

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 **Sourcepoint, Inc.** (the 'Company'), which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss (including Other Comprehensive Income/Loss), 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 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 2022, 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.

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.

**Deloitte
Haskins & Sells LLP**

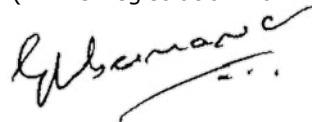
Basis of preparation

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 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:22109839ALYXFE2782)

Mumbai
30 June 2022

Sourcepoint, Inc.

Special Purpose Financial Statements
together with the Independent Auditor's Report
as at and for the year ended 31 March 2022

Sourcepoint, Inc.

Special Purpose Financial Statement together with the independent Auditor's Report

as at and for the year ended 31 March 2022

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Sourcepoint, Inc.

Balance sheet

as at 31 March 2022

(Currency: In US Dollar)

	Note	31 March 2022	31 March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3)	4,460,635	4,913,961
Right-of-use assets	3.2)	5,699,954	5,114,844
Other intangible assets	3)	561,039	995,396
Intangible assets under development	3.1)	463,716	-
Financial assets			
Investments	4)	78,745,106	46,669,322
Other financial assets	5)	143,107	148,943
Other non-current assets	6)	182,768	371,270
Income tax assets (net)		33,821	26,654
Total non-current assets		90,290,146	58,240,390
Current assets			
Financial assets			
Trade receivables	7)		
Billed		26,992,333	28,663,384
Unbilled		3,426,397	6,968,905
Cash and cash equivalents	8)	917,362	1,729,544
Other financial assets	5)	5,315,731	6,159,848
Other current assets	6)	1,035,178	1,034,868
Total current assets		37,687,001	44,556,549
Total assets		127,977,147	102,796,939
EQUITY AND LIABILITIES			
Equity			
Equity share capital	9)	73,300	73,300
Other equity	10)	74,515,519	30,223,778
Total equity		74,588,819	30,297,078
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities		4,426,851	4,738,414
Total non-current liabilities		4,426,851	4,738,414
Current liabilities			
Financial liabilities			
Trade payables	11)	1,323,100	18,286,943
Lease liabilities		2,456,862	1,614,881
Other financial liabilities	12)	44,209,109	46,471,260
Provisions for employee benefits	13)	850,390	1,220,312
Other current liabilities	14)	122,016	168,051
Total current liabilities		48,961,477	67,761,447
Total equity and liabilities		127,977,147	102,796,939

Significant accounting policies

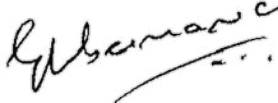
The accompanying notes from 1 to 25 are an integral part of these special purpose financial statements.

As per our report of even date attached.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

Firm's Registration No: 117366W/W-100018



G.K. Subramaniam

Partner

Membership No: 109839

Mumbai

30 June 2022

For and on behalf of the Board of Directors



Arjun Mitra
Director

Steven Schachter
Director

Sourcepoint, Inc.**Statement of profit and loss***for the year ended 31 March 2022*

(Currency: In US Dollar)

		Year ended	
	Note	31 March 2022	31 March 2021
INCOME			
Revenue from operations	15)	202,992,321	188,844,698
Total income		202,992,321	188,844,698
EXPENSES			
Services rendered by business associates and others (refer note 20)		95,624,616	77,560,337
Employee benefits expenses	16)	89,224,940	93,851,823
Finance costs	17)	275,154	263,997
Depreciation and amortization expense	3), 3.2)	3,914,925	2,466,103
Other expenses	18)	14,990,564	17,273,723
Total expenses		204,030,199	191,415,983
Loss before tax and Exceptional item		(1,037,878)	(2,571,285)
Exceptional Items (Refer note 24)		-	15,525,760
Loss before tax		(1,037,878)	(18,097,044)
Tax expense			
Current tax		-	-
Deferred tax		-	-
Loss for the year		(1,037,878)	(18,097,044)
Other comprehensive income		-	-
Total comprehensive loss for the year		(1,037,878)	(18,097,044)
Weighted average number of equity shares outstanding during the year			
Basic	22	733	733
Diluted	22	733	733
Earnings per equity share			
Basic		(1,415.93)	(24,689.01)
Diluted		(1,415.93)	(24,689.01)

Significant accounting policies

The accompanying notes from 1 to 25 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

G.K. Subramaniam

Partner

Membership No: 109839


Mumbai

30 June 2022

For and on behalf of the Board of Directors


Arjun Mitra
Director

Steven Schachter
Director



Sourcepoint, Inc.

