

INDEPENDENT AUDITORS' 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 **Firstsource Solution UK Ltd.** (the 'Company'), which comprise the Balance Sheet as at 31 March 2022, 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 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 2022, 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

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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 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.

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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.

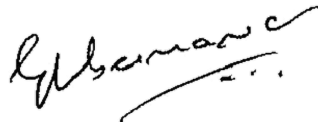
Restriction on Distribution and Use

Our report is intended solely for the information and use of the Board of Directors of Firstsource Solutions Limited for 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 : 22109839ALYOEU7300)

Mumbai
30 June 2022

Firstsource Solutions UK Limited

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

Firstsource Solutions UK Limited

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

as at and for the year ended 31 March 2022

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Firstsource Solutions UK Limited

Balance sheet

as at 31 March 2022

(Currency: In GBP)

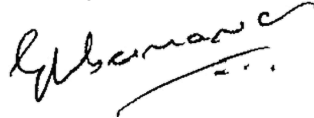
	Note	31 March 2022	31 March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3	7,133,127	9,353,127
Right-of-use assets	4	13,253,530	11,674,453
Other intangible assets	5	165,685	330,708
Financial assets			
Investments	6	53,594,294	53,594,294
Other financial assets	7(i)	143,986	65,988
Other non-current assets	8(i)	9,754,032	12,931,802
Deferred tax assets (net)	11	266,675	176,036
Total non-current assets		84,311,329	88,126,408
Current assets			
Financial assets			
Trade receivables	9		
- Billed		9,618,166	7,179,470
- Unbilled		17,317,908	15,784,474
Cash and cash equivalents	10	52,066	6,680,355
Other financial assets	7(ii)	-	817
Other current assets	8(ii)	5,093,135	4,607,526
Income tax assets (net)	11	299,303	648,500
Total current assets		32,380,578	34,901,142
Total assets		116,691,907	123,027,550
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	2,834,672	2,834,672
Other equity	13	40,838,392	42,864,532
Total equity		43,673,064	45,699,204
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Long-term borrowings	14(i)	-	7,500,000
Lease liabilities		11,942,235	10,798,327
Total non-current liabilities		11,942,235	18,298,327
Current liabilities			
Financial liabilities			
Short-term borrowings	14(ii)	23,032,939	11,563,404
Trade payables	17	1,755,121	2,732,599
Lease liabilities		2,646,168	1,932,188
Other financial liabilities	15	28,877,021	21,765,714
Provisions for employee benefits	16	1,109,614	2,261,296
Other current liabilities	18	3,655,745	18,774,818
Total current liabilities		61,076,608	59,030,019
Total equity and liabilities		116,691,907	123,027,550

Significant accounting policies

The accompanying notes from 1 to 29 are an integral part of these special purpose standalone 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

Mumbai
30 June 2022

For and on behalf of the Board of Directors of
Firstsource Solutions UK Limited



Vipul Khanna
Director

Charles Richard Vernon Staggs
Director



Sanjay Ponnappa
Director

Firstsource Solutions UK Limited

Statement of profit and loss

for the year ended 31 March 2022

(Currency: In GBP)

		Year ended	
	Note	31 March 2022	31 March 2021
INCOME			
Revenue from operations	19	156,523,975	150,235,534
Other income, net	20	(15,348)	122,185
Total income		156,508,627	150,357,719
EXPENSES			
Services Rendered to Business Associates and others		31,230,164	28,111,906
Employee benefits expenses	21	103,034,422	99,823,195
Finance costs	22	1,457,014	1,731,386
Depreciation and amortization	3,4, 5	5,413,138	4,979,774
Other expenses	23	17,713,376	16,659,665
Total expenses		158,848,114	151,305,926
Loss before tax		(2,339,487)	(948,207)
Tax expense			
Current tax	11	(222,708)	(81,590)
Deferred tax	11	(90,639)	160,474
Loss for the year		(2,026,140)	(1,027,091)
Other comprehensive income			
Total other comprehensive income, net of taxes		-	-
Total comprehensive income for the year		(2,026,140)	(1,027,091)
Weighted average number of equity shares outstanding during the year			
Basic	27	2,834,672	2,834,672
Diluted	27	2,834,672	2,834,672
Earnings per equity share			
Basic		(0.71)	(0.36)
Diluted		(0.71)	(0.36)

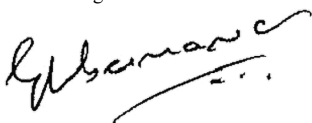
Significant accounting policies

The accompanying notes from 1 to 29 are an integral part of these special purpose standalone 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

