

Sourcepoint Fulfillment Services, Inc.

Special Purpose Financial Statements
together with the Independent Auditor's Report
for the year ended 31 March 2020

Sourcepoint Fulfillment Services, Inc.

Special Purpose Financial statements together with the Independent Auditor's Report
for the year ended 31 March 2020

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Sourcepoint Fulfillment Services, Inc.

Balance sheet

as at 31 March 2020

(Currency: In US Dollar)

	Note	31 March 2020	31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	238,275	196,219
Other intangible assets	3	85,399	82,775
Financial assets			
Other financial assets	4(i)	25,000	25,000
Other non-current assets	5(i)	-	144
Income tax assets (net)	8	128,176	6,979
Total non-current assets		476,850	311,117
Current assets			
Financial assets			
Trade receivables	6	1,080,311	1,776,174
Cash and cash equivalents	7	328,565	724,616
Other financial assets	4(ii)	1,902,966	1,645,089
Other current assets	5(ii)	23,114	51,972
Total current assets		3,334,956	4,197,851
Total assets		3,811,806	4,508,968
EQUITY AND LIABILITIES			
Equity			
Equity share capital	9	400,803	400,803
Other equity	10	(1,045,824)	(1,590,818)
Total equity		(645,021)	(1,190,015)
LIABILITIES			
Current liabilities			
Financial liabilities			
Trade payables		302,828	671,583
Other financial liabilities	11	4,097,267	4,847,009
Provisions for employee benefits	12	17,444	135,658
Other current liabilities	13	39,288	44,733
Total current liabilities		4,456,827	5,698,983
Total equity and liabilities		3,811,806	4,508,968

Significant accounting policies

2

The accompanying notes from 1 to 23 are an integral part of these special purpose financial statements.

As per our report of even date attached.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

For and on behalf of the Board of Directors

G.K. Subramaniam

Partner
Membership No: 109839
Mumbai
9 July 2020

Shashank Cukkemane
Muralidhara
Director

Auvese Pasha

Director

Sourcepoint Fulfillment Services, Inc.

Statement of profit and loss

for the year ended 31 March 2020

(Currency: In US Dollar)

		Year ended	
	Note	31 March 2020	31 March 2019
INCOME			
Revenue from operations	14	7,529,905	9,970,251
Total income		7,529,905	9,970,251
EXPENSES			
Services rendered by business associates and others		1,479,411	1,526,219
Employee benefits expenses	15	1,292,016	1,176,741
Finance costs	16	928	-
Depreciation and amortization expense	3	105,143	77,558
Other expenses	17	4,107,413	4,191,483
Total expenses		6,984,911	6,972,001
Profit before tax		544,994	2,998,250
Tax expense			
Current tax	8	-	-
Deferred tax	8	-	-
Profit for the year		544,994	2,998,250
Other comprehensive income		-	-
Total comprehensive income for the year		544,994	2,998,250
Weighted average number of equity shares outstanding during the year			
Basic	21	400,803	400,803
Diluted	21	400,803	400,803
Earnings per equity share			
Basic	21	1.36	7.48
Diluted	21	1.36	7.48

Significant accounting policies

The accompanying notes from 1 to 23 are an integral part of these special purpose financial statements.

As per our report of even date attached.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

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

For and on behalf of the Board of Directors

G.K .Subramaniam

Partner
Membership No: 109839
Mumbai
9 July 2020

Shashank Cukkemane
Muralidhara
Director

Auvese Pasha
Director

Sourcepoint Fulfillment Services, Inc.**Statement of changes in equity***for the year ended 31 March 2020*

(Currency: In US Dollar)

Equity share capital and other equity

Particulars	Attributable to owners of the Company		
	Reserve and surplus		
	Equity share capital	Retained earnings	Total
Balance as at 1 April 2019	400,803	(1,590,818)	(1,190,015)
Profit for the year	-	544,994	544,994
Balance as at 31 March 2020	400,803	(1,045,824)	(645,021)

Particulars	Attributable to owners of the Company		
	Reserve and surplus		
	Equity share capital	Retained earnings	Total
Balance as at 1 April 2018	400,803	(4,589,068)	(4,188,265)
Profit for the year	-	2,998,250	2,998,250
Balance as at 31 March 2019	400,803	(1,590,818)	(1,190,015)

As per our report of even date attached.

