ISGN Solutions, Inc.

Special Purpose Financial statements
together with the Independent Auditors’ Report
for the year ended 31 March 2018

ISGN Solutions, Inc.

Special Purpose Financial statements together with the Independent Auditors' Report

for the year ended 31 March 2018

Contents

ISGN Solutions, 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*	**270,915**	230,664
Capital work-in-progress		**-**	21,573
Other intangible assets	*3*	**3,786**	5,205
Financial assets			
Investments	*4*	**46,669,322**	46,669,322
Other financial assets	*5(i)*	**226,875**	227,553
Other non-current assets	*6(i)*	**39,375**	115,616
Income tax assets (net)		**798**	-
Total non-current assets		**47,211,071**	47,269,933
Current assets			
Financial assets			
Trade receivables	*7*	**1,255,711**	616,446
Cash and cash equivalents	*8*	**-**	26,998
Other financial assets	*5(ii)*	**1,686,587**	490,198
Other current assets	*6(ii)*	**301,509**	297,380
Total current assets		**3,243,807**	1,431,022
Total assets		**50,454,878**	48,700,955
EQUITY AND LIABILITIES			
Equity			
Equity share capital	*9*	**73,300**	73,300
Other equity		**49,522,009**	48,359,421
Total equity		**49,595,309**	48,432,721
LIABILITIES			
Current liabilities			
Financial liabilities			
Trade payables		**588,869**	213,329
Other financial liabilities	*10*	**59,025**	-
Provisions for employee benefits	*11*	**164,665**	29,979
Other current liabilities	*12*	**47,010**	24,926
Total current liabilities		**859,569**	268,234
Total equity and liabilities		**50,454,878**	48,700,955
Significant accounting policies	*2*		

The accompanying notes from 1 to 24 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

Arjun Mitra
Director

Mumbai
13 July 2018

ISGN Solutions, 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	*13*	**8,568,532**	5,042,703
Other income,net		**38,457**	-
Total income		**8,606,989**	5,042,703
EXPENSES			
Services rendered by business associates and Others		**-**	115,649
Employee benefits expenses	*14*	**5,459,365**	2,251,824
Finance costs	*15*	**657,022**	251
Depreciation and amortization expense	*3*	**79,599**	23,557
Other expenses	*16*	**1,248,415**	2,460,255
Total expenses		**7,444,401**	4,851,536
Profit before tax		**1,162,588**	191,167
Tax expense			
Current tax		**-**	2,050
Profit for the year		**1,162,588**	189,117
Other comprehensive income		-	-
Total comprehensive income for the year		**1,162,588**	189,117
Weighted average number of equity shares outstanding during the year			
Basic		**733**	733
Diluted		**733**	733
Earnings per equity share			
Basic		**1,586.07**	258.00
Diluted		**1,586.07**	258.00

Significant accounting policies *2*

The accompanying notes from 1 to 24 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

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Director

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Director

Mumbai
13 July 2018

ISGN Solutions, Inc.
Statement of changes in equity
for the year ended 31 March 2018
(Currency: In US Dollar)

Statement of Changes in Equity

Particulars	Attributable to owners of the Company		
	Equity share capital	Retained earnings	Total
Balance as at 1 April 2017	73,300	48,359,421	48,432,721
Profit for the year	-	1,162,588	1,162,588
Balance as at 31 March 2018	**73,300**	**49,522,009**	**49,595,309**

Particulars	Attributable to owners of the Company		
	Equity share capital	Retained earnings	Total
Balance as at 1 April 2016	73,300	48,170,304	48,243,604
Profit for the year	-	189,117	189,117
	-		
Balance as at 31 March 2017	**73,300**	**48,359,421**	**48,432,721**

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
Mumbai
13 July 2018

Erik Anderson
Director

Arjun Mitra
Director

ISGN Solutions, Inc.

