

**Firstsource Group USA, Inc.**

Special Purpose Financial Statements  
together with the Independent Auditor's Report  
as at and for the year ended 31 March 2021

# **Firstsource Group USA, Inc.**

## **Special Purpose Financial Statements together with the Independent Auditor's Report**

*as at and for the year ended 31 March 2021*

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**INDEPENDENT AUDITORS' REPORT**

**TO THE BOARD OF DIRECTORS  
FIRSTSOURCE SOLUTIONS LIMITED**

**Report on the Special Purpose Financial Statements**

**Opinion**

We have audited the accompanying Special Purpose Financial Statements of **Firstsource Group USA, Inc.** (the 'Company'), which comprise the Balance Sheet as at 31 March 2021, 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 Financial Statements'). The Special Purpose 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 2021 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 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 2021, of its loss and total comprehensive loss, 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 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 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 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 Financial Statements.

**Management’s Responsibility for the Special Purpose 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 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 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 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 Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Special Purpose 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 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 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 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 Financial Statements, including the disclosures, and whether the Special Purpose Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

**Deloitte  
Haskins & Sells LLP**

Materiality is the magnitude of misstatements in the Special Purpose Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Special Purpose 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 Financial Statements.

**Basis of preparation**

We draw attention to Note 1 to the Special Purpose Financial Statements, which describes the basis of preparation of the Special Purpose Financial Statements. Our opinion is not modified in respect of this matter.

**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 2021, 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)  
(UDIN: 21109839AAAAAKE2560)

Mumbai  
1 July 2021

# Firstsource Group USA, Inc.

## Balance sheet

as at 31 March 2021

(Currency : In US Dollar)

	Note	31 March 2021	31 March 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	52,445	75,088
Other intangible assets	4	9,417	20,158
<b>Financial assets</b>			
Investments	5	392,297,835	392,297,835
<b>Total non-current assets</b>		<b>392,359,697</b>	<b>392,393,081</b>
<b>Current assets</b>			
<b>Financial assets</b>			
Trade receivables	8	3,846,763	2,467,648
Cash and cash equivalents	9	759,988	2,492,903
Other financial assets	6	11,083,464	8,403,118
Other current assets	7	2,045,992	493,361
<b>Total current assets</b>		<b>17,736,207</b>	<b>13,857,030</b>
<b>Total assets</b>		<b>410,095,904</b>	<b>406,250,111</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	11	257,039	257,039
Other equity	12	279,550,455	282,855,992
<b>Total equity</b>		<b>279,807,494</b>	<b>283,113,031</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Long-term borrowings	13(i)	-	15,000,000
Other financial liabilities	14(i)	21,234	12,626
Deferred Tax Liabilities (net)	10	8,982,837	8,037,270
<b>Total non-current liabilities</b>		<b>9,004,071</b>	<b>23,049,896</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Short-term borrowings	13(ii)	54,133,885	50,000,000
Trade payables		3,539,559	360,307
Other financial liabilities	14(ii)	62,786,864	48,936,329
Provisions for employee benefits	15	219,343	80,311
Other current liabilities	16	103,428	32,656
Provision for tax (net)	10	501,260	677,581
<b>Total current liabilities</b>		<b>121,284,339</b>	<b>100,087,184</b>
<b>Total equity and liabilities</b>		<b>410,095,904</b>	<b>406,250,111</b>

### Significant accounting policies

The accompanying notes from 1 to 27 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

Firstsource Group USA, Inc.

**G.K. Subramaniam**

Partner

Membership No: 109839

Mumbai

1 July 2021

**Vipul Khanna**

Director

**Arjun Mitra**

Director

**Pratip Chaudhuri**

Director

Firstsource Group USA, Inc.

**Statement of profit and loss**

for the year ended 31 March 2021

(Currency : In US Dollar)

		Year ended	
	Note	31 March 2021	31 March 2020
<b>INCOME</b>			
Revenue from operations	17	13,384,157	8,757,526
Other income, net	18	405,318	(662)
<b>Total income</b>		<b>13,789,475</b>	<b>8,756,864</b>
<b>EXPENSES</b>			
Service Rendered by Business Associate and Others		2,628,618	5,323,779
Employee benefits expenses	19	8,454,041	2,757,298
Finance costs	20	1,263,266	2,381,547
Depreciation and amortization expense	3, 4	37,822	316,527
Other expenses	21	3,265,698	2,358,606
<b>Total expenses</b>		<b>15,649,445</b>	<b>13,137,757</b>
<b>Loss before tax</b>		<b>(1,859,970)</b>	<b>(4,380,893)</b>
<b>Tax expense</b>			
Current tax	10	500,000	509,246
Deferred tax	10	945,567	3,685,075
<b>Loss for the year</b>		<b>(3,305,537)</b>	<b>(8,575,214)</b>
<b>Other comprehensive income</b>		-	-
<i>Items that will be reclassified subsequently to the statement of profit and loss</i>			
Net changes in fair value on derivatives designated as cash flow hedges		-	-
<b>Total other comprehensive income, net of taxes</b>		-	-
<b>Total comprehensive loss for the year</b>		<b>(3,305,537)</b>	<b>(8,575,214)</b>
Weighted average number of equity shares outstanding during the year			
Basic	25	257,039	238,498
Diluted	25	257,039	238,498
Earnings per equity share			
Basic		(12.86)	(35.96)
Diluted		(12.86)	(35.96)

