

Sourcepoint Fulfillment Services, Inc.

Special Purpose Financial Statements
together with the Independent Auditor's Report
as at and for the year ended 31 March 2021

Sourcepoint Fulfillment Services, Inc.

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

as at and for the year ended 31 March 2021

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INDEPENDENT AUDITOR’S REPORT

**TO THE BOARD OF DIRECTORS
FIRSTSOURCE SOLUTIONS LIMITED**

Report on the Special Purpose Financial Statements

Opinion

We have audited the accompanying Special Purpose Financial Statements of **Sourcepoint Fulfillment Services, Inc.** (the ‘Company’), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the ‘Special Purpose Financial Statements’). The Special Purpose Financial Statements have been prepared by the Management of the Company for the limited purpose of facilitating the preparation of the consolidated financial statements of Firstsource Solutions Limited as at and for the year ended 31 March 2021 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 Companies Act, 2013 (the ‘Act’).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Financial Statements give the information required by the Companies Act, 2013 (the ‘Act’) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (‘Ind AS’) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, of its loss and total comprehensive loss, its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Special Purpose Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (‘SAs’). Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Special Purpose Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (‘ICAI’) together with the ethical requirements that are relevant to our audit of the Special Purpose Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Special Purpose Financial Statements.

Management’s Responsibility for the Special Purpose Financial Statements

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Special Purpose Financial Statements that give a true and

fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special Purpose Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Special Purpose Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the Special Purpose Financial Statements, including the disclosures, and whether the Special Purpose Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Special Purpose Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Special Purpose Financial Statements may be influenced. We consider

**Deloitte
Haskins & Sells LLP**

quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our audit work; and (ii) to evaluate the effect of any identified misstatements in the Special Purpose Financial Statements.

Basis of preparation

We draw attention to Note 1 to the Special Purpose Financial Statements, which describes the basis of preparation of the Special Purpose Financial Statements. Our opinion is not modified in respect of this matter.

Restriction on Distribution and Use

Our report is intended solely for the information and use of the Board of Directors of Firstsource Solutions Limited for the preparation of their consolidated financial statements for the year ended and as at 31 March 2021, and compliance with the requirements of Section 129(3) as aforesaid and is not intended to be and should not be used by anyone other than the specified parties.

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

G. K. SUBRAMANIAM
Partner
(Membership No. 109839)
(UDIN: 21109839AAAAKN5179)

Mumbai

7 July 2021

Sourcepoint Fulfillment Services, Inc.

Balance sheet

as at 31 March 2021

(Currency: In US Dollar)

	Note	31 March 2021	31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	143,990	238,275
Other intangible assets	3	52,117	85,399
Financial assets			
Other financial assets	4(i)	-	25,000
Income tax assets (net)	8	136,098	128,176
Total non-current assets		332,205	476,850
Current assets			
Financial assets			
Trade receivables	6	476,477	1,080,311
Cash and cash equivalents	7	291,066	328,565
Other financial assets	4(ii)	2,424,545	1,902,966
Other current assets	5	78,360	23,114
Total current assets		3,270,448	3,334,956
Total assets		3,602,653	3,811,806
EQUITY AND LIABILITIES			
Equity			
Equity share capital	9	400,803	400,803
Other equity	10	(4,682,261)	(1,045,824)
Total equity		(4,281,458)	(645,021)
LIABILITIES			
Current liabilities			
Financial liabilities			
Trade payables		739,075	302,828
Other financial liabilities	11	6,797,173	4,097,267
Provisions for employee benefits	12	69,847	17,444
Other current liabilities	13	278,016	39,288
Total current liabilities		7,884,111	4,456,827
Total equity and liabilities		3,602,653	3,811,806

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
7 July 2021

Roshan Sethi

Director

Steven Schachter

Director

Sourcepoint Fulfillment Services, Inc.

