Firstsource BPO Ireland Limited

Special Purpose Financial Statements
together with the Independent Auditor’s Report
as at and for the year ended 31 March 2022

Firstsource BPO Ireland Limited

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

as at and for the year ended 31 March 2022

Contents

Firstsource BPO Ireland Limited

Balance sheet

as at 31 March 2022

(Currency: In Euros)

	Note	31 March 2022	31 March 2021
ASSETS			
Current assets			
Financial assets			
Cash and cash equivalents	3	**218,519**	232,061
Total current assets		**218,519**	232,061
Total assets		**218,519**	232,061
EQUITY AND LIABILITIES			
Equity			
Equity share capital	4	**1**	1
Other equity	5	**196,708**	215,864
Total equity		**196,709**	215,865
LIABILITIES			
Current liabilities			
Financial liabilities			
Trade payables	6	**21,810**	16,196
Total current liabilities		**21,810**	16,196
Total equity and liabilities		**218,519**	232,061

Significant accounting policies

The accompanying notes from 1 to 15 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

G.K. Subramaniam
Partner
Membership No: 109839
30 June 2022
Mumbai

For and on behalf of the Board of Directors

Sanjay Ponnappa
Director

Michael Donegan
Director

Firstsource BPO Ireland Limited

Statement of profit and loss

for the year ended 31 March 2022
(Currency: In Euros)

	Note	Year ended 31 March 2022	31 March 2021
INCOME			
Other income, net	*7*	**(56)**	(74)
Total income		**(56)**	(74)
EXPENSES			
Other expenses	*8*	**19,100**	18,569
Total expenses		**19,100**	18,569
Loss before tax		**(19,156)**	(18,643)
Tax expense			
Current tax	*9*	**-**	(1,878)
Loss for the year		**(19,156)**	(16,765)
Other comprehensive income			
Total other comprehensive income, net of taxes		**-**	-
Total comprehensive (loss) / income for the year		**(19,156)**	(16,765)
Weighted average number of equity shares outstanding during the year			
Basic		**1**	1
Diluted		**1**	1
Earnings per equity share			
Basic		**(19,156)**	(16,765)
Diluted		**(19,156)**	(16,765)

Significant accounting policies
The accompanying notes from 1 to 15 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

G.K. Subramaniam
Partner
Membership No: 109839
30 June 2022
Mumbai

For and on behalf of the Board of Directors

Sanjay Ponnappa
Director

Michael Donegan
Director

Firstsource BPO Ireland Limited

Statement of changes in equity

as at and for the year ended 31 March 2022

(Currency: In Euros)

Statement of Changes in Equity

	Equity share capital	Attributable to owners of the Company Reserve and surplus Securities premium	Retained earnings	Total
Balance as at 1 April 2021	**1**	**249,999**	**(34,135)**	**215,865**
Loss for the year	**-**	**-**	**(19,156)**	**(19,156)**
Balance as at 31 March 2022	**1**	**249,999**	**(53,291)**	**196,709**

Loss before tax

	Equity share capital	Attributable to owners of the Company Reserve and surplus Securities premium	Retained earnings	Total
Balance as at 1 April 2020	1	249,999	(17,370)	232,630
Loss for the year	-	-	(16,765)	(16,765)
Balance as at 31 March 2021	1	249,999	(34,135)	215,865

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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G.K. Subramaniam
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Statement of cash flows

for the year ended 31 March 2022

(Currency: In Euros)

	31 March 2022	31 March 2021
Cash flow from operating activities		
Net Profit before taxation	**(19,156)**	(18,643)
Operating cash flow before changes in working capital	**(19,156)**	(18,643)
Changes in working capital		
Increase in liabilities and provisions	**5,614**	-
Net changes in working capital	**5,614**	-
Net cash (used in) / generated from operating activities (A)	**(13,542)**	(18,643)
Cash flow from investing activities		
Net cash (used in) / generated from investing activities (B)	**-**	-
Cash flow from financing activities	**-**	-
Net cash generated from / (used in) financing activities (C)	**-**	-
Net (Decrease) / Increase in cash and cash equivalents at the end of the year (A+B+C)	**(13,542)**	(18,643)
Cash and cash equivalents at the beginning of the year	**232,061**	250,704
Earmarked Balances with Banks		
Cash and cash equivalents at the end of the year	**218,519**	232,061

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 2022	31 March 2021
Balances with banks		
- in current accounts	**218,519**	232,061
Cash and cash equivalents	**218,519**	232,061

As per our report of even date attached.

