

**Firstsource-Dialog Solutions (Private) Limited**

Special Purpose Financial Statements  
together with the Independent Auditor's Report  
as at and for the year ended 31 March 2023

# **Firstsource-Dialog Solutions (Private) Limited**

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

*as at and for the year ended 31 March 2023*

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# Firstsource-Dialog Solutions (Private) Limited

## Balance sheet

as at 31 March 2023

(Currency : In thousands LKR)

	<i>Note</i>	<b>31 March 2023</b>	31 March 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Income tax assets (net)	3	<u>5,593.49</u>	5,593.49
<b>Total non-current assets</b>		<u>5,593.49</u>	5,593.49
<b>Current assets</b>			
<b>Financial assets</b>			
Cash and cash equivalents	4	<u>50,154.86</u>	51,542.29
<b>Total current assets</b>		<u>50,154.86</u>	51,542.29
<b>Total assets</b>		<u>55,748.35</u>	57,135.78
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	5	4,610.52	4,610.52
Other equity	6	<u>49,265.11</u>	50,652.54
<b>Total equity</b>		<u>53,875.63</u>	55,263.06
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Trade payables	7	<u>1,872.72</u>	1,872.72
<b>Total current liabilities</b>		<u>1,872.72</u>	1,872.72
<b>Total equity and liabilities</b>		<u>55,748.35</u>	57,135.78

## Significant accounting policies

2

The accompanying notes from 1 to 15 are an integral part of these special purpose financial statements.

As per our report of even date attached.

For **DELOITTE HASKINS & SELLS LLP**

For and on behalf of the Board of Directors

*Chartered Accountants*

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

**G.K. Subramaniam**

Partner

Membership No: 109839

23 June 2023

Mumbai

**Dinesh Jain**

Director

**Cyrus Shroff**

Director

# Firstsource-Dialog Solutions (Private) Limited

## Statement of profit and loss

for the year ended 31 March 2023

(Currency : In thousands LKR)

		Year ended	
	Note	31 March 2023	31 March 2022
<b>INCOME</b>			
Revenue from services		-	-
Other income	8	714.51	509.23
<b>Total income</b>		<b>714.51</b>	<b>509.23</b>
<b>EXPENSES</b>			
Other expenses	9	2,101.94	1,576.99
<b>Total expenses</b>		<b>2,101.94</b>	<b>1,576.99</b>
<b>(Loss) before taxation</b>		<b>(1,387.43)</b>	<b>(1,067.76)</b>
<b>Tax expense</b>			
Current tax	3	-	-
<b>(Loss) for the year</b>		<b>(1,387.43)</b>	<b>(1,067.76)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(1,387.43)</b>	<b>(1,067.76)</b>
Weighted average number of equity shares outstanding during the year			
Basic	13	4,610,520	4,610,520
Diluted	13	4,610,520	4,610,520
Earnings per equity share			
Basic and diluted Earnings per share	13	(0.30)	(0.23)

### Significant accounting policies

2

The accompanying notes from 1 to 15 are an integral part of these special purpose financial statements.

As per our report of even date attached.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

For and on behalf of the Board of Directors

**G.K. Subramaniam**

Partner

Membership No: 109839

23 June 2023

Mumbai

**Dinesh Jain**

Director

**Cyrus Shroff**

Director

# Firstsource-Dialog Solutions (Private) Limited

## Statement of changes in equity

as at and for the year ended 31 March 2023

(Currency : In thousands LKR)

### Equity Share Capital and Other Equity

Particulars	Attributable to owners of the Company			Total
	Equity share capital	Securities premium	Reserve and surplus Retained earnings	
Balance as at 1 April 2022	4,610.52	48,515.24	2,137.30	55,263.06
(Loss) for the year	-	-	(1,387.43)	(1,387.43)
<b>Balance as at 31 March 2023</b>	<b>4,610.52</b>	<b>48,515.24</b>	<b>749.87</b>	<b>53,875.63</b>

Particulars	Attributable to owners of the Company			Total
	Equity share capital	Securities premium	Reserve and surplus Retained earnings	
Balance as at 1 April 2021	4,610.52	48,515.24	3,205.06	56,330.82
(Loss) for the year	-	-	(1,067.76)	(1,067.76)
<b>Balance as at 31 March 2022</b>	<b>4,610.52</b>	<b>48,515.24</b>	<b>2,137.30</b>	<b>55,263.06</b>

As per our report of even date attached.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

For and on behalf of the Board of Directors

**G.K. Subramaniam**

Partner

Membership No: 109839

23 June 2023

Mumbai

**Dinesh Jain**

Director

**Cyrus Shroff**

Director

# Firstsource-Dialog Solutions (Private) Limited

## Statement of cash flows

for the year ended 31 March 2023

(Currency : In thousands LKR)