For DELOITTE HASKINS & SELLS LLP*Chartered Accountants*

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

For and on behalf of the Board of Directors**G.K .Subramaniam**

Partner

Membership No: 109839

Mumbai

9 July 2020

**Shashank Cukkemane
Muralidhara**

Director

Auvese Pasha

Director

Sourcepoint Fulfillment Services, Inc.

Statement of cash flows

for the year ended 31 March 2020

(Currency: In US Dollar)

	31 March 2020	31 March 2019
<u>Cash flow from operating activities</u>		
Profit before tax	544,994	2,998,250
Adjustments for		
Depreciation and amortisation	105,143	77,558
Provision for doubtful debts / bad debts written off / (written back), net	(15,938)	-
Finance costs	928	-
Operating cash flow before changes in working capital	635,127	3,075,808
Changes in working capital		
Decrease in trade receivables	711,801	1,360,658
(Increase) / decrease in loans and advances and other assets	(228,875)	23,865,257
(Decrease) in liabilities and provisions	(1,242,156)	(27,484,893)
Net changes in working capital	(759,230)	(2,258,978)
Income taxes paid	(121,197)	(4,650)
Net cash (used)/ generated from operating activities (A)	(245,300)	812,180
<u>Cash flow from investing activities</u>		
Purchase of property, plant and equipment	(149,823)	(184,853)
Proceeds from sale of property, plant and equipment	-	19,411
Net cash (used in) investing activities (B)	(149,823)	(165,442)
<u>Cash flow from financing activities</u>		
Interest paid	(928)	-
Net cash (used) in financing activities (C)	(928)	-
Net (decrease) / increase in cash and cash equivalents at the end of the year (A+B+C)	(396,051)	646,738
Cash and cash equivalents at the beginning of the year	724,616	77,878
Cash and cash equivalents at the end of the year	328,565	724,616

Notes to the cash flow statement

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

	31 March 2020	31 March 2019
Cash on hand	-	-
Balances with banks		
- in current accounts	328,565	724,616
Cash and cash equivalents	328,565	724,616

As per our report of even date attached.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

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

For and on behalf of the Board of Directors

G.K .Subramaniam

Partner

Membership No: 109839

Mumbai

9 July 2020

Shashank Cukkemane

Muralidhara

Director

Auvese Pasha

Director

Sourcepoint Fulfillment Services, Inc.

Notes to the financial statements

for the year ended 31 March 2020

1 Company overview

Sourcepoint Fulfillment Services Inc.(the 'Company') was incorporated for the purpose of providing business process outsourcing (BPO) services to the mortgage lending Industry. The Company provides a wide range of consulting services relating to mortgage products, business process outsourcing (BPO) Services such as fulfillment services and loan services. The Company's customer base consists primarily of Mortgage banks and financial institutions situated primarily in the United States of America.

The Company is a wholly owned subsidiary of Sourcepoint Inc. which is a wholly owned subsidiary of Firstsource group USA. Inc. incorporated in the state of Delaware, USA.

Basis of Preparation and Statement of Compliance

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

These special purpose financial statements have been prepared for the limited purpose of facilitating the preparatoin of the consolidated financial statements of Firstsource Solutions Limited, the holding company, as at and for the year ended March 31, 2020 in accordance with Generally Accepted Accounting Principles in India ('Indian GAAP') and to assist Firstsource Solutions Limited, the holding company, to comply with the requirements of section 129 (3) of the Act.

These special purpose financial statements were approved by the Board of Directors of Firstsource Solutions Limited, the Holding Company authorised for issue on 26 May 2020.

2 Significant accounting policies

2.1 Use of estimates

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

2.1.1 Critical accounting estimates

a. Property, plant and equipment and Intangible Assets

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

b. Lease

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

Sourcepoint Fulfillment Services, Inc.

Notes to the financial statements

for the year ended 31 March 2020

2 Significant accounting policies (Continued)

2.2 Revenue recognition

Effective 1 April 2018, the Company has applied Ind AS 115 'Revenue from contracts with customers' which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. The adoption of the standard did not have any material impact to the financial statements of the Company.

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

Each distinct service, results in a simultaneous benefit to the corresponding customer. Also, the Company has an enforceable right to payment from the customer for the performance completed to date. Revenue from unit price based contracts is measured by multiplying the units of output delivered with the agreed transaction price per unit while in 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.

