

# **Firstsource Solutions UK Limited**

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

# **Firstsource Solutions UK 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 Solutions UK Limited

## Balance sheet

as at 31 March 2023

(Currency: In thousands GBP)

	<i>Note</i>	<b>31 March 2023</b>	31 March 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	5,252.46	7,133.11
Right-of-use assets	4	11,149.47	13,253.53
Other intangible assets	5	147.22	165.68
<b>Financial assets</b>			
Investments	6	53,594.30	53,594.30
Other financial assets	7	338.99	143.99
Other non-current assets	8(i)	8,788.31	9,754.03
Deferred tax assets (net)	11	1,410.09	266.68
<b>Total non-current assets</b>		<b>80,680.84</b>	84,311.32
<b>Current assets</b>			
<b>Financial assets</b>			
Trade receivables	9		
- Billed		12,800.22	9,618.17
- Unbilled		19,839.58	17,317.91
Cash and cash equivalents	10	9.28	52.07
Other current assets	8(ii)	4,839.67	5,093.14
Income tax assets (net)	11	175.83	299.30
<b>Total current assets</b>		<b>37,664.58</b>	32,380.59
<b>Total assets</b>		<b>118,345.42</b>	116,691.91
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	2,834.67	2,834.67
Other equity	13	38,750.26	40,838.39
<b>Total equity</b>		<b>41,584.93</b>	43,673.06
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Lease liabilities		9,576.18	11,942.24
<b>Total non-current liabilities</b>		<b>9,576.18</b>	11,942.24
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Short-term borrowings	14	19,520.58	23,032.94
Trade payables	17	2,308.07	1,755.12
Lease liabilities		3,015.06	2,646.17
Other financial liabilities	15	35,148.71	28,877.02
Provisions for employee benefits	16	1,460.78	1,109.61
Other current liabilities	18	5,731.11	3,655.75
<b>Total current liabilities</b>		<b>67,184.31</b>	61,076.61
<b>Total equity and liabilities</b>		<b>118,345.42</b>	116,691.91

### 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 of  
Firstsource Solutions UK Limited

**G.K. Subramaniam**

Partner

Membership No: 109839

**Rajiv Kumar Naranjandass Malhotra**

Director

**Vipul Khanna**

Director

Mumbai

28 June 2023

# Firstsource Solutions UK Limited

## Statement of profit and loss

for the year ended 31 March 2023

(Currency: In thousands GBP)

		Year ended	
	Note	31 March 2023	31 March 2022
<b>INCOME</b>			
Revenue from operations	19	189,930.78	156,523.98
Other income, net	20	(654.45)	(15.35)
<b>Total income</b>		<b>189,276.33</b>	<b>156,508.63</b>
<b>EXPENSES</b>			
Services Rendered to Business Associates and others		38,678.40	31,230.16
Employee benefits expenses	21	124,785.48	103,034.42
Finance costs	22	2,235.77	1,457.02
Depreciation and amortization	3, 4, 5	5,539.57	5,413.15
Other expenses	23	21,145.18	17,713.37
<b>Total expenses</b>		<b>192,384.40</b>	<b>158,848.12</b>
<b>Loss before tax</b>		<b>(3,108.07)</b>	<b>(2,339.49)</b>
<b>Tax expense</b>			
Current tax	11	123.47	(222.71)
Deferred tax	11	(1,143.41)	(90.64)
<b>Loss for the year</b>		<b>(2,088.13)</b>	<b>(2,026.14)</b>
<b>Other comprehensive income</b>			
<b>Total other comprehensive loss, net of taxes</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>(2,088.13)</b>	<b>(2,026.14)</b>
Weighted average number of equity shares outstanding during the year			
Basic	27	2,834,672	2,834,672
Diluted	27	2,834,672	2,834,672
Earnings per equity share			
Basic		(0.74)	(0.71)
Diluted		(0.74)	(0.71)

### 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 of  
Firstsource Solutions UK Limited

### G.K. Subramaniam

Partner

Membership No: 109839

### Rajiv Kumar Naranjandass Malhotra

Director

### Vipul Khanna

Director

Mumbai

28 June 2023

# Firstsource Solutions UK Limited

## Statement of changes in equity

as at and for the year ended 31 March 2023

(Currency: In thousands GBP)

### Equity share capital and other equity

	Attributable to owners of the company		Total
	Equity share capital	Reserve and surplus Retained earnings	
Balance as at 1 April 2022	2,834.67	40,838.39	43,673.06
Loss for the year	-	(2,088.13)	(2,088.13)
<b>Balance at the end of 31 March 2023</b>	<b>2,834.67</b>	<b>38,750.26</b>	<b>41,584.93</b>

