ISGN Fulfillment Services, Inc

Special Purpose Financial Statements
together with the Independent Auditors' Report
for the year ended 31 March 2018

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Special Purpose Financial Statements together with the Independent Auditors’ Report

for the year ended 31 March 2018

Contents

ISGN Fulfillment Services, Inc

Balance sheet

as at 31 March 2018

(Currency in US Dollar)

	Note	31 March 2018	31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	**159,599**	82,848
Capital work-in-progress		**-**	-
Other intangible assets	3	**31,511**	2,957
Financial assets			
Other financial assets	4(i)	**45,000**	45,000
Other non-current assets	5(i)	**1,486**	1,161
Income tax assets (net)		**2,329**	-
Total non-current assets		**239,925**	131,966
Current assets			
Financial assets			
Trade receivables	6	**3,136,832**	2,201,629
Cash and cash equivalents	7	**77,878**	14,831
Other financial assets	4(ii)	**1,805,849**	1,815,837
Other current assets	5(ii)	**329,323**	66,194
Total current assets		**5,349,882**	4,098,491
Total assets		**5,589,807**	4,230,457
EQUITY AND LIABILITIES			
Equity			
Equity share capital	6	**400,803**	400,803
Other equity		**(4,589,068)**	(158,748)
Total equity		**(4,188,265)**	242,055
LIABILITIES			
Current liabilities			
Financial liabilities			
Trade payables		**1,401,564**	3,270,537
Other financial liabilities	7	**7,077,468**	449,407
Provisions for employee benefits	8	**385,877**	268,458
Other current liabilities	9	**913,163**	-
Total current liabilities		**9,778,072**	3,988,402
Total equity and liabilities		**5,589,807**	4,230,457
Significant accounting policies	2		

The accompanying notes from 1 to 21 are an integral part of these 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
13 July 2018
Mumbai

Erik Anderson
Director

Auvese Pasha
Director

ISGN Fulfillment Services, Inc
Statement of profit and loss
for the year ended 31 March 2018
(Currency in US Dollar)

	Note	Year ended 31 March 2018	31 March 2017
INCOME			
Revenue from operations	*10*	**24,824,437**	39,507,671
Other income,net	*11*	**-**	2,794
Total income		**24,824,437**	39,510,465
EXPENSES			
Services rendered by business associates and others		**12,140,219**	14,988,257
Employee benefits expenses	*12*	**11,437,334**	19,602,783
Depreciation and amortization expense	*3*	**35,251**	103,410
Other expenses	*13*	**5,641,953**	7,021,089
Total expenses		**29,254,757**	41,715,539
Profit before tax		**(4,430,320)**	(2,205,074)
Tax expense			
Current tax		**-**	-
Deferred tax		**-**	-
Profit for the year		**(4,430,320)**	(2,205,074)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(4,430,320)**	(2,205,074)
Weighted average number of equity shares outstanding during the year			
Basic		**400,803**	400,803
Diluted		**400,803**	400,803
Earnings per equity share			
Basic		**(11.05)**	(5.50)
Diluted		**(11.05)**	(5.50)
Significant accounting policies	*2*		

The accompanying notes from 1 to 21 are an integral part of these 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

Erik Anderson
Director

Auvese Pasha
Director

13 July 2018
Mumbai

ISGN Fulfillment Services, Inc
Statement of changes in equity
for the year ended 31 March 2018
(Currency in US Dollar)

	Attributable to owners of the Company		
		Reserve and surplus	
	Equity share capital	Retained earnings	Total
Balance as at 1 April 2017	400,803	(158,748)	242,055
Profit/(Loss) for the year	-	(4,430,320)	(4,430,320)
Balance as at 31 March 2018	**400,803**	**(4,589,068)**	**(4,188,265)**

	Attributable to owners of the Company		
		Reserve and surplus	
	Equity share capital	Retained earnings	Total
Balance as at 1 April 2016	400,803	2,046,326	2,447,129
Profit/(Loss) for the year	-	(2,205,074)	(2,205,074)
Balance as at 31 March 2017	**400,803**	**(158,748)**	**242,055**

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

Erik Anderson
Director

Auvese Pasha
Director

13 July 2018
Mumbai

ISGN Fulfillment Services, Inc

Statement of cash flows

for the year ended 31 March 2018

(Currency in US Dollar)