Statement of changes in equity

as at and for the year ended 31 March 2022

(Currency: In US Dollar)

Statement of Changes in Equity

Particulars	Attributable to owners of the Company			Total
	Equity share capital	Capital Contribution	Retained earnings	
Balance as at 1 April 2021	73,300	3,000,000	27,223,778	30,297,078
Capital contribution during the year	-	30,233,032	-	30,233,032
Extinguishment of liability- Option bought back	-	-	15,096,587	15,096,587
Loss for the year	-	-	(1,037,878)	(1,037,878)
Balance at the end of the 31 March 2022	73,300	33,233,032	41,282,487	74,588,819

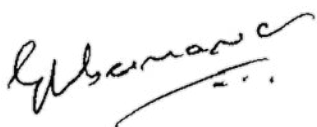
Particulars	Attributable to owners of the Company			Total
	Equity share capital	Capital Contribution	Retained earnings	
Balance as at 1 April 2020	73,300	3,000,000	45,320,822	48,394,122
Loss for the year	-	-	(18,097,044)	(18,097,044)
Balance at the end of the 31 March 2021	73,300	3,000,000	27,223,778	30,297,078

As per our report of even date attached.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

Firm's Registration No: 117366W/W-100018



G.K. Subramaniam

Partner

Membership No: 109839

Mumbai

30 June 2022

For and on behalf of the Board of Directors



Arjun Mitra

Steven Schachter

Director

Director

Sourcepoint, Inc.**Statement of cash flows**

for the year ended 31 March 2022

(Currency: In US Dollar)

	31 March 2022	31 March 2021
Cash flow from operating activities		
Loss before taxation	(1,037,878)	(18,097,044)
Adjustments for		
Depreciation and amortisation	3,914,925	2,466,103
Allowance for expected credit loss / bad debts written off, net	327,485	(10,434)
Finance costs	275,154	263,997
Operating cash flow before changes in working capital	3,479,686	(15,377,379)
Changes in working capital		
(Increase) / decrease in trade receivables	4,886,074	(17,162,795)
Decrease / (Increase) in loans and advances and other assets	1,040,780	(995,226)
Increase in liabilities and provisions	20,643,109	38,462,553
Net changes in working capital	26,569,963	20,304,532
Income taxes paid	(7,167)	(4,186)
Net cash generated from operating activities (A)	30,042,482	4,922,968
Cash flow from investing activities		
Acquisition of subsidiary	(27,066,316)	-
Purchase of property, plant and equipment and intangible assets	(1,534,076)	(4,613,757)
Net cash used in investing activities (B)	(28,600,392)	(4,613,757)
Cash flow from financing activities		
Interest paid	(275,154)	(263,997)
Repayment of lease liabilities	(1,979,118)	(705,778)
Net cash used in financing activities (C)	(2,254,272)	(969,775)
Net (decrease) in cash and cash equivalents at the end of the year (A+B+C)	(812,182)	(660,564)
Cash and cash equivalents at the beginning of the year	1,729,544	2,390,108
Cash and cash equivalents at the end of the year	917,362	1,729,544

Notes to the cash flow statement

Non cash transactions related to conversion of payable to Holding Company into capital contribution, conversion of receivable from subsidiary into investment and extinguishment of liability on account of option bought back have not been disclosed in Statement of cash flows.

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 2022	31 March 2021
Cash on hand	-	-
Balances with banks		
- in current accounts	917,362	1,729,544
	917,362	1,729,544
Cash and cash equivalents	917,362	1,729,544

As per our report of even date attached.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

Firm's Registration No: 117366W/W-100018

G.K. Subramaniam

Partner

Membership No: 109839

Mumbai

30 June 2022

For and on behalf of the Board of Directors

Arjun Mitra Steven Schachter
Director Director

Sourcepoint, Inc.**Notes to the financial statements**

as at and for the year ended 31 March 2022

(Currency: In US Dollar)

1 Company overview

Sourcepoint, Inc ('the Company') is a 100% subsidiary of Firstsource Group USA Inc.. Firstsource Group USA Inc acquired 100% interest in Sourcepoint, Inc in April 2016. Firstsource Group USA Inc is a wholly owned subsidiary of Firstsource Solutions Limited, Company incorporated in India. The Company is engaged in providing business process outsourcing (BPO) services to the mortgage lending industry. The Company provides a wide range of consulting services relating to mortgage products, business process outsourcing (BPO) services such as fulfillment services and loan services. The Company's customer base consists primarily of Mortgage banks and financial institutions situated primarily in the United States of America.

Basis of Preparation

These special purpose financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values and the provisions of the Companies Act, 2013 ('the Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereunder.

These special purpose financial statements have been prepared 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 5 May 2022.