2.3 Property, plant and equipment and Intangible Assets

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 / 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
Vehicles*	2 – 5
Office equipment*	2 – 5
Furniture and fixtures*	2 – 5
Intangible assets	
Software*	2 – 4

* For these class of assets, based on internal assessment and technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II to the Companies Act, 2013.

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

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 months 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.

Sourcepoint Fulfillment Services, Inc.

Notes to the financial statements

for the year ended 31 March 2020

2 Significant accounting policies (Continued)

2.4 Impairment(continued)

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 Amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2.5 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 Firstsource Group USA, Inc. (parent company in the United States of America) in its financial statements. Deferred Tax Asset and Liability and Income tax charge accounted in these Special Purpose Financial Statements relate only to the pre-acquisition period and adjustments thereof.

2.6 Leases

Effective 1 April 2019 (date of initial application), the Company has adopted the Indian Accounting Standard 116 on Leases ('Ind AS 116'), notified by the Ministry of Corporate Affairs, which replaces the existing lease standard Indian Accounting Standard 17 on Leases ('Ind AS 17'). The adoption of the standard did not have any material impact to the financial statement of the Company. The Company has not restated comparative information.

2.7 Foreign currency

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 functional currency using the exchange rate in effect on the date of the transaction.

2.8 Employee benefits

Defined contribution plans

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

Sourcepoint Fulfillment Services, Inc.

Notes to the financial statements

for the year ended 31 March 2020

2 Significant accounting policies (Continued)

2.8 Employee benefits (continued)

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 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.

The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

2.9 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.

2.10 Provisions and contingencies

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

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

2.11 Financial instruments

2.11.1 Initial recognition

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

2.11.2 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.

Sourcepoint Fulfillment Services, Inc.

Notes to the financial statements

for the year ended 31 March 2020

2 Significant accounting policies (Continued)

2.11 Financial instruments (Continued)

2.11.2 Classification and Subsequent Measurement(continued)

a) Non-derivative financial instruments(continued)

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 approximates fair value to short-term maturity of these instruments.

b) Share Capital

Ordinary shares

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

2.11.3 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.

2.11.4 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.

2.12 Cash flow statement

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

2.13 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.

2.14 Estimation of uncertainties relating to the global health pandemic from COVID-19:

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables and intangible assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts and consensus estimates from market sources on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered, net of provisions established.

Sourcepoint Fulfillment Services, Inc.

Notes to the financial statements (Continued)

as at 31 March 2020

(Currency: In US Dollar)

3) Property, plant and equipment and intangible asset

	Tangible Asset						Intangible Asset		Grand Total
	Leasehold improvements	Computers	Network	Office equipment	Furniture and fixture	Vehicles	Total	Software	
Gross block									
As at 1 April 2019	158,787	5,810,509	7,480	2,157,873	1,656,900	4,893	9,796,442	104,883	9,901,325
Additions / adjustments during the year	25,273	35,780	44,002	12,495	-	-	117,550	32,273	149,823
Deletions during the year	-	-	-	-	-	-	-	-	-
As at 31 March 2020	184,060	5,846,289	51,482	2,170,368	1,656,900	4,893	9,913,992	137,156	10,051,148
Accumulated depreciation / amortization									
As at 1 April 2019	44,846	5,796,263	559	2,120,148	1,635,552	2,855	9,600,223	22,108	9,622,331
Charge for the year	36,954	12,644	7,805	11,053	5,641	1,397	75,494	29,649	105,143
On deletions / adjustments during the year	-	-	-	-	-	-	-	-	-
Foreign exchange on translation	-	-	-	-	-	-	-	-	-
As at 31 March 2020	81,800	5,808,907	8,364	2,131,201	1,641,193	4,252	9,675,717	51,757	9,727,474
Net block									
As at 31 March 2020	102,260	37,382	43,118	39,167	15,707	641	238,275	85,399	323,674
As at 31 March 2019	113,941	14,246	6,921	37,725	21,348	2,038	196,219	82,775	278,994