Mumbai

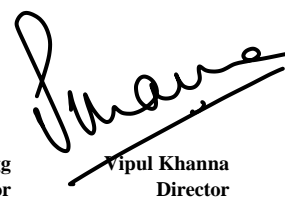
30 June 2022

For and on behalf of the Board of Directors of
Firstsource Solutions UK Limited

Charles Richard Vernon Stagg
Director



Sanjay Ponnappa
Director



Vipul Khanna
Director

Firstsource Solutions UK Limited

Statement of cash flows

for the year ended 31 March 2022

(Currency: In GBP)

	31 March 2022	31 March 2021
<u>Cash flow from operating activities</u>		
Net loss before taxation	(2,339,487)	(948,207)
Adjustments for		
Depreciation and amortisation	5,413,138	4,979,774
Allowance for expected credit loss/ bad debts written off or (written back), net	(283,018)	26,244
(Profit) / Loss on sale of fixed assets, net	(19,422)	1,520
Finance costs	1,457,014	1,731,386
Interest income	-	(118,343)
Operating cash flow before changes in working capital	4,228,225	5,672,374
Changes in working capital		
(Increase) / Decrease in trade receivables	(3,689,112)	771,204
Decrease in loans and advances and other assets	2,602,945	3,843,111
(Decrease) / Increase in liabilities and provisions	(9,959,975)	15,567,561
Net changes in working capital	(11,046,142)	20,181,876
Income taxes refund / (paid)	571,905	26,876
Net cash (used in) / generated from operating activities (A)	(6,246,012)	25,881,126
<u>Cash flow from investing activities</u>		
Interest income received	-	118,343
Purchase of property plant and equipment and intangible assets	(1,411,236)	(5,270,339)
Proceeds from sale of property plant and equipment and intangible assets	909,023	-
Loan repaid by related party	-	12,138,000
Net cash (used in) / generated from investing activities (B)	(502,213)	6,986,004
<u>Cash flow from financing activities</u>		
Proceeds from / (Repayment of) short term borrowings	18,969,535	(44,685,688)
Proceeds from long term borrowings	-	15,000,000
Repayment of long term borrowings	(15,000,000)	-
Interest paid	(1,633,965)	(1,565,839)
Repayment of lease liabilities	(2,215,634)	(2,432,335)
Net cash generated from / (used in) financing activities (C)	119,936	(33,683,862)
Net (decrease) in cash and cash equivalents at the end of the year (A+B+C)	(6,628,289)	(816,732)
Cash and cash equivalents at the beginning of the year	6,680,355	7,497,087
Cash and cash equivalents at the end of the year	52,066	6,680,355

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
Cash on hand	-	-
Balances with banks-		
in current accounts	52,066	6,680,355
Earmarked balances with banks held in trust	20,549	29,077
	72,615	6,709,432
Less: Current account balance held in trust for customers	(20,549)	(29,077)
Cash and cash equivalents	52,066	6,680,355

Firstsource Solutions UK Limited

Statement of cash flows

for the year ended 31 March 2022

(Currency: In GBP)

Reconciliation of liabilities from financing activities for the year ended 31 March 2022

Particulars	As at 31 March 2021	Proceeds	Repayment	As at 31 March 2022
Short Term Borrowings	4,063,404	18,969,535	-	23,032,939
Long Term Borrowings	15,000,000	-	(15,000,000)	-
Total Liabilities from financing activities	19,063,404	18,969,535	(15,000,000)	23,032,939

Reconciliation of liabilities from financing activities for the year ended 31 March 2021

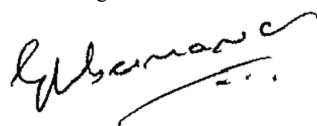
Particulars	As at 31 March 2020	Proceeds	Repayment	As at 31 March 2021
Short Term Borrowings	45,574,492	-	(41,511,088)	4,063,404
Long Term Borrowings	-	15,000,000	-	15,000,000
Total Liabilities from financing activities	45,574,492	15,000,000	(41,511,088)	19,063,404

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

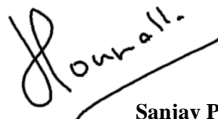
Partner

Membership No: 109839

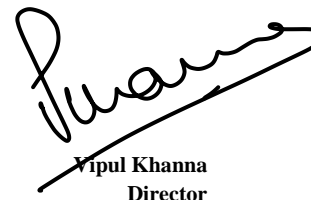
Mumbai
30 June 2022

For and on behalf of the Board of Directors of
Firstsource Solutions UK Limited

Charles Richard Vernon Stagg
Director



Sanjay Ponnappa
Director



Vipul Khanna
Director

Firstsource Solutions UK Limited

Statement of changes in equity

as at and for the year ended 31 March 2022

(Currency: In GBP)

