Firstsource Business Process Services LLC

Special Purpose Financial Statements
together with the Independent Auditors’ Report
for the year ended 31 March 2019

Firstsource Business Process Services LLC

Special Purpose Financial Statements together with the Independent Auditors' Report

for the year ended 31 March 2019

Contents

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 **Firstsource Business Process Services 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

Firstsource Business Process Services LLC

Balance sheet

as at 31 March 2019

(Currency: In US Dollar)

	Note	31 March 2019	31 March 2018
ASSETS			
Non-Current assets			
Financial assets			
Investments	3	**38,296,362**	38,296,362
Deferred tax assets (net)	4	**1,456,072**	1,456,072
Total non-current assets		**39,752,434**	39,752,434
Current assets			
Financial assets			
Cash and cash equivalents	5	**25,180**	25,885
Total current assets		**25,180**	25,885
Total assets		**39,777,614**	39,778,319
EQUITY AND LIABILITIES			
Equity			
Equity share capital	6	**-**	-
Other equity	7	**34,814,932**	22,165,637
Total equity		**34,814,932**	22,165,637
LIABILITIES			
Current liabilities			
Financial liabilities			
Other Current financial liabilities	8	**4,962,682**	17,612,682
Total current liabilities		**4,962,682**	17,612,682
Total equity and liabilities		**39,777,614**	39,778,319
Significant accounting policies	2		

The accompanying notes from 1 to 15 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

Arjun Mitra
Director

Venkat Raman
Director

Firstsource Business Process Services 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		**-**	-
Other Income	*9*	**12,650,000**	-
Total income		**12,650,000**	-
EXPENSES			
Other expenses	*10*	**705**	(4,403)
Total expenses		**705**	(4,403)
Profit before tax		**12,649,295**	4,403
Tax expense			
Current tax		**-**	-
Deferred tax		**-**	-
Profit for the year		**12,649,295**	4,403
Other comprehensive income		**-**	-
Total comprehensive income for the year		**12,649,295**	4,403

Significant accounting policies *2*

The accompanying notes from 1 to 15 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

Arjun Mitra
Director

Venkat Raman
Director

Firstsource Business Process Services 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	**Securities Premium**	**Retained earnings**	**Total**
Balance as at 1 April 2018	**-**	**14,863,647**	**7,301,990**	**22,165,637**
Profit/(Loss) for the year	**-**	**-**	**12,649,295**	**12,649,295**
Balance as at 31 March 2019	**-**	**14,863,647**	**19,951,285**	**34,814,932**

	Attributable to owners of the Company			
		Reserve and surplus		
	Equity share capital	**Securities Premium**	**Retained earnings**	**Total**
Balance as at 1 April 2017	-	14,863,647	7,297,587	22,161,234
Profit/(Loss) for the year	-	-	4,403	4,403
Balance as at 31 March 2018	-	14,863,647	7,301,990	22,165,637

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

Arjun Mitra
Director

Venkat Raman
Director

Firstsource Business Process Services LLC

Statement of cash flows

for the year ended 31 March 2019

(Currency: In US Dollar)

	31 March 2019	31 March 2018
Cash flow from operating activities		
Profit before tax	**12,649,295**	4,403
Adjustments for :		
Dividend Income	**(12,650,000)**	-
Operating cash flow before changes in working capital	**(705)**	4,403
Changes in working capital		
(Decrease) in liabilities and provisions	**(12,650,000)**	-
Net changes in working capital	**(12,650,000)**	-
Net cash generated (used in) / from operating activities (A)	**(12,650,705)**	4,403
Cash flow from investing activities		
Dividend received from Subsidiaries	**12,650,000**	-
Net cash generated from investing activities (B)	**12,650,000**	-
Cash flow from financing activities		
	-	-
Net cash generated from / (used in) financing activities (C)	**-**	-
Net (decrease) / Increase in cash and cash equivalents at the end of the year (A+B+C)	**(705)**	4,403
Cash and cash equivalents at the beginning of the year	**25,885**	21,482
Cash and cash equivalents at the end of the year	**25,180**	25,885

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 account	**25,180**	25,885
Cash and cash equivalents	**25,180**	25,885

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

Arjun Mitra
Director

Venkat Raman
Director

1 Company overview

Firstsource Business Process Services LLC ('the Company') was incorporated under the laws of the state of Delware on November 25, 2009. The Company is a wholly owned subsidiary of Firstsource Group USA Inc., incorporated in the state of Delaware, USA, which is a wholly owned subsidiary of Firstsource Solutions Limited., a company incorporated in India. On 31 December 2009, FirstRing Inc. USA, another subsidiary of Firstsource Solutions Ltd. was merged with the Company.

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 relevant amendment rules issued thereafter.

These special purpose financials 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 ('Indian GAAP') and to assist Firstsource Solutions Limited, the Holding Company, to comply with the requirement of section 129(3) of the Act.

These special purpose financials statement were approved by the Board of Directors of Firstsource Solutions Limited, the holding company and authorised for the 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

Income tax

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 2.4.