	31 March 2023	31 March 2022
<b><u>Cash flow from operating activities</u></b>		
Net (Loss) before taxation	(1,387.43)	(1,067.76)
Adjustments for		
Interest income	(714.51)	(509.23)
Operating cash flow before changes in working capital	(2,101.94)	(1,576.99)
<b>Changes in working capital</b>		
Increase in Liabilities and Provisions	-	519.48
Net changes in working capital	-	519.48
Income taxes paid	-	-
Net cash (used in) operating activities (A)	(2,101.94)	(1,057.52)
<b><u>Cash flow from investing activities</u></b>		
Interest income received	714.51	509.23
Net cash generated from investing activities (B)	714.51	509.23
<b><u>Cash flow from financing activities</u></b>		
Net cash generated from / (used in) financing activities (C)	-	-
<b>Net (decrease) in cash and cash equivalents at the end of the year (A+B+C)</b>	(1,387.43)	(548.29)
<b>Cash and cash equivalents at the beginning of the year</b>	51,542.29	52,090.58
<b>Cash and cash equivalents at the end of the year</b>	<b>50,154.86</b>	<b>51,542.29</b>

## Notes to the statement of cash flows

Cash and cash equivalents consist of balances with bank. Cash and cash equivalents included in the statement of cash flows comprise the following balance sheet amounts:

	31 March 2023	31 March 2022
Balances with banks		
- in current accounts	50,154.86	51,542.29
Cash and cash equivalents	<b>50,154.86</b>	<b>51,542.29</b>

As per our report of even date attached.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
Firm's Registration No: 117366W/W-100018

For and on behalf of the Board of Directors

**G.K. Subramaniam**  
Partner  
Membership No: 109839  
23 June 2023  
Mumbai

**Dinesh Jain**  
Director

**Cyrus Shroff**  
Director

## **1 Company overview**

Firstsource Solutions Limited ('FSL') acquired 74% stake in Firstsource Dialog Solutions (Private) Limited ('the Company') on 6 June 2011. The Company provides contact center and transaction processing services for customers in financial services and telecommunication industry.

### **Basis of Preparation and Statement of Compliance**

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

These special purpose financial statements have been prepared to assist Firstsource Solutions Limited, the Holding Company, to comply with the requirement of section 129(3) of the Act.

The Company was established to provide the contact center and transaction processing services for customers in financial services and telecommunication industry. The Company has not carried out any business during the past few years, pending reinitiation of business activities, however management is actively looking for new clients through engagement with local market experts.

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 4 May 2023.

## **2 Significant accounting policies**

### **2.1 Use of estimates**

The preparation of the financial statements in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of income and expenses for the period. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revisions to accounting estimates are recognised prospectively in current and future periods. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 2.1.1.

#### **2.1.1 Critical accounting estimates**

##### **a Income taxes**

The Company's major tax jurisdiction is Sri Lanka. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions. Also refer to Note 2.4.

##### **2.2 Revenue recognition**

The Company, in its contracts with customers, promises to transfer distinct services rendered either in the form of customer management, transaction processing and revenue cycle management.

Each distinct service, results in a simultaneous benefit to the corresponding customer. Also, the Company has an enforceable right to payment from the customer for the performance completed to date. Revenue from unit price based contracts is measured by multiplying the units of output delivered with the agreed transaction price per unit while in case of time and material based contracts, revenue is the product of the efforts expended and the agreed transaction price per unit. The Company continually reassesses the estimated discounts, rebates, price concessions, refunds, credits, incentives, performance bonuses, etc., (variable consideration) 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.

##### **2.3 Impairment**

###### **Financial assets**

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

##### **2.4 Taxation**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the period. Current tax and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

The current income tax expense includes income taxes payable by the Company.

Deferred income 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 carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be recognised. Deferred income tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

**2 Significant accounting policies (continued)**

**2.5 Foreign Currency transactions**

**Functional currency**

The functional currency of the Company is the Sri lankan Rupee (LKR) .

**Transactions and translations**

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

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

**2.6 Employee benefits**

Employees are eligible for Employee's Provident Fund contributions and Employee's Trust Fund contributions in line with respective statutes and regulations and are required to be charged to the Statement of Profit and Loss.

**2.7 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.

**2.8 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.

**2.9 Financial instruments**

**2.9.1 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. However, trade receivables with no significant financing component are measured at transaction price.

**2.9.2 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.

**2 Significant accounting policies (continued)**

**2.9 Financial instruments(Continued)**

**2.9.2 Classification and subsequent measurement(continued)**

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

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

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

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

**v) Financial liabilities**

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

**vi) Equity instruments**

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

**b) Share Capital**

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

**2.9.3 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.

**2.9.4 Fair value of financial instrument**

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

**2.10 Cash flow statement**

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

**2.11 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.

**2.12 The Code on Social Security 2020**

The Code on Social Security, 2020 ( the 'Code') relating to employee benefits during employment and post-employment benefits has been notified on 28 September 2020. The effective date on which the Code becomes effective is yet to be notified. The Company will assess the impact of the Code when it becomes effective and will record any related impact in the period in which the Code becomes effective.