Equity share capital and other equity

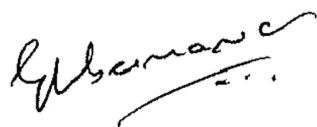
	Attributable to owners of the company		Total
	Equity share capital	Reserve and surplus Retained earnings	
Balance as at 1 April 2021	2,834,672	42,864,532	45,699,204
Loss for the year	-	(2,026,140)	(2,026,140)
Balance at the end of 31 March 2022	2,834,672	40,838,392	43,673,064

	Attributable to owners of the company		Total
	Equity share capital	Reserve and surplus Retained earnings	
Balance as at 1 April 2020	2,834,672	43,891,623	46,726,295
Loss for the year	-	(1,027,091)	(1,027,091)
Balance at the end of 31 March 2021	2,834,672	42,864,532	45,699,204

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

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



G.K. Subramaniam

Partner

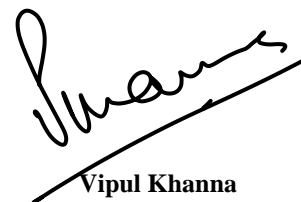
Membership No: 109839

Mumbai

30 June 2022

For and on behalf of the Board of Directors of

Firstsource Solutions UK Limited



Vipul Khanna

Director

Charles Richard Vernon Stagg
Director



Sanjay Ponnappa
Director

1 Company overview

Firstsource Solutions UK Limited ('the Company') was incorporated under the laws of the United Kingdom on 23 May 2000. The Company provides contact center and transaction processing services for customers in the financial services and telecommunications industry. The Company is a wholly owned subsidiary of Firstsource Solutions Limited ('FSL') incorporated under the laws of India.

Basis of Preparation and Statement of compliance

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

These special purpose financial statements have been prepared to assist Firstsource Solutions Limited, the Holding Company to comply with the requirements of Section 129(3) of the Act.

The financial information based on which these special purpose financial statements are prepared were approved by the Board of Directors of Firstsource Solutions Limited, the Holding Company on 5 May 2022.

2 Significant accounting policies

2.1 Use of estimates

The preparation of the special purpose standalone financial statements in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of income and expenses for the period. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revisions to accounting estimates are recognised prospectively in current and future periods. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 2.2.1.

2.1.1 Critical accounting estimates

a. Income taxes

The Company's major tax jurisdiction is United Kingdom. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions. Also refer to Note 2.6.

b. Property, plant and equipment

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

c. Leases

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

2.2 Revenue recognition

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

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

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

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

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

2 Significant accounting policies (continued)

2.3 Property, plant and equipment

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

Asset category	Useful life (in years)
Tangible assets	
Leasehold improvements	Lease term or 5 years, whichever is shorter
Computers*	2 – 4
Service equipment*	2 – 5
Furniture and fixtures*	2 – 5
Office equipment*	2 – 5
* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II to the Companies Act.	

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

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

2.4 Other intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

Asset category	Useful life (in years)
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.	

Software purchased is capitalised together with the related hardware and amortised over the best estimate of useful life from the date the asset is available for use. Software product development costs are expensed as incurred during the research phase until technological feasibility is established. Software development costs incurred subsequent to the achievement of technological feasibility are capitalised and amortised over the estimated useful life of the products as determined by the management. This capitalisation is done only if there is an intention and ability to complete the product, the product is likely to generate future economic benefits, adequate resources to complete the product are available and such expenses can be accurately measured. Such software development costs comprise expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to the development of the product. The amortisation of software development costs is allocated on a systematic basis over the best estimate of its useful life after the product is ready for use. The factors considered for identifying the basis include obsolescence, product life cycle and actions of competitors.

The amortisation period and the amortisation method are reviewed at the end of each reporting period. If the expected useful life of the product is shorter from previous estimates, the amortisation period is changed accordingly.