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 Property, plant and equipment and intangible assets**

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

b Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116 and identification of lease requires significant judgement. Ind AS 116 additionally requires lessees to determine the lease term as the non-cancellable period of lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in the future periods is reassessed to ensure the lease term reflects the current economic circumstances.

Sourcepoint, Inc.**Notes to the financial statements***as at and for the year ended 31 March 2022*

(Currency: In US Dollar)

2 Significant accounting policies (Continued)**2.2 Revenue recognition**

The Company, in its contracts with customers, promises to transfer distinct services rendered either in the form of contact centre and transaction processing services.

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 the 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.

Deferred contract costs are upfront costs incurred for the contract accounted as non-financial assets amortised over the term of the contract.

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

For all instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

2.3 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 on property, plant and equipment and intangible assets is provided pro-rata to the period of use based on management's best estimate of useful lives of the assets as summarized below:

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

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

Other intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

Asset category	Useful life (in years)
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.	

2 Significant accounting policies (Continued)

2.3 Property, plant and equipment and Intangible assets (continued)

Software purchased is capitalised together with the related hardware and amortised over the best estimate of useful life from the date the asset is available for use. Software product development costs are expensed as incurred during the research phase until technological feasibility is established. Software development costs incurred subsequent to the achievement of technological feasibility are capitalised and amortised over the estimated useful life of the products as determined by the management. This capitalisation is done only if there is an intention and ability to complete the product, the product is likely to generate future economic benefits, adequate resources to complete the product are available and such expenses can be accurately measured. Such software development costs comprise expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to the development of the product. The amortisation of software development costs is allocated on a systematic basis over the best estimate of its useful life after the product is ready for use. The factors considered for identifying the basis include obsolescence, product life cycle and actions of competitors.

The amortisation period and the amortisation method are reviewed at the end of each reporting period. If the expected useful life of the product is shorter from previous estimates, the amortisation period is changed accordingly.

2.4 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. 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. 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 units ('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 recognized for the asset in prior years.

2.5 Employee benefits

Defined contribution plans

The Company has a saving and investment plan under section 401 (k) of the Internal Revenue Code of the United States of America. This is a Defined Contribution Plan. Contribution made under the plan are charged to statement of profit and loss in the period in which that accrue. The Company has no further obligation to the plan beyond its monthly contribution. Other retirement benefits, including social security and medicare, are accrued based on the amounts payable as per local regulations.

Compensated absences

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

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

2.6 Taxation

Current income taxes 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

Sourcepoint, Inc.

Notes to the financial statements

as at and for the year ended 31 March 2022

(Currency: In US Dollar)

2 Significant accounting policies (Continued)

2.7 Leases

The Company enters into contract as a lessee for assets taken on lease. The Company at the inception of a contract assesses whether the contract contains a lease by conveying the right to control the use of an identified asset for a period of time in exchange for consideration. A Right-of-use asset is recognised representing its right to use the underlying asset for the lease term at the lease commencement date except in case of short term leases with a term of twelve months or less and low value leases which are accounted as an operating expense on a straight line basis over the lease term. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the conditions required by the terms and conditions of the lease, a provision for costs are included in the related Right-of-use asset. The Right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The Right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease and if that rate cannot be readily determined the Company uses the incremental borrowing rate in the country of domicile of the leases. The lease payments shall include fixed payments, variable lease payments, where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. Obligation under finance lease are secured by way of hypothecation of underlying fixed assets taken on lease. Lease payments have been disclosed under cash flow from financing activities.

Certain lease arrangements includes the option to extend or terminate the lease before the end of the lease term. Right-of-use assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The lease liabilities are remeasured with a corresponding adjustment to the related Right-of-use asset if the Company changes its assessment whether it will exercise an extension or a termination option.

2.8 Foreign 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 realized 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.

Sourcepoint, Inc.

Notes to the financial statements

as at and for the year ended 31 March 2022

(Currency: In US Dollar)

2 Significant accounting policies (Continued)

2.9 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.

2.10 Provisions and contingencies

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

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

2.11 Exceptional Items

Exceptional items refer to items of income or expense within the statement of profit and loss from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company.

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.

2.12.2 Classification and subsequent measurement

a) Non-derivative financial instruments

i) Cash and cash equivalents

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

ii) Financial assets at amortised cost

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

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

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

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

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

Sourcepoint, Inc.

Notes to the financial statements

as at and for the year ended 31 March 2022

(Currency: In US Dollar)

2 Significant accounting policies (Continued)

2.12 Financial instruments (Continued)

2.12.2 Classification and subsequent measurement(continued)

2.12.2a Non-derivative financial instruments (Continued)

v) Financial liabilities

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

vi) Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities.