	Attributable to owners of the company		Total
	Equity share capital	Reserve and surplus Retained earnings	
Balance as at 1 April 2021	2,834.67	42,864.53	45,699.20
Loss for the year	-	(2,026.14)	(2,026.14)
<b>Balance at the end of 31 March 2022</b>	<b>2,834.67</b>	<b>40,838.39</b>	<b>43,673.06</b>

**For DELOITTE HASKINS & SELLS LLP**

*Chartered Accountants*

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

**For and on behalf of the Board of Directors of**

**Firstsource Solutions UK Limited**

**G.K. Subramaniam**

Partner

Membership No: 109839

**Rajiv Kumar Naranjandass Malhotra**

Director

**Vipul Khanna**

Director

Mumbai

28 June 2023

# Firstsource Solutions UK Limited

## Statement of cash flows

for the year ended 31 March 2023

(Currency: In thousands GBP)

	31 March 2023	31 March 2022
<b><u>Cash flow from operating activities</u></b>		
Net loss before taxation	(3,108.07)	(2,339.49)
<b>Adjustments for</b>		
Depreciation and amortisation	5,539.57	5,413.15
Allowance for expected credit loss/ bad debts written off or (written back), net	-	(283.02)
(Profit) /Loss on sale of fixed assets, net	40.52	(19.42)
Finance costs	2,235.77	1,457.02
<b>Operating cash flow before changes in working capital</b>	<b>4,707.79</b>	<b>4,228.24</b>
<b>Changes in working capital</b>		
(Increase) / Decrease in trade receivables	(5,703.72)	(3,689.11)
Decrease in loans and advances and other assets	1,024.19	2,602.95
(Decrease) / Increase in liabilities and provisions	9,228.57	(9,959.98)
<b>Net changes in working capital</b>	<b>4,549.04</b>	<b>(11,046.14)</b>
Income taxes refund / (paid)	-	571.91
<b>Net cash (used in) / generated from operating activities (A)</b>	<b>9,256.83</b>	<b>(6,245.99)</b>
<b><u>Cash flow from investing activities</u></b>		
Purchase of property plant and equipment and intangible assets	(694.40)	(1,411.24)
Proceeds from sale of property plant and equipment and intangible assets	-	909.02
<b>Net cash used in investing activities (B)</b>	<b>(694.40)</b>	<b>(502.22)</b>
<b><u>Cash flow from financing activities</u></b>		
Proceeds from / (Repayment of) short term borrowings	(3,512.36)	18,969.54
Repayment of long term borrowings	-	(15,000.00)
Interest paid	(2,213.17)	(1,633.97)
Repayment of lease liabilities	(2,879.69)	(2,215.65)
<b>Net cash (used in) / generated from financing activities (C)</b>	<b>(8,605.22)</b>	<b>119.92</b>
<b>Net (decrease) in cash and cash equivalents at the end of the year (A+B+C)</b>	<b>(42.79)</b>	<b>(6,628.29)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>52.07</b>	<b>6,680.36</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>9.28</b>	<b>52.07</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	9.28	52.07
Earmarked balances with banks held in trust	33.08	20.55
	42.36	72.62
Less: Current account balance held in trust for customers	(33.08)	(20.55)
<b>Cash and cash equivalents</b>	<b>9.28</b>	<b>52.07</b>

# Firstsource Solutions UK Limited

## Statement of cash flows

for the year ended 31 March 2023

(Currency: In thousands GBP)

### 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
Short Term Borrowings	23,032.94	-	(3,512.36)	19,520.58
Total Liabilities from financing activities	23,032.94	-	(3,512.36)	19,520.58

### 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
Short Term Borrowings	4,063.40	18,969.54	-	23,032.94
Long Term Borrowings	15,000.00	-	(15,000.00)	-
Total Liabilities from financing activities	19,063.40	18,969.54	(15,000.00)	23,032.94

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 of  
Firstsource Solutions UK Limited**

**G.K. Subramaniam**

Partner

Membership No: 109839

**Rajiv Kumar Naranjandass Malhotra**

Director

**Vipul Khanna**

Director

Mumbai

28 June 2023

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

**1 Company overview**

Firstsource Solutions UK Limited ('the Company') was incorporated under the laws of the United Kingdom on 23 May 2000. The Company provides contact center and transaction processing services for customers in the financial services and telecommunications 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 special purpose standalone 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 2.2.1.

**2.1.1 Critical accounting estimates**

**a. Income taxes**

The Company's major tax jurisdiction is United Kingdom. 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 2.6.

**b. Property, plant and equipment**

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.