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

G.K. Subramaniam
Partner
Membership No: 109839
30 June 2022
Mumbai

For and on behalf of the Board of Directors

Sanjay Ponnappa
Director

Michael Donegan
Director

1) Company overview

Firstsource Solutions Limited ('FSL') set up a wholly owned subsidiary in Ireland named Firstsource BPO Ireland Limited ('the Company') on 16 September 2011 incorporated under the laws of Ireland.
Firstsource Solutions UK Limited has acquired Firstsource BPO Ireland Limited on 26 March 2019.

Basis of preparation and Statement of Compliance

The special purpose financial statements (herein referred as 'financial statements') of Firstsource BPO Ireland Limited (‘the Company’) are prepared in accordance with Ind AS as per the provisions of 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 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 5 May 2022.

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

Income taxes

The Company's major tax jurisdiction is Ireland. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions. Also refer to Note 2.4.

2.2 Revenue recognition

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

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, refunds, credits, incentives, performance bonuses, etc., (variable consideration) aganist each performance obligation each reporting period and recgnises 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 Impairment

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.

2.4 Income Taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the period. Current tax and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.
Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intend to settle the asset and liability on a net basis.

2.5 Foreign currency

Functional currency

The functional currency of the Company is Euro.

Transactions and translations

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

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

2 Significant accounting policies *(Continued)*

2.6 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.

2.7 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.

2.8 Financial instruments

2.8.1 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.

2.8.2 Classification and subsequent measurement

a) Non-derivative financial instruments

i) Cash and cash equivalents

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

ii) Financial assets at amortised cost

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

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

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

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

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

v) Financial liabilities

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

vi) Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities.

Equity instruments are recognised by the Company at the proceeds received net of direct issue cost.

b) Share capital

Ordinary shares

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.

2.8.3 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.

2.8.4 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 Significant accounting policies *(Continued)*

2.9 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 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.

2.10 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.

2.11 Recent Accounting Pronouncements

On 23 March 2022, the Ministry of Company Affairs amended the Companies (Indian Accounting Standards) Amendment Rules, 2022 effective for annual periods beginning on or after 1 April 2022 which include amendments / clarifications in the following accounting standards applicable to the Company:

b) Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets
d) Ind AS 109 – Financial Instruments

The effect of application of these amendments / clarifications on the Standalone financial statements of the Company is expected to be insignificant.

	31 March 2022	31 March 2021
3) Cash and cash equivalents		
Balances with banks		
-in current accounts	**218,519**	232,061
	218,519	232,061

(Currency: In Euros)

	31 March 2022	31 March 2021
4) Share capital		
Authorised		
100,000 Ordinary Shares of EURO 1 each (31 March 2021: 100,000 shares)	**100,000**	100,000
	100,000	100,000
Issued, subscribed and paid-up		
1 Ordinary share of EURO 1 each (31 March 2021: 1 share)	**1**	1
	1	1

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

	31 March 2022		31 March 2021	
	Number of shares	**Amount**	Number of shares	Amount
At the commencement of the year	**1**	**1**	1	1
At the end of the year	**1**	**1**	1	1

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

	31 March 2022		31 March 2021	
	Number of shares	**% of total shares**	**Number of shares**	**% of total shares**
Firstsource Solutions UK Limited	**1**	**100%**	1	100%

c) Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares are ranked equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend 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. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

Firstsource BPO Ireland Limited

Notes to the financial statements (Continued)

as at 31 March 2022

(Currency: In Euros)

		31 March 2022	31 March 2021
5)	**Other equity**		
	Securities premium		
	At the commencement of the year	**249,999**	249,999
	At the end of the year	**249,999**	249,999
	Retained earnings		
	At the commencement of the year	**(34,135)**	(17,370)
	Add: Net loss for the year	**(19,156)**	(16,765)
	At the end of the year	**(53,291)**	(34,135)
	Total other equity	**196,708**	215,864

(Currency: In Euros)