**Significant accounting policies**

The accompanying notes from 1 to 27 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**

**Firstsource Group USA, Inc.**

**G.K. Subramaniam**

Partner

Membership No: 109839

**Vipul Khanna**

Director

Mumbai  
1 July 2021

**Arjun Mitra**  
Director

**Pratip Chaudhuri**  
Director

Firstsource Group USA, Inc.

**Statement of changes in equity**

as at and for the year ended 31 March 2021

(Currency : In US Dollar)

**Equity share capital and other equity**

	Attributable to owners of the Company			Total
	Equity share capital	Reserve and surplus Capital contribution	Retained earnings	
Balance as at 1 April 2020	257,039	64,961,444	217,894,548	283,113,031
Loss for the year	-	-	(3,305,537)	(3,305,537)
Balance as at 31 March 2021	257,039	64,961,444	214,589,011	279,807,494

	Attributable to owners of the Company			Total
	Equity share capital	Reserve and surplus Capital contribution	Retained earnings	
Balance as at 1 April 2019	218,483	-	225,836,077	226,054,560
Capital contribution during the year	38,556	64,961,444	-	65,000,000
Transition impact on adoption of Ind AS 116	-	-	633,685	633,685
Loss for the year	-	-	(8,575,214)	(8,575,214)
Balance as at 31 March 2020	257,039	64,961,444	217,894,548	283,113,031

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  
Firstsource Group USA, Inc.

**G.K. Subramaniam**  
Partner  
Membership No: 109839

**Vipul Khanna**  
Director

Mumbai  
1 July 2021

**Arjun Mitra** **Pratip Chaudhuri**  
Director Director



# Firstsource Group USA, Inc.

## Statement of cash flows

for the year ended 31 March 2021

(Currency : In US Dollar)

	31 March 2021	31 March 2020
<b><u>Cash flow from operating activities</u></b>		
Net Loss before taxation	(1,859,970)	(4,380,893)
<b>Adjustments for</b>		
Depreciation and amortisation	37,822	316,527
Finance costs	17,363,266	2,381,547
Loss on sale of Fixed Assets	-	624
<b>Operating cash flow before changes in working capital</b>	<b>(558,882)</b>	<b>(1,682,195)</b>
<b>Changes in working capital</b>		
Increase in trade receivables	(1,379,115)	(848,030)
Increase in loans and advances and other assets	(4,232,977)	(60,164)
Increase in liabilities and provisions	17,363,493	8,526,346
<b>Net changes in working capital</b>	<b>11,751,401</b>	<b>7,618,152</b>
Income taxes paid	(676,321)	(335,519)
<b>Net cash generated from operating activities (A)</b>	<b>10,516,198</b>	<b>5,600,438</b>
<b><u>Cash flow from investing activities</u></b>		
Purchase of property plant and equipment and intangible assets	(3,763)	(153,343)
<b>Net cash used in investing activities (B)</b>	<b>(3,763)</b>	<b>(153,343)</b>
<b><u>Cash flow from financing activities</u></b>		
(Repayment)/Proceeds from short term borrowing	4,133,885	10,184,931
Repayment of long term borrowings	(15,000,000)	(76,000,000)
Proceeds from capital contribution	-	65,000,000
Interest paid	(1,379,235)	(2,412,784)
<b>Net cash used in financing activities (C)</b>	<b>(12,245,350)</b>	<b>(3,227,853)</b>
<b>Net (decrease) / increase in cash and cash equivalents at the end of the year (A+B+C)</b>	<b>(1,732,915)</b>	<b>2,219,242</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2,492,903</b>	<b>273,661</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>759,988</b>	<b>2,492,903</b>

### 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 2021	31 March 2020
Cash on hand	-	-
Balances with banks		
- in current accounts	759,988	2,492,903
<b>Cash and cash equivalents</b>	<b>759,988</b>	<b>2,492,903</b>

# Firstsource Group USA, Inc.

## Statement of cash flows

for the year ended 31 March 2021

(Currency : In US Dollar)

### Reconciliation of liabilities from financing activities for the year ended 31 March 2021

Particulars	As at			As at
	31 March 2020	Proceeds	Repayment	31 March 2021
Long Term Borrowings	15,000,000	-	(15,000,000)	-
Short Term Borrowings	50,000,000	4,133,885	-	54,133,885
Total Liabilities from financing activities	65,000,000	4,133,885	(15,000,000)	54,133,885

### Reconciliation of liabilities from financing activities for the year ended 31 March 2020

Particulars	As at			As at
	31 March 2019	Proceeds	Repayment	31 March 2020
Long Term Borrowings	91,000,000	-	(76,000,000)	15,000,000
Short Term Borrowings	39,815,069	10,184,931	-	50,000,000
Total Liabilities from financing activities	130,815,069	10,184,931	(76,000,000)	65,000,000

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

Firstsource Group USA, Inc.