Equity instruments are recognised by the Company at the proceeds received net of direct issue cost.

b) Share capital

Ordinary shares

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

2.12.3 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.

2.12.4 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.

2.13 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 items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.14 Onerous contracts

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

2.15 Recent Accounting Pronouncements:

On 23 March 2022, the Ministry of Company Affairs amended the Companies (Indian Accounting Standards) Amendment Rules, 2022 effective for annual periods beginning on or after 1 April 2022 which include amendments / clarifications in the following accounting standards applicable to the Company:

- a) Ind AS 16 – Property, Plant and Equipment
- b) Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets
- c) Ind AS 109 – Financial Instruments

The effect of application of these amendments / clarifications on the Standalone financial statements of the Company is expected to be insignificant.

Sourcepoint, Inc.

Notes to the financial statements(Continued)

as at 31 March 2022

(Currency: In US Dollar)

3) Property, plant and equipment and intangible asset

Particulars	Tangible Asset						Intangible Asset	Grand Total
	Leasehold improvements	Computers	Service equipment	Office equipment	Furniture and fixture	Total	Software	
Gross block								
As at 1 April 2021	2,343,762	3,414,315	311,138	568,568	155,736	6,793,519	1,624,978	8,418,497
Additions / adjustments during the year	202,809	709,991	10,384	146,428	24,254	1,093,866	8,950	1,102,816
Deletions during the year	(157,640)	(205,491)	(26,183)	(57,888)	(97,574)	(544,776)	(13,677)	(558,453)
As at 31 March 2022	2,388,931	3,918,815	295,339	657,108	82,416	7,342,609	1,620,251	8,962,860
Accumulated depreciation / amortization								
As at 1 April 2021	398,663	1,114,453	118,210	144,816	103,416	1,879,558	629,582	2,509,140
Charge for the year	474,444	864,107	67,280	116,670	24,691	1,547,192	443,307	1,990,499
On deletions / adjustments during the year	(157,640)	(205,491)	(26,183)	(57,888)	(97,574)	(544,776)	(13,677)	(558,453)
As at 31 March 2022	715,467	1,773,069	159,307	203,599	30,533	2,881,974	1,059,212	3,941,186
Net block								
As at 31 March 2022	1,673,464	2,145,747	136,032	453,509	51,883	4,460,635	561,039	5,021,674
As at 31 March 2021	1,945,099	2,299,862	192,928	423,752	52,320	4,913,961	995,396	5,909,357

Particulars	Tangible Asset						Intangible Asset	Grand Total
	Leasehold improvements	Computers	Service equipment	Office equipment	Furniture and fixture	Total	Software	
Gross block								
As at 1 April 2020	453,489	1,410,253	202,673	202,099	124,370	2,392,884	1,363,630	3,756,514
Additions / adjustments during the year	1,890,273	2,004,062	108,465	366,469	31,366	4,400,634	261,348	4,661,982
Deletions during the year	-	-	-	-	-	-	-	-
As at 31 March 2021	2,343,762	3,414,315	311,138	568,568	155,736	6,793,518	1,624,978	8,418,497
Accumulated depreciation / amortization								
As at 1 April 2020	182,888	735,445	53,260	71,782	73,029	1,116,404	198,043	1,314,447
Charge for the year	215,775	379,008	64,950	73,034	30,387	763,153	431,539	1,194,691
On deletions / adjustments during the year	-	-	-	-	-	-	-	-
As at 31 March 2021	398,663	1,114,453	118,210	144,816	103,416	1,879,557	629,582	2,509,140
Net block								
As at 31 March 2021	1,945,099	2,299,862	192,928	423,752	52,320	4,913,961	995,396	5,909,357
As at 31 March 2020	270,601	674,808	149,413	130,317	51,341	1,276,480	1,165,587	2,442,067

3.1) Intangible Assets Under Development

	31 March 2022	31 March 2021
Intangible Assets Under Development	463,716	-
	463,716	-

All Intangible assets under development have ageing of less than 6 months.

Sourcepoint, Inc.

Notes to the financial statements(Continued)

as at 31 March 2022

(Currency: In US Dollar)

3.2) Leases

The details of Right-of-use assets held by the Company are as follows:

Particulars	Opening as at 1 April 2021	Addition during the year	Deletions during the year	Depreciation for the year	Net Carrying value as at 31 March 2022
Leasehold properties	5,051,238	2,164,644	-	1,785,672	5,430,210
Service equipment	63,606	344,892	-	138,754	269,744
Total	5,114,844	2,509,536	-	1,924,426	5,699,954

Rent includes expense towards short term lease payments amounting to USD Nil, expense towards low value leases payment amounting to USD 1,215,812 and common area maintenance charges for leased properties amounting to USD 587,683 during the year ended 31 March 2022. Further USD 198,566 is netted off as recovery of rent from fellow subsidiaries.

