ISGN Solutions, Inc.

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

ISGN Solutions, Inc.

Financial statements together with the Independent Auditors' Report

for the year ended 31 March 2017

Contents

SHELESH SINGHVI & Co.
Chartered Accountants

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Independent Auditor's Report

To the Members of
Firstsource Solutions Ltd.

Report on the standalone financial statements

We have audited the accompanying standalone financial statements of ISGN Solutions, Inc.("the Company"), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

Management's responsibility for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

Shelesh Singhvi & Co. Chartered Accountants

Auditor's responsibility *(Continued)*

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then ended.

For **Shelesh Singhvi & Co.**
Chartered Accountants
Firm's Registration No: 014792C

Shelesh Singhvi & Co. Chartered Accountants Mumbai

Shelesh Singhvi
Partner
Membership No: 079817

Mumbai
5 May 2017

ISGN Solutions, Inc.
Balance sheet
as at 31 March 2017

	Note	Amount in USD	
		31 March 2017	**01 April 2016**
ASSETS			
Non-current assets			
Property, plant and equipment	4	230,664	-
Capital work-in-progress		21,573	-
Other intangible assets	4	5,205	-
Financial assets			
Investments	5	46,669,322	46,669,322
Other financial assets	6	227,553	255,115
Other assets	7(i)	115,616	-
Total non-current assets		47,269,933	46,924,437
Current assets			
Financial assets			
Trade receivables	8	616,446	1,080,658
Cash and cash equivalents	9	26,998	60,963
Other assets	7(ii)	787,578	265,426
Total current assets		1,431,022	1,407,047
Total assets		48,700,955	48,331,484
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	73,200	73,200
Other equity	B	48,359,521	48,170,404
Total equity		48,432,721	48,243,604
LIABILITIES			
Current liabilities			
Financial liabilities			
Trade and other payables	11	213,329	83,720
Provisions for employee benefits	12	29,979	3,751
Other liabilities	13	24,926	410
Total current liabilities		268,234	87,881
Total equity and liabilities		48,700,955	48,331,484

Significant accounting policies 2

The accompanying notes from 1 to 26 are an integral part of these financial statements.

As per our report of even date attached.

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

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

Shelesh Singhvi & Co. Chartered Accountants Mumbai

For and on behalf of the Board of Directors

Erik Anderson
Director

Arjun Mitra
Director

ISGN Solutions, Inc.
Statement of profit and loss
for the year ended 31 March 2017

	Note	Amount in USD Year ended 31 March 2017
INCOME		
Revenue from operations	14	5,042,703
Other income	15	9,760
Total income		5,052,463
EXPENSES		
Cost Of Sales		115,649
Employee benefits expense	16	2,291,811
Finance costs	17	251
Depreciation and amortization	4	23,557
Other expenses	18	2,430,028
Total expenses		4,861,296
Profit before taxation		191,167
Tax expense		
Current tax		2,050
Profit for the year		189,117
Other comprehensive income		-
Total other comprehensive income for the year		189,117
Weighted average number of equity shares outstanding during the year		
Basic		73,200
Diluted		73,200
Earnings per equity share		
Basic		2.58
Diluted		2.58
Significant accounting policies	2	

The accompanying notes from 1 to 26 are an integral part of these financial statements.
As per our report of even date attached.

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

Shelesh Singhvi
Partner
Membership No: 079817
May 5, 2017

Shelesh Singhvi & Co. Chartered Accountants Mumbai

For and on behalf of the Board of Directors

Erik Anderson
Director

Arjun Mitra
Director

ISGN Solutions, Inc.

Statement of changes in equity

for the year ended 31 March 2017

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

Particulars	Attributable to owners of the Company		Total
	Equity share capital	Reserve and surplus	
Balance as at 1 April 2016	73,200	48,170,404	48,243,604
Profit for the period		189,117	189,117
Balance at the end of the 31 March 2017	**73,200**	**48,359,521**	**48,432,721**

As per our report of even date attached.