**G.K. Subramaniam**

Partner

Membership No: 109839

**Vipul Khanna**

Director

Mumbai

1 July 2021

**Arjun Mitra**

Director

**Pratip Chaudhuri**

Director

# Firstsource Group USA, Inc.

## Notes to the financial statements

as at and for the year ended 31 March 2021

### 1 Company overview

Firstsource Company USA Inc. ('the Company') was incorporated under the laws of the State of Delaware on 25 November 2009. The Company provides contact centre and transaction processing services for customers in the financial services, telecommunications and healthcare industry. The Company is a wholly owned subsidiary of Firstsource Solutions Limited ('FSL') incorporated under the laws of India.

#### 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 and relevant amendment rules issued thereunder.

These special purpose financial statements have been prepared for the limited purpose of facilitating the preparation of the consolidated financial statements of Firstsource Solutions Limited, the Holding Company, as at and for the year ended March 31, 2021 in accordance with Generally Accepted Accounting Principles in India ('Indian GAAP') and to assist Firstsource Solutions Limited the Holding Company to comply with the requirements of section 129(3) of the Act.

The financial information based on which these special purpose financial statements are prepared were approved by the Board of Directors of Firstsource Solutions Limited, the Holding Company on 11 May 2021.

### 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 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.

#### 2.2 Revenue recognition

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, refund, credits, incentives, performance bonuses, etc., (variable consideration) against each performance obligation each reporting period and recognises 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 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.

**Firstsource Group USA, Inc.**  
**Notes to the financial statements**  
*as at and for the year ended 31 March 2021*

**2 Significant accounting policies (continued)**

**2.3 Property, plant and equipment and Intangible assets**

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

Asset category	Useful life (in years)
<b>Tangible assets</b>	
Leasehold improvements	Lease term or 5 years, whichever is shorter
Computers*	2 – 4
Service equipment*	2 – 5
Office equipment*	2 – 5
Furniture and fixtures*	2 – 5
<b>Intangible assets</b>	
Software*	2 – 4
* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II to the Companies Act, 2013.	

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

**2.4 Impairment**

**a. Financial assets**

The Company recognises loss allowances using the expected credit loss ('ECL') model for the financial assets which are not fair valued through profit and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. A default on a financial asset is when there is a significant increase in the credit risk which is evaluated based on the business environment. The assets are written off when the Company is certain about the non-recovery.

**b. Non-financial assets**

**Property, plant and equipment and Intangible assets**

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

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

**Firstsource Group USA, Inc.**  
**Notes to the financial statements**  
*as at and for the year ended 31 March 2021*

**2 Significant accounting policies (continued)**

**2.5 Foreign Currency transactions**  
**Functional currency**

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

**Transactions and translations**

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

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

**2.6 Employee benefits**

**a) Post employment 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 absence cost has been made on eligible vacation balances at balance sheet date.

Employees of the Company are entitled to compensated absences to be utilised within one calendar year. The employees can receive cash compensation at termination of employment for the unutilised accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement.

**2.7 Income Taxes**

*Current Income taxes and deferred income tax*

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 recognised 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 against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be recognised.

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

**2.8 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.

**2.9 Provisions and contingencies**

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed. Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

**2.10 Financial instruments**

**2.10.1 Initial recognition**

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

## **Firstsource Group USA, Inc.**

### **Notes to the financial statements**

as at and for the year ended 31 March 2021

## **2 Significant accounting policies (continued)**

### **2.10 Financial instruments (continued)**

#### **2.10.2 Classification and subsequent measurement**

##### **a) Non-derivative financial instruments**

###### **i) Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

###### **ii) Financial assets at amortised cost**

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

###### **iii) Financial assets at fair value through other comprehensive income ('FVOCI')**

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

###### **iv) Financial assets at fair value through profit and loss ('FVTPL')**

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

###### **vii) Investment in subsidiaries**

Investment in subsidiaries is carried at cost.

##### **b) Share capital**

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

#### **2.10.3 De-recognition of financial instruments**

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

#### **2.10.4 Fair value of financial instruments**

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

### **2.11 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and 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.

### **2.12 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.

### **2.13 Estimation of uncertainties relating to the global health pandemic from COVID-19:**

The Company has considered the possible effects that may result from the pandemic relating to COVID-19, including but not limited to its assessment of liquidity and going concern assumption, carrying amounts of receivables, unbilled revenues, goodwill and intangible assets, impact on leases and effectiveness of its hedging relationships. Based on current indicators of future global economic conditions and internal sources of available information, the Company expects the carrying amount of the assets will be recovered, net of provisions established. The impact of the pandemic related to COVID-19 may be different from that presently estimated and would be recognised in the financial statements when material changes to economic conditions arise or are anticipated.