Particulars	Opening as at 1 April 2020	Addition during the year	Deletions during the year	Depreciation for the year	Net Carrying value as at 31 March 2021
Leasehold properties	4,556,617	1,754,048	26,180	1233,247	5,051,238
Service equipment	101,769	-	-	38,163	63,606
Total	4,658,386	1,754,048	26,180	1271,410	5,114,844

Rent includes expense towards short term lease payments amounting to USD 111,789, expense towards low value leases payment amounting to USD 405,607 and common area maintenance charges for leased properties amounting to USD 756,632 during the year ended 31 March 2021. Further USD 53,840 is netted off as recovery of rent from fellow subsidiaries.

Sourcepoint, Inc.

Notes to the financial statements(Continued)

as at 31 March 2022

(Currency: In US Dollar)

	31 March 2022	31 March 2021
4) Investments		
Non-current Unquoted		
Investment in equity instruments of subsidiaries		
Investments carried at cost		
Investment in Sourcepoint Fulfillment Services, Inc.(formally known as ISGN Fulfillment Services Inc.) - 400,803 voting common stock (31 March 2021 : 400,803 voting common stock)	51,678,790	46,669,322
Investment in The Stonehill Group, Inc. - 100,000 Equity Shares at no par value*	27,066,316	-
	78,745,106	46,669,322

*The Company through its wholly owned subsidiary Sourcepoint, Inc has acquired 100% equity interest and control of the businesses of The StoneHill Group, Inc, a Georgia coporation, for a purchase consideration (including contingent consideration) of US\$ 27 mn on 09 November 2021. The StoneHill Group, Inc. ("TSG") founded in 1996, is headquartered at Atlanta, Georgia, USA. It focuses on loan quality control, due diligence and loan origination services to the US mortgage industry.

Sourcepoint, Inc.

Notes to the financial statements(Continued)

as at 31 March 2022

(Currency: In US Dollar)

	31 March 2022	31 March 2021
5) Other financial assets		
(i) Other non-current financial assets		
Deposits	143,107	148,943
	<u>143,107</u>	<u>148,943</u>
(ii) Other current financial assets		
Advances to related parties (refer note 20)	5,315,731	6,159,848
	<u>5,315,731</u>	<u>6,159,848</u>
6) Other assets		
(i) Other non-current assets		
Prepaid expenses	164,774	365,379
Capital advances	17,994	5,891
	<u>182,768</u>	<u>371,270</u>
(ii) Other current assets		
Prepaid expenses	1,035,178	1033,632
Other advances	-	1,236
	<u>1,035,178</u>	<u>1034,868</u>
7) Trade receivables		
<i>(Unsecured)</i>		
Billed		
Considered doubtful	344,510	17,024
Less: Allowance for expected credit loss	344,510	17,024
	<u>-</u>	<u>-</u>
Considered good	26,992,333	28,663,384
	<u>26,992,333</u>	<u>28,663,384</u>
Unbilled		
Unbilled revenues	3,426,397	6,968,905
	<u>3,426,397</u>	<u>6,968,905</u>

a) Trade receivables are non-interest bearing and there are no trade receivables with a significant increase in credit risk as well as disputed trade receivables.

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 20.

Trade receivables Ageing Schedule

As at 31 March 2022

	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	8,413,112	18,579,221	-	-	-	-	26,992,333
Undisputed Trade receivable – considered doubtful		-	208,114	121,696	14,700	-	344,510
Total	8,413,112	18,579,221	208,114	121,696	14,700	-	27,336,843

As at 31 March 2021

	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	13,224,310	15,439,074	-	-	-	-	28,663,384
Undisputed Trade receivable – considered doubtful		-	2,324	14,700	-	-	17,024
Total	13,224,310	15,439,074	2,324	14,700	-	-	28,680,408

Sourcepoint, Inc.

Notes to the financial statements(Continued)

as at 31 March 2022

(Currency: In US Dollar)

	31 March 2022	31 March 2021
8) Cash and cash equivalents		
Balance with banks in current accounts	917,362	1,729,544
	<hr/>	<hr/>
	917,362	1,729,544
	<hr/>	<hr/>

Sourcepoint, Inc.

