**Deloitte**
**Haskins & Sells LLP**

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**INDEPENDENT AUDITORS' REPORT**

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

## Report on the Special Purpose Consolidated Financial Statements

### Opinion

We have audited the accompanying Special Purpose Consolidated Financial Statements of **MedAssist Holding, LLC** (the 'Company') and its subsidiaries, (the Company and its subsidiaries together referred to as the 'Group'), which comprise the Consolidated Balance Sheet as at 31 March 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated 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 Consolidated Financial Statements').The Special Purpose Consolidated 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 Consolidated 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 Group as at 31 March 2022, of its consolidated profit and consolidated total comprehensive Income, its consolidated changes in equity and its consolidated cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the Special Purpose Consolidated 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 Consolidated 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 Consolidated Financial Statements.

### Management's Responsibility for the Special Purpose Consolidated 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 Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance including consolidated other comprehensive Income, consolidated changes in equity and consolidated cash flows of the Group 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 Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Consolidated 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 Consolidated Financial Statements, Management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the Special Purpose Consolidated 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 Consolidated 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 Consolidated 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 Group'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 Group'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 consolidated 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 Group 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 Consolidated Financial Statements, including the disclosures, and whether the Special Purpose Consolidated 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 Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Special Purpose Consolidated 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 Consolidated Financial Statements.

**Basis of preparation**

We draw attention to Note 1 to the Special Purpose Consolidated Financial Statements, which describes the basis of preparation of the Special Purpose Consolidated 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: 22109839ALYZLG6526)

Mumbai
30 June 2022

# MedAssist Holding, LLC.

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

# MedAssist Holding, LLC.

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

*as at and for the year ended 31 March 2022*

***Contents***

MedAssist Holding, LLC.

**Consolidated balance sheet**

*as at 31 March 2022*

(Currency : In US Dollar)

| | Note | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | **3,279,535** | 2,598,057 |
| Right-of-use assets | 4 | **22,980,334** | 14,262,201 |
| Goodwill | 5 | **4,919,690** | 4,919,690 |
| Other intangible assets | 6 | **2,114,571** | 3,355,816 |
| **Financial assets** | | | |
| Other financial assets | 7(i) | **430,169** | 520,232 |
| Other non-current assets | 8(i) | **1,177,336** | 1,412,688 |
| Income tax assets (net) | 11 | **757,082** | 726,821 |
| **Total non-current assets** | | **35,658,717** | 27,795,505 |
| **Current assets** | | | |
| **Financial assets** | | | |
| Trade receivables | 9 | | |
| - Billed | | **29,572,272** | 25,334,602 |
| - Unbilled | | **4,696,417** | 2,900,124 |
| Cash and cash equivalents | 10 | **1,660,114** | 1,593,212 |
| Other financial assets | 7(ii) | **68,567,560** | 39,261,039 |
| Other current assets | 8(ii) | **4,365,768** | 2,837,637 |
| **Total current assets** | | **108,862,131** | 71,926,614 |
| **Total assets** | | **144,520,848** | 99,722,119 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 12 | **11,531,137** | 11,531,137 |
| Other equity | 13 | **77,042,107** | 49,377,087 |
| **Total equity** | | **88,573,244** | 60,908,224 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| **Financial liabilities** | | | |
| Lease liabilities | | **21,609,186** | 12,819,173 |
| **Total non-current liabilities** | | **21,609,186** | 12,819,173 |
| **Current liabilities** | | | |
| **Financial liabilities** | | | |
| Trade payables | 14 | **7,898,520** | 5,823,053 |
| Lease liabilities | | **3,684,143** | 2,444,933 |
| Other financial liabilities | 15 | **9,575,529** | 7,301,328 |
| Provisions for employee benefits | 16 | **1,761,913** | 2,659,392 |
| Other current liabilities | 17 | **4,206,568** | 554,271 |
| Deferred tax liabilities (net) | 11 | **7,211,745** | 7,211,745 |
| **Total current liabilities** | | **34,338,418** | 25,994,722 |
| **Total equity and liabilities** | | **144,520,848** | 99,722,119 |

**Significant accounting policies** 2

The accompanying notes from 1 to 28 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

Mumbai
30 June 2022

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

**Arjun Mitra**
Director

**Venkatgiri Vandali**
Director

MedAssist Holding, LLC.

