

MedAssist Holding, LLC.

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

MedAssist Holding, LLC.

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

for the year ended 31 March 2020

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MedAssist Holding, LLC.

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	845,944	440,755
Right-of-use assets	4	8,709,458	-
Other intangible assets	5	1,088,115	1,420,920
Financial assets			
Other financial assets	6(i)	146,881	100,437
Other non-current assets	7(i)	1,028,855	107,211
Income tax assets (net)	10	571,252	351,029
Total non-current assets		12,390,505	2,420,352
Current assets			
Financial assets			
Trade receivables	8	19,020,561	17,402,515
Cash and cash equivalents	9	1,225,955	574,364
Other financial assets	6(ii)	38,546,166	15,354,716
Other current assets	7(ii)	2,726,186	1,981,242
Total current assets		61,518,868	35,312,837
Total assets		73,909,373	37,733,189
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	11,531,137	11,531,137
Other equity	12	31,327,307	6,445,537
Total equity		42,858,444	17,976,674
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities		7,544,834	-
Total non-current liabilities		7,544,834	-
Current liabilities			
Financial liabilities			
Trade payables		2,170,613	2,094,014
Lease liabilities		2,074,352	-
Other financial liabilities	13	6,004,385	4,482,171
Provisions for employee benefits	14	1,466,248	1,610,658
Other current liabilities	15	348,219	127,394
Deferred tax liabilities (net)	10	11,442,278	11,442,278
Total current liabilities		23,506,095	19,756,515
Total equity and liabilities		73,909,373	37,733,189

Significant accounting policies

2

The accompanying notes from 1 to 26 are an integral part of these financial statements.

As per our report of even date attached.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

Sd/-

G K Subramaniam

Partner

Membership No: 109839

For and on behalf of the Board of Directors of

MedAssist Holding, LLC.

Sd/-

Arjun Mitra

Director

Sd/-

Venkat Raman

Director

Mumbai

9 July 2020

MedAssist Holding, LLC.

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	16	103,135,360	95,470,532
Other income, net	17	100	24,000,000
Total income		103,135,460	119,470,532
EXPENSES			
Service Rendered by Business Associate and Others		913,069	1,258,133
Employee benefits expenses	18	56,859,149	55,307,665
Finance costs	19	2,444,069	3,715,351
Depreciation and amortization expense	3, 4, 5	2,851,951	381,115
Other expenses	20	14,762,911	15,256,192
Total expenses		77,831,149	75,918,456
Profit before tax		25,304,311	43,552,076
Tax expense			
Current tax	10	-	-
Deferred tax	10	-	-
Profit for the year		25,304,311	43,552,076
Other comprehensive income			
Total other comprehensive income, net of taxes			
Total comprehensive income for the year		25,304,311	43,552,076
Weighted average number of equity shares outstanding during the year			
Basic		992	992
Diluted		992	992
Earnings per equity share			
Basic		25,508.38	43,903.30
Diluted		25,508.38	43,903.30

Significant accounting policies

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9 July 2020

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Sd/-

Arjun Mitra

Director

Sd/-

Venkat Raman

Director

MedAssist Holding, LLC.

Statement of changes in equity

for the year ended 31 March 2020

(Currency : In US Dollar)

Equity share capital and other equity

	Equity share capital	Attributable to Reserve and surplus Retained earnings	Total
Balance as at 1 April 2019	11,531,137	6,445,537	17,976,674
Transition impact on adoption of Ind AS 116 (Refer Note 2.5)	-	(422,541)	(422,541)
Profit for the year	-	25,304,311	25,304,311
Balance at the end of the 31 March 2020	11,531,137	31,327,307	42,858,444

	Equity share capital	Attributable to Reserve and surplus Retained earnings	Total
Balance as at 1 April 2018	11,531,137	16,893,461	28,424,598
Profit for the year	-	43,552,076	43,552,076
Interim dividend	-	(54,000,000)	(54,000,000)
Balance at the end of the 31 March 2019	11,531,137	6,445,537	17,976,674

As per our report of even date attached.