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

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

Shelesh Singhvi & Co. Chartered Accountants Mumbai

For and on behalf of the Board of Directors

Erik Anderson
Director

Arjun Mitra
Director

ISGN Solutions, Inc.
Statement of cash flows
for the year ended 31 March 2017

	Amount in USD 31 March 2017
Cash flow from operating activities	
Profit before tax	191,167
Adjustments for	
Depreciation and amortisation	23,557
Provision for doubtful debts written off / (written back)	-
Operating cash flow before changes in working capital	214,724
Changes in working capital	
Decrease / (increase) in trade receivables	464,212
Decrease / (increase) in loans and advances and other assets	(610,206)
(Decrease) / Increase in liabilities and provisions	180,354
Net changes in working capital	34,360
Income taxes paid	(2,050)
Net cash used in operating activities (A)	247,034
Cash flow from investing activities	
Purchase of property plant and equipment and capital advances given	(280,999)
Net cash (used in) / generated from investing activities (B)	(280,999)
Cash flow from financing activities	
Net cash generated from financing activities (C)	-
Net decrease in cash and cash equivalents at the end of the year (A+B+C)	(33,965)
Cash and cash equivalents at the beginning of the year	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 2017
Cash on hand	-
Balances with banks	26,998
Cash and cash equivalents	26,998

As per our report of even date attached.

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

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

Shelesh Singhvi & Co. Chartered Accountants Mumbai

For and on behalf of the Board of Directors

Erik Anderson
Director

Arjun Mitra
Director

1 Company overview

ISGN Solutions, Inc (formerly Mortgage hub.com, 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, listed company in India. ISGN Solutions, Inc are engaged in providing business process outsourcing (BPO) services to the mortgage lending industry. The Group 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.

Pursuant to 'Share Purchase agreement' ('SPA') dated 28 January 2016 entered into by and among ISGN Solutions, Inc., ISGN Corporation (the "Seller") and Firstsource Group USA, Inc. (the "Buyer"), Firstsource Solutions Limited through its wholly owned subsidiary, Firstsource Group USA, Inc. acquired 100% of the common stock of ISGN Solutions, Inc, a Delaware corporation, including its 100% owned US based subsidiaries for a cash consideration of USD 13.69 million. The effective date of share purchase agreement is 1 April 2016. The seller is in the business of providing business process outsourcing solutions which predominantly focuses on U.S residential mortgage market. The Company henceforth, has not disclosed the Profit and loss, Statement of Changes in equity and Cash flow Statement figures realting to the year ended March 31, 2016 and opening balance of the Balance sheet items at the time of acquistion ie., 01 April 2016 alone have disclosed for comparative purposes.

2 Significant accounting policies

2.1 *Basis of Preparation and Statement of compliance*

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

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

The financial statements the Company have been prepared under the historical cost convention, on accrual basis of accounting principles generally accepted in India. The Balance Sheet and Statement of profit and loss of the Company has been drawn up in the country of its incorporation (United States of America) in the terms of United States Dollar ('USD').

2.2 *Use of estimates*

The preparation of the financial statements in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of income and expenses for the period. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revisions to accounting estimates are recognised prospectively in current and future periods.

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2 Significant accounting policies *(continued)*

2.2 Use of estimates

2.2.1 Critical accounting estimates

Property, plant and equipment

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

2.3 Revenue recognition

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

The Company derives its revenues from business process outsourcing services. Revenue is recognized when there is persuasive evidence of a contractual arrangement with customers, delivery has occurred, the sales price is fixed or determinable and collectability is reasonably assured. Revenue with respect to time-and-material contracts are recognized as related services are performed.

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 recognized when the right to receive dividend is established.

Interest income is recognized using the time proportion method, based on the underlying interest rates.

2.4 Property, plant and equipment

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

Asset category	Useful life (in years)
Tangible assets	
Leasehold improvements	Lease term or 5 years, whichever is shorter
Computers*	2 – 4
Service equipment*	2 – 5
Furniture and fixtures*	2 – 5
Office equipment*	2 – 5
Vehicles	2 – 5
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 methods, useful lives and residual values are reviewed periodically at the end of each financial year.
The Company has elected to apply fair value method on transition for Leasehold improvements as permitted under Ind AS 16 - Property, plant and equipments.

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2 Significant accounting policies *(continued)*

2.5 Impairment

a. Financial assets

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

b. Non-financial assets

i Intangible assets and property, plant and equipment

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

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

2.6 Foreign Currency transactions

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Net exchange gain or loss resulting in respect of foreign exchange transactions settled during the period is, recognized in the statement of profit and loss. Foreign currency denominated assets and liabilities other than fixed assets at year end are translated at the year end exchange rates and the resulting net gain or loss is recognized in the statement of profit and loss. Non Monetary assets are carried at historical cost.

Shelesh Singhvi & Co.
Chartered Accountants
Mumbai

2 Significant accounting policies *(continued)*

2.7 *Taxation*

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. The tax liability is computed on a consolidated basis and hence the tax liabilities for the company have been included in the financial statements of the parent company ie Firstsource Group USA, Inc.