Firstsource Group USA, Inc.  
**Notes to the financial statements (Continued)**

as at 31 March 2021

(Currency : In US Dollar)

**3 Property, plant and equipment**

	Leasehold improvements	Computers	Service equipment	Office equipment	Furniture and fixture	Total
<b>Gross block</b>						
As at 1 April 2020	3,700,919	1,192,501	756,375	207,048	642,522	6,499,365
Additions during the year	-	3,623	-	140	-	3,763
Deletions during the year	-	-	-	-	-	-
As at 31 March 2021	3,700,919	1,196,124	756,375	207,188	642,522	6,503,128
<b>Accumulated depreciation / amortization</b>						
As at 1 April 2020	3,681,088	1,184,388	749,414	186,290	623,097	6,424,277
Charge for the year	6,980	2,948	3,376	8,726	4,376	26,406
On deletions during the year	-	-	-	-	-	-
As at 31 March 2021	3,688,068	1,187,336	752,790	195,016	627,473	6,450,683
<b>Net block</b>						
As at 31 March 2021	12,851	8,788	3,585	12,172	15,049	52,445
As at 31 March 2020	19,830	8,113	6,961	20,758	19,425	75,088

	Leasehold improvements	Computers	Service equipment	Office equipment	Furniture and fixture	Total
<b>Gross block</b>						
As at 1 April 2019	3,681,175	1,184,037	750,860	189,004	621,574	6,426,650
Additions / adjustments during the year	19,744	9,548	5,515	18,044	20,948	73,799
Deletions during the year	-	(1,084)	-	-	-	(1,084)
As at 31 March 2020	3,700,919	1,192,501	756,375	207,048	642,522	6,499,365
<b>Accumulated depreciation / amortization</b>						
As at 1 April 2019	3,590,751	1,179,042	746,884	178,767	621,025	6,316,469
Charge for the year	90,337	5,806	2,530	7,523	2,072	108,268
On deletions / adjustments during the year	-	(460)	-	-	-	(460)
As at 31 March 2020	3,681,088	1,184,388	749,414	186,290	623,097	6,424,277
<b>Net block</b>						
As at 31 March 2020	19,831	8,113	6,961	20,758	19,425	75,088
As at 31 March 2019	90,424	4,995	3,976	10,237	549	110,181

Firstsource Group USA, Inc.  
**Notes to the financial statements (Continued)**  
*as at 31 March 2021*  
(Currency : In US Dollar)

**4 Other intangible assets**

	<b>Software</b>	<b>Total</b>
<b>Gross block</b>		
<b>As at 1 April 2020</b>	<b>1,585,709</b>	<b>1,585,709</b>
Additions during the year	675	675
<b>As at 31 March 2021</b>	<b>1,586,384</b>	<b>1,586,384</b>
<b>Accumulated depreciation / amortization</b>		
<b>As at 1 April 2020</b>	<b>1,565,551</b>	<b>1,565,551</b>
Charge for the year	11,416	11,416
<b>As at 31 March 2021</b>	<b>1,576,967</b>	<b>1,576,967</b>
<b>Net block</b>		
<b>As at 31 March 2021</b>	<b>9,417</b>	<b>9,417</b>
As at 31 March 2020	20,158	20,158

	<b>Software</b>	<b>Total</b>
<b>Gross block</b>		
<b>As at 1 April 2019</b>	1,572,156	1,572,156
Additions during the year	13,553	13,553
Deletions during the year	-	-
<b>As at 31 March 2020</b>	<b>1,585,709</b>	<b>1,585,709</b>
<b>Accumulated depreciation / amortization</b>		
<b>As at 1 April 2019</b>	1,357,292	1,357,292
Charge for the year	208,259	208,259
On deletions	-	-
<b>As at 31 March 2020</b>	<b>1,565,551</b>	<b>1,565,551</b>
<b>Net block</b>		
<b>As at 31 March 2020</b>	<b>20,158</b>	<b>20,158</b>
As at 31 March 2019	214,864	214,864



Firstsource Group USA, Inc.  
**Notes to the financial statements (Continued)**  
*as at 31 March 2021*  
(Currency: In US Dollar)

	<b>31 March 2021</b>	31 March 2020
<b>5 Investments</b>		
<b>Non-current</b>		
<b>Unquoted</b>		
<b>Investments carried at cost (Investment in equity instruments of subsidiaries)</b>		
Investment in MedAssist Holding Inc. - 992 equity shares (31 March 2020 992 equity shares)	<b>346,518,624</b>	346,518,624
Investment in Firstsource Business Process Services Limited. -100%, voting rights (31 March 2020: 100% voting rights)	<b>29,088,000</b>	29,088,000
Investment in Sourcepoint, Inc.(formerly known as ISGN Solutions, Inc.)		
Equity share capital - 733 voting common stock (31 March 2020: 733 voting common stock)	<b>13,691,211</b>	13,691,211
Capital contribution	<b>3,000,000</b>	3,000,000
	<b>392,297,835</b>	392,297,835