	31 March 2018	31 March 2017
<u>Cash flow from operating activities</u>		
Profit before tax	**(4,430,320)**	(2,205,074)
Adjustments for		
Depreciation and amortisation	**35,251**	103,410
Loss on Sale of Fixed Assets	**386**	-
Operating cash flow before changes in working capital	**(4,394,683)**	(2,101,664)
Changes in working capital		
(Increase) / decrease in trade receivables	**(935,203)**	1,372,275
(Increase) / decrease in loans and advances and other assets	**(253,465)**	1,143,750
Increase / (decrease) in liabilities and provisions	**5,789,670**	(1,746,912)
Net changes in working capital	**4,601,002**	769,113
Income taxes paid	**(2,329)**	-
Net cash generated from / (used in) operating activities (A)	**203,990**	(1,332,551)
<u>Cash flow from investing activities</u>		
Purchase of property, plant and equipment	**(141,837)**	(84,571)
Proceeds on sale of property, plant and equipment	**894**	
Net cash generated from / (used in) investing activities (B)	**(140,943)**	(84,571)
<u>Cash flow from financing activities</u>		
	-	-
Net cash generated from / (used in) financing activities (C)	**-**	-
Net Increase / (decrease) in cash and cash equivalents at the end of the year (A+B+C)	**63,047**	(1,417,122)
Cash and cash equivalents at the beginning of the year	**14,831**	1,431,953
Cash and cash equivalents at the end of the year	**77,878**	14,831

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 2018	31 March 2017
Cash on hand	**-**	-
Balances with banks	**77,878**	14,831
- in current accounts	**77,878**	14,831
Cash and cash equivalents	**77,878**	14,831

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

Erik Anderson
Director

Auvese Pasha
Director

13 July 2018
Mumbai

1 Company overview

ISGN Fullfillment Services Inc.(the 'Company') was incorporated for the purpose of providing business process outsourcing (BPO) servies to the mortgage lending Industry. The Company provides a wide range of consulting services relating to mortgage products. business process outsourcing (BPO) Services such as fulfillment services and loan services. The Company's customer base consists primarily of Mortgage banks and financial instititions situated primarily in the United States of America.

The Company is a wholly owned subsidiary of ISGN Solutions INC. which is a wholly owned subsidiary of Firstsource group USA. Inc. incorporated in the state of Delware, USA.

2 Significant accounting policies

2.1 Basis of Preparation and Statement of Compliance

These 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 extent 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 Companies (Indian Accounting Standards) Amendment Rules, 2016 ('the Rules').

These special purpose financial statements have been prepared for the limited purpose of facilitating the preparatoin of the consolidated financial statements of Firstsource Solutions Limited, the holding company, as at and for the year ended March 31, 2018 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 Act.

These special purpose financial statements were approved by the Board of Directors of Firstsource Solutions Limited, the Holding Company authorised for issue on 7 May 2018.

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

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

Revenue derived from professional services under the time and material contracts is recognised as the related services are performed. Revenue from title and related operations such as valuation, are primarily transactions based and are recognised as revenue when services are performed, the fee is fixed or determinable, and collection is reasonably assured.

Unbilled revenue represents work executed in accordance with the terms of the agreement with customers but not billed as of the balance sheet date.

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 Company 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 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 intangible 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
Computers*	2 – 4
Vehicles*	2 – 5
Office equipment*	2 – 5
Furniture and fixtures*	2 – 5
Intangible assets	
Software*	2 – 4

* For these class of assets, based on internal assessment and technical evaluation, 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.

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 Amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2.5 Taxation

Current 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 recongised.

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. Deferred Tax Asset and Liability and Income tax charge accounted in these Special Purpose Financial Statements relate only to the pre-acquisition period and adjustments thereof.

2 Significant accounting policies (Continued)

2.6 Foreign currency

Functional currency

The functional currency of the Company is the United Stated Dollar ($) .

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.

2.7 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. Contributions made under the plan are charged to the Statement of Profit and loss in the period in which they accure. The Company has no further obligation to the plan beyond its monthly contribution. Other contributions to retirement benefits, including social security and medicare are accrued based on the amounts payable as per local regulations.

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.

Compensated absences

Provision for compensated absences cost has been made based on eligible vacation balances at balance sheet date.

Employees of the Company are entitled to compensated absences, the employees can carry-forward a portion of the unutilised 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.

2.8 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.

2.9 Earnings per equity share

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

2.10 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)

2.11 Financial instruments

2.11.1 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

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.

2.11.2 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.

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.

b) Share Capital

Ordinary shares

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.

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 Significant accounting policies (Continued)

2.11 Financial instruments (continued)

2.11.3 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.

2.11.4 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.

2.13 Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the year 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.