2.8 *Employee benefits*

Defined contribution plans

The Companies having a savings and investment plan under section 401 (K) of the internal revenue code of the United States of America. This is a Defined Contribution plan. Contribution made under the plan are charged to the statement of Profit and loss in the period in which that accure. Other retirement benefits are accrued based on the amounts payable as per local regulations.

Contributions payable to the social security, medicare and other employee related contributions as required under the State of New york are charged to the statement of profit and loss.

Other long-term employee benefits

Compensated absences

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

Where employees of the Company are entitled to compensated absences, the employees can carry-forward a portion of the unutilized accrued compensated absence and utilise it in future periods or receive cash compensation at termination of employment for the unutilised accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement.

2.9 *Leases*

Finance lease

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

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

Operating lease

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

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Chartered Accountants
Mumbai

2 Significant accounting policies *(continued)*

2.10 Earnings per equity share

The basic earnings per equity share is computed by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which may be issued on the conversion of all dilutive potential shares, unless the results would be anti-dilutive.

2.11 Provisions and contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

2.12 Financial instruments

2.12.1 Initial recognition

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

Shelesh Singhvi & Co.
Chartered Accountants
Mumbai

2 Significant accounting policies *(continued)*

2.12 Financial instruments (continued)

2.12.1 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.

2.12.2 Classification and subsequent measurement

i) Financial assets at amortised cost

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

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

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

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

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

iv) Financial liabilities

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

v) Equity instruments

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

Shelesh Singhvi & Co.
Chartered Accountants
Mumbai

2 Significant accounting policies *(continued)*

2.12 Financial instruments (continued)

2.12.3 Share capital

Ordinary shares

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

De-recognition of financial instruments

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

Fair value of financial instrument

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

2.13 Cash flow statement

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

2.14 Onerous contracts

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

3) First-time adoption of Ind AS

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

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2017 and the comparative information. There is no differences between IND AS and IGAAP for the Company.

Shailesh Singhvi & Co.
Chartered Accountants
Mumbai

ISGN Solutions, Inc.

Notes to the financial statements *(continued)*

as at 31 March 2017

4) Property, plant and equipment

(Amount in USD)

Particulars	Tangible Asset					Intangible Asset	Grand Total
	Computers	Office Equipment	Furniture & Fixture	Leasehold	Total	Software	
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 01 April 2016	-	-	-	-	-	-	-

Shelesh Singhvi & Co.
Chartered Accountants
Mumbai

	Amount in USD	
	31 March 2017	01 April 2016
5) Investments		
Non-current		
Investment in Subsidiary 400,803 (01 April 2016 : 400,803) fully paid equity shares of USD 1 each of ISGN Fulfillment Services Inc.,	**46,669,322**	46,669,322
	46,669,322	46,669,322
Aggregate book value of unquoted investments	**46,669,322**	46,669,322
Investment carried at cost	**46,669,322**	46,669,322
6) Other financial assets		
Other non-current financial assets		
Deposits	**227,553**	255,115
	227,553	255,115
Financial assets carried at amortised cost	**227,553**	255,115
7) Other assets		
(i) **Other non-current assets**		
(Unsecured, considered good)		
Prepaid expenses	**115,616**	-
	115,616	-
(ii) **Other current assets**		
Advances to Group companies	**490,198**	-
Prepaid expenses	**297,380**	215,902
Other advances	-	49,524
	787,578	265,426
8) Trade receivables		
(Unsecured)		
Considered doubtful	**241,876**	241,876
	241,876	241,876
Less: Impairment allowance	**241,876**	241,876
	-	-
Considered good	**616,446**	1,080,658
	616,446	1,080,658
9) Cash and cash equivalents		
Cash on hand		
Balances with banks		
in current accounts	**26,998**	60,963
	26,998	60,963

Shelesh Singhvi & Co.
Chartered Accountants

	Amount in USD	
	31 March 2017	01 April 2016
10) Share capital		
Authorised		
1,000 Units (01 April 2016: 1,000 units) equity shares of USD 100 each	**100,000**	100,000
	100,000	100,000
Issued, subscribed and paid-up		
732 Units (01 April 2016: 732 units) equity shares of USD 100 each	**73,200**	73,200
	73,200	73,200

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

	31 March 2017		1 April 2016	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	**732**	**73200**	732	73200
At the end of the year	**732**	**73200**	732	73200

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

	31 March 2017		1 April 2016	
	Number of shares	% of total shares	Number of shares	% of total shares
Firstsource Group USA Inc.,	**732**	**100**	732	100

c) 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.