Statement of cash flows

for the year ended 31 March 2018
(Currency: In US Dollar)

	31 March 2018	31 March 2017
Cash flow from operating activities		
Profit before tax	**1,162,588**	191,167
Adjustments for		
Depreciation and amortisation	**79,599**	23,557
Finance costs	**657,022**	251
Operating cash flow before changes in working capital	**1,899,209**	214,975
Changes in working capital		
Decrease / (increase) in trade receivables	**(639,265)**	464,212
Decrease / (increase) in loans and advances and other assets	**(1,123,599)**	(610,206)
Increase in liabilities and provisions	**591,335**	180,354
Net changes in working capital	**(1,171,528)**	34,360
Income taxes paid	**(798)**	(2,050)
Net cash generated from / (used in) operating activities (A)	**726,882**	247,285
Cash flow from investing activities		
Purchase of property plant and equipment and intangible assets	**(96,858)**	(280,999)
Net cash generated from / (used in) investing activities (B)	**(96,858)**	(280,999)
Cash flow from financing activities		
Interest paid	**(657,022)**	(251)
Net cash generated from / (used in) financing activities (C)	**(657,022)**	(251)
Net Increase / (decrease) in cash and cash equivalents at the end of the year (A+B+C)	**(26,998)**	(33,965)
Cash and cash equivalents at the beginning of the year	**26,998**	60,963
Cash and cash equivalents at the end of the year	-	26,998

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	-	26,998
- in current accounts	-	26,998
Cash and cash equivalents	-	26,998

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

Arjun Mitra
Director

Mumbai
13 July 2018

ISGN Solutions, Inc.

Notes to the financial statements

for the year ended 31 March 2018

(Currency: In US Dollar)

1) Company overview

ISGN Solutions, Inc ('the Company') is a 100% subsidiary of Firstsource Group USA Inc,. Firstsource Group USA Inc acquired 100% interest in ISGN Solutions in April 2016. Firstsource Group USA Inc is a wholly owned subsidiary of Firstsource Solutions Limited, Company incorporated in India. The Company is engaged in providing business process outsourcing (BPO) services 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 institutions situated primarily in the United States of America.

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

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, 2018 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 7 May 2018.

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

a. Income taxes

The Company's major tax jurisdiction is United States of America. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions. Also refer to Note 2.7.

b. 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 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 Significant accounting policies *(continued)*

2.2 Revenue recognition

Revenue from contact centre and transaction processing services comprises from both time / unit price and fixed fee based service contracts. Revenue from time / unit price based contracts is recognised as services are rendered and is billed in accordance with the contractual terms specified in the customer contracts. Revenue from fixed fee based service contracts is recognised on achievement of performance milestones specified in the customer contracts. Unbilled receivables represent costs incurred and revenues recognised on contracts to be billed in subsequent periods as per the terms of the contract.

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

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 and Intangible are stated at cost less accumulated depreciation / amortisation and impairment, if any. Cost includes freight, duties, taxes and incidental expenses related to acquisition and installation of the property, plant and equipment. Depreciation on 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 summarized below:

Asset category	**Useful life (in years)**
Tangible assets	
Computers*	2 – 4
Service equipment*	2 – 5
Office equipment*	2 – 5
Furniture and fixtures*	2 – 5
Leasehold improvements	Lease term or 5 years, whichever is shorter
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 Significant accounting policies *(continued)*

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

2 Significant accounting policies *(continued)*

2.5 Employee benefits

Defined contribution plans

The Company has a saving 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 statement of profit and loss in the period in which that accrue. 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

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.

2.6 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.

2.7 Leases

Finance lease

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

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

Operating lease

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

2 Significant accounting policies *(continued)*

2.8 Foreign Currency transactions

Functional currency

The functional currency of the Company is the US Dollars (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 year 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 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.

2.11 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.

2 Significant accounting policies *(continued)*

2.11.2 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 recognized as a deduction from equity, net of any tax effects.

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 Significant accounting policies *(continued)*

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.

2.12 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.

2.13 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.