**Consolidated statement of profit and loss**

*for the year ended 31 March 2022*

(Currency : In US Dollar)

| | Note | Year ended 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from operations | *18* | **212,585,898** | 165,360,890 |
| Other income, net | *19* | **(6,406)** | (1,074) |
| **Total income** | | **212,579,492** | 165,359,816 |
| **EXPENSES** | | | |
| Service Rendered by Business Associate and Others | | **18,595,778** | 13,225,043 |
| Employee benefits expenses | *20* | **130,379,077** | 104,548,011 |
| Finance costs | *21* | **1,040,828** | 830,083 |
| Depreciation and amortization expense | *3,4, 6* | **6,694,489** | 5,896,002 |
| Other expenses | *22* | **28,204,300** | 23,877,605 |
| **Total expenses** | | **184,914,472** | 148,376,744 |
| **Profit before tax** | | **27,665,020** | 16,983,072 |
| **Tax expense** | | | |
| Current tax | 11 | **-** | - |
| Deferred tax | 11 | **-** | - |
| **Profit for the year** | | **27,665,020** | 16,983,072 |
| **Other comprehensive income** | | | |
| **Total other comprehensive income, net of taxes** | | | |
| **Total comprehensive income for the year** | | **27,665,020** | 16,983,072 |
| Weighted average number of equity shares outstanding during the year | | | |
| Basic | | **992** | 992 |
| Diluted | | **992** | 992 |
| Earnings per equity share | | | |
| Basic | | **27,888.13** | **17,120.03** |
| Diluted | | **27,888.13** | **17,120.03** |

**Significant accounting policies** *2*

The accompanying notes from 1 to 28 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

Mumbai

30 June 2022

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

**Arjun Mitra**
Director

**Venkatgiri Vandali**
Director

MedAssist Holding, LLC.

**Consolidated statement of changes in equity**

*as at and for the year ended 31 March 2022*

(Currency : In US Dollar)

**Equity share capital and other equity**

| | Attributable to owners of the Company | | |
|---|---|---|---|
| | | Reserve and surplus | |
| | Equity share capital | Retained earnings | Total |
| Balance as at 1 April 2021 | 11,531,137 | 49,377,087 | 60,908,224 |
| Profit for the year | - | 27,665,020 | 27,665,020 |
| **Balance at the end of the 31 March 2022** | **11,531,137** | **77,042,107** | **88,573,244** |

| | Attributable to owners of the Company | | |
|---|---|---|---|
| | | Reserve and surplus | |
| | Equity share capital | Retained earnings | Total |
| Balance as at 1 April 2020 | 11,531,137 | 32,394,015 | 43,925,152 |
| Profit for the year | - | 16,983,072 | 16,983,072 |
| **Balance at the end of the 31 March 2021** | **11,531,137** | **49,377,087** | **60,908,224** |

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 MedAssist Holding, LLC.**

**Arjun Mitra**
Director

**Venkatgiri Vandali**
Director

MedAssist Holding, LLC.

**Consolidated statement of cash flows**

*for the year ended 31 March 2022*

(Currency : In US Dollar)

| | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Cash flow from operating activities** | | |
| **Profit before taxation** | 27,665,020 | 16,983,072 |
| **Adjustments for** | | |
| Depreciation and amortisation | 6,694,489 | 5,896,002 |
| Allowance for expected credit loss / bad debts written off, net | 549,918 | 350,000 |
| Loss on sale of property, plant and equipment, net | 363 | 1,916 |
| Finance costs | 1,040,828 | 830,083 |
| **Operating cash flow before changes in working capital** | 35,950,618 | 24,061,073 |
| **Changes in working capital** | | |
| (Increase) / Decrease in trade receivables | (6,583,881) | 2,559,872 |
| (Increase) / Decrease in loans and advances and other assets | (30,392,569) | 620,235 |
| Increase / (Decrease) in liabilities and provisions | 7,125,763 | (6,826,642) |
| **Net changes in working capital** | (29,850,687) | (3,646,535) |
| Income taxes paid | (30,261) | (31,854) |
| **Net cash generated from operating activities (A)** | 6,069,670 | 20,382,684 |
| **Cash flow from investing activities** | | |
| Purchase of property, plant and equipment | (2,190,384) | (1,865,275) |
| Acquisiton of PatientMatters LLC and its subsidiaries | - | (13,000,000) |
| Proceeds from sale of property plant and equipment | 2,375 | - |
| **Net cash used in investing activities (B)** | (2,188,009) | (14,865,275) |
| **Cash flow from financing activities** | | |
| Interest paid | (1,040,828) | (830,083) |
| Repayment of lease liabilities | (2,773,931) | (4,337,708) |
| **Net cash used in financing activities (C)** | (3,814,759) | (5,167,791) |
| **Net increase in cash and cash equivalents at the end of the year (A+B+C)** | 66,902 | 349,618 |
| **Cash and cash equivalents at the beginning of the year** | 1,593,212 | 1,243,594 |
| **Cash and cash equivalents at the end of the year** | 1,660,114 | 1,593,212 |