Statement of profit and loss

for the year ended 31 March 2021

(Currency: In US Dollar)

		Year ended	
	Note	31 March 2021	31 March 2020
INCOME			
Revenue from operations	14	<u>13,777,004</u>	7,529,905
Total income		<u>13,777,004</u>	7,529,905
EXPENSES			
Services rendered by business associates and others		6,011,952	1,479,411
Employee benefits expenses	15	3,898,286	1,292,016
Finance costs	16	-	928
Depreciation and amortization expense	3	114,485	105,143
Other expenses	17	<u>7,388,718</u>	4,107,413
Total expenses		<u>17,413,441</u>	6,984,911
Profit before tax		<u>(3,636,437)</u>	544,994
Tax expense			
Current tax	8	-	-
Deferred tax	8	-	-
(Loss) / Profit for the year		<u>(3,636,437)</u>	544,994
Other comprehensive income		-	-
Total comprehensive (loss) / income for the year		<u>(3,636,437)</u>	544,994
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	(9.07)	1.36
Diluted	21	(9.07)	1.36

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
7 July 2021

Roshan Sethi

Director

Steven Schachter

Director

Sourcepoint Fulfillment Services, Inc.**Statement of changes in equity***as at and for the year ended 31 March 2021*

(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 2020	400,803	(1,045,824)	(645,021)
Profit for the year	-	(3,636,437)	(3,636,437)
Balance as at 31 March 2021	400,803	(4,682,261)	(4281,458)

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)

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

7 July 2021

Roshan Sethi

Director

Steven Schachter

Director

Sourcepoint Fulfillment Services, Inc.

Statement of cash flows

for the year ended 31 March 2021

(Currency: In US Dollar)

	31 March 2021	31 March 2020
<u>Cash flow from operating activities</u>		
(Loss) / Profit before tax	(3,636,437)	544,994
Adjustments for		
Depreciation and amortisation	114,485	105,143
Allowance for expected credit losses / bad debts written off / (written back), net	24,180	(15,938)
Finance costs	-	928
Operating cash flow before changes in working capital	(3,497,772)	635,127
Changes in working capital		
Decrease in trade receivables	579,654	711,801
(Increase) / decrease in loans and advances and other assets	(551,825)	(228,875)
Increase / (decrease) in liabilities and provisions	3,427,284	(124,156)
Net changes in working capital	3455,113	(759,230)
Income taxes paid	(7,922)	(121,197)
Net cash (used)/ generated from operating activities (A)	(50,581)	(245,300)
<u>Cash flow from investing activities</u>		
Purchase of property, plant and equipment	(6,414)	(149,823)
Proceeds from sale of property, plant and equipment	19,496	-
Net cash generated / (used in) investing activities (B)	13,082	(149,823)
<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)	(37,499)	(396,051)
Cash and cash equivalents at the beginning of the year	328,565	724,616
Cash and cash equivalents at the end of the year	291,066	328,565

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 2021	31 March 2020
Cash on hand	-	-
Balances with banks		
- in current accounts	291,066	328,565
Cash and cash equivalents	291,066	328,565

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

7 July 2021

Roshan Sethi

Director

Steven Schachter

Director

Sourcepoint Fulfillment Services, Inc.

Notes to the financial statements

as at and for the year ended 31 March 2021

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, 2021 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.

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 11 May 2021.

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

as at and for the year ended 31 March 2021

2 Significant accounting policies (Continued)

2.2 Revenue recognition

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
Service equipment*	2 – 5
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

as at and for the year ended 31 March 2021

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 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.

2.7 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

as at and for the year ended 31 March 2021

2 Significant accounting policies (Continued)

2.7 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.

2.8 Earnings per equity share

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

2.9 Provisions and contingencies

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

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

2.10 Financial instruments

2.10.1 Initial recognition

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

2.10.2 Classification and Subsequent Measurement

a) Non-derivative financial instruments

i) Cash and cash equivalents

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

ii) Financial assets at amortised cost

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

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

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

Sourcepoint Fulfillment Services, Inc.