2.14 **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 01 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 Solutions, Inc.
Notes to the financial statements (Continued)
as at 31 March 2018
(Currency: In US Dollar)

3) Property, plant and equipment and Intangible assets

Particulars	Tangible Asset						Intangible Asset	
	Computers	**Service Equipment**	**Office Equipment**	**Furniture and fixture**	**Leasehold Improvements**	**Total**	**Software**	**Grand Total**
As at 1 April 2017	**526,921**	**-**	**120,874**	**89,800**	**17,740**	**755,335**	**1,156,560**	**1,911,895**
Additions / adjustments during the year	**54,585**	**9,759**	**7,816**	**1,580**	**44,691**	**118,431**	**-**	**118,431**
Deletions during the year		**-**	**(119,535)**		**-**	**(119,535)**	**-**	**(119,535)**
As at 31 March 2018	**581,506**	**9,759**	**9,155**	**91,380**	**62,431**	**754,231**	**1,156,560**	**1,910,791**
Accumulated depreciation / amortization								
As at 1 April 2017	**398,554**	**-**	**119,634**	**5,786**	**697**	**524,671**	**1,151,355**	**1,676,026**
Charge for the year	**45,722**	**1,775**	**1,496**	**18,593**	**10,594**	**78,180**	**1,419**	**79,599**
On deletions / adjustments during the year	**-**	**-**	**(119,535)**	**-**	**-**	**(119,535)**	**-**	**(119,535)**
As at 31 March 2018	**444,276**	**1,775**	**1,595**	**24,379**	**11,291**	**483,316**	**1,152,774**	**1,636,089**
Net block								
As at 31 March 2018	**137,230**	**7,984**	**7,560**	**67,001**	**51,140**	**270,915**	**3,786**	**274,702**
As at 31 March 2017	**128,367**	**-**	**1,240**	**84,014**	**17,043**	**230,664**	**5,205**	**235,869**

Particulars	Tangible Asset						Intangible Asset	
	Computers	**Service Equipment**	**Office Equipment**	**Furniture and fixture**	**Leasehold Improvements**	**Total**	**Software**	**Grand Total**
Gross block (at deemed cost)								
As at 1 April 2016	381,920	-	119,537	-	-	501,457	1,151,012	1,652,469
Additions / adjustments during the year	145,001	-	1,337	89,800	17,740	253,878	5,548	259,426
Deletions during the year	-	-	-	-	-	-	-	-
As at 31 March 2017	526,921	-	120,874	89,800	17,740	755,335	1,156,560	1,911,895
Accumulated depreciation / amortization								
As at 1 April 2016	381,920	-	119,537	-	-	501,457	1,151,012	1,652,469
Charge for the year	16,634	-	97	5,786	697	23,214	343	23,557
On deletions / adjustments during the year	-	-	-	-	-	-	-	-
As at 31 March 2017	398,554	-	119,634	5,786	697	524,671	1,151,355	1,676,026
Net block								
As at 31 March 2017	128,367	-	1,240	84,014	17,043	230,664	5,205	235,869
As at 31 March 2016	-	-	-	-	-	-	-	-

(Currency: In US Dollar)

	31 March 2018	31 March 2017
4) Investments		
Non-Current		
Unquoted		
Investments carried at cost (Investment in equity instruments of subsidiaries)		
Investment in ISGN Fulfillment Services Inc., - 400,803 voting common stock (31 March 2017 400,803 voting common stock)	**46,669,322**	46,669,322
	46,669,322	46,669,322

	31 March 2018	31 March 2017
5) Other financial assets		
(Unsecured, considered good)		
(i) Other non-current financial assets		
Deposits	**226,875**	227,553
	226,875	227,553
(ii) Other current financial assets		
Unbilled receivables	**41,399**	-
Advances to related parties	**1,631,266**	490,198
Recoverable from Vendors	**6,964**	-
Loans and advances to employees	**6,958**	-
	1,686,587	490,198

	31 March 2018	31 March 2017
6) Other assets		
(Unsecured, considered good)		
(i) Other non-current assets		
Prepaid expenses	**39,375**	115,616
	39,375	115,616
(ii) Other current assets		
Prepaid expenses	**301,509**	297,380
	301,509	297,380