	Tangible Asset						Intangible Asset		Grand Total
	Leasehold improvements	Computers	Network	Office equipment	Furniture and fixture	Vehicles	Total	Software	
Gross block									
As at 1 April 2018	111,856	5,805,954	-	2,149,959	1,652,592	4,893	9,725,254	1,163,426	10,888,680
Additions / adjustments during the year	46,931	4,555	24,680	34,707	8,091	-	118,964	65,889	184,853
Deletions during the year	-	-	(17,200)	(26,793)	(3,783)	-	(47,776)	(1,124,432)	(1,172,208)
As at 31 March 2019	158,787	5,810,509	7,480	2,157,873	1,656,900	4,893	9,796,442	104,883	9,901,325
Accumulated depreciation / amortization									
As at 1 April 2018	16,099	5,774,241	-	2,142,635	1,631,222	1,458	9,565,655	1,131,915	10,697,570
Charge for the year	28,747	22,022	1,379	4,306	5,082	1,397	62,933	14,625	77,558
On deletions / adjustments during the year	-	-	(820)	(26,793)	(752)	-	(28,365)	(1,124,432)	(1,152,797)
As at 31 March 2019	44,846	5,796,263	559	2,120,148	1,635,552	2,855	9,600,223	22,108	9,622,331
Net block									
As at 31 March 2019	113,941	14,246	6,921	37,725	21,348	2,038	196,219	82,775	278,994
As at 31 March 2018	95,757	31,713	-	7,324	21,370	3,435	159,599	31,511	191,110

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

as at 31 March 2020

(Currency: In US Dollar)

	31 March 2020	31 March 2019
4) Other financial assets		
<i>(Unsecured, considered good)</i>		
(i) Other non-current financial assets		
Deposits	25,000	25,000
	<u>25,000</u>	<u>25,000</u>
(ii) Other current financial assets		
Recoverable from customers	19,805	144,594
Advances to related parties	1,883,161	1,490,995
Loans and advances to employees	-	9,500
	<u>1,902,966</u>	<u>1,645,089</u>
5) Other assets		
<i>(Unsecured, considered good)</i>		
(i) Other non-current assets		
Prepaid expenses	-	144
	<u>-</u>	<u>144</u>
(ii) Other current assets		
Prepaid expenses	23,114	51,972
	<u>23,114</u>	<u>51,972</u>
6) Trade receivables		
<i>(Unsecured)</i>		
Considered doubtful	-	15,938
Less: Allowance for doubtful debts	-	15,938
	<u>-</u>	<u>-</u>
Considered good	1,080,311	1,776,174
	<u>1,080,311</u>	<u>1,776,174</u>
	<u>1,080,311</u>	<u>1,776,174</u>

Trade receivables are non-interest bearing. No trade or other receivables are due from directors or other officers of the Company either severally or jointly. For receivables from related party refer note 19

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

as at 31 March 2020

(Currency: In US Dollar)

	31 March 2020	31 March 2019
7) Cash and cash equivalents		
Cash on hand	-	-
Balances with banks		
-in current accounts	328,565	724,616
	<u>328,565</u>	<u>724,616</u>
8) Taxation		
Income tax assets (net)	128,176	6,979
	<u>128,176</u>	<u>6,979</u>

Sourcepoint Fulfillment Services, Inc.

Notes to the financial statements (Continued)

as at 31 March 2020

(Currency: In US Dollar)

31 March 2020 31 March 2019

9) Share capital

Authorised

1,000,000 (31 March 2019 : 1,000,000) Equity Shares of USD 1 each

1000,000 1000,000

1000,000 1000,000

Issued, subscribed and paid-up

400,803 (31 March 2019: 400,803) Equity Shares of USD 1 each

400,803 400,803

400,803 400,803

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

	31 March 2020		31 March 2019	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	400,803	400,803	400,803	400,803
At the end of the year	400,803	400,803	400,803	400,803

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

	31 March 2020		31 March 2019	
	Number of shares	% of total shares	Number of shares	% of total shares
Sourcepoint Inc.	400,803	100.00%	400,803	100.00%

c) Rights, preferences and restrictions attached to equity shares

The Company has a single class of shares. Accordingly, all unit holders rank equally with regard to dividends and share in the Company's residual assets. The unit holders are entitled to receive dividend as declared from time to time. The voting rights of an unit holder are in proportion to its share of the units of the Company. On winding up of the Company, the unit holders will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of shares held.