Notes to the financial statements(Continued)

as at 31 March 2022

(Currency: In US Dollar)

31 March 2022

31 March 2021

9) Share capital

Authorised

1,000 (31 March 2021 : 1,000) Equity Shares of USD 100 each

100,000

100,000

100,000

100,000

Issued, subscribed and paid-up

733 (31 March 2021: 733) Equity Shares of USD 100 each

73,300

73,300

73,300

73,300

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

	31 March 2022		31 March 2021	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	733	73,300	733	73,300
At the end of the year	733	73,300	733	73,300

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

	31 March 2022		31 March 2021	
	Number of shares	% of total shares	Number of shares	% of total shares
Firstsource Group USA, Inc.	733	100%	733	100%

c) Rights, preferences and restrictions attached to equity shares

The Company has a single class of shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares 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. On winding up of the Company, the equity shareholders will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of shares held.

Sourcepoint, Inc.

Notes to the financial statements(Continued)

as at 31 March 2022

(Currency: In US Dollar)

	31 March 2022	31 March 2021
10) Other equity		
Capital Contribution		
At the commencement of the year	3,000,000	3,000,000
Add: Capital contribution during the year	30,233,032	-
At the end of the year	33,233,032	3,000,000
Retained earnings		
At the commencement of the year	27,223,778	45,320,822
Add: Extinguishment of liability- Option bought back (Refer Note 24)	15,096,587	-
Less: Loss for the year	(1,037,878)	(18,097,044)
At the end of the year	41,282,487	27,223,778
Total other equity	74,515,519	30,223,778

The Board of directors of the Holding company approved Capital Contribution of USD 3 million in the Company during the year ended 31 March 2019. The amount has been netted off by extinguishing payable of equivalent amount to the Holding Company.

The Board of directors of the Holding company approved Capital Contribution of USD 30.23 million in the Company during the year ended 31 March 2022. Out of this, the amount of USD 25.23 million has been converted to capital contribution by extinguishing payable of equivalent amount to the Holding Company.

Sourcepoint, Inc.

Notes to the financial statements(Continued)

as at 31 March 2022

(Currency: In US Dollar)

31 March 2022

31 March 2021

11) Trade Payables

Trade Payables

1,323,100

18,286,943

1,323,100

18,286,943

Trade payables Ageing Schedule

As at 31 March 2022

	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Trade Payables						
	1,059,822	263,279	-	-	-	1,323,100
Total	1,059,822	263,279	-	-	-	1,323,100

As at 31 March 2021

	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Trade Payables						
	17,535,823	751,120				18,286,943
Total	17,535,823	751,120	-	-	-	18,286,943

12) Other financial liabilities

(i) Other current financial liabilities

Creditors for capital goods

59,576

15,017

Employee benefits payable

3,458,707

4,065,167

Payable to related parties (refer note 20)

34,999,622

42,391,076

Contingent Consideration

5,400,000

-

Advance from customer

291,204

-

44,209,109

46,471,260

13) Provision for employee benefits

Current

Compensated absences

850,390

1,220,312

850,390

1,220,312

14) Other liabilities

Other current liabilities

Statutory Dues

101,843

168,051

Other Payables

20,173

-

122,016

168,051

Sourcepoint, Inc.

Notes to the financial statements(Continued)

for the year ended 31 March 2022

(Currency: In US Dollar)

	Year ended	
	31 March 2022	31 March 2021

15) Revenue from operations

Sale of services	202,977,081	188,844,698
Other operating income, net	15,240	-
	<u>202,992,321</u>	<u>188,844,698</u>

The company provides business process outsourcing (BPO) services to the mortgage lending industry in the US geography only.

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.

16) Employee benefits expenses

Salaries and wages	83,096,426	89,596,804
Contribution to social security and other benefits	460,673	461,037
Staff welfare expenses	5,667,841	3,793,982
	<u>89,224,940</u>	<u>93,851,823</u>

17) Finance costs

Interest expense on leased liabilities	275,154	263,997
	<u>275,154</u>	<u>263,997</u>

Sourcepoint, Inc.

Notes to the financial statements(Continued)

for the year ended 31 March 2022

(Currency: In US Dollar)

	Year ended	
	31 March 2022	31 March 2021
18) Other expenses		
Computer expenses	1,597,100	1901,596
Repairs, maintenance and upkeep	759,286	557,496
Car and other hire charges	53,411	37,742
Electricity, water and power consumption	257,281	129,513
Connectivity, information and communication expenses	1,568,679	1659,307
Legal and professional fees	2,197,972	1,729,348
Recruitment and training expenses	1,042,253	4877,956
Allocated corporate costs	1,074,789	1367,275
Travel and conveyance	366,456	,63,602
Marketing and support fees	2,242,699	2,647,555
Rent,(net of recoveries)	2,002,061	1,220,188
Insurance	300,173	249,178
Printing and stationery	264,099	128,352
Rates and taxes	698,600	518,898
Bank administration charges	226,410	171,965
Allowance for expected credit losses / bad debts written off, net	327,485	(10,434)
Miscellaneous expenses	11,810	24,186
	14,990,564	17,273,723

Note: Facilities used for operations by the Company are commonly held with the Subsidiary Company Sourcepoint Fulfillment Services, Inc.