6) Trade Payables

	31 March 2022	31 March 2021
Trade Payable	**21,810**	16,196
	21,810	16,196

Trade payables Ageing Schedule
As at 31 March 2022

	Not due	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Trade Payable	**21,810**	-	-	-	-	**21,810**
Total	**21,810**	-	-	-	-	**21,810**

As at 31 March 2021

	Not due	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Trade Payable	16,196	-	-	-	-	16,196
Total	16,196	-	-	-	-	16,196

(Currency: In Euros)

	Year ended 31 March 2022	31 March 2021

7) Other income

Foreign Exchange Loss	**(56)**	(74)
	(56)	(74)

8) Other expenses

Legal and Professional Fees	**17,230**	17,623
Printing and Stationery	**314**	295
Bank administration charges	**1,556**	651
	19,100	18,569

9) Income tax expense

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

	Year ended 31 March 2022	31 March 2021
Current taxes	**-**	(1,878)

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

	Year ended 31 March 2022	31 March 2021
Profit before income taxes	**(19,156)**	(18,643)
Enacted tax rates in Ireland	**25.00%**	25.00%
Computed expected tax expense	**(4,789)**	(4,661)
Deferred tax assets not created on business losses	**4,789**	4,661
Previous years tax adjustments	**-**	(1,878)
Income tax expense	**-**	(1,878)

(Currency: In Euros)

10) Financial instruments

I. *Financial instruments by category:*

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

	Amortized cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Cash and cash equivalents	**218,519**	**-**	**-**	**218,519**	**218,519**
Total	**218,519**	-	-	**218,519**	**218,519**
Financial liabilities					
Trade payables	**21,810**	**-**	**-**	**21,810**	**21,810**
Total	**21,810**	-	-	**21,810**	**21,810**

The carrying value and fair value of financial instruments by categories as of 31 March 2021 were as follows:

	Amortized cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Cash and cash equivalents	232,061	-	-	232,061	232,061
Total	232,061	-	-	232,061	232,061
Financial liabilities					
Trade payables	16,196	-	-	16,196	16,196
Total	16,196	-	-	16,196	16,196

Fair value hierarchy for the above stated financial assets and liabilities is using measurement principles at Level 3 as at 31 March 2022 and 31 March 2021.

II. *Financial risk management:*

Financial risk factors:

a) Market risk

The Company operates in Ireland and there are no major transactions outside the Ireland. 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. There is no exposure to credit risk as there is no asset recoverable on account of trade debts and unbilled revenues. Expected credit losses are accounted on financial assets based on the measurement criteria as defined in the policy. A default on a financial asset is when there is a significant increase in the credit risk which is evaluated based on the business environment.

c) Liquidity risk

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

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2022 and 31 March 2021:

	31 March 2022		31 March 2021	
	Less than 1 Year	**More than 1 year**	Less than 1 Year	More than 1 year
Trade payables	**21,810**	**-**	16,196	-

11) Related party transactions

Details of related parties including summary of transactions entered into during the year ended 31 March 2022 are summarized below:

Ultimate Holding Company	RPSG Ventures Limited
Holding Company	Firstsource Solutions Limited Firstsource Solutions UK Limited
Directors	Michael Donegan Sanjay Ponnappa (appointed w.e.f. 26th November 2021) Siddharth Parashar (Resign w.e.f. 26 November 2021)

There are no related parties transactions to be reported during the year.

Firstsource BPO Ireland Limited

Notes to the financial statements (Continued)

as at and for the year ended 31 March 2022

(Currency: In Euros)

12) 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').

13) Computation for calculating basic and diluted earnings per share

	For the year ended	
	31 March 2022	31 March 2021
Number of shares considered as basic weighted average shares outstanding	**1**	1
Number of shares considered as weighted average shares and potential shares outstanding	**1**	1
Net profit after tax attributable to shareholders	**(19,156)**	(16,765)
Net profit after tax for diluted earnings per share	**(19,156)**	(16,765)

14) Capital and other (Loss before tax

The Company has capital commitments of Euro Nil as at the balance sheet date (31 March 2021: Euro Nil) . There are no contingent liabilities as at Balance sheet date (31 March 2021 : Euro Nil).

15) Subsequent events

The Company evaluated subsequent events from the balance sheet date through 30 June 2022 and determined that 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

G.K. Subramaniam
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