**c. Leases**

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

**2.2 Revenue recognition**

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

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

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

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

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



**2 Significant accounting policies (continued)**

**2.3 Property, plant and equipment**

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

Asset category	Useful life (in years)
<b>Tangible assets</b>	
Leasehold improvements	Lease term or 5 years, whichever is shorter
Computers*	2 – 4
Service equipment*	2 – 5
Furniture and fixtures*	2 – 5
Office equipment*	2 – 5
* 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.	

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

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those property, plant and equipment which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**2.4 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)
<b>Intangible assets</b>	
Software*	2 – 4
* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II to the Companies Act.	

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.

**2.5 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.

The Company reviews its carrying value of investments in unquoted equity on an annual basis when there is an indication of other than temporary impairment in the carrying value of its investments. The carrying value of investment is written down to its recoverable amount.

**b. Non-financial assets**

**Property, plant and equipment and Intangible Assets**

Property, plant and equipments 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)**

**2.6 Employee benefits**

*Defined contribution plans*

Contributions payable to the social security and other employee related contributions as required under the United Kingdom Law are charged to the statement of profit and loss in the period in which they accrue as per local regulations.

*Compensated absences*

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

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

**2.7 Taxation**

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

**2.8 Leases**

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

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

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

**2.9 Foreign Currency transactions**

**Functional currency**

The functional currency of the Company is the Great Britain Pound (GBP).

**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 year 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.

**2.10 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.

**2.11 Provisions and contingencies**

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

Contingent assets are not recognised in the consolidated 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.

## Firstsource Solutions UK Limited

### Notes to the special purpose financial statements

as at and for the year ended 31 March 2023

(Currency: In thousands GBP)

## 2 Significant accounting policies (continued)

### 2.12 Financial instruments

#### 2.12.1 Initial recognition

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

#### 2.12.2 Classification and Subsequent Measurement

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

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

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

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

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

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

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

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

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

###### 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 recognised as a deduction from equity, net of any tax effects.

#### 2.12.3 De-recognition of financial instruments

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

#### 2.12.4 Fair value of financial 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 realised. For all other financial instruments, the carrying amounts approximate the fair value due to short maturity of those instruments.

### 2.13 Cash flow statement

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

### 2.14 Onerous contracts

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

### 2.15 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 Group:

- 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.

### 2.16 Going concern

Directors have prepared cash flow forecasts till financial year 2023-24 which support the ability of the Company to continue as a going concern, taking account of reasonable variations in trading performance. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The Company has made cash profits during the year and in its previous year. The Company had a positive net worth of £ 41.58 million as at 31 March 2023. The Holding Company has no intention to close the business of Firstsource Solutions UK Limited due to losses incurred in current year as with offshoring of contracts these projects are profitable at project level. The Company has sufficient unutilized lines of credit so as to enable it to discharge its operating liabilities

# Firstsource Solutions UK Limited

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

as at 31 March 2023

(Currency: In thousands GBP)

### 3 Property, plant and equipment

	Property , plant and equipment					
	Computers	Service equipment	Furniture and fixture	Office equipment	Leasehold Improvements	Total
<b>Gross block</b>						
As at 1 April 2022	3,804.02	2,852.87	1,630.27	2,386.98	14,007.76	24,681.90
Additions / adjustments during the year	57.15	13.43	73.87	336.29	142.24	622.98
Deletions during the year	(622.22)	(2,474.33)	(545.99)	(193.05)	(3,854.76)	(7,690.35)
As at 31 March 2023	3,238.95	391.97	1,158.15	2,530.22	10,295.24	17,614.53
<b>Accumulated depreciation / amortization</b>						
As at 1 April 2022	3,322.39	2,743.64	1,506.48	1,739.60	8,236.68	17,548.79
Charge for the year	270.80	31.98	63.74	280.81	1,815.79	2,463.12
On deletions / adjustments during the year	(622.22)	(2,471.72)	(545.99)	(193.05)	(3,816.86)	(7,649.84)
As at 31 March 2023	2,970.97	303.90	1,024.23	1,827.36	6,235.61	12,362.07
<b>Net block</b>						
As at 31 March 2023	267.98	88.07	133.92	702.86	4,059.63	5,252.46
As at 31 March 2022	481.63	109.23	123.79	647.38	5,771.08	7,133.11

  