2.15 **Recent accounting pronouncements**

Ind AS 21 Foreign currency transactions and advance consideration:

On 28 March 2018, MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. This amendment will come into force from 1 April 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115 Revenue from Contract with Customers:

On 28 March 2018, Ministry of Corporate Affairs has notified the Ind AS115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1 April 2018. The effect on adoption of Ind AS 115 on the financial statements is expected to be insignificant.

ISGN Fulfillment Services, Inc
Notes to the financial statements (Continued)
as at 31 March 2018
(Currency in US Dollar)

4 Property, plant and equipment and Intangible assets

	Tangible Asset						Intangible Asset	
Particulars	**Leasehold improvements**	**Computers**	**Vehicle**	**Office equipment**	**Furniture and fixture**	**Total**	**Software**	**Grand Total**
Gross block (at deemed cost)								
As at 1 April 2017	**54,124**	**10,807,048**	**25,991**	**2,147,796**	**1,633,246**	**14,668,205**	**1,127,497**	**15,795,702**
Additions / adjustments during the year	**57,732**	**26,026**	**-**	**2,163**	**19,985**	**105,907**	**35,929**	**141,836**
Deletions during the year	**-**	**(5,027,120)**	**(21,098)**	**-**	**(640)**	**(5,048,858)**	**-**	**(5,048,858)**
As at 31 March 2018	**111,856**	**5,805,954**	**4,893**	**2,149,959**	**1,652,592**	**9,725,253**	**1,163,426**	**10,888,680**
Accumulated depreciation / amortization								
As at 1 April 2017	**3,407**	**10,790,323**	**21,159**	**2,140,564**	**1,629,904**	**14,585,357**	**1,124,540**	**15,709,897**
Charge for the year	**12,692**	**10,295**	**1,397**	**2,071**	**1,421**	**27,876**	**7,375**	**35,251**
On deletions / adjustments during the year	**-**	**(5,026,377)**	**(21,098)**	**-**	**(103)**	**(5,047,578)**	**-**	**(5,047,578)**
As at 31 March 2018	**16,099**	**5,774,241**	**1,458**	**2,142,635**	**1,631,222**	**9,565,655**	**1,131,915**	**10,697,570**
Net block								
As at 31 March 2018	**95,757**	**31,713**	**3,435**	**7,324**	**21,369**	**159,599**	**31,511**	**191,110**
As at 31 March 2017	**50,717**	**16,725**	**4,832**	**7,232**	**3,342**	**82,848**	**2,957**	**85,805**

	Tangible Asset						Intangible Asset	
Particulars	**Leasehold improvements**	**Computers**	**Vehicle**	**Office equipment**	**Furniture and fixture**	**Total**	**Software**	**Grand Total**
Gross block (at deemed cost)								
As at 1 April 2016	-	10,783,461	21,098	2,113,608	1,629,893	14,548,060	1,124,432	15,672,492
Additions / adjustments during the year	54,124	23,587	4,893	7,340	3,353	93,297	3,065	96,362
On deletions / adjustments during the year	-	-	-	26,848	-	26,848	-	26,848
As at 31 March 2017	54,124	10,807,048	25,991	2,147,796	1,633,246	14,668,205	1,127,497	15,795,702
Accumulated depreciation / amortization								
As at 1 April 2016	-	10,716,482	21,098	2,096,437	1,629,893	14,463,910	1,115,729	15,579,639
Charge for the year	3,407	73,841	61	17,279	11	94,599	8,811	103,410
On deletions / adjustments during the year	-	-	-	26,848	-	26,848	-	26,848
As at 31 March 2017	3,407	10,790,323	21,159	2,140,564	1,629,904	14,585,357	1,124,540	15,709,897
Net block								
As at 31 March 2017	50,717	16,725	4,832	7,232	3,342	82,848	2,957	85,805
As at 31 March 2016	-	66,979	-	17,171	0	84,150	8,703	92,853

(Currency in US Dollar)

	31 March 2018	31 March 2017
4) Other financial assets		
(Unsecured, considered good)		
(i) Other non-current financial assets		
Deposits	**45,000**	45,000
	45,000	45,000
(ii) Other current financial assets		
Unbilled receivables	**1,793,541**	1,796,792
Loan to Employees	**12,308**	19,045
	1,805,849	1,815,837
5) Other assets		
(Unsecured, considered good)		
(i) Other non-current assets		
Prepaid expenses	**1,486**	1,161
	1,486	1,161
(ii) Other current assets		
Prepaid expenses	**129,323**	66,194
Advance to Vendors	**200,000**	-
	329,323	66,194
6) Trade receivables		
(Unsecured)		
Considered doubtful	-	1,673,573
Less: Impairment allowance	-	1,673,573
	-	-
Considered good	**3,136,832**	2,201,629
	3,136,832	2,201,629
	3,136,832	2,201,629

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 party refer note 16.
d) During the year ended March 31, 2018, trade receivables considered doubtful amounting to USD 1,673,573 have been written off, for which an impairment allowance was created in the prior years.