**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 | 1,660,114 | 1,593,212 |
| Earmarked Balances with Banks held in trust | 1,670 | 1,287 |
| | 1,661,784 | 1,594,499 |
| Earmarked balances with banks | (1,670) | (1,287) |
| Cash and cash equivalents | 1,660,114 | 1,593,212 |

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 MedAssist Holding, LLC.**

**Arjun Mitra**
Director

**Venkatgiri Vandali**
*Director*

(Currency : In US Dollar)

## 1 Company overview

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

**Basis of Preparation and Statement of Compliance**

These special purpose consolidated 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 extend notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the relevant amendments issued thereafter.

These special purpose consolidated 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.

The list of entities with percentage holding is as below:

| Entities | Country of incorporation and other particulars | Percentage of holding by voting rights | Year of consolidation |
|---|---|---|---|
| Firstsource Solutions USA LLC | A subsidiary of MedAssist, incorporated in the State of Delaware, USA. | 100% | 2009-2010 |
| Firstsource Health Plans and Healthcare Services, LLC (formerly Firstsource Transaction Services LLC ('FTS')) (Change in name w.e.f. 01 October 2020) | A subsidiary of Firstsource Solutions USA LLC , incorporated under the laws of the State of Delaware, USA. | 100% | 2011-2012 |
| PatientMatters, LLC (PM) | A subsidiary of Firstsource Solutions USA LLC incorporated in the state of Delaware, USA. (acquired on 22 December 2020) | 100% | 2020-2021 |
| Medical Advocacy Services for Healthcare, Inc (MASH) | A subsidiary of PatientMatters, LLC, incorporated in the state of Texas, USA. (acquired on 22 December 2020) | 100% | 2020-2021 |
| Kramer Technologies LLC (KT) | A subsidiary of PatientMatters, LLC, incorporated in the state of Delaware, USA. (acquired on 22 December 2020) | 100% | 2020-2021 |

## 2 Significant accounting policies

### *2.1 Basis of consolidation*

These Consolidated financial statements are prepared in accordance with the principles and procedures prescribed under Ind AS 110 –'Consolidated Financial Statements' for the purpose of preparation and presentation of consolidated financial statements.

The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances or transactions and resulting unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated unless cost cannot be recovered. Non controlling interest represent part of net profit or loss and net assets of subsidiaries that are not directly or indirectly owned or controlled by the Group and is excluded. The consolidated financial statements are prepared using uniform accounting policies for transactions and other similar events in similar circumstances across the Group. Associates are entities over which the Group has significant influence but not control. Significant influence is the right to participate in the financial and operating key decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting. Under this method, the investment in associate is carried in the balance sheet at cost plus post acquisition charges in the Group's share of net assets of the associate, less any provisions for impairment. The consolidated statement of profit and loss reflects the Group's share of the results of operations after tax (net of dividend received) of the associate.

Non-controlling interests are measured at their proportionate share of the acquiree's net identifiable assets at the date of balance sheet. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through this power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

**2 Significant accounting policies (Continued)**

***2.1 Use of estimates***

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

***2.1.1 Critical accounting estimates***

**a Property, plant and equipment and Intangible assets**

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

**b Business combinations and intangible assets**

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued at the date of acquisition in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts. These measurements are based on the information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by the Management.

**c Leases**

The Group 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 Group 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 Group 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 Group'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.