	Property , plant and equipment					
	Computers	Service equipment	Furniture and fixture	Office equipment	Leasehold Improvements	Total
<b>Gross block</b>						
As at 1 April 2021	4,499.51	2,917.81	1,619.26	2,264.13	12,902.22	24,202.93
Additions / adjustments during the year	146.85	5.00	11.01	131.20	1,106.54	1,400.60
Deletions during the year	(842.34)	(69.94)	-	(8.35)	(1.00)	(921.63)
As at 31 March 2022	3,804.02	2,852.87	1,630.27	2,386.98	14,007.76	24,681.90
<b>Accumulated depreciation / amortization</b>						
As at 1 April 2021	3,017.11	2,700.12	1,395.59	1,450.77	6,286.22	14,849.81
Charge for the year	324.92	46.59	110.89	297.15	1,951.46	2,731.01
On deletions	(19.64)	(3.07)	-	(8.32)	(1.00)	(32.03)
As at 31 March 2022	3,322.39	2,743.64	1,506.48	1,739.60	8,236.68	17,548.79
<b>Net block</b>						
As at 31 March 2022	481.63	109.23	123.79	647.38	5,771.08	7,133.11
As at 31 March 2021	1,482.40	217.69	223.67	813.36	6,616.00	9,353.12

# Firstsource Solutions UK Limited

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

as at 31 March 2023

(Currency: In thousands GBP)

### 4 Leases

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

	Opening Balance as at 1 April 2022	Addition during the year ended 31 March 2023	Deletions during the year ended 31 March 2023	Depreciation for the year ended 31 March 2023	Net Carrying value as at 31 March 2023
Leasehold properties	13,226.22	882.51	-	2,969.70	11,139.03
Service equipment	27.31	-	-	16.87	10.44
	13,253.53	882.51	-	2,986.57	11,149.47

Rent includes expense towards short term leases amounting to GBP 658.86, low value leases assets amounting to GBP 1,132.11 and common area maintenance charges for leased properties amounting to GBP 931.64 during the year ended 31 March 2023.

	Opening Balance as at 1 April 2021	Addition during the year ended 31 March 2022	Deletions during the year ended 31 March 2022	Depreciation for the year ended 31 March 2022	Net Carrying value as at 31 March 2022
Leasehold properties	11,592.59	4,073.52	40.31	2,399.58	13,226.22
Service equipment	68.32	-	-	41.01	27.31
Software	13.54	-	-	13.54	-
	11,674.45	4,073.52	40.31	2,454.13	13,253.53

Rent includes expense towards short term leases amounting to GBP 30.34, low value leases assets amounting to GBP 714.83 and common area maintenance charges for leased properties amounting to GBP 1,027.46 during the year ended 31 March 2022.

# Firstsource Solutions UK Limited

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

as at 31 March 2023

(Currency: In thousands GBP)

### 5 Other intangible assets

	Software	Total
<b>Gross block</b>		
<b>As at 1 April 2022</b>	<b>4,882.70</b>	<b>4,882.70</b>
Additions	71.42	71.42
Deletions during the year	(1,835.18)	(1,835.18)
<b>As at 31 March 2023</b>	<b>3,118.94</b>	<b>3,118.94</b>
<b>Accumulated depreciation / amortization</b>		
<b>As at 1 April 2022</b>	<b>4,717.02</b>	<b>4,717.02</b>
Charge for the year	89.88	89.88
Deletions during the year	(1,835.18)	(1,835.18)
<b>As at 31 March 2023</b>	<b>2,971.72</b>	<b>2,971.72</b>
<b>Net block</b>		
<b>As at 31 March 2023</b>	<b>147.22</b>	<b>147.22</b>
As at 31 March 2022	165.68	165.68

  

	Software	Total
<b>Gross block</b>		
<b>As at 1 April 2021</b>	<b>4,819.71</b>	<b>4,819.71</b>
Additions	62.99	62.99
Deletions during the year	-	-
<b>As at 31 March 2022</b>	<b>4,882.70</b>	<b>4,882.70</b>
<b>Accumulated depreciation / amortization</b>		
<b>As at 1 April 2021</b>	<b>4,489.01</b>	<b>4,489.01</b>
Charge for the year	228.01	228.01
Deletions during the year	-	-
<b>As at 31 March 2022</b>	<b>4,717.02</b>	<b>4,717.02</b>
<b>Net block</b>		
<b>As at 31 March 2022</b>	<b>165.68</b>	<b>165.68</b>
As at 31 March 2021	330.70	330.70

# Firstsource Solutions UK Limited

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

as at 31 March 2023

(Currency: In thousands GBP)

	31 March 2023	31 March 2022
<b>6 Investments</b>		
<b>Non-current</b>		
<b>Unquoted In Equity Instrument</b>		
<b>Investments carried at cost</b>		
1 (31 March 2022: 1) fully paid up common stock of EURO 1 each of Firstsource BPO Ireland Limited- Wholly Owned Subsidiary.	<b>3,356.48</b>	3,356.48
38,556 (31 March 2022: 38,556) fully paid-up non voting common stock of USD 1 each of Firstsource Group USA Inc- Fellow Subsidiary.	<b>53,397.50</b>	53,397.50
	<b>56,753.98</b>	56,753.98
Provision for diminution of investment in Firstsource BPO Ireland Limited	<b>(3,159.68)</b>	(3,159.68)
	<b>53,594.30</b>	53,594.30