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

For and on behalf of the Board of Directors of
MedAssist Holding, LLC.

Sd/-

G K Subramaniam
Partner
Membership No: 109839

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Arjun Mitra
Director

Sd/-

Venkat Raman
Director

Mumbai
9 July 2020

MedAssist Holding, LLC.

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>		
Net Profit before taxation	25,304,311	43,552,076
Adjustments for		
Depreciation and amortisation	2,851,951	381,115
Provision for doubtful debts / bad debts written off / (written back), net	(198,875)	(156,285)
Loss / (gain) on sale of fixed assets, net	(100)	-
Finance costs	2,444,069	3,715,351
Interim dividend received from subsidiary	-	(24,000,000)
Operating cash flow before changes in working capital	30,401,356	23,492,257
Changes in working capital		
(Increase) / decrease in trade receivables	(1,419,171)	2,485,451
(Increase) / decrease in loans and advances and other assets	(24,887,839)	10,800,243
Increase / (decrease) in liabilities and provisions	1,726,629	(1,145,066)
Net changes in working capital	(24,580,381)	12,140,628
Income taxes paid	(220,223)	(142,810)
Net cash generated from operating activities (A)	5,600,752	35,490,075
<u>Cash flow from investing activities</u>		
Interim dividend received from subsidiary	-	24,000,000
Purchase of property, plant and equipment	(849,895)	(1,200,360)
Net cash generated from / (used in) investing activities (B)	(849,895)	22,799,640
<u>Cash flow from financing activities</u>		
Interim dividend paid	-	(54,000,000)
Interest paid	(2,444,069)	(3,715,351)
Repayment of lease liabilities	(1,655,197)	-
Net cash used in financing activities (C)	(4,099,266)	(57,715,351)
Net increase / (decrease) in cash and cash equivalents at the end of the year (A+B+C)	651,591	574,364
Cash and cash equivalents at the beginning of the year	574,364	-
Cash and cash equivalents at the end of the year	1,225,955	574,364

MedAssist Holding, LLC.

Statement of cash flows

for the year ended 31 March 2020

(Currency : In US Dollar)

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	1,225,955	574,364
Earmarked Balances with Banks held in trust	8,172	6,923
	<hr/>	<hr/>
	1,234,127	581,287
Earmarked balances with banks	(8,172)	(6,923)
	<hr/>	<hr/>
Cash and cash equivalents	1,225,955	574,364
	<hr/> <hr/>	<hr/> <hr/>

As per our report of even date attached.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

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

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Arjun Mitra

Director

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Venkat Raman

Director

MedAssist Holding, LLC.

Notes to the financial statements

for the year ended 31 March 2019

(Currency : In US Dollar)

1 Company overview

MedAssist Holding, LLC. (the 'Company'), a Kentucky corporation, was formed in April 2003. The Company is a leading provider of revenue cycle management services in the healthcare industry. The Company is a wholly owned subsidiary of Firstsource Group USA Inc., which is a wholly owned subsidiary of Firstsource Solutions Limited.

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 the relevant amendments issued thereafter.

These special purpose financial statements have been prepared for the limited purpose of facilitating the preparation 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, and 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 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 Leases

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

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

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

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

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

2.3 Property, plant and equipment and Intangible assets

Property, plant and equipment and Intangible assets are stated at cost less accumulated depreciation and impairment, if any. Cost includes freight, duties, taxes and incidental expenses related to acquisition and installation of the property, plant and equipment. Software development costs incurred subsequent to the achievement of technology feasibility are capitalised and amortised over the estimated useful life of products as determined by the management. This capitalisation is done only if there is an intention and ability to complete the product, the product is likely to generate future economic benefits, adequate resources to complete the product are available and such expenses can be accurately measured. Such software development costs comprise expenditure that can be directly attributed or allocated on a reasonable and consistent basis, to the development of product. 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	
Computers*	2 – 4
Service equipment*	2 – 5
Office equipment*	2 – 5
Furniture and fixtures*	2 – 5
Leasehold improvements	Lease term or 5 years, whichever is shorter
Intangible assets	
Software*	2 – 4
* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II to the Companies Act, 2013.	