31 March 2020 31 March 2019

10) Other equity

Retained earnings

At the commencement of the year

(1,590,818) (4,589,068)

Add: Net profit for the year

544,994 2,998,250

At the end of the year

(1,045,824) (1,590,818)

Total other equity

(1,045,824) (1,590,818)

Sourcepoint Fulfillment Services, Inc.**Notes to the financial statements (Continued)***as at 31 March 2020*

(Currency: In US Dollar)

31 March 2020

31 March 2019

11) Other financial liabilities**Other current financial liabilities**

Employee benefits payable

84,202

278,777

Payable to related parties

4,013,065

4,568,232

4,097,267

4,847,009

12) Provision for employee benefits**Current**

Compensated absences

17,444

135,658

17,444

135,658

13) Other liabilities**Other current liabilities**

Advance from customer

39,288

44,733

39,288

44,733

Sourcepoint Fulfillment Services, Inc.**Notes to the financial statements (Continued)***for the year ended 31 March 2020*

(Currency: In US Dollar)

Year ended
31 March 2020 31 March 2019

14) Revenue from operations

Sale of services	7,529,905	9,970,251
	<u>7,529,905</u>	<u>9,970,251</u>

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

Revenues in excess of invoicing are classified as contract assets (which is referred as unbilled revenues). Changes in contract assets are directly attributable to revenue recognised based on the accounting policy defined and the invoicing done during the year. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures as the revenue recognised corresponds directly with the value to the customer of the company's performance completed to date.

15) Employee benefits expenses

Salaries and wages	1,143,272	1,028,823
Contribution to social security & other benefits	8,960	10,403
Staff welfare expenses	139,784	137,515
	<u>1,292,016</u>	<u>1,176,741</u>

16) Finance costs

Interest expense		
- on working capital demand loans and others	928	-
	<u>928</u>	<u>-</u>

Sourcepoint Fulfillment Services, Inc.**Notes to the financial statements (Continued)***for the year ended 31 March 2020*

(Currency: In US Dollar)

	Year ended	
	31 March 2020	31 March 2019
17) Other expenses		
Computer expenses	26,997	45,496
Connectivity, information and communication expenses	52,899	41,215
Legal and professional fees	3,908	36,221
Recruitment and training expenses	6,020	2,100
Title and Valuation Expenses	3,873,639	3,930,988
Rent (Net)	3,763	(33,000)
Rates and taxes	24,535	76,769
Bank administration charges	90,146	48,835
Provision for doubtful debts/ bad debts written off / (written back), net	(15,938)	15,938
Miscellaneous expenses	41,444	26,921
	4,107,413	4,191,483

Note:

1. Facilities used for operations by the company are commonly held with the holding Company Sourcepoint, Inc

2. Rent includes expense towards short term lease payments amounting to USD Nil, expense towards low value leases assets amounting to USD 2,883 and common area maintenance charges for leased properties amounting to USD 880 during the year ended 31 March 2020.

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

for the year ended 31 March 2020
(Currency: In US Dollar)

18) Financial instruments

I. Financial instruments by category:

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

	Amortised cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Trade receivables	1,080,311	-	-	1,080,311	1,080,311
Cash and cash equivalents	328,565	-	-	328,565	328,565
Other financial assets	1,927,966	-	-	1,927,966	1,927,966
Total	3,336,842	-	-	3,336,842	3,336,842
Financial liabilities					
Other financial liability	4,097,267	-	-	4,097,267	4,097,267
Trade and other payables	302,828	-	-	302,828	302,828
Total	4,400,095	-	-	4,400,095	4,400,095

The carrying value and fair value of financial instruments by categories as at 31 March 2019 were as follows:

	Amortised cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Trade receivables	1,776,174	-	-	1,776,174	1,776,174
Cash and cash equivalents	724,616	-	-	724,616	724,616
Other financial assets	1,670,089	-	-	1,670,089	1,670,089
Total	4,170,879	-	-	4,170,879	4,170,879
Financial liabilities					
Other financial liability	4,847,009	-	-	4,847,009	4,847,009
Trade and other payables	671,583	-	-	671,583	671,583
Total	5,518,592	-	-	5,518,592	5,518,592

Fair Value Hierarchy for the above stated financial assets & liabilities is using measurement principles at Level 3 as at 31 March 2020 & 31 March 2019.

