of invoicing are classified as contract assets (which is referred as unbilled revenues). Changes in contract assets are directly attributable to revenue recognised based on the accounting policy defined and invoicing done during the year. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures as the revenue recognised corresponds directly with the value to the customer of the Company's performance completed to date.

14 Employee benefits expense		
Salaries and wages	**5,313,676**	5,518,307
Contribution to social security and other benefits	**34,583**	34,601
Staff welfare expenses	**638,652**	665,667
	5,986,911	6,218,575

15 Other expenses		
Rent	**443,975**	450,395
Cars and other hire charges	**143,484**	59,555
Repairs, maintenance and upkeep	**44,318**	47,324
Computer expenses	**343,972**	386,910
Legal and professional fees	**1,333,634**	1,300,159
Connectivity, Information and Communication Expenses	**1,709,092**	1,782,504
Travel and conveyance	**48,332**	75,724
Insurance	**30,977**	40,338
Printing and stationery	**17,920**	31,984
Marketing and Support fees	**14,536**	46,042
Rates and taxes	**59,168**	2,352
Recruitment and Training Expense	**4,639**	-
Bank administration charges	**385,741**	426,440
Provision for doubtful debts (net)	**3,584**	3,535
Allocated Corporate Cost	**241,826**	215,954
Miscellaneous expenses	**2,875**	5,391
	4,828,073	4,874,607

(Currency : In US Dollar)

16 Financial instruments

I. Financial instruments by category:

The carrying value and fair value of financial instruments by categories as of 31 March 2019 were as follows:

	Amortized cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Trade receivables	**1,843,352**	**-**	**-**	**1,843,352**	**1,843,352**
Cash and cash equivalents	**894,970**	**-**	**-**	**894,970**	**894,970**
Other financial assets	**1,482,332**	**-**	**-**	**1,482,332**	**1,482,332**
Total	**4,220,654**	**-**	**-**	**4,220,654**	**4,220,654**
Financial liabilities					
Other financial liability	**409,005**	**-**	**-**	**409,005**	**409,005**
Trade payables	**497,367**	**-**	**-**	**497,367**	**497,367**
Total	**906,372**	**-**	**-**	**906,372**	**906,372**

The carrying value and fair value of financial instruments by categories as of 31 March 2018 were as follows:

	Amortized cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Trade receivables	1,340,513	-	-	1,340,513	1,340,513
Cash and cash equivalents	260,785	-	-	260,785	260,785
Other financial assets	6,204,399	-	-	6,204,399	6,204,399
Total	7,805,697	-	-	7,805,697	7,805,697
Financial liabilities					
Other financial liability	-		-	-	-
Trade payables	475,603	-	-	475,603	475,603
Total	475,603	-	-	475,603	475,603

Fair value hierachy for the above stated financial assets and liabilities is using measurement principles at Level 3 as at 31 March 2019 and 31 March 2018.

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 are 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 1,843,352 as at 31 March 2019 (31 March 2018: USD 1,340,513) and unbilled revenue amounting to USD Nil (31 March 2018 : USD Nil). 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.

(Currency : In US Dollar)

16 Financial instruments (Continued)

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 2019 and 31 March 2018:

	31 March 2019		31 March 2018	
	Less than 1 Year	**More than 1 year**	Less than 1 Year	More than 1 year
Trade payables	**497,367**	**-**	475,603	-

17 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 2019 aggregated to USD 191,172 (31 March 2018: USD 191,172).

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

	As at 31 March 2019	As at 31 March 2018
Amount due within one year from the balance sheet date	**47,793**	191,172
Amount due in the period between one year and five years	**-**	47,793
	47,793	238,965

The Company also leases office facilities under cancellable operating leases that are renewable on a periodic basis at the option of both the lessor and lessee. Expenses under cancellable operating leases for the year ended 31 March 2019 is USD 252,803 (31 March 2018 is USD 259,323).

One Advantage LLC

Notes to the financial statements (Continued)

for the year ended 31 March 2019

(Currency : In US Dollar)

18 Related party transactions

Details of related parties including summary of transactions entered into during the year ended 31 March 2019 are summarized below:

Ultimate Holding Company	CESC Ventures Limited (formerly known as RP-SG Business Process Services Limited)
Holding Company	Firstsource Group USA Inc. Firstsource Solutions Limited Firstsource Business Process Services LLC
Fellow Subsidiaries	Kolkata Games and Sports Pvt Ltd Quest Properties India Limited Metromark Green Commodities Pvt. Ltd Guiltfree Industries Limited Bowlopedia Restaurants India Limited Apricot Foods Private Limited MedAssist Holding, LLC Firstsource Advantage LLC Firstsource Solutions USA LLC Firstsource Solution UK Limited Firstsource Process Management Services Limited Firstsource BPO Ireland Limited Firstsource Solutions USA LLC Sourcepoint Fulfillment Services, Inc ISGN Fulfillment Agency,LLC Sourcepoint Inc.
Fellow Associate	Nanobi Data and Analytics Private Limited.
Directors	Venkat Raman Randall Shafer

Particulars of related party transactions:

Name of the related party	Description	Transaction value during year ended	Transaction value during year ended Amount in USD	Receivable / (Payable) at Amount in USD	
		31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
Firstsource Solutions Limited	Services rendered by business associates and Others	**-**	7,860		
	Reimbursement of expenses	**244,425**	215,954		
	Receivable / (Payable)			**(242,221)**	(223,856)
Firstsource Group USA Inc	Reimbursement of expenses	**57,175**	52,863		
	Recovery of expense	**1,133**	-		
	Receiveable / (Payable)			**1,482,332**	6,204,399
Firstsource Transcation Services LLC	Reimbursement of expenses	**4,976**	5,278		
	Recovery of expense	**1,953**	-		
	Receivable / (Payable)			**(2,692)**	(11)
Medassit Holding LLC	Reimbursement of expenses	**1,588,351**	1,626,147		
	Recovery of expense	**126,492**	130,028		
	Receivable / (Payable)			**(127,936)**	(62,249)
Firstsource Advantage LLC	Services rendered by business associates and Others	**-**	1,288		
	Reimbursement of expenses	**934,106**	1,365,191		
	Recovery of expense	**103,901**	88,176		
	Receivable / (Payable)			**(36,156)**	(60,461)
Firstsource Business Process Services LLC	Interim Dividend paid	**6,750,000**	-		
	Receivable / (Payable)			**-**	-
Sourcepoint Fulfillment Services, Inc	Reimbursement of expense	**-**	7,319		
	Receivable / (Payable)			-	(7,319)

19 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 Firstsource Solutions Limited ('the Holding Company').

20 Capital and other commitments and contingent liabilities

The Company has capital commitments of USD 1,198 (31 March 2018: USD Nil) as at the balance sheet date. There are no contingent liabilities as at Balance sheet date. (31 March 2018 : USD Nil)

21 Long-term contracts

The Company has a process whereby yearly all long-term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and assessed that there is no provision required under any law / Accounting Standards for material foreseeable losses on such long term contracts in the books of account.

22 Subsequent events

The Company evaluated subsequent events from the balance sheet date through 27 June 2019 and determined there are no material items to report.

As per our report of even date attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
Firm’s Registration No: 117366W/W-100018

For and on behalf of the Board of Directors

G K Subramaniam
Partner
Membership No: 109839

Venkat Raman
Director

Randall Shafer
Director

27 June 2019
Mumbai