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

2 Significant accounting policies (Continued)

2.4 Impairment

a. Financial assets

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

b. Non-Financial assets

Property, plant and equipment and Intangible assets

Property, plant and equipment and Intangible assets and 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 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 Significant accounting policies (Continued)

2.5 Leases

Transition:

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 Company has applied the standard to all lease contracts existing on 1 April 2019 retrospectively with the cumulative effect of initially applying the standard recognised as an adjustment to Retained Earnings at the date of initial application. The Company has not restated comparative information. On transition for operating leases, the Company recognised a lease liability of USD 3,962,040 measured at the present value of the remaining lease payments and a Right-to-use asset of USD 3,539,499 at its carrying value, as if the standard had been applied since commencement of respective lease, discounted using the incremental borrowing rate as at 1 April 2019 (USA: 5 %). The cumulative effect on transition adjusted in retained earnings is USD 422,541. The Company has elected certain practical expedients on initial transition: (a) to apply Ind AS 116 to contracts that were previously identified as leases under Ind AS 17 on the date of initial application without any reassessment; (b) apply a single discount rate to a portfolio of leases with reasonably similar characteristics and in similar environment; (c) relied on its assessment whether leases are onerous applying Indian Accounting Standard 37 Provisions, Contingent Liabilities and Contingent Assets (Ind AS 37) immediately before the date of initial application as an alternate to performing an impairment review; (d) excluded initial direct costs from measurement of right-to-use asset at the date of initial application (e) elected not to apply the requirements of the standard to leases for which the lease term end within twelve months of the date of initial application and accounted for those as short term leases (f) used hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

The Company has accordingly modified its accounting policy on Leases as follows:

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

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

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

2 Significant accounting policies (Continued)

2.6 Foreign currency transactions

Functional currency

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

Transactions and translations

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

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

2.7 Employee benefits

a) *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. Contribution made under the plan are charged to the statement of Profit and loss in the period in which that accrue. Other retirement benefits are accrued based on the amounts payable as per local regulations.

b) *Compensated absences*

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 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 is computed on combined basis and a combined return is filed for all subsidiaries of First Source 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.

2 Significant accounting policies (Continued)

2.9 Earnings per equity share

The basic earnings per equity share is computed by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period. 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.

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.

2 Significant accounting policies (Continued)

2.11 Financial instruments (Continued)

2.11.2 Classification and subsequent measurement (Continued)

v) Financial liabilities

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

vi) Equity instruments

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

(b) Share capital

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

2.11.3 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 period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items 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 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, unbilled revenues 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.

MedAssist Holding, LLC.

Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : In US Dollar)

3 Property, plant and equipment

	Computers	Service equipment	Office equipment	Furniture and fixture	Leasehold improvements	Total
Gross block						
As at 1 April 2019	1,872,672	2,157,064	346,432	255,019	253,540	4,884,727
Additions / adjustments during the year	47,699	-	160,930	50,122	390,136	648,887
Deletions during the year	(11,680)	(2,037,671)	(127,561)	(248,574)	(253,540)	(2,679,026)
As at 31 March 2020	1,908,691	119,393	379,801	56,567	390,136	2,854,588
Accumulated depreciation / amortization						
As at 1 April 2019	1,649,809	2,097,048	191,141	252,434	253,540	4,443,972
Charge for the year	107,936	26,725	66,916	5,306	36,815	243,698
On deletions / adjustments during the year	(11,680)	(2,037,671)	(127,561)	(248,574)	(253,540)	(2,679,026)
As at 31 March 2020	1,746,065	86,102	130,496	9,166	36,815	2,008,644
Net block						
As at 31 March 2020	162,626	33,291	249,305	47,401	353,321	845,944
As at 31 March 2019	222,863	60,016	155,291	2,585	-	440,755