Notes to the financial statements

as at and for the year ended 31 March 2021

2 Significant accounting policies (Continued)

2.10 Financial instruments (Continued)

2.10.2 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.

2.10.3 De-recognition of financial instruments

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

2.10.4 Fair value of financial instruments

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

2.11 Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the 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.

2.12 Onerous contracts

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

2.13 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, including but not limited to its assessment of liquidity and going concern assumption, carrying amounts of receivables and intangible assets. Based on current indicators of future global economic conditions and internal sources of available information, the Company expects the carrying amount of the assets will be recovered, net of provisions established. The impact of the pandemic related to COVID-19 may be different from that presently estimated and would be recognised in the financial statements when material changes to economic conditions arise or are anticipated.

Sourcepoint Fulfillment Services, Inc.

Notes to the financial statements (Continued)

as at 31 March 2021

(Currency: In US Dollar)

3) Property, plant and equipment and intangible asset

	Tangible Asset						Intangible Asset		Grand Total
	Leasehold improvements	Computers	Service equipment	Office equipment	Furniture and fixture	Vehicles	Total	Software	
Gross block									
As at 1 April 2020	184,060	5,846,289	51,482	2,170,368	1,656,900	4,893	9,913,992	137,156	10,051,148
Additions / adjustments during the year	-	4,768	-	-	-	-	4,768	1,646	6,414
Deletions during the year	(25,273)	-	-	-	-	-	(25,273)	-	(25,273)
As at 31 March 2021	158,787	5,851,057	51,482	2,170,368	1,656,900	4,893	9,893,487	138,802	10,032,289
Accumulated depreciation / amortization									
As at 1 April 2020	81,800	5,808,907	8,364	2,131,201	1,641,193	4,252	9,675,717	51,757	9,727,474
Charge for the year	34,673	15,396	10,808	12,400	5,641	639	79,557	34,928	114,485
On deletions / adjustments during the year	(5,777)	-	-	-	-	-	(5,777)	-	(5,777)
Foreign exchange on translation	-	-	-	-	-	-	-	-	-
As at 31 March 2021	110,696	5,824,303	19,172	2,143,601	1,646,834	4,891	9,749,497	86,685	9,836,182
Net block									
As at 31 March 2021	48,091	26,754	32,310	26,767	10,066	2	143,990	52,117	196,107
As at 31 March 2020	102,260	37,382	43,118	39,167	15,707	641	238,275	85,399	323,674

	Tangible Asset						Intangible Asset		Grand Total
	Leasehold improvements	Computers	Service equipment	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	-	-	-	-	-	-	-	-	-
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

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

as at 31 March 2021

(Currency: In US Dollar)

	31 March 2021	31 March 2020
4) Other financial assets		
<i>(Unsecured, considered good)</i>		
(i) Other non-current financial assets		
Deposits	-	25,000
	<u>-</u>	<u>25,000</u>
(ii) Other current financial assets		
Recoverable from customers	119,645	19,805
Advances to related parties	2,304,900	1,883,161
	<u>2,424,545</u>	<u>1,902,966</u>
5) Other assets		
<i>(Unsecured, considered good)</i>		
Other current assets		
Prepaid expenses	78,360	23,114
	<u>78,360</u>	<u>23,114</u>
6) Trade receivables		
<i>(Unsecured)</i>		
Considered doubtful	24,180	-
Less: Allowance for expected credit loss	24,180	-
	<u>-</u>	<u>-</u>
Considered good	476,477	1,080,311
	476,477	1,080,311
	<u>476,477</u>	<u>1,080,311</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 2021

(Currency: In US Dollar)

	31 March 2021	31 March 2020
7) Cash and cash equivalents		
Cash on hand	-	-
Balances with banks		
-in current accounts	291,066	328,565
	<u>291,066</u>	<u>328,565</u>
8) Taxation		
Income tax assets (net)	136,098	128,176
	<u>136,098</u>	<u>128,176</u>

Sourcepoint Fulfillment Services, Inc.