Firstsource Group USA, Inc.  
**Notes to the financial statements (Continued)**  
*as at 31 March 2021*  
(Currency : In US Dollar)

	31 March 2021	31 March 2020
<b>6 Other current financial assets</b>		
Unbilled revenues	344,204	387,322
Advance to related parties	10,739,260	8,015,796
	<u>11,083,464</u>	<u>8,403,118</u>
<b>7 Other current assets</b>		
Prepaid expenses	1,952,106	493,361
Other advances	93,886	-
	<u>2,045,992</u>	<u>493,361</u>
<b>8 Trade receivables</b>		
Considered good	3,846,763	2,467,648
	<u>3,846,763</u>	<u>2,467,648</u>

- a) Trade receivables are non interest bearing.  
b) No trade or other receivables are due from directors or other officers of the Company, either severally or jointly.  
c) For receivables from related parties, refer note 23.

Firstsource Group USA, Inc.  
**Notes to the financial statements (Continued)**  
as at 31 March 2021  
(Currency : In US Dollar)

	31 March 2021	31 March 2020
<b>9 Cash and cash equivalents</b>		
Balances with banks		
-in current accounts	759,988	2,492,903
	<u>759,988</u>	<u>2,492,903</u>
<b>10 Taxation</b>		
	31 March 2021	31 March 2020
i) Deferred Tax		
<b>Deferred tax assets on account of:</b>		
Lease liabilities	803,140	736,219
Compensated absences	1,965,803	1,698,418
Accrued expenses / allowance for expected credit loss	4,244,995	698,515
Business losses carried forward	33,659,473	38,502,358
	<u>40,673,411</u>	<u>41,635,510</u>
<b>Deferred tax liability on account of:</b>		
Property, plant and equipment and intangibles assets	85,406	272,556
Goodwill	49,570,842	49,400,224
	<u>49,656,248</u>	<u>49,672,780</u>
Net Deferred tax liability	<u>8,982,837</u>	<u>8,037,270</u>
ii) Income Tax liability		-
Advance tax and tax deducted at source	(2,088,815)	(1,412,494)
Provision for tax	2,590,075	2,090,075
	<u>501,260</u>	<u>677,581</u>

**Income tax expense**

Income tax expense in the statement of profit and loss comprises:

	Year ended	
	31 March 2021	31 March 2020
Current taxes	500,000	509,246
Deferred taxes	945,567	3,685,075
<b>Income tax expense</b>	<u>1,445,567</u>	<u>4,194,321</u>

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

	Year ended	
	31 March 2021	31 March 2020
<b>Profit before income taxes</b>	3,669,655	30,355,446
Enacted tax rates in United States of America	22.97%	22.72%
Computed expected tax expense	842,920	6,896,757
Effect of change in tax rates	589,289	126,790
Expenses not deductible for tax purposes	13,358	69,731
Impact of Tax losses utilised in excess of carrying value of corresponding deferred tax assets	-	(2,898,957)
<b>Income tax expense</b>	<u>1,445,567</u>	<u>4,194,321</u>

# Firstsource Group USA, Inc.

## Notes to the financial statements (Continued)

as at 31 March 2021

(Currency : In US Dollar)

	31 March 2021	31 March 2020
<b>11 Share capital</b>		
<b>Authorised</b>		
300,000 voting common stock(31 March 2020: 300,000 common stock) fully paid-up of USD 1 each	300,000	300,000
100,000 non-voting common stock(31 March 2020: 100,000 common stock) fully paid-up of USD 1 each	100,000	100,000
	<u>400,000</u>	<u>400,000</u>
<b>Issued, subscribed and paid-up</b>		
218,483 voting common stock(31 March 2020: 218,483 common stock) fully paid-up of USD 1 each	218,483	218,483
38,556 non-voting common stock(31 March 2020: 38,556 common stock) fully paid-up of USD 1 each	38,556	38,556
	<u>257,039</u>	<u>257,039</u>

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

	31 March 2021		31 March 2020	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	257,039	257,039	218,483	218,483
Add: Capital contribution during the year	-	-	38,556	38,556
At the end of the year	257,039	257,039	257,039	257,039

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

	31 March 2021		31 March 2020	
	Number of shares	% of total shares	Number of shares	% of total shares
Firstsource Solutions Limited	218,483	85.00%	218,483	85.00%
Firstsource Solution UK Limited	38,556	15.00%	38,556	15.00%

**c) Rights, preferences and restrictions attached to equity shares**

The Company has two classes of equity shares - voting and non-voting equity shares. All equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shareholders are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder are in proportion to its share of the paid-up equity capital of the Company. The non-voting equity shares shall have no right to vote except as otherwise required by law.