2.5 Impairment

a. Financial assets

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

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

b. Non-financial assets

Property, plant and equipment and Intangible Assets

Property, plant and equipments and Intangible assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit ('CGU') to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

2 Significant accounting policies (continued)

2.6 Employee benefits

Defined contribution plans

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

Compensated absences

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

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

2.7 Taxation

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

2.8 Leases

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

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

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

2.9 Foreign Currency transactions

Functional currency

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

Transactions and Translations

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

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

2.10 Earnings per equity share

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

2.11 Provisions and contingencies

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

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

Firstsource Solutions UK Limited

Notes to the special purpose financial statements

as at and for the year ended 31 March 2022

(Currency : In GBP)

2 Significant accounting policies (continued)

2.12 Financial instruments

2.12.1 Initial recognition

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

2.12.2 Classification and Subsequent Measurement

a) Non-derivative financial instruments

i) Cash and cash equivalents

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

ii) Financial assets at amortised cost

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

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

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

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

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

v) Financial liabilities

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

vi) Equity instruments

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

b) Share capital

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

2.12.3 De-recognition of financial instruments

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

2.12.4 Fair value of financial instrument

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

2.13 Cash flow statement

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

2.14 Onerous contracts

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

2.15 Recent Accounting Pronouncements:

On 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:

- a) Ind AS 16 – Property, Plant and Equipment
- b) Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets
- c) 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.

Firstsource Solutions UK Limited

Notes to the special purpose financial statements (Continued)

as at 31 March 2022

(Currency: In GBP)

3 Property, plant and equipment

	Property , plant and equipment					
	Computers	Service equipment	Furniture and fixture	Office equipment	Leasehold Improvements	Total
Gross block						
As at 1 April 2021	4,499,513	2,917,806	1,619,260	2,264,131	12,902,224	24,202,934
Additions / adjustments during the year	146,849	5,001	11,010	131,204	1,106,535	1,400,599
Deletions during the year	(842,344)	(69,938)	-	(8,354)	(1,000)	(921,636)
As at 31 March 2022	3,804,018	2,852,869	1,630,270	2,386,981	14,007,759	24,681,897
Accumulated depreciation / amortization						
As at 1 April 2021	3,017,110	2,700,117	1,395,589	1,450,772	6,286,219	14,849,807
Charge for the year	324,921	46,586	110,885	297,151	1,951,456	2,730,999
On deletions / adjustments during the year	(19,640)	(3,074)	-	(8,322)	(1,000)	(32,036)
As at 31 March 2022	3,322,391	2,743,629	1,506,474	1,739,601	8,236,675	17,548,770
Net block						
As at 31 March 2022	481,627	109,240	123,796	647,380	5,771,084	7,133,127
As at 31 March 2021	1,482,403	217,689	223,671	813,359	6,616,005	9,353,127

	Property , plant and equipment					
	Computers	Service equipment	Furniture and fixture	Office equipment	Leasehold Improvements	Total
Gross block						
As at 1 April 2020	3,472,590	3,107,799	1,637,346	2,512,620	9,382,904	20,113,259
Additions / adjustments during the year	1,222,004	134,481	105,272	421,683	3,850,540	5,733,980
Deletions during the year	(195,081)	(324,474)	(123,358)	(670,172)	(331,220)	(1,644,305)
As at 31 March 2021	4,499,513	2,917,806	1,619,260	2,264,131	12,902,224	24,202,934
Accumulated depreciation / amortization						
As at 1 April 2020	2,827,181	2,955,041	1,409,733	1,814,232	5,228,949	14,235,136
Charge for the year	384,452	69,550	109,208	305,756	1,388,490	2,257,456
On deletions	(194,523)	(324,474)	(123,352)	(669,216)	(331,220)	(1,642,785)
As at 31 March 2021	3,017,110	2,700,117	1,395,589	1,450,772	6,286,219	14,849,807
Net block						
As at 31 March 2021	1,482,403	217,689	223,671	813,359	6,616,005	9,353,127
As at 31 March 2020	645,409	152,758	227,613	698,388	4,153,955	5,878,123

Firstsource Solutions UK Limited

Notes to the special purpose financial statements (Continued)

as at 31 March 2022

(Currency: In GBP)

4 Leases

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

	Opening Balance as at 1 April 2021	Addition during the year ended 31 March 2022	Deletions during the year ended 31 March 2022	Depreciation for the year ended 31 March 2022	Net Carrying value as at 31 March 2022
Leasehold properties	11,592,592	4,073,520	40,314	2,399,580	13,226,218
Service equipment	68,318	-	-	41,006	27,312
Software	13,543	-	-	13,543	-
	11,674,453	4,073,520	40,314	2,454,129	13,253,530

Rent includes expense towards short term leases amounting to GBP 30,343, low value leases assets amounting to GBP 714,818 and common area maintenance charges for leased properties amounting to GBP 1,027,464 during the year ended 31 March 2022.