Notes to the financial statements (Continued)

as at 31 March 2021

(Currency: In US Dollar)

31 March 2021 31 March 2020

9) Share capital

Authorised

1,000,000 (31 March 2020 : 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 2020: 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 2021		31 March 2020	
	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 2021		31 March 2020	
	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 2021 31 March 2020

10) Other equity

Retained earnings

At the commencement of the year (1,045,824) (1,590,818)

Add: Net profit for the year (3,636,437) 544,994

At the end of the year (4,682,261) (1,045,824)

Total other equity (4,682,261) (1,045,824)

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

as at 31 March 2021

(Currency: In US Dollar)

31 March 2021

31 March 2020

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

Book credit in bank account	26,580	-
Employee benefits payable	49,561	84,202
Payable to related parties	6,721,032	4,013,065
	<u>6,797,173</u>	<u>4,097,267</u>

12) Provision for employee benefits**Current**

Compensated absences	69,847	17,444
	<u>69,847</u>	<u>17,444</u>

13) Other liabilities**Other current liabilities**

Advance from customer	278,016	39,288
	<u>278,016</u>	<u>39,288</u>

Sourcepoint Fulfillment Services, Inc.
Notes to the financial statements (Continued)
for the year ended 31 March 2021
(Currency: In US Dollar)

Year ended
31 March 2021 31 March 2020

14) Revenue from operations

Sale of services	13,777,004	7,529,905
	13,777,004	7,529,905
	13,777,004	7,529,905

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	3,715,677	1,143,272
Contribution to social security and other benefits	23,444	8,960
Staff welfare expenses	159,165	139,784
	3,898,286	1,292,016
	3,898,286	1,292,016

16) Finance costs

Interest expense		
- on working capital demand loans and others	-	928
	-	928
	-	928

Sourcepoint Fulfillment Services, Inc.**Notes to the financial statements (Continued)***for the year ended 31 March 2021*

(Currency: In US Dollar)

	Year ended	
	31 March 2021	31 March 2020
17) Other expenses		
Computer expenses	166,974	26,997
Connectivity, information and communication expenses	357,029	52,899
Legal and professional fees	172,907	3,908
Recruitment and training expenses	46,766	6,020
Title and Valuation Expenses	6,144,133	3,873,639
Rent (Net)	11,492	3,763
Rates and taxes	43,011	24,535
Bank administration charges	412,984	90,146
Allowance for expected credit losses / bad debts written off / (written back), net	24,180	(15,938)
Miscellaneous expenses	9,242	41,444
	<u>7,388,718</u>	<u>4,107,413</u>

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 (31 March 2020 : Nil), expense towards low value leases assets amounting to USD 11,492 (31 March 2020 : 2,883) and common area maintenance charges for leased properties amounting to USD Nil during the year ended 31 March 2021 (31 March 2020 : 880).

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

as at and for the year ended 31 March 2021
(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 2021 were as follows:

	Amortised cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Trade receivables	476,477	-	-	476,477	476,477
Cash and cash equivalents	291,066	-	-	291,066	291,066
Other financial assets	2,424,545	-	-	2,424,545	2,424,545
Total	3,192,088	-	-	3,192,088	3,192,088
Financial liabilities					
Other financial liabilities	6,797,173	-	-	6,797,173	6,797,173
Trade and other payables	739,075	-	-	739,075	739,075
Total	7,536,248	-	-	7,536,248	7,536,248

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 liabilities	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

Fair Value Hierarchy for the above stated financial assets & liabilities is using measurement principles at Level 3 as at 31 March 2021 & 31 March 2020.