# Firstsource Solutions UK Limited

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

as at 31 March 2023

(Currency: In thousands GBP)

	31 March 2023	31 March 2022
<b>7 Other financial assets</b>		
<b>Other non-current financial assets</b>		
Deposits	338.99	143.99
	<b>338.99</b>	<b>143.99</b>
<b>8 Other assets</b>		
<b>(i) Other non-current assets</b>		
Unexpired rebate from customer Non-Current	1,220.21	2,030.47
Prepaid Expenses Non Current	67.70	-
Deferred contract cost Non-Current	7,500.40	7,723.56
	<b>8,788.31</b>	<b>9,754.03</b>
<b>(ii) Other current assets</b>		
Unexpired rebate from customer	810.27	810.27
Prepaid expenses	2,897.09	1,777.72
Other advances	158.60	244.77
Deferred contract cost	973.71	2,260.38
	<b>4,839.67</b>	<b>5,093.14</b>
<b>9 Trade receivables</b>		
<b>Billed</b>		
Considered doubtful	-	-
Less : Allowance for doubtful debts	-	-
Considered good	12,800.22	9,618.17
	<b>12,800.22</b>	<b>9,618.17</b>
<b>Unbilled</b>		
Unbilled Revenues	19,839.58	17,317.91
	<b>19,839.58</b>	<b>17,317.91</b>

a) Trade receivables are non-interest bearing and there are no trade receivable 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 party refer note 25

### Trade receivables Ageing Schedule

As at 31 March 2023

	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	9,907.27	2,892.95	-	-	-	-	12,800.22
Undisputed Trade Receivable – considered doubtful	-	-	-	-	-	-	-
<b>Total</b>	<b>9,907.27</b>	<b>2,892.95</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,800.22</b>

As at 31 March 2022

	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	5,197.04	4,421.13	-	-	-	-	9,618.17
Undisputed Trade Receivable – considered doubtful	-	-	-	-	-	-	-
<b>Total</b>	<b>5,197.04</b>	<b>4,421.13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,618.17</b>



# Firstsource Solutions UK Limited

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

as at 31 March 2023

(Currency: In thousands GBP)

31 March 2023

31 March 2022

### 10 Cash and cash equivalents

Cash on hand	-	-
Balances with banks - in current accounts	9.28	52.07
Earmarked balances with banks held in trust	33.08	20.55
	<b>42.36</b>	<b>72.62</b>
Less: Current account balance held in trust for customers	(33.08)	(20.55)
	<b>9.28</b>	<b>52.07</b>

### 11 Taxation

31 March 2023

Taxation	Opening balance	Recognised in Profit and loss	Closing Balance
<b>Deferred tax asset on account of:</b>			
Property, plant and equipment and intangibles	119.81	66.92	186.73
Other employee benefits payable	(54.77)	54.77	-
Carried forward business losses	-	1,001.70	1,001.70
Lease Liabilities	201.64	20.02	221.66
	<b>266.68</b>	<b>1,143.41</b>	<b>1,410.09</b>

31 March 2022

Taxation	Opening balance	Recognised in Profit and loss	Closing Balance
<b>Deferred tax assets on account of:</b>			
Property, plant and equipment and intangibles	17.46	102.35	119.81
Other employee benefits payable	-	(54.77)	(54.77)
Lease Liabilities	158.58	43.06	201.64
	<b>176.04</b>	<b>90.64</b>	<b>266.68</b>

31 March 2023

31 March 2022

Income tax assets (net)	<b>175.83</b>	299.30
	<b>175.83</b>	299.30

#### Income tax expense

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

	Year ended	
	31 March 2023	31 March 2022
Current tax	123.47	(222.71)
Deferred tax	(1,143.41)	(90.64)
<b>Income tax expense</b>	<b>(1,019.94)</b>	<b>(313.35)</b>

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>Loss before income taxes</b>	<b>(3,108.07)</b>	<b>(2,339.49)</b>
Enacted tax rates in United Kingdom	19%	19%
Computed expected tax expense	(590.53)	(444.50)
Expenses not deductible for tax purposes	(40.32)	208.89
Others (including amounts related to impact of change in tax rates)	(239.80)	44.53
Previous years tax adjustments	(149.29)	(122.27)
<b>Income tax expense</b>	<b>(1,019.94)</b>	<b>(313.35)</b>