	Computers	Service equipment	Office equipment	Furniture and fixture	Leasehold improvements	Total
Gross block						
As at 1 April 2018	1,789,741	2,148,755	238,631	255,019	253,540	4,685,686
Additions / adjustments during the year	82,931	20,682	111,060	-	-	214,673
Deletions during the year	-	(12,373)	(3,259)	-	-	(15,632)
As at 31 March 2019	1,872,672	2,157,064	346,432	255,019	253,540	4,884,727
Accumulated depreciation / amortization						
As at 1 April 2018	1,487,765	2,059,413	146,395	248,609	252,363	4,194,545
Charge for the year	162,044	50,008	48,005	3,825	1,177	265,059
On deletions	-	(12,373)	(3,259)	-	-	(15,632)
As at 31 March 2019	1,649,809	2,097,048	191,141	252,434	253,540	4,443,972
Net block						
As at 31 March 2019	222,863	60,016	155,291	2,585	-	440,755
As at 31 March 2018	301,976	89,342	92,236	6,410	1,177	491,141

MedAssist Holding, LLC.

Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : In US Dollar)

4 Leases

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

	Opening as at 1 April 2019	Addition during the year	Deletions during the year	Depreciation for the year	Net Carrying value as at 31 March 2020
Leasehold properties	3,539,499	7,312,343	-	2,142,384	8,709,458

Rent includes expense towards short term lease payments amounting to USD 20,887, expense towards low value leases payment amounting to USD 38,135 and common area maintenance charges for leased properties amounting to USD 170,535 during the year ended 31 March 2020. Further USD 115,594 is netted off as recovery of rent from fellow subsidiaries.

MedAssist Holding, LLC.

Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : In US Dollar)

5 Other intangible assets

	Software	Total
Gross block		
As at 1 April 2019	2,468,888	2,468,888
Additions	132,964	132,964
Deletions during the year	(113,296)	(113,296)
As at 31 March 2020	2,488,556	2,488,556
Accumulated depreciation / amortization		
As at 1 April 2019	1,047,968	1,047,968
Charge for the year	465,869	465,869
On deletions	(113,396)	(113,396)
As at 31 March 2020	1,400,441	1,400,441
Net block		
As at 31 March 2020	1,088,115	1,088,115
As at 31 March 2019	1,420,920	1,420,920

	Software	Total
Gross block		
As at 1 April 2018	4,792,385	4,792,385
Additions	1,321,422	1,321,422
Deletions during the year	(3,644,919)	(3,644,919)
As at 31 March 2019	2,468,888	2,468,888
Accumulated depreciation / amortization		
As at 1 April 2018	4,576,831	4,576,831
Charge for the year	116,056	116,056
On deletions	(3,644,919)	(3,644,919)
As at 31 March 2019	1,047,968	1,047,968
Net block		
As at 31 March 2019	1,420,920	1,420,920
As at 31 March 2018	215,554	215,554

MedAssist Holding, LLC.

Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : In US Dollar)

	31 March 2020	31 March 2019
6 Other financial assets		
<i>(Unsecured, considered good)</i>		
(i) Other non-current financial assets		
Deposits	146,881	100,437
	<u>146,881</u>	<u>100,437</u>
(ii) Other current financial assets		
Unbilled revenues	156	11,044
Advances to related parties	38,546,010	15,343,672
	<u>38,546,166</u>	<u>15,354,716</u>
7 Other assets		
<i>(Unsecured, considered good)</i>		
(i) Other non-current assets		
Capital Advances	16,643	-
Prepaid expenses	1,012,212	107,211
	<u>1,028,855</u>	<u>107,211</u>
(ii) Other current assets		
Prepaid expenses	2,710,702	1,900,452
Other advances	15,484	80,790
	<u>2,726,186</u>	<u>1,981,242</u>
8 Trade receivables		
<i>(Unsecured)</i>		
Considered doubtful	2,026,263	2,225,138
Less: Allowance for doubtful debts	<u>2,026,263</u>	<u>2,225,138</u>
	-	-
Considered good	19,020,561	17,402,515
	<u>19,020,561</u>	<u>17,402,515</u>
	<u>19,020,561</u>	<u>17,402,515</u>

a) Trade receivables are non-interest bearing.

b) No trade or other receivables are due from directors or other officers of the Company either severally or jointly.

c) For receivables from related parties, refer note 22.