II Financial risk management:

Financial risk factors:

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

a) Market risk

The Company operates in the US and there are no major transactions outside the US. So there is no major market risk for the company.

b) Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to USD 1,080,311 and USD 1,776,174 as of 31 March 2020 and 31 March 2019 respectively and unbilled revenue amounting to USD Nil and USD Nil as of 31 March 2020 and 31 March 2019 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.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2020 and 31 March 2019:

	31 March 2020		31 March 2019	
	Less than 1 Year	More than 1 year	Less than 1 Year	More than 1 year
Trade payables	302,828	-	671,583	-
Other financial liabilities	4,097,267	-	4,847,009	-

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

for the year ended 31 March 2020
(Currency: In US Dollar)

19) Related party transactions

Details of related parties including summary of transactions entered into during the year ended 31 March 2020 are summarized below:

Ultimate Holding Company	CESC Ventures Limited (formerly knowns as RP-SG Business Process Services Limited)
Holding Company	Firstsource Solutions Limited Firstsource Group USA Inc. Sourcepoint, Inc. (formerly knowns as ISGN Solutions, Inc.)
Fellow Subsidiary Companies	Kolkata Games and Sports Private Limited Quest Properties India Limited Metromark Green Commodities Private Limited Guiltfree Industries Limited Bowlopedia Restaurants India Limited Apricot Foods Private Limited Firstsource Advantage LLC Firstsource Solutions USA LLC Herbolab India Private Limited Accurate Commedeal Private Limited MedAssist Holding, LLC, Firstsource Solutions UK Limited Firstsource Process Management Services Limited Firstsource BPO Ireland Limited Firstsource Dialog Solutions (Private) Limited Firstsource Business Process Services LLC One Advantage LLC ISGN Fulfillment Agency, LLC (ceased w.e.f 24th June 2019) Firstsource Transaction Services LLC
Trust controlled by ultimate holding company	RP-Sanjiv Goenka Group CSR Trust (RPSG CSR Trust)
Directors	Shashank Cukkemane Muralidhara Auvese Pasha

Particulars of related party transactions:

Name of the related party	Description	Transaction value during year ended		Receivable / (Payable) as at	
		Amount in USD		Amount in USD	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
Firstsource Solutions Limited	Service Rendered by Business Associates and others	1,479,411	1,526,219		
	Reimbursement of expenses	5,135	27,851		
	Recovery of expenses	8,136	-		
	Receivable / (Payable)			(622,219)	(1,136,711)
Firstsource Group USA Inc	Recovery of expenses	-	20,743		
	Reimbursement of expenses	175,449	806,355		
	Receivable / (Payable)			(2,147,758)	(2,800,492)
Firstsource Transaction Services LLC	Recovery of expenses	7,594	66,352		
	Reimbursement of expenses	-	2,497		
	Receivable / (Payable)			50,699	43,105
Medassit Holding LLC	Reimbursement of expenses	271,361	1,037,736		
	Receivable / (Payable)			(899,484)	(628,123)
Firstsource Advantage LLC	Reimbursement of expenses	80	6,429		
	Receivable / (Payable)			(3,500)	(2,907)
Sourcepoint Inc.	Recovery of expenses	6,560,791	13,218,214		
	Reimbursement of expenses	3,828,213	8,004,238		
	Receivable / (Payable)			1,832,462	1,447,890
One Advantage LLC	Recovery of expenses	9,895	-		
	Receivable / (Payable)			(340,105)	

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

for the year ended 31 March 2020
(Currency: In US Dollar)

20) 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').

21) Computation for calculating diluted earnings per share

	Year ended	
	31 March 2020	31 March 2019
Number of shares considered as basic weighted average shares outstanding	400,803	400,803
Number of shares considered as weighted average shares and potential shares outstanding	400,803	400,803
Net profit after tax attributable to shareholders	544,994	2,998,250
Net profit after tax for diluted earnings per share	544,994	2,998,250

22) Capital and other commitments and contingent liabilities

The company has capital commitments as at balance sheet date 31 March 2020 amounting to USD 888,641 (31 March 2019 : USD 8,639). There are no contingent liability as at balance sheet date (31 March 2019 : Nil).

23) Subsequent events

The company evaluated subsequent events from the balance sheet date through 9 July 2020 and determined that there are no material items to be reported.

As per our report of even date attached.

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

For and on behalf of the Board of Directors

G.K. Subramaniam

Partner
Membership No: 109839
Mumbai
9 July 2020

Shashank Cukkemane
Muralidhara
Director

Auvese Pasha
Director