## 12 Other equity

	31 March 2021	31 March 2020
<b>Capital contribution</b>		
At the commencement of the year	64,961,443	-
Add: Movement during the year		64,961,444
At the end of the year	<u>64,961,443</u>	<u>64,961,444</u>
<b>Retained Earnings</b>		
At the commencement of the year	217,894,548	225,836,077
Transition impact on adoption of Ind AS 116	-	633,685
Add: Net loss for the year	<u>(3,305,537)</u>	<u>(8,575,214)</u>
At the end of the year	<u>214,589,011</u>	<u>217,894,548</u>
<b>Total other equity</b>	<u>279,550,454</u>	<u>282,855,992</u>

Firstsource Group USA, Inc.  
**Notes to the financial statements (Continued)**  
as at 31 March 2021  
(Currency : In US Dollar)

	31 March 2021	31 March 2020
<b>13 Borrowings</b>		
<b>(i) Long term borrowings</b>		
<i>Unsecured</i>		
Loan from Group Companies (refer note 'b')	-	15,000,000
	<u>-</u>	<u>15,000,000</u>
<b>(ii) Short-term borrowings</b>		
<i>Unsecured</i>		
Line of Credit from banks (refer note 'a')	54,133,885	50,000,000
	<u>54,133,885</u>	<u>50,000,000</u>
a	Line of credit from bank carries floating interest rate in the range of 1.00% to 5.50%, these are working capital lines.	
b	Unsecured Loan from Firstsource UK Limited at an interest rate of 4.25% was repaid fully in Current year.	
<b>14 Other financial liabilities</b>		
<b>(i) Other non current financial liabilities</b>		
Deposits	21,234	12,626
	<u>21,234</u>	<u>12,626</u>
<b>(ii) Other current financial liabilities</b>		
Interest accrued but not due on borrowings	14,121	130,090
Payable to related parties	60,655,246	47,817,035
Employee benefit payable	2,117,497	455,173
Foreign currency forward contract	-	534,031
	<u>62,786,864</u>	<u>48,936,329</u>
<b>15 Provision for employee benefits</b>		
<b>Current</b>		
Compensated absences	219,343	80,311
	<u>219,343</u>	<u>80,311</u>
<b>16 Other liabilities</b>		
<b>Other current liabilities</b>		
Creditors for capital goods	675	-
Statutory Dues	102,753	32,656
	<u>103,428</u>	<u>32,656</u>

Firstsource Group USA, Inc.  
**Notes to the financial statements (Continued)**  
for the year ended 31 March 2021  
(Currency : In US Dollar)

	Year ended	
	31 March 2021	31 March 2020
<b>17 Revenue from operations</b>		
Sale of services	13,384,157	8,757,526
	<u>13,384,157</u>	<u>8,757,526</u>
<p>The Company provides contact centre and transaction processing services for customers in the healthcare industry and operates in the US geography only.</p> <p>Revenues in excess of invoicing are classified as contract assets (which is referred as unbilled revenues). Changes in contract assets are directly attributable to revenue recognised based on the accounting policy defined and the invoicing done during the year. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures as the revenue recognised corresponds directly with the value to the customer of the company's performance completed to date.</p>		
<b>18 Other income, net</b>		
Foreign exchange gain/(loss), net	405,318	(38)
Loss on sale of fixed assets	-	(624)
	<u>405,318</u>	<u>(662)</u>
<b>19 Employee benefits expenses</b>		
Salaries and wages	8,345,676	2,639,027
Contribution to social security and other benefits	31,760	13,677
Staff welfare expenses	76,605	104,594
	<u>8,454,041</u>	<u>2,757,298</u>
<b>20 Finance costs</b>		
Interest expense		
- on working capital demand loan and others	1,263,266	2,381,547
	<u>1,263,266</u>	<u>2,381,547</u>
<b>21 Other expenses</b>		
Allocated corporate cost	785,886	906,179
Legal and professional fees	1,404,535	791,704
Travel and conveyance	7,846	214,995
Bank administration charges	123,620	207,212
Connectivity, information and communication expenses	(44,264)	87,296
Recruitment and training expenses	536,482	33,664
Rent <sup>#</sup>	204,648	90,553
Printing and stationery	237	11,715
Rates and taxes	169,748	5,820
Insurance	15,820	4,921
Computer expenses	40,291	4,097
Repairs, maintenance and upkeep	20,849	450
	<u>3,265,698</u>	<u>2,358,606</u>

# Rent includes expense towards low value lease payments amounting to Nil ( 31 March 2020 USD 28,859) and common area maintenance charges for leased properties amounting to USD 203,696 (31 March 2020 4,727) during the year ended 31 March 2021. Further USD 952 is netted off as recovery of rent by fellow subsidiaries (USD 56,967 is netted off as recovery of rent from fellow subsidiaries for year ended 31 March 2020).