# Firstsource Solutions UK Limited

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

as at 31 March 2023

(Currency: In thousands GBP)

31 March 2023

31 March 2022

### 12 Share capital

#### Authorised

2,834,672 (31 March 2022: 2,834,672) Equity Shares of GBP 1 each

2,834.67

2,834.67

2,834.67

2,834.67

#### Issued, subscribed and paid-up

2,834,672 (31 March 2022: 2,834,672) Equity Shares of GBP 1 each

2,834.67

2,834.67

2,834.67

2,834.67

#### 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	2,834,672	2,834.67	2,834,672	2,834.67
At the end of the year	2,834,672	2,834.67	2,834,672	2,834.67

#### 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	2,834,672	100.00%	2,834,672	100.00%

#### 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 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.

31 March 2023

31 March 2022

### 13 Other equity

#### Retained earnings

At the commencement of the year

40,838.39

42,864.53

Add: Net (loss) / profit for the year

(2,088.13)

(2,026.14)

At the end of the year

38,750.26

40,838.39

#### Total other equity

38,750.26

40,838.39

# Firstsource Solutions UK Limited

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

as at 31 March 2023

(Currency: In thousands GBP)

31 March 2023 31 March 2022

### 14 Borrowings

#### Short-term borrowings

##### Unsecured

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

19,520.58 23,032.94

19,520.58 23,032.94

a) Line of credit amounting to GBP 8,942.41 (31 March 2022: 13,333.84) are guaranteed by ultimate holding company.

### 15 Other financial liabilities

#### Other current financial liabilities

Book credit in bank account

1,696.27 992.18

Interest accrued but not due on borrowings

37.50 14.90

Payable to related parties (refer note 25)

24,423.70 21,043.88

Employee benefits payable

8,991.24 6,826.06

35,148.71 28,877

### 16 Provision for employee benefits

#### Current

Compensated absences

1,460.78 1,109.61

1,460.78 1,109.61

### 17 Trade Payables

Trade Payables

- total outstanding dues of micro enterprises and small enterprises

2,308.07 1,755.12

- total outstanding dues of creditors other than micro enterprises and small enterprises

2,308.07 1,755.12

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

	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,996.04	312.03	-	-	-	2,308.07
<b>Total</b>	<b>1,996.04</b>	<b>312.03</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,308.07</b>

**As at 31 March 2022**

	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,325.56	429.56	-	-	-	1,755.12
<b>Total</b>	<b>1,325.56</b>	<b>429.56</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,755.12</b>

**18 Other liabilities**

**Other current liabilities**

Indirect Tax Payable	5,650.84	3,584.95
Statutory Dues	80.27	70.80
	<b>5,731.11</b>	<b>3,655.75</b>

# Firstsource Solutions UK Limited

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

for the year ended 31 March 2023

(Currency: In thousands GBP)

Year ended  
31 March 2023      31 March 2022

### 19 Revenue from operations

Sale of services	<b>189,893.76</b>	156,491.12
Other operating income, net	<b>37.02</b>	32.86
	<b>189,931</b>	156,524

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

### 20 Other income, net

Foreign exchange gain/(loss), net	<b>(13.93)</b>	(34.77)
Profit /(Loss) on sale of fixed assets, net	<b>(40.52)</b>	19.42
Miscellaneous income, net	<b>(600.00)</b>	-
	<b>(654.45)</b>	(15.35)

### 21 Employee benefits expenses

Salaries and wages	<b>112,912.16</b>	93,369.38
Contribution to pension and other funds	<b>10,856.21</b>	8,622.68
Staff welfare expenses	<b>1,017.11</b>	1,042.36
	<b>124,785.48</b>	103,034.42

### 22 Finance costs

Interest expense on borrowings	<b>1,719.16</b>	938.62
Interest expense on leased liabilities	<b>516.61</b>	518.40
	<b>2,235.77</b>	1,457.02

Firstsource Solutions UK Limited

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

*for the year ended 31 March 2023*

(Currency: In thousands GBP)