MedAssist Holding, LLC.

Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : In US Dollar)

31 March 2020 31 March 2019

9 Cash and cash equivalents

Balances with banks		
-in Current account	1,225,955	574,364
Earmarked Balances with Banks held in trust	8,172	6,923
	<u>1,234,127</u>	<u>581,287</u>
Less: Current account balance held in trust for customers	(8,172)	(6,923)
	<u>1,225,955</u>	<u>574,364</u>

10 Taxation

Taxation		
Deferred tax liability on account of:		
Property, Plant and Equipment and Intangible assets	(53,983)	(53,983)
Goodwill	2,555,101	2,555,101
Transfer on account of merger	8,941,160	8,941,160
	<u>11,442,278</u>	<u>11,442,278</u>
Income tax asset		
Advance tax and tax deducted at source (net)	571,252	351,029

MedAssist Holding, LLC.

Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : In US Dollar)

31 March 2020 31 March 2019

11 Share capital

992 Voting common stock	10	10
Net Additional Paid in capital	9,504,889	9,504,889
Net Retained earnings (Prior to Acquisition)	2,026,238	2,026,238
	11,531,137	11,531,137
	11,531,137	11,531,137

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	992	10	992	10
At the end of the year	992	10	992	10

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
Firstsource Group USA Inc.,	992	100%	992	100%

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

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shareholders are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder are in proportion to its share of the paid-up equity capital of the Company.

12 Other equity

Retained earnings

At the commencement of the year	6,445,537	16,893,461
Add: Transition impact on adoption of Ind AS 116 (Refer Note 2.5)	(422,541)	-
Add: Net profit for the year	25,304,311	43,552,076
Less: Interim dividend paid during the year	-	(54,000,000)
At the end of the year	31,327,307	6,445,537
Total other equity	31,327,307	6,445,537

MedAssist Holding, LLC.

Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : In US Dollar)

31 March 2020

31 March 2019

13 Other financial liabilities

Other current financial liabilities

Book credit in bank account	1,606,765	269,247
Employee benefits payable	2,876,629	1,977,473
Payable to related parties	1,501,602	2,164,661
Creditors for capital goods	19,389	70,790
	<u>6,004,385</u>	<u>4,482,171</u>

14 Provision for employee benefits

Current

Compensated absences	1,466,248	1,610,658
	<u>1,466,248</u>	<u>1,610,658</u>

15 Other liabilities

Other current liabilities

Statutory Dues	220,308	127,394
Advance from customer	127,911	-
	<u>348,219</u>	<u>127,394</u>

MedAssist Holding, LLC.

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

16 Revenue from operations

Sale of services	103,135,360	95,470,532
	103,135,360	95,470,532

The Company provides transaction processing and revenue cycle management services for customers in the healthcare industry and operates in the US geography only.

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

MedAssist Holding, LLC.

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 income, net		
Gain on sale of fixed assets, net	100	-
Interim dividend from subsidiaries	-	24,000,000
	<u>100</u>	<u>24,000,000</u>
18 Employee benefits expenses		
Salaries and wages	51,746,920	49,873,214
Contribution to social security and other benefits	322,082	289,632
Staff welfare expenses	4,790,147	5,144,819
	<u>56,859,149</u>	<u>55,307,665</u>
19 Finance costs		
Interest expense		
- on borrowings	1,953,090	3,715,351
Interest expense on leased liabilities	490,979	-
	<u>2,444,069</u>	<u>3,715,351</u>

MedAssist Holding, LLC.