	Opening Balance as at 1 April 2020	Addition during the year ended 31 March 2021	Deletions during the year ended 31 March 2021	Depreciation for the year ended 31 March 2021	Net Carrying value as at 31 March 2021
Leasehold properties	9,373,859	4,669,812	194,575	2,256,504	11,592,592
Service equipment	160,616	-	-	92,298	68,318
Software	36,642	-	-	23,099	13,543
	9,571,117	4,669,812	194,575	2,371,901	11,674,453

Rent includes expense towards low value leases assets amounting to GBP 150,003 and common area maintenance charges for leased properties amounting to GBP 695,697 during the year ended 31 March 2021.

Firstsource Solutions UK Limited

Notes to the special purpose financial statements (Continued)

as at 31 March 2022

(Currency: In GBP)

5 Other intangible assets

	Software	Total
Gross block		
As at 1 April 2021	4,819,714	4,819,714
Additions	62,987	62,987
Deletions during the year	-	-
As at 31 March 2022	4,882,701	4,882,701
Accumulated depreciation / amortization		
As at 1 April 2021	4,489,006	4,489,006
Charge for the year	228,010	228,010
Deletions during the year	-	-
As at 31 March 2022	4,717,016	4,717,016
Net block		
As at 31 March 2022	165,685	165,685
As at 31 March 2021	330,708	330,708

	Software	Total
Gross block		
As at 1 April 2020	4,809,007	4,809,007
Additions	116,835	116,835
Deletions during the year	(106,128)	(106,128)
As at 31 March 2021	4,819,714	4,819,714
Accumulated depreciation / amortization		
As at 1 April 2020	4,244,717	4,244,717
Charge for the year	350,417	350,417
Deletions during the year	(106,128)	(106,128)
As at 31 March 2021	4,489,006	4,489,006
Net block		
As at 31 March 2021	330,708	330,708
As at 31 March 2020	564,290	564,290

Firstsource Solutions UK Limited

Notes to the special purpose financial statements (Continued)

as at 31 March 2022

(Currency: In GBP)

	31 March 2022	31 March 2021
6 Investments		
Non-current		
Unquoted In Equity Instrument		
Investments carried at cost		
1 (31 March 2021: 1) fully paid up common stock of EURO 1 each of Firstsource BPO Ireland Limited- Wholly Owned Subsidiary.	3,356,478	3,356,478
38,556 (31 March 2021: 38,556) fully paid-up non voting common stock of USD 1 each of Firstsource Group USA Inc- Fellow Subsidiary.	53,397,500	53,397,500
	56,753,978	56,753,978
Provision for diminution of investment in Firstsource BPO Ireland Limited	(3,159,684)	(3,159,684)
	53,594,294	53,594,294

Firstsource Solutions UK Limited

Notes to the special purpose financial statements (Continued)

as at 31 March 2022

(Currency: In GBP)

	31 March 2022	31 March 2021
7 Other financial assets		
(i) Other non-current financial assets		
Deposits	143,986	65,988
	143,986	65,988
(ii) Other current financial assets		
Advances to Related Parties (refer note 25)	-	817
	-	817
8 Other assets		
(i) Other non-current assets		
Unexpired rebate from customer	2,030,472	2,840,738
Capital Advances	-	12,035
Prepaid expenses	-	95,084
Deferred contract cost	7,723,560	9,983,945
	9,754,032	12,931,802
(ii) Other current assets		
Unexpired rebate from customer	810,266	1,110,266
Prepaid expenses	1,777,717	1,164,651
Other advances	244,772	72,229
Deferred contract cost	2,260,380	2,260,380
	5,093,135	4,607,526
9 Trade receivables		
Billed		
Considered doubtful	-	26,244
Less : Allowance for doubtful debts	-	(26,244)
Considered good	9,618,166	7,179,470
	9,618,166	7,179,470
Unbilled		
Unbilled Revenues	17,317,908	15,784,474
	17,317,908	15,784,474

a) Trade receivables are non-interest bearing and there are no trade receivable with a significant increase in credit risk as well as disputed trade receivables.

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

c) For receivables from related party refer note 25

Trade receivables Ageing Schedule

As at 31 March 2022

	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	5,197,036	4,421,129	-	-	-	-	9,618,166
Undisputed Trade Receivable – considered doubtful	-	-	-	-	-	-	-
Total	5,197,036	4,421,129	-	-	-	-	9,618,166

As at 31 March 2021

	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	4,952,718	2,226,752	-	-	-	-	7,179,470
Undisputed Trade Receivable – considered doubtful	-	-	-	26,244	-	-	26,244
Total	4,952,718	2,226,752	-	26,244	-	-	7,205,714

Firstsource Solutions UK Limited

Notes to the special purpose financial statements (Continued)

as at 31 March 2022

(Currency: In GBP)

