

Firstsource Group USA, Inc.

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

Firstsource Group USA, Inc.

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 Group USA, Inc.

Balance sheet

as at 31 March 2023

(Currency : In thousands US Dollar)

	Note	31 March 2023	31 March 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3	11.26	11.26
Other intangible assets	4	48.06	67.28
Financial assets			
Investments	5	475,361.81	455,356.79
Other non-current assets	7(i)	42.99	10.15
Total non-current assets		475,464.12	455,445
Current assets			
Financial assets			
Trade receivables	8		
Billed		4,063.03	2,455.60
Unbilled		1,509.78	1,695.90
Cash and cash equivalents	9	7,831.62	26.16
Other financial assets	6	101,269.71	50,025.97
Other current assets	7(ii)	1,658.31	2,302.70
Total current assets		116,332.45	56,506.33
Total assets		591,796.57	511,951.81
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	257.04	257.04
Other equity	12	320,565.41	274,081.54
Total equity		320,822.45	274,338.58
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Long-term borrowings	13(i)	16,500.00	35,500.00
Other financial liabilities	14(i)	1,837.96	17,457.57
Deferred Tax Liabilities (net)	10	17,109.10	15,208.14
Total non-current liabilities		35,447.06	68,165.71
Current liabilities			
Financial liabilities			
Short-term borrowings	13(ii)	59,000.00	65,971.36
Trade payables	15	672.25	444.83
Other financial liabilities	14(ii)	174,549.45	102,134.50
Provisions for employee benefits	16	14.93	167.20
Other current liabilities	17	172.51	172.00
Provision for tax (net)	10	1,117.92	557.63
Total current liabilities		235,527.06	169,447.52
Total equity and liabilities		591,796.57	511,951.81

Significant accounting policies

The accompanying notes from 1 to 30 are an integral part of these special purpose financial statements.

As per our report of even date attached.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

For and on behalf of the Board of Directors

Firstsource Group USA, Inc.

G.K. Subramaniam

Partner

Membership No: 109839

Vipul Khanna

Director

Mumbai

30 June 2023

Arjun Mitra

Director

Pratip Chaudhuri

Director

Firstsource Group USA, Inc.

Statement of profit and loss

for the year ended 31 March 2023

(Currency : In thousands US Dollar)

		Year ended	
	Note	31 March 2023	31 March 2022
INCOME			
Revenue from operations	18	22,520.68	17,062.10
Other income, net	19	54,911.82	336.27
Total income		77,432.50	17,398.37
EXPENSES			
Service Rendered by Business Associate and Others (refer note 24)		9,218.87	995.85
Employee benefits expenses	20	8,456.57	9,116.09
Finance costs	21	3,993.52	1,967.80
Depreciation and amortization expense	3, 4	25.52	24.68
Other expenses	22	6,353.18	4,324.88
Total expenses		28,047.66	16,429.30
Profit before tax		49,384.84	969.07
Tax expense			
Current tax	10	1,000.00	212.69
Deferred tax	10	5,055.17	6,225.29
Profit / (loss) for the year		43,329.67	(5,468.91)
Other comprehensive income			
<i>Items that will be reclassified subsequently to the statement of profit and loss</i>			
Net changes in fair value on derivatives designated as cash flow hedges		-	-
Total other comprehensive income, net of taxes		-	-
Total comprehensive loss for the year		43,329.67	(5,468.91)
Weighted average number of equity shares outstanding during the year			
Basic	26	257,039	257,039
Diluted	26	257,039	257,039
Earnings per equity share			
Basic		168.57	(21.28)
Diluted		168.57	(21.28)

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Director

Firstsource Group USA, Inc.

Statement of changes in equity

as at and for the year ended 31 March 2023

(Currency : In thousands US Dollar)

Equity share capital and other equity

	Attributable to owners of the Company			Total
	Equity share capital	Reserve and surplus Capital contribution	Retained earnings	
Balance as at 1 April 2022	257.04	64,961.44	209,120.10	274,338.58
Adoption of amendment to Ind AS 37 (refer to note 29)	-	-	3,154.20	3,154.20
Profit for the year	-	-	43,329.67	43,329.67
Balance as at 31 March 2023	257.04	64,961.44	255,603.97	320,822.45

	Attributable to owners of the Company			Total
	Equity share capital	Reserve and surplus Capital contribution	Retained earnings	
Balance as at 1 April 2021	257.04	64,961.44	214,589.01	279,807.49
Loss for the year	-	-	(5,468.91)	(5,468.91)
Balance as at 31 March 2022	257.04	64,961.44	209,120.10	274,338.58

As per our report of even date attached.