	31 March 2018	31 March 2017
7) Trade receivables		
(Unsecured)		
Considered doubtful	-	241,876
Less: Impairment allowance	-	241,876
	-	-
Considered good	**1,255,711**	616,446
	1,255,711	616,446
	1,255,711	616,446

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) During the year ended 31 March 2018 trade receivables considered doubtful amounting to USD 241,876 has been written off, for which impairment allowances was created in the prior years.
d) For receivables from related party refer note 19

	31 March 2018	31 March 2017
8) Cash and cash equivalents		
Balances with banks		
-in current accounts	-	26,998
	-	26,998

(Currency: In US Dollar)

	31 March 2018	31 March 2017
9) Share capital		
Authorised		
1000 (31 March 2017 : 1000) Equity shares of USD 100 each	**100,000**	100,000
	100,000	100,000
Issued, subscribed and paid-up		
733 (31 March 2017: 733) equity shares of USD 100 each	**73,300**	73,300
	73,300	73,300

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	**733**	**73,300**	733	73,300
Shares allotted during the year - employee stock option scheme	**-**	**-**	-	-
At the end of the year	**733**	**73,300**	733	73,300

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
Firstsource Group USA, Inc.	**733**	**100.00%**	**733**	**100.00%**

c) Shares held by holding company

	31 March 2018		31 March 2017	
	Number of shares	**Amount**	Number of shares	Amount
Firstsource Group USA, Inc.	**733**	**733,000**	733	733,000

f) Rights, preferences and restrictions attached to equity shares

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

(Currency: In US Dollar)

	31 March 2018	31 March 2017
10) Other financial liabilities		
Book credit in bank account	**59,025**	-
	59,025	-
11) Provision for employee benefits		
(i) Current		
Compensated absences	**164,665**	29,979
	164,665	29,979
12) Other liabilities		
Other current liabilities		
Advance from Customer	**47,010**	943
Indirect tax payable	**-**	23,983
	47,010	24,926

(Currency: In US Dollar)

	Year ended 31 March 2018	31 March 2017
13) Revenue from operations		
Sale of services	**8,568,532**	5,042,703
	8,568,532	5,042,703
14) Employee benefits expense		
Salaries and wages	**5,288,940**	2,171,784
Contribution to social security and other benefits	**-**	37,720
Staff welfare expenses	**170,425**	42,320
	5,459,365	2,251,824
15) Finance cost		
Interest expense	**657,022**	251
	657,022	251
16) Other expenses		
Rent	**362,172**	174,038
Car and other hire charges	**8,133**	19,374
Repairs, maintenance and upkeep	**159,179**	32,296
Computer expenses	**32,521**	63,500
Legal and professional fees	**205,732**	1,354,683
Connectivity charges	**19,870**	114,341
Recruitment and training expenses	**160,348**	284,350
Information and communication expenses	**109,189**	53,543
Travel and conveyance	**41,653**	16,615
Insurance	**51,562**	38,029
Miscellaneous expenses	**42,629**	98,260
Printing and stationery	**29,712**	35,216
Rates and Taxes	**262**	148,619
Meeting and seminar expenses	**71**	1,478
Bank administration charges	**10,774**	15,634
Registration and Membership Fees	**(748)**	437
Title and Valuation Expenses	**15,356**	9,842
	1,248,415	2,460,255

(Currency: In US Dollar)

17) 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	**1,255,711**	-	-	**1,255,711**	**1,255,711**
Cash and cash equivalents	-	-	-	-	-
Other financial assets	**1,913,462**	-	-	**1,913,462**	**1,913,462**
Total	**3,169,173**	-	-	**3,169,173**	**3,169,173**
Financial liabilities					
Trade Payables	**588,869**	-	-	**588,869**	**588,869**
Other financial liabilities	**59,025**	-	-	**59,025**	**59,025**
Total	**647,894**	-	-	**647,894**	**647,894**