	31 March 2018	31 March 2017
7) Cash and cash equivalents		
Cash on hand	-	-
Balances with banks		
-in current accounts	**77,878**	14,831
	77,878	14,831

(Currency in US Dollar)

	31 March 2018	31 March 2017
3) Share capital		
Authorised		
10,00,000 (31 March 2017 : 1,00,000) Equity Shares of USD 1 each	**1,000,000**	1,000,000
	1,000,000	1,000,000
Issued, subscribed and paid-up		
400,803 (31 March 2017: 400,803) Equity Shares of USD 1 each	**400,803**	400,803
	400,803	400,803

a) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	31 March 2018		31 March 2017	
	Number of shares	**Amount**	Number of shares	Amount
At the commencement of the year	**400,803**	**400,803**	400,803	400,803
At the end of the year	**400,803**	**400,803**	400,803	400,803

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

	31 March 2018		31 March 2017	
	Number of shares	**% of total shares**	Number of shares	% of total shares
ISGN Solutions, INC	**400,803**	**100.00%**	**400,803**	**100.00%**

c) Rights, preferences and restrictions attached to equity shares

The Company has a single class of shares. Accordingly, all unit holders rank equally with regard to dividends and share in th Company's residual assets. The unit holders are entitled to receive dividend as declared from time to time. The voting rights o an unit holder are in proportion to its share of the units of the Company. On winding up of the Company, the unit holders wil be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportio to the number of shares held.

(Currency in US Dollar)

		31 March 2018	31 March 2017
7)	**Other financial liabilities**		
	Other current financial liabilities		
	Book credit in bank account	**124,521**	55,049
	Payable to Related Parties, Net	**6,952,947**	394,358
		7,077,468	449,407
8)	**Provision for employee benefits**		
	Current		
	Compensated absences	**385,877**	268,458
		385,877	268,458
9)	**Other liabilities**		
	Other current liabilities		
	Advance from Customer	**913,163**	-
		913,163	-

(Currency in US Dollar)

	Year ended 31 March 2018	31 March 2017
10) Revenue from operations		
Sale of services	**24,824,437**	39,507,671
	24,824,437	39,507,671
11) Other income		
Miscellaneous income	**-**	2,794
	-	2,794
12) Employee benefits expense		
Salaries and wages	**10,260,863**	17,884,944
Contribution to social security and other benefits	**81,430**	160,373
Staff welfare expenses	**1,095,041**	1,557,466
	11,437,334	19,602,783
13) Other expenses		
Rent	**563,497**	437,353
Car and other hire charges	**225,886**	303,537
Repairs, maintenance and upkeep	**312,519**	548,535
Electricity, water and power consumption	**224,467**	245,707
Computer expenses	**35,810**	62,081
Data Cost	**2,909,691**	3,067,483
Legal and professional fees	**98,620**	206,323
Connectivity charges	**3,469**	43,429
Recruitment and training expenses	**11,995**	44,402
Information and communication expenses	**243,803**	269,444
Travel and conveyance	**494,761**	702,431
Insurance	**4,972**	234,715
Miscellaneous expenses	**20,166**	176,753
Comission on sales	**256,731**	310,115
Printing and stationery	**9,121**	23,366
Office Expenses	**-**	-
Rates and taxes	**151,931**	193,045
Bank administration charges	**74,066**	150,083
Loss on sale / write-off of fixed assets net	**386**	-
Registration and Membership Fees	**62**	2,287
	5,641,953	7,021,089

(Currency in US Dollar)

14) Financial instruments

I. Financial instruments by category:

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	**3,136,832**	**-**	**-**	**3,136,832**	**3,136,832**
Cash and cash equivalents	**77,878**	**-**	**-**	**77,878**	**77,878**
Other financial assets	**1,805,849**	**-**	**-**	**1,805,849**	**1,805,849**
Total	**5,020,559**	**-**	**-**	**5,020,559**	**5,020,559**
Financial liabilities					
Other financial liabilities	**7,077,468**	**-**	**-**	**7,077,468**	**7,077,468**
Trade payables	**1,401,564**	**-**	**-**	**1,401,564**	**1,401,564**
Total	**8,479,032**	**-**	**-**	**8,479,032**	**8,479,032**

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

	Amortized cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Trade receivables	2,201,629	-	-	2,201,629	2,201,629
Cash and cash equivalents	14,831	-	-	14,831	14,831
Other financial assets	1,815,837	-	-	1,815,837	1,815,837
Total	4,032,297	-	-	4,032,297	4,032,297
Financial liabilities					
Other financial liabilities	449,407		-	449,407	449,407
Trade payables	3,270,537	-	-	3,270,537	3,270,537
Total	3,719,944	-	-	3,719,944	3,719,944

Fair value hierachy for the above stated financial assets and liabilities is using measurement principles at Level 3 as at 31 March 2018 and 31 March 2017.