**2.13 Recent Accounting Pronouncements:**

On March 31, 2023, the Ministry of Company Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2023 effective for annual periods beginning on or after April 1, 2023 which include amendments / clarifications in the following accounting standards applicable to the Company:

- a) Ind AS 1 – Presentation of Financial Statements
- b) Ind AS 8 – Accounting policies, Changes in Accounting Estimates and Errors
- c) Ind AS 12 – Income Taxes

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

**2.14 Estimation of impact of Sri Lanka Economic Crisis**

Management has assessed the impact of Sri Lanka economic crisis on Company's business and the standalone Ind AS financial statements for the financial year including but not limited to its assessment of liquidity and going concern assumption, carrying amounts of assets of the Company and expects the carrying amount of the assets will be recovered, net of provisions established. The current impact of economic crisis is not material and might change from that presently estimated and would be recognized in the financial statements when material changes to economic conditions arise or are anticipated.

# Firstsource-Dialog Solutions (Private) Limited

## Notes to the special purpose financial statements (Continued)

as at 31 March 2023

(Currency : In thousands LKR)

	31 March 2023	31 March 2022
<b>3) Taxation</b>		
(i) Advance Tax and Tax Deducted at Source(net)	<u>5,593.49</u>	<u>5,593.49</u>
	<u>5,593.49</u>	<u>5,593.49</u>

(ii) **Income tax expense**

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

	31 March 2023	31 March 2022
Current taxes	-	-
<b>Income tax expense</b>	<u>-</u>	<u>-</u>

- (iii) 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 2023	31 March 2022
<b>Profit before income taxes</b>	<b>(1,387.43)</b>	<b>(1,067.76)</b>
Enacted tax rates in Sri Lanka	<b>28.00%</b>	28.00%
Computed expected tax expense	<b>(388.48)</b>	(298.97)
Deferred Tax Asset Not Accounted	<b>388.48</b>	298.97
<b>Income tax expense</b>	<b>-</b>	<b>-</b>

- (iv) Deferred tax asset has not been recognised on accumulated tax losses as there are no projected future taxable profits which shall be available for utilisation against such asset.

	31 March 2023	31 March 2022
<b>4) Cash and cash equivalents</b>		
Balances with banks		
-in current accounts	<u>50,154.86</u>	<u>51,542.29</u>
	<u>50,154.86</u>	<u>51,542.29</u>

**Firstsource-Dialog Solutions (Private) Limited****Notes to the special purpose financial statements (Continued)**

as at 31 March 2023

(Currency : In thousands LKR)

31 March 2023 31 March 2022

**5) Share capital****Authorised**

9,221,040 (31 March 2022: 9,221,040) Equity Shares of LKR 1 each

9,221.04 9,221.04

9,221.04 9,221.04

**Issued, subscribed and paid-up**

4,610,520 (31 March 2022: 4,610,520) Equity Shares of LKR 1 each

4,610.52 4,610.52

4,610.52 4,610.52

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

	31 March 2023		31 March 2022	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	4,610,520	4,610.52	4,610,520	4,610.52
At the end of the year	4,610,520	4,610.52	4,610,520	4,610.52

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

	31 March 2023		31 March 2022	
	Number of shares	% of total shares	Number of shares	% of total shares
Firstsource Solutions Limited	3,411,785	74.00%	3,411,785	74.00%
Dialog Axiata PLC	1,198,735	26.00%	1,198,735	26.00%

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

The Company has a single class of equity 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 holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

**Year ended**  
**31 March 2023 31 March 2022**

**6) Other equity****Securities premium**

At the commencement of the year

48,515.24 48,515.24

At the end of the year

48,515.24 48,515.24

**Retained earnings**

At the commencement of the year

2,137.30 3,205.06

Add: Net Loss for the year

(1,387.43) (1,067.76)

At the end of the year

749.87 2,137.30

**Total other equity**

49,265.11 50,652.54

**Firstsource-Dialog Solutions (Private) Limited**  
**Notes to the special purpose financial statements (Continued)**

for the year ended 31 March 2023

(Currency : In thousands LKR)

Year ended  
31 March 2023      31 March 2022

**7) Trade Payables**

Trade Payables

<b>1,872.72</b>	1,872.72
<b>1,872.72</b>	<b>1,872.72</b>

**Trade payables Ageing Schedule**  
**As at 31 March 2023**

	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	1,872.72	-	-	-	-	1,872.72
<b>Total</b>	<b>1,872.72</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,872.72</b>