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30 June 2023

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Director

Firstsource Group USA, Inc.

Statement of cash flows

for the year ended 31 March 2023

(Currency : In thousands US Dollar)

	31 March 2023	31 March 2022
<u>Cash flow from operating activities</u>		
Net Profit / (Loss) before taxation	49,384.84	969.07
Adjustments for		
Depreciation and amortisation	25.52	24.68
Finance costs	3,993.52	1,967.80
Loss on sale of Fixed Assets	-	32.31
Fair value and other adjustments	(4,820.00)	-
Dividend income	(50,000.00)	-
Operating cash flow before changes in working capital	(1,416.12)	2,993.86
Changes in working capital		
(Increase) / decrease in trade receivables	(1,421.31)	39.47
Increase in loans and advances and other assets	(632.19)	(26,786.56)
Increase in liabilities and provisions	44,773.37	31,867.04
Net changes in working capital	42,719.87	5,119.95
Income taxes paid	(439.71)	(156.32)
Net cash generated from operating activities (A)	40,864.04	7,957.49
<u>Cash flow from investing activities</u>		
Investment in subsidiaries	(5.02)	-
Sale of property plant and equipment and intangible assets	-	23.93
Advances given to related party	-	(43,000.04)
Purchase of Non controlling Interest in subsidiary	(3,500.00)	(11,999.94)
Purchase of property plant and equipment and intangible assets	(6.30)	(98.27)
Net cash used in investing activities (B)	(3,511.32)	(55,074.32)
<u>Cash flow from financing activities</u>		
(Repayment) / proceeds from short term borrowings	(21,471.36)	7,337.47
Proceeds from long term borrowings	-	40,000.00
Repayment of long term Borrowings	(4,500.00)	-
Interest paid	(3,575.90)	(954.47)
Net cash (used in) / generated from financing activities (C)	(29,547.26)	46,383.00
Net increase / (decrease) in cash and cash equivalents at the end of the year (A+B+C)	7,805.46	(733.83)
Cash and cash equivalents at the beginning of the year	26.16	759.99
Cash and cash equivalents at the end of the year	7,831.62	26.16

Notes to the statement of cash flows

Capital contribution in Sourcepoint Inc has been considered as non cash transaction during the year ended 31 March 2023 and 31 March 2022 (refer note 5).

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	7,831.62	26.16
Cash and cash equivalents	7,831.62	26.16

Firstsource Group USA, Inc.

Statement of cash flows

for the year ended 31 March 2023

(Currency : In thousands US Dollar)

Reconciliation of liabilities from financing activities for the year ended 31 March 2023

Particulars	As at 31 March 2022	Proceeds	Repayment	As at 31 March 2023
Long Term Borrowings	40,000.00	-	(4,500.00)	35,500.00
Short Term Borrowings	61,471.36	-	(21,471.36)	40,000.00
Net Liabilities from financing activities	101,471.36	-	(25,971.36)	75,500.00

Reconciliation of liabilities from financing activities for the year ended 31 March 2022

Particulars	As at 31 March 2021	Proceeds	Repayment	As at 31 March 2022
Long Term Borrowings	-	40,000.00	-	40,000.00
Short Term Borrowings	54,133.89	7,337.47	-	61,471.36
Net Liabilities from financing activities	54,133.89	47,337.47	-	101,471.36

As per our report of even date attached.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

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

For and on behalf of the Board of Directors

Firstsource Group USA, Inc.

G.K. Subramaniam

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30 June 2023

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Director

Firstsource Group USA, Inc.
Notes to special purpose financial statements
as at and for the year ended 31 March 2023

1 Company overview

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

Basis of Preparation and Statement of Compliance

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

These special purpose financial statements have been prepared 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 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 tax jurisdiction is United States of America. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions. Also refer to Note 2.7.

b Property, plant and equipment and Intangible assets

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

2.2 Revenue recognition

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

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

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

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

2 Significant accounting policies (continued)

2.3 Property, plant and equipment and Intangible assets

Property, plant and equipment

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

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

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

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	

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

b. Non-financial assets

Property, plant and equipment and Intangible assets

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

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

2 Significant accounting policies (continued)

2.5 Foreign Currency transactions

Functional currency

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

Transactions and translations

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

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

2.6 Employee benefits

a) Post employment benefits

Defined contribution plans

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

Compensated absences

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

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

2.7 Income Taxes

Current Income taxes and deferred income tax

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

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

2.8 Earnings per equity share

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

2.9 Provisions and contingencies

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

2.10 Financial instruments

2.10.1 Initial recognition

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. However, trade receivables with no significant financing component are measured at transaction price.