Sourcepoint, Inc.
Notes to the financial statements(Continued)
as at and for the year ended 31 March 2022
(Currency: In US Dollar)

19) Financial instruments

I. Financial instruments by category:

The carrying value and fair value of financial instruments by categories as at 31 March 2022 were as follows:

	Amortised cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Trade receivables	30,418,730	-	-	30,418,730	30,418,730
Cash and cash equivalents	917,362	-	-	917,362	917,362
Other financial assets	5,458,838	-	-	5,458,838	5,458,838
Total	36,794,930			36,794,930	36,794,930
Financial liabilities					
Trade payables	1,323,100	-	-	1,323,100	1,323,100
Lease liabilities	6,883,713	-	-	6,883,713	6,883,713
Other financial liabilities	44,209,109	-	-	44,209,109	44,209,109
Total	52,415,922			52,415,922	52,415,922

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

	Amortised cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Trade receivables	35,632,289	-	-	35,632,289	35,632,289
Cash and cash equivalents	1,729,544	-	-	1,729,544	1,729,544
Other financial assets	6,308,791	-	-	6,308,791	6,308,791
Total	43,670,624			43,670,624	43,670,624
Financial liabilities					
Trade payables	18,286,943	-	-	18,286,943	18,286,943
Lease Liability	6,353,295	-	-	6,353,295	6,353,295
Other financial liabilities	46,471,260	-	-	46,471,260	46,471,260
Total	71,111,498			71,111,498	71,111,498

II. Financial risk management:

Financial risk factors:

The Company's activities are exposed to a variety of financial risks: market risk, credit risk, and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

a) Market risk

The Company operates in the United State of America and there are no major transactions outside the United State of America. So there is no major market risk for the Company.

b) Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to USD 26,992,333 and USD 28,663,384 as of 31 March 2022 and 31 March 2021 respectively and unbilled revenue amounting to USD 3,426,397 and USD 6,968,905 as of 31 March 2022 and 31 March 2021 respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by the Company by continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. 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.

The following table gives details in respect of percentage of revenues generated from top five customers :

	Year ended	
	31 March 2022	31 March 2021
Revenue from top five customers	60.86%	65.57%

Sourcepoint, Inc.**Notes to the financial statements(Continued)**

as at and for the year ended 31 March 2022

(Currency: In US Dollar)

19) Financial instruments (Continued)**II. Financial risk management (continued):****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 following are contractual maturities of Lease Liabilities on an undiscounted basis as at 31 March 2022 and 31 March 2021:

Particulars	31 March 2022	31 March 2021
Less than one year	2,678,142	1,854,593
One to five years	4,643,174	5,060,276
More than five years	-	-
Total	7,321,317	6,914,869

Future cash outflows in respect of certain leasehold properties to which the Company is potentially exposed as a lessee that are not reflected in the measurement of the lease liabilities include exposures from options of extension and termination. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Management has considered all relevant facts and circumstances that create an economic incentive for the Company as a lessee to exercise the option to extend the lease or not to exercise the option to terminate the lease as at 31 March 2022. The Company shall revise the lease term when there is a change in the facts and circumstances.

Total current liabilities are in excess of total current assets. Payables to Holding and Fellow Subsidiary Companies /Subsidiary Company are not expected to be called for settlement until external liabilities are settled.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2022 and 31 March 2021:

	31 March 2022		31 March 2021	
	Less than 1 Year	More than 1 year	Less than 1 Year	More than 1 year
Trade payables	1,323,100	-	18,286,943	-
Lease liabilities	2,456,862	4,426,851	1,614,881	4,738,414
Other financial liabilities	44,209,109	-	46,471,260	-

Sourcepoint, Inc.

Notes to the financial statements(Continued)

as at and for the year ended 31 March 2022

(Currency: In US Dollar)

20) Related party transactions

Details of related parties including summary of transactions entered into during the year ended 31 March 2022 are summarized below:

Ultimate Holding Company	RPSG Ventures Limited
Holding Company	Firstsource Solutions Limited Firstsource Group USA, Inc.
Subsidiary wherein control exists	Sourcepoint Fulfillment Services, Inc.
Fellow Subsidiaries (Where transactions exist*)	Firstsource Advantage LLC Firstsource Solution UK Limited Medassist Holding LLC One Advantage LLC Firstsource Health Plans & Healthcare Services, LLC The Stonehil Group, INC.
Directors	Arjun Mitra Steven Schachter

Particulars of related party transactions:

Name of the related party	Description	Transaction value during the year ended Amount in USD		Receivable / (Payable) as at USD	
		31 March 2022	31 March 2021	31 March 2022	31 March 2021
Firstsource Solutions Limited	Services rendered by business associates and Others	95,624,616	85,750,746	-	-
	Reimbursement of expenses	1,577,288	1417,465	-	-
	Recovery of expense	8,478,295	67,696	-	-
	Payable	-	-	(27,516,668)	(33,888,267)
Firstsource Group USA Inc	Reimbursement of expenses	21,523,555	6,067,329	-	-
	Recovery of expense	42,311,120	43,020	-	-
	Capital Contribution	30,233,032			
	Receivable	-	-	5,000,000	6,152,436
Firstsource Health Plans & Healthcare Services, LLC	Reimbursement of expenses	266,652	51,995	-	-
	Recovery of expense	323,145	106,094	-	-
	Payable	-	-	41,942	(63,554)
Sourcepoint Fulfillment Services, Inc.	Reimbursement of expenses	5,968,097	2,416,961	-	-
	Recovery of expense	4,405,939	5,322,523	-	-
	Investment	5,009,468			
	Payable	-	-	-	(2,254,199)
Medassist Holding LLC	Reimbursement of expenses	1,332,563	1763,700		-
	Recovery of expense	29,610	-	-	-
	Payable	-	-	(7,482,955)	(6,180,002)
Firstsource Advantage LLC	Reimbursement of expenses	22,483	5,207	-	-
	Recovery of expense	64,420	-	-	-
	Receivable	-	-	1,333	(5,055)
One Advantage LLC	Recovery of expense	17,517	7,412	-	-
	Receivable	-	-	-	7,412
The Stonehill Group, Inc.	Reimbursement of expenses	25,854	-	-	-
	Recovery of expense	298,310	-	-	-
	Receivable	-	-	272,456	-
Firstsource Solution UK Limited	Reimbursement of expenses	3,310		-	-
	Recovery of expense	6,784		-	-
	Receivable / (Payable)			-	-

*Transfer of funds between the Companies is not considered for related party disclosure of transactions during the year.

Sourcepoint, Inc.

Notes to the financial statements(Continued)

as at and for the year ended 31 March 2022

(Currency: In US Dollar)

21) 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').

22) Computation for calculating basic and diluted earnings per share

	Year ended	
	31 March 2022	31 March 2021
Number of shares considered as basic weighted average shares outstanding	733	733
Number of shares considered as weighted average shares and potential shares outstanding	733	733
Net profit after tax attributable to shareholders	(1,037,878)	(18,097,044)
Net profit after tax for basic and diluted earnings	(1,037,878)	(18,097,044)

23) Capital and other commitments and contingent liabilities

The Company has capital commitments of USD 247,818 as at 31 March 2022. (31 March 2021 : USD 3,653,109). There are no contingent liabilities as at 31 March 2022 (31 March 2021 : USD Nil).

24) Exceptional Items

The Company had a strategic partnership agreement with a leading mortgages business group (Counterparty) under which Company is the preferred vendor for business process management services. As per the terms of the agreement, in exchange for the revenues realized through the Counterparty by Company, the Counterparty was entitled to an option to purchase a proportion of the equity of Company at a fair value as on the date of grant and further entitled the Counterparty to seek a buyback of its equity from Company under certain circumstances. As at 31 March 2021, the fair value of the liability of the option had increased considerably on account of significant increase in the valuation of the Company. As a result, an amount of USD 15,525,760 had been charged to the Statement of Profit and Loss for the year ended 31 March 2021. This was classified as an exceptional item then.

During the year, Company and the Counterparty have terminated the above agreement and awarded the Counterparty the option to purchase 110 equity shares in Company by way of fresh issuance, equivalent to 15% of the current equity outstanding of Company.

On 27 July 2021, the Group, through its subsidiary viz, Firstsource Group USA Inc. and the counterparty referred above, have entered into an option purchase agreement whereby the Counterparty has surrendered its option to purchase shares in Company in exchange for a fixed consideration of US\$ 23 million (on a deferred payment basis) and a contingent consideration of US\$ 11.25 million based on additional revenues realized by the Group through the Counterparty.

25) Subsequent events

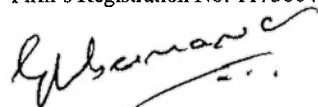
The Company evaluated subsequent events from the balance sheet date through 30 June 2022 and determined there are no material items

As per our report of even date attached.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

Firm's Registration No: 117366W/W-100018



G.K. Subramaniam

Partner


Membership No: 109839

For and on behalf of the Board of Directors



Arjun Mitra

Director



Steven Schachter

Director