**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	1,872.72	-	-	-	-	1,872.72
<b>Total</b>	<b>1,872.72</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,872.72</b>

**8) Other income**

Interest income

<b>714.51</b>	509.23
<b>714.51</b>	<b>509.23</b>

**9) Other expenses**

Legal and professional fees  
Payment to auditors  
- as audit fees  
Bank administration charges  
Rates and taxes  
Miscellaneous expenses

<b>1,161.17</b>	707.52
<b>360.00</b>	360.00
<b>237.68</b>	235.30
<b>201.57</b>	107.96
<b>141.52</b>	166.21
<b>2,101.94</b>	<b>1,576.99</b>

**Firstsource-Dialog Solutions (Private) Limited**  
**Notes to the special purpose financial statements (Continued)**  
*as at and for the year ended 31 March 2023*  
(Currency : In thousands LKR)

**10) Financial instruments**

**I. Financial instruments by category:**

The carrying value and fair value of financial instruments by categories as of 31 March 2023 were as follows:

	Amortized cost	FVTPL	FVOCI	Total carrying amount	Total fair value
<b>Financial assets</b>					
Cash and cash equivalents	50,154.86	-	-	50,154.86	50,154.86
<b>Total</b>	<b>50,154.86</b>	<b>-</b>	<b>-</b>	<b>50,154.86</b>	<b>50,154.86</b>
<b>Financial liabilities</b>					
Trade payables	1,872.72	-	-	1,872.72	1,872.72
<b>Total</b>	<b>1,872.72</b>	<b>-</b>	<b>-</b>	<b>1,872.72</b>	<b>1,872.72</b>

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

	Amortized cost	FVTPL	FVOCI	Total carrying amount	Total fair value
<b>Financial assets</b>					
Cash and cash equivalents	51,542.29	-	-	51,542.29	51,542.29
<b>Total</b>	<b>51,542.29</b>	<b>-</b>	<b>-</b>	<b>51,542.29</b>	<b>51,542.29</b>
<b>Financial liabilities</b>					
Trade payables	1,872.72	-	-	1,872.72	1,872.72
<b>Total</b>	<b>1,872.72</b>	<b>-</b>	<b>-</b>	<b>1,872.72</b>	<b>1,872.72</b>

Fair value hierarchy for the above stated financial assets and liabilities is using measurement principles at Level 3 as at 31 March 2023 and 31 March 2022.

**II Financial risk management:**

**a) Market Risk**

The Company operates in Sri Lanka and there are no major transactions outside Sri Lanka. 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. There are no amounts outstanding from trade debts and unbilled revenues as at 31 March 2023 and 31 March 2022. 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.

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2023 and 31 March 2022:

	31 March 2023		31 March 2022	
	Less than 1 Year	More than 1 year	Less than 1 Year	More than 1 year
Trade payables	1,872.72	-	1,872.72	-

**Firstsource Dialog Solutions (Private) Limited**  
**Notes to the special purpose financial statements (Continued)**  
*as at and for the year ended 31 March 2023*  
(Currency : In thousands LKR)

**11) Related party transactions**

Details of related parties including summary of transactions entered into during the year ended 31 March 2023 are summarized below:

Ultimate Holding Company	RPSG Ventures Limited
Holding Company	Firstsource Solutions Limited
Directors	Dinesh Jain
	Cyrus Shroff (appointed w.e.f. May 13, 2022)
	Deepak Kolambkar
	Badrinath Bharadwaj (ceased to be director w.e.f. May 13, 2022)
	Supun Weerasinghe
	Sandra De Zoysa

There are no related party transactions during the years ended 31 March 2023 and 31 March 2022.

**Firstsource-Dialog Solutions (Private) Limited**  
**Notes to the special purpose financial statements (Continued)**

as at and for the year ended 31 March 2023

(Currency : In thousands LKR)

**12) Segment reporting**

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

**13) Computation for calculating basic and diluted earnings per share**

	For the year ended	
	31 March 2023	31 March 2022
Number of shares considered as basic weighted average shares outstanding	<b>4,610,520</b>	4,610,520
Number of shares considered as weighted average shares and potential shares outstanding	<b>4,610,520</b>	4,610,520
Net profit after tax attributable to shareholders	<b>(1,387.43)</b>	(1,067.76)
Net profit after tax for diluted earnings per share	<b>(1,387.43)</b>	(1,067.76)

**14) Capital and other commitments and contingent liabilities**

There are no contingent liabilities to be reported during the year and previous year.

**15) Subsequent events**

The Company evaluated subsequent events from the balance sheet date through 23 June 2023 and determined there are no material items to report.

As per our report of even date attached.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

For and on behalf of the Board of Directors

**G.K. Subramaniam**

Partner

Membership No: 109839

23 June 2023

Mumbai

**Dinesh Jain**

Director

**Cyrus Shroff**

Director