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
20 Other expenses		
Computer expenses	1,333,092	827,631
Repairs, maintenance and upkeep	163,964	365,933
Car and other hire charges	134,650	385,474
Electricity, water and power consumption	127	284
Connectivity, information and communication expenses	5,757,009	5,313,448
Legal and professional fees	2,127,566	1,426,449
Recruitment and training expenses	696,157	607,561
Travel and conveyance	1,693,498	1,811,771
Rent (net of recoveries)	345,151	1,909,925
Insurance	243,301	230,077
Printing and stationery	140,338	198,382
Marketing and Support fees	649,473	652,609
Allocated corporate cost	1,216,125	1,539,120
Rates and taxes	362,633	56,213
Bank administration charges	71,601	65,884
Provision for doubtful debts/ bad debts written off/ (written back), net	(198,875)	(156,285)
Miscellaneous expenses	27,101	21,716
	14,762,911	15,256,192

MedAssist Holding, LLC.

Notes to the financial statements (Continued)

for the year ended 31 March 2019

(Currency : In US Dollar)

21 Financial instruments

I. Financial instruments by category:

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

	Amortized cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Trade receivables	19,020,561	-	-	19,020,561	19,020,561
Cash and cash equivalents	1,225,955	-	-	1,225,955	1,225,955
Other financial assets	38,693,047	-	-	38,693,047	38,693,047
Total	58,939,563	-	-	58,939,563	58,939,563
Financial liabilities					
Trade payables	2,170,613	-	-	2,170,613	2,170,613
Lease liabilities	9,619,186	-	-	9,619,186	9,619,186
Other financial liabilities	6,004,385	-	-	6,004,385	6,004,385
Total	17,794,184	-	-	17,794,184	17,794,184

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

	Amortized cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Trade receivables	17,402,515	-	-	17,402,515	17,402,515
Cash and cash equivalents	574,364	-	-	574,364	574,364
Other financial assets	15,455,153	-	-	15,455,153	15,455,153
Total	33,432,032	-	-	33,432,032	33,432,032
Financial liabilities					
Trade payables	2,094,014	-	-	2,094,014	2,094,014
Other financial liabilities	4,482,171	-	-	4,482,171	4,482,171
Total	6,505,395	-	-	6,505,395	6,505,395

Fair value hierarchy for the above stated financial assets and liabilities is using measurement principles at Level 3 as at 31 March 2020 and 31 March 2019.

II. Financial risk management:

a) Market risk

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

b) Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to USD 19,020,561 as at 31 March 2020 (31 March 2019: USD 17,402,515) and unbilled revenue amounting to USD 156 as at 31 March 2019 (31 March 2019 : 11,044). 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.

MedAssist Holding, LLC.

Notes to the financial statements (Continued)

for the year ended 31 March 2019

(Currency : In US Dollar)

21 Financial instruments (Continued)

II. Financial risk management (Continued)

c) Liquidity risk

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

The following are contractual maturities of Lease Liabilities on an undiscounted basis as at 31 March 2020:

Particulars	Amount
Less than one year	2,495,574
One to five years	4,225,433
More than five years	5,094,452
Total	11,815,459

Future cash outflows in respect of certain leasehold properties to which the Company is potentially exposed as a lessee that are not reflected in the measurement of the lease liabilities include exposures from options of extension and termination. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Management has considered all relevant facts and circumstances that create an economic incentive for the Company as a lessee to exercise the option to extend the lease or not to exercise the option to terminate the lease as at 31 March 2020. The Company shall revise the lease term when there is a change in the facts and circumstances.

The table below provides details regarding the contractual maturities of significant financial liabilities as of 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	2,170,613	-	2,094,014	-
Lease Liabilities	2,074,352	7,544,834	-	-
Other financial liabilities	6,004,385	-	4,482,171	-

MedAssist Holding, LLC.