31 March 2022

31 March 2021

10 Cash and cash equivalents

Cash on hand	-	-
Balances with banks - in current accounts	52,066	6,680,355
Earmarked balances with banks held in trust	20,549	29,077
	72,615	6,709,432
Less: Current account balance held in trust for customers	(20,549)	(29,077)
	52,066	6,680,355

11 Taxation

31 March 2022

Taxation	Opening balance	Recognised in Profit and loss	Closing Balance
Deferred tax asset on account of:			
Property, plant and equipment and intangibles	17,461	102,352	119,813
Other employee benefits payable	-	(54,773)	(54,773)
Lease Liabilities	158,575	43,060	201,635
	176,036	90,639	266,675

31 March 2021

Taxation	Opening balance	Recognised in Profit and loss	Closing Balance
Deferred tax assets on account of:			
Property, plant and equipment and intangibles	193,869	(176,408)	17,461
Other employee benefits payable	-	-	-
Lease Liabilities	142,641	15,934	158,575
	336,510	(160,474)	176,036

31 March 2022

31 March 2021

Income tax assets (net)	299,303	648,500
	299,303	648,500

Income tax expense

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

	Year ended	
	31 March 2022	31 March 2021
Current tax	(222,708)	(81,590)
Deferred tax	(90,639)	160,474
Income tax expense	(313,347)	78,884

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	(2,339,487)	(948,207)
Enacted tax rates in United Kingdom	19%	19%
Computed expected tax expense	(444,503)	(180,159)
Expenses not deductible for tax purposes	208,892	194,547
Income Exempt from Tax	-	-
Others	44,529	288
Previous years tax adjustments	(122,265)	64,208
Income tax expense	(313,347)	78,884

Firstsource Solutions UK Limited

Notes to the special purpose financial statements (Continued)

as at 31 March 2022

(Currency: In GBP)

31 March 2022

31 March 2021

12 Share capital

Authorised

2,834,672 (31 March 2021: 2,834,672) Equity Shares of GBP 1 each

2,834,672

2,834,672

2,834,672

2,834,672

Issued, subscribed and paid-up

2,834,672 (31 March 2021: 2,834,672) Equity Shares of GBP 1 each

2,834,672

2,834,672

2,834,672

2,834,672

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

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 Limited	2,834,672	100.00%	2,834,672	100.00%

c) Rights, preferences and restrictions attached to equity shares

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

31 March 2022

31 March 2021

13 Other equity

Retained earnings

At the commencement of the year

42,864,532

43,891,623

Add: Net (loss) / profit for the year

(2,026,140)

(1,027,091)

At the end of the year

40,838,392

42,864,532

Total other equity

40,838,392

42,864,532

Firstsource Solutions UK Limited

Notes to the special purpose financial statements (Continued)

as at 31 March 2022

(Currency: In GBP)

31 March 2022 31 March 2021

14 Borrowings

(i) Long-term borrowings

Unsecured

Loan from Bank (refer note 'a')

- 7,500,000

- 7,500,000

a) Loan from bank carry interest in the range of 2% - 4% for a period of 2 years repayable in equal quarterly instalments starting from September 2021. This loan has been fully repaid during the year.

(ii) Short-term borrowings

Unsecured

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

23,032,939 4,063,404

23,032,939 4,063,404

b) Line of credit amounting to GBP 13,333,840 are guarnted by ultimate holding company.

Current portion of long term borrowings

-Loan from other parties

- 7,500,000

- 7,500,000

15 Other financial liabilities

Other current financial liabilities

Book credit in bank account

992,178 416,135

Interest accrued but not due on borrowings

14,899 191,850

Payable to related parties (refer note 25)

21,043,880 13,740,076

Employee benefits payable

6,826,064 7,417,653

28,877,021 21,765,714

16 Provision for employee benefits

Current

Compensated absences

1,109,614 2,261,296

1,109,614 2,261,296

17 Trade Payables

Trade Payables

- total outstanding dues of micro enterprises and small enterprises

1,755,121 2,732,599

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

1,755,121 2,732,599

Trade payables Ageing Schedule
As at 31 March 2022

	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,325,559	429,562	-	-	-	1,755,121
Total	1,325,559	429,562	-	-	-	1,755,121

As at 31 March 2021

	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,051,518	681,081	-	-	-	2,732,599
Total	2,051,518	681,081	-	-	-	2,732,599

18 Other liabilities

Other current liabilities

Indirect Tax Payable	3,584,950	10,287,784
Statutory Dues	70,795	54,349
Advance from customers	-	8,432,685
	3,655,745	18,774,818