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	Amount in USD	
	31 March 2017	01 April 2016
11) Trade Payables		
Trade Payables	**213,329**	83,720
	213,329	83,720
12) Provision for employee benefits		
Current		
Compensated absences	**29,979**	3,751
	29,979	3,751
13) Other liabilities		
Other current liabilities		
Statutory Dues	**23,983**	410
Payable to Client	**943**	-
	24,926	410

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	Amount in USD Year ended 31 March 2017
14) Revenue from operations	
Sale of services	**5,042,703**
	5,042,703

15) Other income	
Miscellaneous income	**9,760**
Foreign exchange gain, net	-
	9,760

16) Employee benefits expense	
Salaries and wages	**2,210,653**
Contribution to provident and other funds	**37,720**
Staff welfare expenses	**43,438**
	2,291,811

17) Finance cost	
Interest expense	
- on working capital demand loan and others	**251**
	251

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	Amount in USD Year ended 31 March 2017
18) Other expenses	
Rent	**4,962**
Repairs, maintenance and upkeep	**23,594**
Insurance	**38,028**
Rates and taxes	**148,619**
Legal and professional fees	**1,354,682**
Car and other hire charges	**19,296**
Information and communication expenses	**167,973**
Recruitment and training expenses	**283,026**
Meeting and seminar expenses	**13,455**
Travel and conveyance	**16,759**
Computer expenses	**72,201**
Printing and stationery	**36,740**
Registration and Membership fees	**182,120**
Bank administration charges	**15,634**
Charitable Contribution	**2,000**
Mortgage Process Expenditure	**4,575**
Titling Process Expenditure	**5,267**
Marketing and Support Expenses	**1,478**
Miscellaneous expenses	**39,619**
	2,430,028

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19) Financial instruments

I. Financial instruments by category:

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

	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	**227,553**	-	-	**227,553**	**227,553**
Total	**870,997**	-	-	**870,997**	**870,997**
Financial liabilities					
Trade and other payables	**213,329**	-	-	**213,329**	**213,329**
Total	**213,329**	-	-	**213,329**	**213,329**

The carrying value and fair value of financial instruments by categories as of 01 April 2016 were as follows:

	Amortized cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Trade receivables	1,080,658		-	1,080,658	1,080,658
Cash and cash equivalents	60,963		-	60,963	60,963
Other financial assets	255,115		-	255,115	255,115
Total	1,396,736	-	-	1,396,736	1,396,736
Financial liabilities					
Trade and other payables	83,720		-	83,720	83,720
Total	83,720	-	-	83,720	83,720

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19) Financial instruments *(continued)*

II. Fair value hierarchy:

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2017:

(Amount in USD)

	As of 31 March 2017	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Investments				
Investment in equity instruments	**46,669,322**	-	-	**46,669,322**
Total	**46,669,322**	-	-	**46,669,322**

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 01 April 2016:

	As of 31 March 2016	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Investments				
Investment in equity instruments	46,669,322	-	-	46,669,322
Total	46,669,322	-	-	46,669,322

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19) Financial instruments (continued)

III. Financial risk management:

Financial risk factors:

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

a) Market risk

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

b) Credit Risk

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

c) Liquidity Risk

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

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

	31 March 2017		01 April 2016	
	Less than 1 Year	More than 1 year	Less than 1 Year	More than 1 year
Trade payables	**213,329**	-	83,720	-

20) Leases

Operating lease

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

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ISGN Solutions, Inc.

Notes to the financial statements *(continued)*

for the year ended 31 March 2017

22) Segment reporting

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

23) Computation for calculating diluted earnings per share

	For year ended 31 March 2017
Number of shares considered as basic weighted average shares outstanding	73,200
Number of shares considered as weighted average shares and potential shares outstanding	73,200
Net profit after tax attributable to shareholders	189,117
Net profit after tax for diluted earnings per share	189,117
* Not considered when anti-dilutive	

24) Capital and other commitments and contingent liabilities

The Company has capital commitments of USD 89,928 as at the balance sheet date. There are no contignet liabilities as at the balance sheet date.

25) Long-term contracts

The Company has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the period 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.

26) Subsequent events

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

As per our report of even date attached.

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

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

Shelesh Singhvi & Co.
Chartered Accountants
Mumbai

For and on behalf of the Board of Directors

Erik Anderson
Director

Arjun Mitra
Director