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency : In US Dollar)

22 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 known as RP-SG Business Process Services Limited)
Holding Company	Firstsource Group USA Inc. Firstsource Solutions Limited
Fellow Subsidiaries	Kolkata Games and Sports Pvt Ltd Herbolab India Pvt. Ltd. Quest Properties India Limited Metromark Green Commodities Pvt. Ltd Guiltfree Industries Limited Bowlopedia Restaurants India Limited Apricot Foods Private Limited Accurate Commodeal Private Limited Firstsource Business Process Services LLC Firstsource Advantage LLC Firstsource Solution UK Limited Firstsource Process Management Services Limited Firstsource BPO Ireland Limited Firstsource Dialog Solutions (Private) Ltd. Sourcepoint Fulfillment Services, Inc ISGN Fulfillment Agency,LLC (Ceased as on 24 June 2019) Sourcepoint Inc. One Advantage LLC
Trust controlled by Ultimate Holding Company	RP-Sanjiv Goenka Group CSR Trust (RPSG CSR Trust)
Subsidiaries	Firstsource Solutions USA LLC Firstsource Transcation Services, LLC
Directors	Venkat Raman Pratip Chaudhuri Arjun Mitra

Particulars of related party transactions:

Name of the related party	Description	Transaction value during year ended	Transaction value during year ended	Receivable / (Payable) at	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
Firstsource Solutions Limited	Service Rendered by Business Associate and Others	913,069	1,258,133	-	-
	Reimbursement of expenses	1,423,253	1,757,723	-	-
	Receivable / (Payable)	-	-	(1,480,263)	(2,113,392)
Firstsource Group USA Inc	Reimbursement of expenses	3,300,865	4,837,246	-	-
	Recovery of expense	114,129	67,477	-	-
	Interim dividend paid	-	54,000,000	-	-
	Receivable / (Payable)	-	-	20,976,178	9,459,311
Firstsource Transcation Services LLC	Reimbursement of expenses	358,288	777,640	-	-
	Recovery of expense	8,150,932	7,201,825	-	-
	Interim dividend received	-	24,000,000	-	-
	Receivable / (Payable)	-	-	12,183,660	4,390,952
Firstsource Advantage LLC	Reimbursement of expenses	66,906	58,511	-	-
	Recovery of expense	555,864	124,202	-	-
	Receivable / (Payable)	-	-	44,780	9,806
One Advantage LLC	Reimbursement of expenses	305,783	126,493	-	-
	Recovery of expense	2,095,901	1,588,350	-	-
	Receivable / (Payable)	-	-	25,606	127,935
Firstsource Solution UK Limited	Reimbursement of Expenses	133,391	100,314	-	-
	Recovery of expense	18,024	-	-	-
	Receivable / (Payable)	-	-	(21,339)	(51,269)
Sourcepoint Inc.	Reimbursement of Expenses	5,627	-	-	-
	Recovery of expense	2,894,384	957,853	-	-
	Receivable / (Payable)	-	-	4,416,302	727,546
Sourcepoint Fulfillment Services, Inc	Recovery of expense	271,362	1,037,736	-	-
	Receivable / (Payable)	-	-	899,484	628,123

MedAssist Holding, LLC.

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency : In US Dollar)

23 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).

24 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	992	992
Add: Effect of potential issue of shares/ stock options *	-	-
Number of shares considered as weighted average shares and potential shares outstanding	992	992
Net profit after tax attributable to shareholders	25,304,311	43,552,076
Net profit after tax for diluted earnings per share	25,304,311	43,552,076

* Not considered when anti-dilutive

25 Capital and other commitments and contingent liabilities

	31 March 2020	31 March 2019
The estimated amount of contracts remaining to be executed on capital account and not provided for (net), against which advances paid are USD 16,643 (31 March 2019: USD Nil)	590,302	141,666

There are no contingent liabilities as at the balance sheet date (31 March 2019: USD Nil) .

26 Subsequent events

The Company evaluated subsequent events from the balance sheet date through 9 July 2020 and determined there are no material items to report.

As per our report of even date attached.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

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

Sd/-

G K Subramaniam

Partner

Membership No: 109839

For and on behalf of the Board of Directors of

MedAssist Holding, LLC.

Sd/-

Arjun Mitra
Director

Sd/-

Venkat Raman
Director

Mumbai
9 July 2020