Firstsource Solutions UK Limited

Notes to the special purpose financial statements (Continued)

for the year ended 31 March 2022

(Currency: In GBP)

Year ended
31 March 2022 31 March 2021

19 Revenue from operations

Sale of services	156,491,115	150,235,534
Other operating income, net	32,860	-
	<u>156,523,975</u>	<u>150,235,534</u>

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

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

20 Other income, net

Interest income	-	118,343
Foreign exchange gain/(loss), net	(34,770)	5,362
Profit /(Loss) on sale of fixed assets, net	19,422	(1,520)
	<u>(15,348)</u>	<u>122,185</u>

21 Employee benefits expenses

Salaries and wages	93,369,382	90,062,231
Contribution to pension and other funds	8,622,684	8,833,984
Staff welfare expenses	1,042,356	926,980
	<u>103,034,422</u>	<u>99,823,195</u>

22 Finance costs

Interest expense on borrowings	938,617	1,214,190
Interest expense on leased liabilities	518,397	517,196
	<u>1,457,014</u>	<u>1,731,386</u>

Firstsource Solutions UK Limited

Notes to the special purpose financial statements (Continued)

for the year ended 31 March 2022

(Currency: In GBP)

		Year ended	
		31 March 2022	31 March 2021
23	Other expenses		
	Marketing and support fees	2,821,620	2,703,913
	Repairs, maintenance and upkeep	2,860,388	2,840,251
	Allocated Corporate Cost	2,540,304	2,491,890
	Connectivity, information and communication expenses	1,505,941	1,130,527
	Computer expenses	1,417,405	1,781,446
	Rent	1,772,625	845,700
	Travel and conveyance	510,941	294,532
	Recruitment and training expenses	577,989	981,992
	Rates and taxes	1,180,889	1,097,607
	Electricity, water, power consumption and other expenses	515,422	857,294
	Legal and professional fees	1,502,260	795,253
	Insurance	419,841	452,132
	Bank administration charges	225,177	193,516
	Car and other hire charges	129,380	129,216
	Printing and stationery	16,212	38,152
	Allowance for expected credit loss / bad debts written off or (written back), net	(283,018)	26,244
		17,713,376	16,659,665

Firstsource Solutions UK Limited

Notes to the special purpose financial statements (Continued)

as at and for the year ended 31 March 2022

(Currency: In GBP)

24 Financial instruments

I. Financial instruments by category:

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

	Amortised cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Trade receivables	26,936,074	-	-	26,936,074	26,936,074
Cash and cash equivalents	52,066	-	-	52,066	52,066
Other financial assets	143,986	-	-	143,986	143,986
Total	27,132,126	-	-	27,132,126	27,132,126
Financial liabilities					
Borrowings	23,032,939	-	-	23,032,939	23,032,939
Lease liabilities	14,588,403	-	-	14,588,403	14,588,403
Other financial liability	28,877,021	-	-	28,877,021	28,877,021
Trade Payables	1,755,121	-	-	1,755,121	1,755,121
Total	68,253,484	-	-	68,253,484	68,253,484

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	22,963,944	-	-	22,963,944	22,963,944
Cash and cash equivalents	6,680,355	-	-	6,680,355	6,680,355
Other financial assets	66,805	-	-	66,805	66,805
Total	29,711,104	-	-	29,711,104	29,711,104
Financial liabilities					
Borrowings	11,563,404	-	-	11,563,404	11,563,404
Lease liabilities	12,730,515	-	-	12,730,515	12,730,515
Other financial liability	21,765,714	-	-	21,765,714	21,765,714
Trade Payables	2,732,599	-	-	2,732,599	2,732,599
Total	48,792,233	-	-	48,792,233	48,792,233

II. Financial risk management:

Financial risk factors:

a) Market risk

The Company operates in the United Kingdom and there are no major transactions outside the United Kingdom, hence there is no significant operational risk for the Company.

b) Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to GBP 9,618,166 as at 31 March 2022 (31 March 2021 : GBP 7,179,470) and unbilled revenue amounting to GBP 17,317,908 as at 31 March 2022 (31 March 2021 : GBP 15,784,474). Credit risk has always been managed by the Company by continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. Expected credit losses are accounted on financial assets based on the measurement criteria as defined in the policy. A default on a financial asset is when there is a significant increase in the credit risk which is evaluated based on the business environment.