		<b>Year ended</b>	
		<b>31 March 2023</b>	<b>31 March 2022</b>
<b>23</b>	<b>Other expenses</b>		
	Marketing and support fees	<b>2,629.08</b>	2,821.62
	Repairs, maintenance and upkeep	<b>2,664.19</b>	2,860.39
	Allocated Corporate Cost	<b>2,654.83</b>	2,540.30
	Connectivity, information and communication expenses	<b>1,286.96</b>	1,505.94
	Computer expenses	<b>1,892.74</b>	1,417.41
	Rent	<b>2,722.61</b>	1,772.63
	Travel and conveyance	<b>899.93</b>	510.94
	Recruitment and training expenses	<b>2,428.06</b>	577.99
	Rates and taxes	<b>1,072.91</b>	1,180.89
	Electricity, water, power consumption and other expenses	<b>1,134.95</b>	515.41
	Legal and professional fees	<b>891.98</b>	1,487.76
	Payment to auditors- as audit fees	<b>14.50</b>	14.50
	Insurance	<b>464.19</b>	419.84
	Bank administration charges	<b>215.20</b>	225.18
	Car and other hire charges	<b>164.19</b>	129.38
	Printing and stationery	<b>8.86</b>	16.21
	Allowance for expected credit loss / bad debts written off or (written back), net	<b>-</b>	(283.02)
		<b>21,145.18</b>	<b>17,713.37</b>

# Firstsource Solutions UK Limited

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

as at and for the year ended 31 March 2023

(Currency: In thousands GBP)

### 24 Financial instruments

#### I. Financial instruments by category:

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

	Amortised cost	FVTPL	FVOCI	Total carrying amount	Total fair value
<b>Financial assets</b>					
Trade receivables	32,639.80	-	-	32,639.80	32,639.80
Cash and cash equivalents	9.28	-	-	9.28	9.28
Other financial assets	338.99	-	-	338.99	338.99
<b>Total</b>	<b>32,988.07</b>	<b>-</b>	<b>-</b>	<b>32,988.07</b>	<b>32,988.07</b>
<b>Financial liabilities</b>					
Borrowings	19,520.58	-	-	19,520.58	19,520.58
Lease liabilities	12,591.24	-	-	12,591.24	12,591.24
Other financial liability	35,148.71	-	-	35,148.71	35,148.71
Trade Payables	2,308.07	-	-	2,308.07	2,308.07
<b>Total</b>	<b>69,568.60</b>	<b>-</b>	<b>-</b>	<b>69,568.60</b>	<b>69,568.60</b>

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

	Amortised cost	FVTPL	FVOCI	Total carrying amount	Total fair value
<b>Financial assets</b>					
Trade receivables	26,936.08	-	-	26,936.08	26,936.08
Cash and cash equivalents	52.07	-	-	52.07	52.07
Other financial assets	143.99	-	-	143.99	143.99
<b>Total</b>	<b>27,132.14</b>	<b>-</b>	<b>-</b>	<b>27,132.14</b>	<b>27,132.14</b>
<b>Financial liabilities</b>					
Borrowings	23,032.94	-	-	23,032.94	23,032.94
Lease liabilities	14,588.41	-	-	14,588.41	14,588.41
Other financial liability	28,877.02	-	-	28,877.02	28,877.02
Trade Payables	1,755.12	-	-	1,755.12	1,755.12
<b>Total</b>	<b>68,253.49</b>	<b>-</b>	<b>-</b>	<b>68,253.49</b>	<b>68,253.49</b>

#### II. Financial risk management:

##### Financial risk factors:

##### a) Market risk

The Company operates in the United Kingdom and there are no major transactions outside the United Kingdom, hence there is no significant operational 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 GBP 12,800.22 as at 31 March 2023 (31 March 2022 : GBP 9,618.17) and unbilled revenue amounting to GBP 19,839.58 as at 31 March 2023 (31 March 2022 : GBP 17,317.91). Credit risk has always been managed by the Company by continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. Expected credit losses are accounted on financial assets based on the measurement criteria as defined in the policy. A default on a financial asset is when there is a significant increase in the credit risk which is evaluated based on the business environment.

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

	Year ended	
	31 March 2023	31 March 2022
Revenue from top five customers	91.87%	93.41%

# Firstsource Solutions UK Limited

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

as at and for the year ended 31 March 2023

(Currency: In thousands GBP)

### 24 Financial instruments (Continued)

#### II. Financial risk management (Continued):

##### c) Liquidity risk

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

The following are contractual maturities of Lease Liabilities on an undiscounted basis

Particulars	31 March 2023	31 March 2022
Less than one year	3,437.05	3,148.24
One to five years	8,101.76	10,870.18
More than five years	2,416.44	2,416.44
<b>Total</b>	<b>13,955.25</b>	<b>16,434.86</b>

Future cash outflows in respect of certain leasehold properties to which the Company is potentially exposed as a lessee that are not reflected in the measurement of the lease liabilities include exposures from options of extension and termination. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Management has considered all relevant facts and circumstances that create an economic incentive for the Company as a lessee to exercise the option to extend the lease or not to exercise the option to terminate the lease as at 31 March 2023. The Company shall revise the lease term when there is a change in the facts and circumstances.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 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	2,308.07	-	1,755.12	-
Other borrowings	19,520.58	-	23,032.94	-
Lease liabilities	3,015.06	9,576.18	2,646.17	11,942.24
Other financial liabilities	35,148.71	-	28,877.02	-