Firstsource Group USA, Inc.
Notes to special purpose financial statements
as at and for the year ended 31 March 2023

2 Significant accounting policies (continued)

2.10 Financial instruments (continued)

2.10.2 Classification and subsequent measurement

a) Non-derivative financial instruments

i) Cash and cash equivalents

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

ii) Financial assets at amortised cost

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

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

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

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

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

v) Financial liabilities

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

vi) Equity instruments

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

vii) Investment in subsidiaries

Investment in subsidiaries is carried at cost.

b) Share capital

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

2.10.3 De-recognition of financial instruments

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

2.10.4 Fair value of financial instruments

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

2.11 Cash flow statement

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

2.12 Onerous contracts

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

2.13 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.

Firstsource Group USA, Inc.

Notes to special purpose financial statements (*Continued*)

as at 31 March 2023

(Currency : In thousands US Dollar)

3 Property, plant and equipment

	Leasehold improvements	Computers	Service equipment	Office equipment	Furniture and fixture	Total
Gross block						
As at 1 April 2022	16.11	29.36	3.62	23.85	1.45	74.39
Additions during the year	-	6.30	-	-	-	6.30
Deletions during the year	-	-	-	-	-	-
As at 31 March 2023	16.11	35.66	3.62	23.85	1.45	80.69
Accumulated depreciation / amortization						
As at 1 April 2022	15.90	18.80	3.62	23.83	0.98	63.13
Charge for the year	-	6.17	-	-	0.13	6.30
On deletions during the year	-	-	-	-	-	-
As at 31 March 2023	15.90	24.97	3.62	23.83	1.11	69.43
Net block						
As at 31 March 2023	0.21	10.69	-	0.02	0.34	11.26
As at 31 March 2022	0.21	10.56	-	0.02	0.47	11.26

	Leasehold improvements	Computers	Service equipment	Office equipment	Furniture and fixture	Total
Gross block						
As at 1 April 2021	3,700.92	1,196.12	756.38	207.19	642.52	6,503.13
Additions / adjustments during the year	19.95	7.78	4.97	0.44	1.96	35.10
Deletions during the year	(3,704.76)	(1,174.54)	(757.73)	(183.78)	(643.03)	(6,463.84)
As at 31 March 2022	16.11	29.36	3.62	23.85	1.45	74.39
Accumulated depreciation / amortization						
As at 1 April 2021	3,688.07	1,187.34	752.79	195.01	627.47	6,450.68
Charge for the year	5.23	4.53	2.44	3.73	4.12	20.05
On deletions / adjustments during the year	(3,677.40)	(1,173.07)	(751.61)	(174.91)	(630.61)	(6,407.60)
As at 31 March 2022	15.90	18.80	3.62	23.83	0.98	63.13
Net block						
As at 31 March 2022	0.21	10.56	-	0.02	0.47	11.26
As at 31 March 2021	12.85	8.78	3.59	12.18	15.05	52.45

Firstsource Group USA, Inc.

Notes to special purpose financial statements (Continued)

as at 31 March 2023

(Currency : In thousands US Dollar)

4 Other intangible assets

	Software	Total
Gross block		
As at 1 April 2022	1,343.49	1,343.49
Additions during the year	-	-
Deletions during the year	-	-
As at 31 March 2023	1,343.49	1,343.49
Accumulated depreciation / amortization		
As at 1 April 2022	1,276.21	1,276.21
Charge for the year	19.22	19.22
Deletions during the year	-	-
As at 31 March 2023	1,295.43	1,295.43
Net block		
As at 31 March 2023	48.06	48.06
As at 31 March 2022	67.28	67.28

	Software	Total
Gross block		
As at 1 April 2021	1,586.38	1,586.38
Additions during the year	62.50	62.50
Deletions during the year	(305.39)	(305.39)
As at 31 March 2022	1,343.49	1,343.49
Accumulated depreciation / amortization		
As at 1 April 2021	1,576.97	1,576.97
Charge for the year	4.63	4.63
On deletions	(305.39)	(305.39)
As at 31 March 2022	1,276.21	1,276.21
Net block		
As at 31 March 2022	67.28	67.28
As at 31 March 2021	9.41	9.41

Firstsource Group USA, Inc.