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	616,446	-	-	616,446	616,446
Cash and cash equivalents	26,998	-	-	26,998	26,998
Other financial assets	717,751	-	-	717,751	717,751
Total	1,361,195	-	-	1,361,195	1,361,195
Financial liabilities					
Trade Payables	213,329	-	-	213,329	213,329
Total	213,329	-	-	213,329	213,329

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 United States of America and there are no major transactions outside the United States of America. 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 1,255,711.03 and USD 616,446 as of 31 March 2018 and 31 March 2017 respectively and unbilled revenue amounting to USD 41,399 and USD Nil as of 31 March 2018 and 31 March 2017 respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers Credit risk has always been managed by the Company by continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business.

c) Liquidity risk

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

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 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	**588,869**	-	213,329	-
Other financial liabilities	**59,025**	-	-	-

18) Leases

Operating lease

Expenses under cancellable operating lease for the year ended 31 March 2018 aggregated to USD Nil (31 March 2017 : USD 4,962). There are no non-cancellable operating leases.

(Currency: In US Dollar)

19) 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.
Fellow Subsidaries	Firstsource Advantage LLC Firstsource Solutions USA LLC Firstsource Solution UK Limited Firstsource Process Management Services Limited Firstsource Dialog Solutions (Private) Ltd. Firstsource Business Process Services LLC Medassist Holding LLC One Advantage LLC ISGN Fulfillment Services Inc., ISGN Fulfillment Agency, LLC Firstsource BPO Ireland Limited Firstsource Transaction Services LLC
Fellow Associate	Nanobi Data and Analytics Private Limited
Directors	Erik Anderson Arjun Mitra

Particulars of related party transactions:

Name of the related party	**Description**	**Transaction value during the year ended**		**Receivable / (Payable) as at**		
		31 March 2018	31 March 2017	**31 March 2018**	31 March 2017	01 April 2016
Firstsource Solutions Limited	Services rendered by business associates and Others		115,649			
	Reimbursement of expenses	**3,742**	9,620			
	Recovery of expense	**6,795**				
	Receivable / (Payable)			**940**	125,269	-
Firstsource Group USA Inc	Reimbursement of expenses	**903,093**	1,346			
	Recovery of expense	**295,513**	126,045			
	Receivable / (Payable)			**(12,875,554)**	(4,710,813)	-
Firstsource Transcation Services LLC	Reimbursement of expenses	**809**	6,422			
	Recovery of expense					
	Receivable / (Payable)			**(607,231)**	(6,422)	-
ISGN Fulfillment Services Inc.,	Reimbursement of expenses	**930,749**	1,581,118			
	Recovery of expense	**11,907,872**	19,802,241			
	Receivable / (Payable)			**15,376,539**	5,071,123	-
Medassist Holdings LLC	Reimbursement of expenses	**262,820**	-			
	Recovery of expense		-			
	Receivable / (Payable)			**(262,820)**	-	
Firstsource Advantage LLC	Reimbursement of expenses	**607**	-			
	Recovery of expense		-			
	Receivable / (Payable)			**(608)**	-	

(Currency: In US Dollar)

20) Segment reporting

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

21) Computation for calculating basic and diluted earnings per share

	For year ended	
	31 March 2018	31 March 2017
Number of shares considered as basic weighted average shares outstanding	**733**	733
Number of shares considered as weighted average shares and potential shares outstanding	**733**	733
Net profit after tax attributable to shareholders	**1,162,588**	189,117
Net profit after tax for diluted earnings per share	**1,162,588**	189,117

22) Capital and other commitments and contingent liabilities

The Company has capital commitments of USD 124 (31 March 2017: USD 89,928) as at the balance sheet date and there are no contingent liabilities as at the balance sheet date 31 March 2018 Nil.

23) 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 ensured that adequate provision as required under any law / Accounting Standards for material foreseeable losses on such long term contracts has been made in the books of account.

24) 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

Arjun Mitra
Director

Mumbai
13 July 2018