Firstsource Group USA, Inc.  
**Notes to the financial statements (Continued)**  
as at and for the year ended 31 March 2021  
(Currency: In US Dollar)

**22) Financial instruments**

**I. Financial instruments by category:**

The carrying value and fair value of financial instruments by categories as of 31 March 2021 were as follows:

	Amortized cost	FVTPL	FVOCI	Total carrying amount	Total fair value
<b>Financial assets</b>					
Trade receivables	3,846,763	-	-	3,846,763	3,846,763
Cash and cash equivalents	759,988	-	-	759,988	759,988
Other financial assets	11,083,464	-	-	11,083,464	11,083,464
<b>Total</b>	<b>15,690,215</b>	<b>-</b>	<b>-</b>	<b>15,690,215</b>	<b>15,690,215</b>
<b>Financial liabilities</b>					
Borrowings	54,133,885	-	-	54,133,885	54,133,885
Other financial liabilities	62,808,098	-	-	62,808,098	62,808,098
Trade payables	3,539,559	-	-	3,539,559	3,539,559
<b>Total</b>	<b>120,481,542</b>	<b>-</b>	<b>-</b>	<b>120,481,542</b>	<b>120,481,542</b>

The carrying value and fair value of financial instruments by categories as of 31 March 2020 were as follows:

	Amortized cost	FVTPL	FVOCI	Total carrying amount	Total fair value
<b>Financial assets</b>					
Trade receivables	2,467,648	-	-	2,467,648	2,467,648
Cash and cash equivalents	2,492,903	-	-	2,492,903	2,492,903
Other financial assets	8,403,118	-	-	8,403,118	8,403,118
<b>Total</b>	<b>13,363,669</b>	<b>-</b>	<b>-</b>	<b>13,363,669</b>	<b>13,363,669</b>
<b>Financial liabilities</b>					
Borrowings	65,000,000	-	-	65,000,000	65,000,000
Other financial liabilities	48,414,924	534,031	-	48,948,955	48,948,955
Trade payables	360,307	-	-	360,307	360,307
<b>Total</b>	<b>113,775,231</b>	<b>534,031</b>	<b>-</b>	<b>114,309,262</b>	<b>114,309,262</b>

**II. Fair value hierarchy:**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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 31 March 2021:

	As	Fair value measurement at end of the reporting period using		
	31 March 2021	Level 1	Level 2	Level 3
<b>Investments</b>				
Investment in equity instruments	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Foreign currency forward contract	-	-	-	-

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2020:

	As of	Fair value measurement at end of the reporting period using		
	31 March 2020	Level 1	Level 2	Level 3
<b>Investments</b>				
Investment in equity instruments	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Foreign currency forward contract	(534,031)	-	(534,031)	-

The fair value of other financial assets and liabilities approximate the carrying value.

Foreign currency forward contract is valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

Firstsource Group USA, Inc.  
**Notes to the financial statements (Continued)**  
*as at and for the year ended 31 March 2021*  
 (Currency: In US Dollar)

**22) Financial instruments (continued)**

**III. Financial risk management:**

**a) Market risk**

The Company operates in the United States of America and there are no major transactions outside the United States of America. Hence, there is no significant foreign exchange 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 3,846,763 and USD 2,467,648 as of 31 March 2021 and 31 March 2020 respectively and unbilled revenue amounting to USD 344,204 and USD 387,322 as of 31 March 2021 and 31 March 2020 respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States of America. 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. Expected credit losses are accounted on financial assets based on the measurement criteria as defined in the policy. A default on a financial asset is when there is a significant increase in the credit risk which is evaluated based on the business environment.

**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.

Total current liabilities are in excess of total current assets. Payables to Subsidiary Companies are not expected to be called for settlement until external liabilities are settled. The Company shall use its operating future cash flows and unutilized lines of credit to manage its liquidity.

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2021 and 31 March 2020:

	31 March 2021		31 March 2020	
	Less than 1 Year	More than 1 year	Less than 1 Year	More than 1 year
Trade payables	3,539,559	-	360,307	-
Borrowings	54,133,885	-	50,000,000	15,000,000
Other Financial Liabilities	62,786,864	21,234	48,936,329	12,626



Firstsource Group USA, Inc.  
**Notes to the financial statements (Continued)**  
as at and for the year ended 31 March 2021  
(Currency: In US Dollar)

**23) Related party transactions**

Details of related parties including summary of transactions entered into during the year ended 31 March 2021 are summarized below:

Ultimate Holding Company	RPSG Ventures Limited (formerly known as CESC Ventures Limited) (Change in name w.e.f. 19 January 2021)
Holding Company	Firstsource Solutions Limited
Fellow Subsidiaries	Firstsource BPO Ireland Limited Firstsource Process Management Services Limited Firstsource Dialog Solutions (Private) Limited Firstsource Solution UK Limited Kolkata Games and Sports Private Limited Herbolab India Private Limited Quest Properties India Limited Metromark Green Commodities Private Limited Guiltfree Industries Limited RPSG Resources Private Limited (earlier known as Accurate Commodial Private Limited) Bowlopedia Restaurants India Limited Apricot Foods Private Limited RP - SG Ventures Advisory LLP RP SG Unique Advisory LLP APA Services Private Limited Rubberwood Sports Private Limited ATK Mohan Bagan Private Limited Aakil Nirman LLP
Subsidiary wherein control exists	Firstsource Business Process Services LLC Sourcepoint Fulfillment Services, Inc. Sourcepoint, Inc. ISGN Fulfillment Agency, LLC (ceased w.e.f. 24th June 2019) Firstsource Advantage LLC One Advantage LLC Firstsource Solutions USA LLC Firstsource HealthPlans and Healthcare services, LLC (earlier known as Firstsource Transcation Services, LLC) (Change in name w.e.f. 01 October 2020) MedAssist Holding LLC PatientMatters, LLC (PM) (acquired on 22 December 2020) Medical Advocacy Services for Healthcare, Inc (MASH) (acquired as 22 December 2020) Kramer Technologies LLC (KT) (acquired on 22 December 2020)
Trust controlled by Ultimate Holding Company	RP-Sanjiv Goenka Group CSR Trust (RPSG CSR Trust)
Directors	Vipul Khanna Arjun Mitra Pratip Chaudhuri

**Particulars of related party transactions:**

Name of the related party	Description	Transaction value during year ended		Receivable / (Payable) at	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
Firstsource Solutions Limited	Services rendered by business associates and others	2,628,618	5,323,779	-	-
	Recovery of expenses	988,523	348,790	-	-
	Reimbursement of expenses	789,291	907,601	-	-
	Receivable / (Payable)	-	-	2,647,122	(1,412,435)
Firstsource UK Limited	Reimbursement of expenses	1,421	23,664	-	-
	Recovery of expense	97,804	131,408	-	-
	Loan repaid	15,000,000	76,000,000	-	-
	Capital contribution received	-	65,000,000	-	-
	Interest expenses	-	486,548	-	-
	Loan Outstanding	-	-	-	(15,000,000)
	Receivable	-	-	175,883	905,355
Medassist Holdings LLC	Reimbursement of expenses	177,518	114,129	-	-
	Recovery of expense	5,375,737	3,300,864	-	-
	Investment	-	-	346,518,624	346,518,624
	Payable	-	-	(22,002,193)	(20,976,178)
Firstsource Health Plans and Healthcare Services, LLC	Reimbursement of expenses	3,321,777	25,145	-	-
	Recovery of expense	4,738,251	2,486,956	-	-
	Payable	-	-	(8,616,267)	(11,235,196)
Firstsource Advantage LLC	Reimbursement of expenses	1,921,450	5,752	-	-
	Recovery of expense	45,652	419,481	-	-
	Payable	-	-	(12,283,426)	(2,710,347)
Firstsource Business Process Services LLC	Investment	-	-	29,088,000	29,088,000
	Receivable	-	-	4,962,682	4,962,682
Sourcepoint Fulfillment Services, Inc.	Recovery of expense	535,315	175,449	-	-
	Receivable	-	-	2,953,573	2,147,759
Sourcepoint, Inc.	Reimbursement of expenses	43,020	47,238	-	-
	Recovery of expense	6,067,329	2,117,740	-	-
	Investment	-	-	16,691,211	16,691,211
	Payable	-	-	(6,152,434)	(5,277,463)
One Advantage LLC	Reimbursement of expenses	517,275	-	-	-
	Recovery of expense	67,784	38,655	-	-
	Payable	-	-	(11,600,926)	(6,205,416)

# Firstsource Group USA, Inc.

## Notes to the financial statements (Continued)

as at and for the year ended 31 March 2021

(Currency: In US Dollar)

### 24) 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').

### 25) Computation for calculating basic and diluted earnings per share

	For year ended	
	31 March 2021	31 March 2020
Number of shares considered as basic weighted average shares outstanding	257,039	238,498
Number of shares considered as weighted average shares and potential shares outstanding	257,039	238,498
Net profit after tax attributable to shareholders	(3,305,537)	(8,575,214)
Net profit after tax for diluted earnings per share	(3,305,537)	(8,575,214)

### 26) Capital and other commitments and contingent liabilities

The Company has capital commitments of USD 1,098 as at 31 March 2021 (31 March 2020: USD 648) and there are no contingent liabilities as at 31 March 2021. (31st March 2020 : USD Nil)

### 27) Subsequent events

The Company evaluated subsequent events from the balance sheet date through 1 July 2021 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**

**Firstsource Group USA, Inc.**

**G.K. Subramaniam**

Partner

Membership No: 109839

**Vipul Khanna**

Director

Mumbai

1 July 2021

**Arjun Mitra**

Director

**Pratip Chaudhuri**

Director