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 476,477 and USD 1,080,311 as of 31 March 2021 and 31 March 2020 respectively and unbilled revenue amounting to USD Nil and USD Nil as of 31 March 2021 and 31 March 2020 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

Total current liabilities are in excess of total current assets and the Company has a negative net worth. The Management has assessed this has no material impact on liquidity and going concern assumption as the payables to Holding and Fellow Subsidiary Companies are not expected to be called for settlement until external liabilities are settled and the Company has estimated positive future cash flows from operations.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2021 and 31 March 2020:

	31 March 2021		31 March 2020	
	Less than 1 Year	More than 1 year	Less than 1 Year	More than 1 year
Trade payables	739,075	-	302,828	-
Other financial liabilities	6,797,173	-	4,097,267	-

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

as at and for the year ended 31 March 2021
(Currency: In US Dollar)

19) Related party transactions

Details of related parties including summary of transactions entered into during the year ended 31 March 2021 are summarized below:

Ultimate Holding Company	RPSG Ventures Limited (formerly known as CESC Ventures Limited) (Change in name w.e.f. 19 January 2021)
Holding Company	Firstsource Solutions Limited Firstsource Group USA Inc. Sourcepoint, Inc. (formerly known 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 RP - SG Ventures Advisory LLP RP SG Unique Advisory LLP APA Services Private Limited Rubberwood Sports Private Limited ATK Mohun Bagan Private Limited Aakil Nirman LLP Herbolab India Private Limited RPSG Resources Private Ltd (earlier known as 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 Health Plans & Healthcare Services, LLC (formerly Firstsource Transaction Services LLC('FTS')) (Change in name w.e.f. 01 October 2020) PatientMatters, LLC (PM) (acquired on 22 December 2020) Medical Advocacy Services for Healthcare, Inc (MASH) (acquired on 22 December 2020) Kramer Technologies LLC (KT) (acquired on 22 December 2020)
Trust controlled by ultimate holding company	RP-Sanjiv Goenka Group CSR Trust (RPSG CSR Trust)
Directors	Roshan Sethi Steven Schachter

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 2021	31 March 2020	31 March 2021	31 March 2020
Firstsource Solutions Limited	Service Rendered by Business Associates and others	6,011,927	1,479,411	-	-
	Reimbursement of expenses	3,127	5,135	-	-
	Recovery of expenses	-	8,136	-	-
	Payable	-	-	(2,474,842)	(622,219)
Firstsource Group USA Inc	Recovery of expenses	-	-	-	-
	Reimbursement of expenses	535,315	175,449	-	-
	Payable	-	-	(2,953,571)	(2,147,758)
Firstsource Health Plans & Healthcare Services, LLC	Recovery of expenses	-	7,594	-	-
	Reimbursement of expenses	-	-	-	-
	Receivable	-	-	50,699	50,699
Medassit Holding LLC	Reimbursement of expenses	53,031	271,361	-	-
	Payable	-	-	(952,515)	(899,484)
Firstsource Advantage LLC	Reimbursement of expenses	-	80	-	-
	Payable	-	-	-	(3,500)
Sourcepoint Inc.	Recovery of expenses	2,416,960	6,560,791	-	-
	Reimbursement of expenses	5,322,522	3,828,213	-	-
	Receivable	-	-	2254,201	1832,462
One Advantage LLC	Recovery of expenses	-	9,895	-	-
	Payable	-	-	(340,105)	(340,105)

Sourcepoint Fulfillment Services, Inc.
Notes to the financial statements (Continued)
as at and for the year ended 31 March 2021
(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 2021	31 March 2020
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	(3,636,437)	544,994
Net profit after tax for diluted earnings per share	(3,636,437)	544,994

22) Capital and other commitments and contingent liabilities

The company has capital commitments as at balance sheet date 31 March 2021 amounting to USD 133,062 (31 March 2020 : USD 888,641). There are no contingent liability as at balance sheet date (31 March 2020 : Nil).

23) Subsequent events

The company evaluated subsequent events from the balance sheet date through 7 July 2021 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
7 July 2021

Roshan Sethi
Director

Steven Schachter
Director