Notes to special purpose financial statements (Continued)

as at 31 March 2023

(Currency : In thousands US Dollar)

	31 March 2023	31 March 2022
5 Investments		
Non-current		
Unquoted		
Investments carried at cost (Investment in equity instruments of subsidiaries)		
Investment in MedAssist Holding Inc.- 992 equity shares (31 March 2022 992 equity shares)	346,518.62	346,518.62
Investment in Firstsource Business Process Services Limited. -100%, voting rights (31 March 2022: 100% voting rights)	29,088.00	29,088.00
Investment in Sourcepoint, Inc.		
Equity share capital - 733 voting common stock (31 March 2022: 733 voting common stock)	13,691.21	13,691.21
Capital contribution*#	86,058.96	66,058.96
Investment in Firstsource Solutions Mexico S.R.L. de C.V.	5.02	-
	475,361.81	455,356.79

* The Board of directors of the company approved Capital Contribution of USD 20,000.00 and 30,233.33 million in the subsidiary company Sourcepoint, Inc. during the year ended 31 March 2023 and 31 March 2022 respectively.

On 27 July 2021, Firstsource Group USA Inc. through its subsidiary company Sourcepoint, Inc. and the leading mortgages business group (Counterparty), have entered into an option purchase agreement whereby the Counterparty has surrendered its option to purchase shares in Sourcepoint, Inc. in exchange for a fixed consideration of US\$ 23,000.00 (on a deferred payment basis) and a contingent consideration of US\$ 11,250.00 based on additional revenues realized by the Group through the Counterparty.

Firstsource Group USA, Inc.

Notes to special purpose financial statements (Continued)

as at 31 March 2023

(Currency : In thousands US Dollar)

	31 March 2023	31 March 2022
6 Other current financial assets		
Foreign currency forward contract	182.03	103.33
Advance to related parties (refer note 24)	51,087.68	49,922.64
Dividend Receivable	50,000.00	-
	<u>101,269.71</u>	<u>50,025.97</u>
7 Other current assets		
(i) Other non-current assets		
Prepaid expenses	42.99	10.15
	<u>42.99</u>	<u>10.15</u>
(ii) Other current assets		
Prepaid expenses	1,658.31	1,944.70
Other advances	-	358.00
	<u>1,658.31</u>	<u>2,302.70</u>
8 Trade receivables		
Billed		
Considered doubtful	255.93	-
	-	-
Less: Allowance for doubtful debts	<u>255.93</u>	<u>-</u>
	-	-
Considered good	4,063.03	2,455.60
	<u>4,063.03</u>	<u>2,455.60</u>
Unbilled		
Unbilled revenues	<u>1,509.78</u>	<u>1,695.90</u>
	<u>1,509.78</u>	<u>1,695.90</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 24.

Trade receivables Ageing Schedule

As at 31 March 2023

	Current but 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	1,036.65	3,026.39	-	-	-	-	4,063.04
Undisputed Trade receivable – considered doubtful	-	-	190.80	65.13	-	-	255.93
Total	1,036.65	3,026.39	190.80	65.13	-	-	4,318.97

As at 31 March 2022

	Current but 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	825.79	1,629.81	-	-	-	-	2,455.60
Undisputed Trade receivable – considered doubtful	-	-	-	-	-	-	-
Total	825.79	1,629.81	-	-	-	-	2,455.60

Firstsource Group USA, Inc.

Notes to special purpose financial statements (Continued)

as at 31 March 2023

(Currency : In thousands US Dollar)

	31 March 2023	31 March 2022
9 Cash and cash equivalents		
Balances with banks		
-in current accounts	7,831.62	26.16
-earmarked balances with banks held in trust	327.55	333.50
	<u>8,159.17</u>	<u>359.66</u>
Less: Current account balance held in trust for customers	(327.55)	(333.50)
	<u>7,831.62</u>	<u>26.16</u>

	31 March 2023	31 March 2022
10 Taxation		
i) Deffered Tax		
Deferred tax assets on account of:		
Lease liabilities	960.72	1,077.99
Compensated absences	1,582.74	1,843.36
Accrued expenses / allowance for expected credit loss	2,280.94	4,608.92
Business losses carried forward	27,518.70	27,571.17
Provision for Onerous Contracts	934.20	-
	<u>33,277.30</u>	<u>35,101.44</u>
Deferred tax liability on account of:		
Property, plant and equipment and intangibles assets	792.96	716.14
Goodwill	49,593.44	49,593.44
	<u>50,386.40</u>	<u>50,309.58</u>
Net Deferred tax liability	<u>17,109.10</u>	<u>15,208.14</u>
ii) Income Tax liability		
Advance tax and tax deducted at source	(2,786.74)	(2,347.03)
Provision for tax	3,904.66	2,904.66
	<u>1,117.92</u>	<u>557.63</u>