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.

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

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.

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 2018 and 31 March 2017:

	31 March 2018		31 March 2017	
	Less than 1 Year	**More than 1 year**	Less than 1 Year	More than 1 year
Trade payables	**1,401,564**	**-**	3,270,537	-

15) 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 2018 aggregated to USD 373,836 (31 March 2017: USD 170,729).

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

	As at 31 March 2018	As at 31 March 2017
Amount due within one year from the balance sheet date	**254,408**	-
Amount due in the period between one year and five years	**-**	-
Amount due in the period beyond five years	**-**	-
	254,408	-

(Currency in US Dollar)

16) Related party transactions

Details of related parties including summary of transactions entered into during the year ended 31 March 2018 are summarized below:

Ultimate Holding Company	CESC Limited
Holding Company	Firstsource Solutions Limited Firstsource Group USA Inc. ISGN Solutions Services INC
Fellow Subsidiary Companies	Firstsource Advantage LLC Firstsource Solutions USA LLC MedAssist Holding, LLC, Firstsource Solutions UK Limited Firstsource Process Management Services Limited Firstsource BPO Ireland Limited Firstsource Dialog Solutions (Private) Ltd. Firstsource Business Process Services LLC One Advantage LLC Firstsource Group USA Inc. ISGN Fulfillment Agency, LLC Firstsource Transaction Services LLC
Fellow Associate	Nanobi Data and Analytics Private Limited
Directors	Erik Anderson Auvese Pasha

Particulars of related party transactions:

Name of the related party	**Description**	**Transaction value during year ended Amount in USD**		**Receivable / (Payable) at Amount in USD**	
		31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
Firstsource Solutions Limited	Service Rendered by Business Associates and others	**12,140,219**	14,988,257		
	Recovery of expenses	**-**	287,668		
	Reimbursement of expenses	**40,577**	1,470,718		
	Receiveable / (Payable)			**(11,772,509)**	(15,097,851)
Firstsource Group USA Inc	Recovery of expenses	**15,475**	45,741		
	Reimbursement of expenses	**483,506**	1,310,871		
	Receiveable / (Payable)			**23,398,485**	21,005,095
Firstsource Transcation Services LLC	Recovery of expenses	**83,864**	219,891		
	Reimbursement of expenses	**4,498**	24,306		
	Receiveable / (Payable)			**(425,560)**	195,075
Medassit Holding LLC	Reimbursement of expenses	**1,350,636**	1,420,618		
	Receiveable / (Payable)			**(2,771,254)**	(1,420,618)
Firstsource Advantage LLC	Reimbursement of expenses	**7,978**	4,934		
	Receiveable / (Payable)			**(12,912)**	(4,934.00)
ISGN Solution Services Inc.,	Recovery of expenses	**930,749**	1,581,118		
	Reimbursement of expenses	**11,907,872**	19,802,241		
	Receiveable / (Payable)			**(15,376,516)**	(5,071,123.00)
One Advantage LLC	Recovery of expenses	**7,319**			
	Receiveable / (Payable)			**7,319**	-

(Currency in US Dollar)

17) 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 Company.

18) Computation for calculating diluted earnings per share

	For year ended	
	31 March 2018	31 March 2017
Number of shares considered as basic weighted average shares outstanding	**400,803**	400,803
Add: Effect of potential issue of shares/ stock options *	**-**	-
Number of shares considered as weighted average shares and potential shares outstanding	**400,803**	400,803
Net profit after tax attributable to shareholders	**(4,430,320)**	(2,205,074)
Net profit after tax for diluted earnings per share	**(4,430,320)**	**(2,205,074)**

* Not considered when anti-dilutive

19) Capital and other commitments and contingent liabilities

There are no capital commitment as at 31 March 2018 (31 March 2017: USD Nil). There are no contigent liability as at the Balance sheet date.

20) Long-term contracts

The Company has a process whereby yearly all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / Accounting Standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of account.

21) Subsequent events

The Company evaluated subsequent events from the balance sheet date through 13 July 2018 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

Erik Anderson
Director

Auvese Pasha
Director

13 July 2018
Mumbai