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 either in the form of customer management, healthcare (transaction processing and revenue cycle management) or collection.

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, refunds, 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 applicable 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 for 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 Impairment

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.

2.4 Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent that is probable that taxable profit will be available aganist which the 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. 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.

2.5 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 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.

2.6 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.

2.7 Financial instruments

2.7.1 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)

2.7 Financial instruments (Continued)

2.7.1 Initial recognition (Continued)

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.

2.7.1 Initial recognition

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

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.

2.7.2 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.

2.7.3 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 Significant accounting policies (Continued)

2.8 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 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.

2.9 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.

***2.10* 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)

	31 March 2019	31 March 2018
3 Investments		
Non-Current		
Unquoted		
Investment carried at cost (Investment in equity instruments of subsidiaries)		
10,000 membership units (31 March 2018: 10,000 units) of face value of USD 1 each in Firstsource Advantage LLC	**38,271,362**	38,271,362
Investment in One Advantage LLC	**25,000**	25,000
	38,296,362	38,296,362
4 Taxation		
Deferred tax asset on account of:		
Depreciation and amortisation	**87,406**	87,406
Business losses carried forward	**6,004,379**	6,004,379
	6,091,785	6,091,785
Deferred tax liability on account of:		
Accrued expenses	**15,468**	15,468
Goodwill and other amortisation	**4,620,245**	4,620,245
	4,635,713	4,635,713
Net Deferred Tax Asset	**1,456,072**	1,456,072
5 Cash and cash equivalents		
Balances with banks		
-in current accounts	**25,180**	25,885
	25,180	25,885
6 Share Capital		
(a) Issued, subscribed and paid-up	-	-

(b) Details of voting rights holding more than 5% in the company

	31 March 2019	31 March 2018
	% of total shares	% of total shares
Firstsource Group USA, Inc.	**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
7 Other equity		
Retained Earnings		
At the commencement of the year	**7,301,990**	7,297,587
Add : Net Profit for the year	**12,649,295**	4,403
At the end of the year	**19,951,285**	7,301,990
Securities Premium		
At the commencement of the year	**14,863,647**	14,863,647
At the end of the year	**14,863,647**	14,863,647
Total	**34,814,932**	22,165,637
8 Other financial liabilities		
Other current financial liabilities		
Payable to Related Parties	**4,962,682**	17,612,682
	4,962,682	17,612,682
9 Other Income		
Dividend from Subsidiaries	**12,650,000**	-
	12,650,000	-
10 Other Expenses		
Bank administration charges (net)	**705**	(4,403)
	705	(4,403)

(Currency: In US Dollar)

11 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					
Cash and cash equivalents	**25,180**	-	-	**25,180**	**25,180**
Total	**25,180**	-	-	**25,180**	**25,180**
Financial liabilities					
Other financial liabilities	**4,962,682**	-	-	**4,962,682**	**4,962,682**
Total	**4,962,682**	-	-	**4,962,682**	**4,962,682**

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					
Cash and cash equivalents	25,885	-	-	25,885	25,885
Total	25,885	-	-	25,885	25,885
Financial liabilities					
Other financial liabilities	17,612,682	-	-	17,612,682	17,612,682
Total	17,612,682	-	-	17,612,682	17,612,682

Fair value hierarchy 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.

a) Market risk

The Company operates in the United States of America and there are no major transcations outside the United States of America. Hence, there is no foreign exchaneg 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. There is no exposure to the credit risk at the reporting date. 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 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
Other financial liabilities	**4,962,682**	-	17,612,682	-

(Currency: In US Dollar)

12 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
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 Solutions USA LLC Firstsource Solution UK Limited Firstsource Process Management Services Limited Firstsource BPO Ireland Limited Firstsource Dialog Solutions (Private) Limited Sourcepoint Fulfillment Services, Inc (formerly known as ISGN Fulfillment Services, Inc.) Sourcepoint Inc., (formerly known as ISGN Solutions, Inc.) ISGN Fulfillment Agency LLC
Subsidiaries wherein control exists	Firstsource Advantage, LLC One Advantage, LLC
Directors	Venkat Raman Arjun Mitra

Particulars of related party transactions:

Name of the related party	Description	Transaction value during year ended		Receivable / (Payable) at	
		31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
Firstsource Group USA Inc	Receiveable / (Payable)	-	-	**(4,962,682)**	(17,612,682)
Firstsource Advantage LLC	Investment in Equity	**-**	-	**38,271,362**	38,271,362
	Dividend received	**5,900,000**	-		
One Advantage LLC	Investment in Equity	-	-	**25,000**	25,000
	Dividend received	**6,750,000**	-		

13 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').

14 Capital and other commitments and contingent liabilities

The Company has capital commitments of USD Nil (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)

15 Subsequent events

The Company evaluated subsequent events from the balance sheet date through 27 June 2019 and determined that 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

Arjun Mitra
Director

Venkat Raman
Director

27 June 2019
Mumbai