Income tax expense

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

	Year ended	
	31 March 2023	31 March 2022
Current taxes	1,000.00	212.69
Deferred taxes	5,055.17	6,225.29
Income tax expense	<u>6,055.17</u>	<u>6,437.98</u>

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

	Year ended	
	31 March 2023	31 March 2022
Profit before income taxes	43,069.56	32,659.25
Enacted tax rates in United States of America	21.00%	21.00%
Computed expected tax expense	9,044.61	6,858.44
Effect of change in state tax rates	1,000.00	500.00
Expenses not deductible for tax purposes	(4,102.63)	(648.53)
Previous years tax adjustments	-	(287.31)
Others	113.19	15.38
Income tax expense	<u>6,055.17</u>	<u>6,437.98</u>

Note : The profit is respect of all entities headquartered in USA for which consolidated tax return is filled by a company.

Firstsource Group USA, Inc.

Notes to special purpose financial statements (Continued)

as at 31 March 2023

(Currency : In thousands US Dollar)

	31 March 2023	31 March 2022
11 Share capital		
Authorised		
300,000 voting common stock(31 March 2022: 300,000 common stock) fully paid-up of USD 1 each	300,000.00	300,000.00
100,000 non-voting common stock(31 March 2022: 100,000 common stock) fully paid-up of USD 1 each	100,000.00	100,000.00
	400,000.00	400,000.00
Issued, subscribed and paid-up		
218,483 voting common stock(31 March 2022: 218,483 common stock) fully paid-up of USD 1 each	218.48	218.48
38,556 non-voting common stock(31 March 2022: 38,556 common stock) fully paid-up of USD 1 each	38.56	38.56
	257.04	257.04

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	257,039	257.04	257,039	257.04
At the end of the year	257,039	257.04	257,039	257.04

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	218,483	85.00%	218,483	85.00%
Firstsource Solution UK Limited	38,556	15.00%	38,556	15.00%

c) Rights, preferences and restrictions attached to equity shares

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

12 Other equity

	31 March 2023	31 March 2022
Capital contribution		
At the commencement of the year	64,961.44	64,961.44
At the end of the year	64,961.44	64,961.44
Retained Earnings		
At the commencement of the year	209,120.10	214,589.01
Add: Loss for the year	43,329.67	(5,468.91)
Add: Adoption of amendment to Ind AS 37 (refer to note 29)	3,154.20	-
At the end of the year	255,603.97	209,120.10
Total other equity	320,565.41	274,081.54

Firstsource Group USA, Inc.

Notes to special purpose financial statements (Continued)

as at 31 March 2023

(Currency : In thousands US Dollar)

31 March 2023 31 March 2022

13 Borrowings

(i) Long term borrowings

Unsecured

-Loan from Banks

16,500.00	35,500.00
16,500.00	35,500.00

(ii) Short-term borrowings

Unsecured

Line of Credit from banks (refer note 'a')

40,000.00	61,471.36
40,000.00	61,471.36

Current portion of long term borrowings

Unsecured

-Loan from Banks

19,000.00	4,500.00
19,000.00	4,500.00

59,000.00	65,971.36
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- a Line of credit from bank carries floating interest rate in the range of 1.00% to 5.50%, these are working capital lines.
b The borrowings are guaranteed by the ultimated holding company.

14 Other financial liabilities

(i) Other non current financial liabilities

Deposits

21.23 21.23

Liabilities for Purchase of Non -controlling interest

1,816.73 17,436.34

1,837.96 17,457.57

(ii) Other current financial liabilities

Book credit in bank account

1,747.16 1,715.64

Interest accrued but not due on borrowings

1,444.06 1,027.44

Payable to related parties (refer note 24)

158,820.67 95,058.25

Liabilities for purchase of Non -controlling interest

11,067.67 3,389.65

Employee benefit payable

1,469.89 943.52

174,549.45 102,134.50

Firstsource Group USA, Inc.