## Firstsource Solutions UK Limited

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

as at and for the year ended 31 March 2023

(Currency: In thousands GBP)

## 25 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 Group USA Inc. Firstsource Advantage LLC Sourcepoint Inc. Firstsource Health Plans and Healthcare Services, LLC
Subsidiary wherein control exists	Firstsource Solutions S.A. (FSL Argentina) Firstsource BPO Ireland Limited (FSL Ireland)
Directors	Vipul Khanna Rajiv Kumar Naranjandass Malhotra (appointed w.e.f. 3 May 2022) Anjani Kumar Agrawal (appointed w.e.f. 5 May 2022) Sanjay Ponnappa (ceased to be director w.e.f. 3 May 2022) Charles Richard Vernon Stagg (ceased to be director w.e.f. 5 May 2022)

### 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	Reimbursement of expenses	10,580.67	2,856.58	-	-
	Services rendered to business associates and others	36,488.56	35,146.37	-	-
	Recovery of expense	79.69	91.65	-	-
	Payable	-	-	(23,544.84)	(19,696.94)
Firstsource Group USA Inc	Reimbursement of expenses	125.05	118.18	-	-
	Recovery of expense	73.56	3.75	-	-
	Payable	-	-	-	(256.84)
Firstsource Health Plans and Healthcare Services, LLC	Reimbursement of expenses	2.45	-	-	-
	Payable	-	-	(1.21)	-
Sourcepoint Inc.	Reimbursement of expenses	-	5.07	-	-
	Recovery of expenses	-	2.46	-	-
Firstsource Advantage LLC	Reimbursement of expenses	5.96	-	-	-
	Services rendered to business associates and others	2,189.85	1,357.16	-	-
	Recovery of expense	51.79	609.41	-	-
	Payable	-	-	(877.65)	(1,090.10)

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

# Firstsource Solutions UK Limited

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

as at and for the year ended 31 March 2023

(Currency: In thousands GBP)

### 26 Segment reporting

As per Ind AS 108 - Operating Segments ('Ind AS 108'), 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 consolidated financial statements, segment information is required only in the consolidated financial statements. Accordingly, information required to be presented under Ind AS 108 has been given in the consolidated financial statements of Firstsource Solutions Limited ('the Holding Company').

### 27 Computation for calculating basic and diluted earnings per share

	Year ended	
	31 March 2023	31 March 2022
Number of shares considered as basic weighted average shares outstanding	2,834,672	2,834,672
Number of shares considered as weighted average shares and potential shares outstanding	2,834,672	2,834,672
Net loss after tax attributable to shareholders	(2,088.13)	(2,026.14)
Net loss after tax for diluted earnings per share	(2,088.13)	(2,026.14)

### 28 Capital and other commitments and contingent liabilities

The Company has capital commitments of GBP 155.89 (31 March 2022: GBP 1,319.03) against which advances paid are GBP Nil (31 March 2022: GBP Nil) as at the balance sheet date. There are no contingent liabilities to be reported during the year and previous year.

### 29 Ratio Analysis and its elements

Ratio	Numerator	Denominator	31 March 2023	31 March 2022
Current ratio	Current Assets	Current Liabilities	0.56	0.53
Debt- Equity Ratio	Total Debt	Shareholder's Equity	0.47	0.53
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Depreciation	Debt service = Interest & Lease Payments + Principal Repayments	0.68	0.18
Return on Equity ratio	Net Profits after taxes	Average Shareholder's Equity	-4.90%	-4.53%
Trade Receivable Turnover Ratio	Sale of services	Average Trade Receivable	6.37	6.27
Trade Payable Turnover Ratio	Other expenses	Average Trade Payable	10.41	7.89
Net Capital Turnover Ratio	Sale of services	Working capital = Current assets – Current liabilities (excluding short term and other borrowings)	(18.99)	(27.63)
Net Profit ratio	Net Profit	Sale of services	-1.10%	-1.29%
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Net worth + Lease liabilities - Deferred tax assets + Long Term Borrowings + Short Term Borrowings	-1.26%	-1.13%

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.

### 30 Subsequent events

The Company evaluated subsequent events from the balance sheet date through 28 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 of**

**Firstsource Solutions UK Limited**

**G.K. Subramaniam**

Partner

Membership No: 109839

**Rajiv Kumar Naranjandass Malhotra**

Director

**Vipul Khanna**

Director

Mumbai

28 June 2023