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

	Year ended	
	31 March 2022	31 March 2021
Revenue from top five customers	93.41%	95.69%

Firstsource Solutions UK Limited

Notes to the special purpose financial statements (Continued)

as at and for the year ended 31 March 2022

(Currency: In GBP)

24 Financial instruments (Continued)

II. Financial risk management (Continued):

c) Liquidity risk

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

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

Particulars	31 March 2022	31 March 2021
Less than one year	3,148,244	2,416,621
One to five years	10,870,178	8,272,959
More than five years	2,416,438	4,148,417
Total	16,434,860	14,837,997

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 2022. The Company shall revise the lease term when there is a change in the facts and circumstances.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 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	1,755,121	-	2,732,599	-
Other borrowings	23,032,939	-	4,063,404	7,500,000
Lease liabilities	2,646,168	11,942,235	1,932,188	10,798,327
Other financial liabilities	28,877,021	-	21,765,714	-

Firstsource Solutions UK Limited

Notes to the special purpose financial statements (continued)

as at and for the year ended 31 March 2022

(Currency : In GBP)

25 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
Fellow Subsidiaries (where transactions exist)	Firstsource Group USA Inc. Firstsource Advantage LLC Sourcepoint Inc. Firstsource Health Plans and Healthcare Services, LLC
Subsidiary wherein control exists	Firstsource Solutions S.A. (FSL Argentina) Firstsource BPO Ireland Limited (FSL Ireland)
Directors	Charles Richard Vernon Stagg Vipul Khanna Sanjay Ponnappa Siddharth Parashar (Upto 26 November 2021)

Particulars of related party transactions:

Name of the related party	Description	Transaction value during year ended*		Receivable / (Payable) at	
		31 March 2022	31 March 2021	31 March 2022	31 March 2021
Firstsource Solutions Limited	Recovery of expenses	91,649	293,401	-	-
	Services rendered to business associates and others	35,146,373	27,817,822	-	-
	Reimbursement of expenses	2,856,579	2,993,852	-	-
	Payable	-	-	(19,696,940)	(13,384,798)
Firstsource Group USA Inc	Reimbursement of expenses	118,180	95,578	-	-
	Recovery of expense	3,750	1,290	-	-
	Recovery of loan	-	11,453,000	-	-
	Interest income	-	118,343	-	-
	Payable	-	-	(256,842)	(127,621)
Firstsource Health Plans and Healthcare Services, LLC	Recovery of expense	-	817	-	-
	Receivable	-	-	-	817
Sourcepoint Inc.	Recovery of expenses	2,460	-	-	-
	Reimbursement of expenses	5,072	-	-	-
	Receivable	-	-	-	-
Firstsource Advantage LLC	Reimbursement of expenses	-	2,030	-	-
	Services rendered to business associates and others	1,357,157	294,084	-	-
	Recovery of expense	609,413	125,545	-	-
	Payable	-	-	(1,090,098)	(227,657)

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

Firstsource Solutions UK Limited

Notes to the special purpose financial statements (Continued)

as at and for the year ended 31 March 2022

(Currency: In GBP)

26 Segment reporting

As per Ind AS 108 - Operating Segments (Ind AS 108*), if a financial report contains both consolidated financial statements of a parent that is within the scope of this Ind AS as well as the parent's separate consolidated financial statements, segment information is required only in the consolidated financial statements. Accordingly, information required to be presented under Ind AS 108 has been given in the consolidated financial statements of Firstsource Solutions Limited ('the Holding Company').

27 Computation for calculating basic and diluted earnings per share

	Year ended	
	31 March 2022	31 March 2021
Number of shares considered as basic weighted average shares outstanding	2,834,672	2,834,672
Number of shares considered as weighted average shares and potential shares outstanding	2,834,672	2,834,672
Net profit after tax attributable to shareholders	(2,026,140)	(1,027,091)
Net profit after tax for diluted earnings per share	(2,026,140)	(1,027,091)

28 Capital and other commitments and contingent liabilities

The Company has capital commitments of GBP 1,319,034 (31 March 2021: GBP 1,517,439) against which advances paid are GBP Nil (31 March 2021: GBP 12,035) as at the balance sheet date. There are no contingent liability as at the balance sheet date. (31 March 2021: GBP Nil).

29 Subsequent events

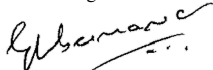
The Company evaluated subsequent events from the balance sheet date through 30 June 2022 and determined there are no material items to report.

As per our report of even date attached.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

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



G.K. Subramaniam

Partner

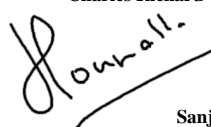
Membership No: 109839

Mumbai

30 June 2022

For and on behalf of the Board of Directors of
Firstsource Solutions UK Limited

Charles Richard Vernon Stagg
Director



Sanjay Ponnappa
Director

Vipul Khanna
Director