Notes to special purpose financial statements (Continued)

as at 31 March 2023

(Currency : In thousands US Dollar)

15 Trade Payables

Trade payables	672.25	444.83
	<u>672.25</u>	<u>444.83</u>

Trade payables Ageing Schedule

As at 31 March 2023

	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Trade Payables	672.25	-	-	-	-	672.25
Total	672.25	-	-	-	-	672.25

As at 31 March 2022

	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Trade Payables	444.84	-	-	-	-	444.84
Total	444.84	-	-	-	-	444.84

16 Provision for employee benefits 31 March 2023 31 March 2022

Current

Compensated absences	14.93	167.20
	<u>14.93</u>	<u>167.20</u>

17 Other liabilities

Other current liabilities

Statutory Dues	172.51	172.00
	<u>172.51</u>	<u>172.00</u>

Firstsource Group USA, Inc.

Notes to special purpose financial statements (Continued)

for the year ended 31 March 2023

(Currency : In thousands US Dollar)

	Year ended 31 March 2023	31 March 2022
18 Revenue from operations		
Sale of services	22,520.68	17,062.10
	<u>22,520.68</u>	<u>17,062.10</u>

The Company provides contact centre and transaction processing services for customers in the financial services, telecommunications and healthcare industry and operates 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.

19 Other income, net

Foreign exchange gain, net	91.82	368.58
Loss on sale of Property Plant and Equipment	-	(32.31)
Miscellaneous income*	4,820.00	-
Dividend from subsidiaries	50,000.00	-
	<u>54,911.82</u>	<u>336.27</u>

* Changes in fair value in respect of Liabilities for Purchase of Non -controlling interest .

20 Employee benefits expenses

Salaries and wages	8,186.53	8,827.00
Contribution to social security and other benefits	59.08	63.36
Staff welfare expenses	210.96	225.73
	<u>8,456.57</u>	<u>9,116.09</u>

21 Finance costs

Interest expense		
- on working capital demand loan and others	3,993.52	1,967.80
	<u>3,993.52</u>	<u>1,967.80</u>

22 Other expenses

Allocated corporate cost	1,306.94	923.71
Legal and professional fees	2,212.67	1,372.98
Payment to auditors- as audit fees	9.30	9.30
Travel and conveyance	851.61	644.67
Bank administration charges	114.67	106.02
Connectivity, information and communication expenses	132.79	82.92
Recruitment and training expenses	84.40	494.45
Rent [#]	453.49	312.77
Printing and stationery	0.18	-
Rates and taxes	349.88	0.34
Insurance	(1.28)	19.32
Computer expenses	531.55	298.39
Repairs, maintenance and upkeep	54.59	35.81
Car and other hire charges	1.01	-
Marketing and support expense	(14.15)	15.35
Electricity, water and power consumption	9.60	8.85
Allowance for expected credit loss/ bad debts written-off, net	255.93	-
	<u>6,353.18</u>	<u>4,324.88</u>

Rent includes expense towards low value lease payments amounting to Nil (31 March 2022 Nil) and common area maintenance charges for leased properties amounting to USD 206.49 during the year ended 31 March 2023 (31 March 2022 USD 260.54). Further USD 247.00 is netted off as recovery of rent by fellow subsidiaries for the year ended 31 March 2023 (31 March 2022 USD 52.23).

Firstsource Group USA, Inc.

Notes to special purpose financial statements (Continued)

as at and for the year ended 31 March 2023

(Currency : In thousands US Dollar)

23) 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
Financial assets					
Trade receivables	5,572.81	-	-	5,572.81	5,572.81
Cash and cash equivalents	7,831.62	-	-	7,831.62	7,831.62
Other financial assets	101,269.71	-	-	101,269.71	101,269.71
Total	114,674.14	-	-	114,674.14	114,674.14
Financial liabilities					
Borrowings	75,500.00	-	-	75,500.00	75,500.00
Other financial liabilities	163,503.01	12,884.40	-	176,387.41	176,387.41
Trade payables	672.25	-	-	672.25	672.25
Total	239,675.26	12,884.40	-	252,559.66	252,559.66

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
Financial assets					
Trade receivables	4,151.50	-	-	4,151.50	4,151.50
Cash and cash equivalents	26.16	-	-	26.16	26.16
Other financial assets	50,025.97	-	-	50,025.97	50,025.97
Total	54,203.63	-	-	54,203.63	54,203.63
Financial liabilities					
Borrowings	101,471.36	-	-	101,471.36	101,471.36
Other financial liabilities	98,766.09	20,825.99	-	119,592.08	119,592.08
Trade payables	444.83	-	-	444.83	444.83
Total	200,682.28	20,825.99	-	221,508.27	221,508.27

II. Fair value hierarchy:

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as 31 March 2023:

	As	Fair value measurement at end of the reporting period using		
	31 March 2023	Level 1	Level 2	Level 3
Other Financial Liabilities				
Liabilities for Purchase of Non -controlling interest	-	-	-	12,884.40
Total	-	-	-	12,884.40
Foreign currency forward contract	182.03	-	182.03	-

Firstsource Group USA, Inc.

Notes to special purpose financial statements (Continued)

as at and for the year ended 31 March 2023

(Currency : In thousands US Dollar)

23) Financial instruments (continued)

II. Fair value hierarchy (continued):

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2021:

	Fair value measurement at end of the reporting period using			
	As of 31 March 2022	Level 1	Level 2	Level 3
Other Financial Liabilities				
Liabilities for Purchase of Non -controlling interest	-	-	-	20,825.99
Total	-	-	-	20,825.99
Foreign currency forward contract	103.33	-	103.33	-

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

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

III. Financial risk management:

a) Market risk

The Company operates in the United States of America and there are no major transactions outside the United States of America. Hence, there is no significant foreign exchange risk for the Company.

b) Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to USD 4,06303 and USD 2,455.60 as of 31 March 2023 and 31 March 2022 respectively and unbilled revenue amounting to USD 1,509.78 and USD 1,695.90 as of 31 March 2023 and 31 March 2022 respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States of America. Credit risk has always been managed by the Company by continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. Expected credit losses are accounted on financial assets based on the measurement criteria as defined in the policy. A default on a financial asset is when there is a significant increase in the credit risk which is evaluated based on the business environment.

c) Liquidity risk

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

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

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 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	672.25	-	444.83	-
Borrowings	59,000.00	16,500.00	65,971.36	35,500.00
Other Financial Liabilities	174,549.45	1,837.96	102,134.50	17,457.57

Firstsource Group USA, Inc.

Notes to special purpose financial statements (Continued)

as at and for the year ended 31 March 2023

(Currency : In thousands US Dollar)

24) 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
Fellow Subsidiaries (where transactions exist)	Firstsource Solution UK Limited Firstsource Business Process Services LLC Sourcepoint Fulfillment Services, Inc. Sourcepoint, Inc. Firstsource Advantage LLC One Advantage LLC Firstsource HealthPlans and Healthcare services, LLC MedAssist Holding LLC PatientMatters, LLC Medical Advocacy Services for Healthcare, Inc Kramer Technologies LLC Stone Hill Group ARSI - American Recovery Service Incorporated Firstsource Solutions México, S. De R.L. De C.V
Directors	Vipul Khanna Arjun Mitra Pratip Chaudhuri

Particulars of related party transactions:

Name of the related party	Description	Transaction value during year ended*		Receivable / (Payable) at	
		31 March 2023	31 March 2022	31 March 2023	31 March 2022
Firstsource Solutions Limited	Services rendered by business associates and others	8,933.86	995.85	-	-
	Recovery of expenses	2,790.82	13.11	-	-
	Reimbursement of expenses	93.64	1,623.45	-	-
	Payable	-	-	(9,069.22)	(538.37)
Firstsource UK Limited	Reimbursement of expenses	1,263.93	118.18	-	-
	Recovery of expense	1,344.63	3.75	-	-
	Loan repaid	-	-	-	-
	Receivable	-	-	-	337.02
Medassist Holdings LLC	Reimbursement of expenses	7,317.92	172.44	-	-
	Recovery of expense	394.19	6,821.16	-	-
	Investment	-	-	346,518.62	346,518.62
	Payable	-	-	(44,913.12)	(41,116.48)
Firstsource Health Plans and Healthcare Services, LLC	Reimbursement of expenses	9,165.04	481.82	-	-
	Recovery of expense	709.91	8,119.24	-	-
	Payable	-	-	(29,163.31)	(18,231.05)
Firstsource Advantage LLC	Reimbursement of expenses	7,495.89	4,142.01	-	-
	Recovery of expense	377.89	268.74	-	-
	Payable	-	-	(22,089.68)	(12,222.91)
Firstsource Business Process Services LLC	Investment	-	-	29,088.00	29,088.00
	Receivable	-	-	45,257.72	45,912.72
Sourcepoint Fulfillment Services, Inc.	Reimbursement of expenses	549.87	453.74	-	-
	Recovery of expense	0.41	453.74	-	-
	Receivable	-	-	4,055.33	3,507.31
Sourcepoint, Inc.	Reimbursement of expenses	5,666.66	42,311.12	-	-
	Recovery of expense	20,416.27	21,516.46	-	-
	Capital contribution	20,000.00	30,233.03	50,233.03	30,233.03
	Investment	-	-	16,691.21	16,691.21
One Advantage LLC	Payable	-	-	(1,204.25)	(5,000.00)
	Reimbursement of expenses	547.04	1.12	-	-
	Recovery of expense	8.28	633.29	-	-
PatientMatters, LLC	Payable	-	-	(19,492.33)	(16,281.09)
	Recovery of expense	994.16	443.27	-	-
Stone Hill Group	Payable	-	-	(8,938.23)	(1,668.35)
	Reimbursement of expenses	1,260.88	-	-	-
	Recovery of expense (Payable) / Receivable	100.00	25.57	-	-
American Recovery Service Incorporated	Payable	-	-	(2,125.21)	35.57
	Reimbursement of expenses	768.26	-	-	-
	Recovery of expense (Payable) / Receivable	62.99	100.00	-	-
Firstsource Solutions México, S. De R.L. De C.V	Payable	-	-	(1,825.32)	110.00
	Services rendered by business associates and others	285.01	-	-	-
	Investment	5.02	-	5.02	-
	Reimbursement of expenses	26.91	-	-	-
	Recovery of expense	-	20.02	-	-
	Receivable	-	-	1,774.63	20.02

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

Firstsource Group USA, Inc.

Notes to special purpose financial statements (Continued)

as at and for the year ended 31 March 2023

(Currency : In thousands US Dollar)

25) 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').

26) Computation for calculating basic and diluted earnings per share

	For year ended	
	31 March 2023	31 March 2022
Number of shares considered as basic weighted average shares outstanding	257,039	257,039
Number of shares considered as weighted average shares and potential shares outstanding	257,039	257,039
Net profit after tax attributable to shareholders	43,329.67	(5,468.91)
Net profit after tax for diluted earnings per share	43,329.67	(5,468.91)

27) Capital and other commitments and contingent liabilities

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

28) Ratio Analysis and its elements

Ratio	Numerator	Denominator	31 March 2023	31 March 2022
Current ratio	Current Assets	Current Liabilities	0.49	0.33
Debt- Equity Ratio	Total Debt	Shareholder's Equity	0.24	0.37
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	-1.47	5.70
Return on Equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	14.56%	-1.97%
Trade Receivable	Sale of services	Average Trade Receivable	4.63	4.09
Trade Payable Turnover	Other expenses	Average Trade Payable	11.37	2.17
Net Capital Turnover Ratio	Sale of services	Working capital = Current assets – Current liabilities	-0.19	-0.15
Net Profit ratio	Net Profit	Sale of services	192.40%	-32.05%
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Net worth + Lease liabilities + Deferred tax (assets) / liabilities + Long term and short term borrowings	12.91%	0.75%

Change in the ratios of more than 25% as compared to the preceding year is a derivation of the change in the numerator defined against each ratio.

29) Adoption of amendment to Ind AS 37

On March 23, 2022, the Ministry of Company Affairs notified amendments to certain Indian Accounting Standards vide the Companies (Indian Accounting Standards) Amendment Rules, 2022 ('Rules2022') effective for annual periods beginning on or after April 1,2022. The Rules 2022 notified an amendment to Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets ('IndAS37') – "Onerous Contracts–Cost of Fulfilling a Contract" regarding costs a Company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendment text ends the definition of cost of fulfilling a contract to include allocation of other costs that related directly to fulfilling a contract.

The adoption of this amendment as at April 1, 2022 has resulted in a deferred tax impact of USD 3,154.20 on the provision made toward onerous contract amounting to USD 13,489.28 in respect of the US headquartered subsidiaries, which has been adjusted to the opening balance of retained earnings. As the company files consolidated tax return for all the entities headquartered in USA, the deferred tax impact has been accounted in the Company.

30) Subsequent events

The Company evaluated subsequent events from the balance sheet date through 30 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

Firstsource Group USA, Inc.

G.K. Subramaniam

Partner

Membership No: 109839

Vipul Khanna

Director

Mumbai

30 June 2023

Arjun Mitra

Director

Pratip Chaudhuri

Director