**d Impairment of goodwill**

Goodwill is tested for impairment at each reporting period and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience.

**2 Significant accounting policies (Continued)**

***2.2 Revenue recognition***

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

Each distinct service, results in a simultaneous benefit to the corresponding customer. Also, the Group 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 Group continually reassesses the estimated discounts, rebates, price concessions, refund, credits, incentives, performance bonuses, etc., (variable consideration) against each performance obligation each reporting period and recognises changes to estimated variable consideration as changes to the transaction price (i.e., revenue) of the applicable performance obligation.

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

***2.3 Property, plant and equipment and Intangible assets***

***Property, plant and equipment***

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

| **Asset category** | **Useful life (in years)** |
|---|---|
| ***Tangible assets*** | |
| Computers* | 2 – 4 |
| Service equipment* | 2 – 5 |
| Office equipment* | 2 – 5 |
| Furniture and fixtures* | 2 – 5 |
| Leasehold improvements | Lease term or 5 years, whichever is shorter |

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

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

***Other intangible assets***

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.

| **Asset category** | |
|---|---|
| Software* | 2 – 4 |
| Customer contracts* | 4 |

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

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 Significant accounting policies (Continued)

### *2.4 Impairment*

**a. Financial assets**

The Group 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 Group is certain about the non-recovery.

**b. Non-Financial assets**

**(i) Property, plant and equipment and Intangible assets**

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

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

**(ii) Goodwill**

Goodwill is tested for impairment at each reporting period and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group’s cash generating units ('CGU') or groups of CGU’s expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in use is the present value of future cash flows expected to be derived from the CGU.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised in the consolidated statement of profit and loss and is not reversed in the subsequent period.

**2 Significant accounting policies (Continued)**

***2.5 Leases***

The Group enters into contract as a lessee for assets taken on lease. The Group 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 Group 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 Group 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 Group 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 Group 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 Group changes its assessment whether it will exercise an extension or a termination option.

***2.6 Foreign currency transactions***

**Functional currency**

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

**Transactions and translations**

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

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

***2.7 Employee benefits***

a) *Defined Contribution Plans*

The Group has a savings and investment plan under section 401 (k) of the Internal Revenue Code of the United States of America. This is a Defined Contribution Plan. Contribution made under the plan are charged to the statement of Profit and loss in the period in which that accrue. Other retirement benefits are accrued based on the amounts payable as per local regulations.

b) *Compensated absences*

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

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

## 2 Significant accounting policies (Continued)

### *2.8 Income Taxes*

*Current Income Taxes and deferred income tax*

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

The Income tax liability and deferred tax asset and liability is computed on combined basis and a combined return is filed for all subsidiaries of Firstsource Solutions Limited operating in the United States of America and the charge, the asset and the liability is accounted on a combined basis by Firstsource Group USA, Inc. (parent Group in the United States of America) in its financial statements.

### *2.9 Goodwill*

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognised immediately in Other Comprehensive Income. Goodwill is measured at cost less accumulated impairment losses.

### *2.10 Earnings per equity share*

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

### *2.11 Provisions and contingencies*

The Group 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.

### *2.12 Financial instruments*

#### *2.12.1 Initial recognition*

Financial assets and liabilities are recognised when the Group 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 Group 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.

**2 Significant accounting policies *(Continued)***

***2.12 Financial instruments (Continued)***

***2.12.2 Classification and subsequent measurement (Continued)***

***a) Non-derivative financial instruments (Continued)***

***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 Group 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 Group after deducting all of its liabilities.
Equity instruments are recognised by the Group 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 Group 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 Group’s balance sheet when obligation specified in the contract is discharged or cancelled or expired.

***2.12.4 Fair value of financial instruments***

In determining the fair value of its financial instrument, the Group 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 items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

## 2 Significant accounting policies *(Continued)*

### *2.14 Business combinations*

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations.

The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Group. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Business combinations between entities under common control is accounted for at carrying value.
Transaction costs that the Company incurs in connection with a business combination such as legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

### *2.15 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.

### *2.16 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 103 – Business Combinations
d) Ind AS 109 – Financial Instruments

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

MedAssist Holding, LLC.

**Notes to the special purpose consolidated financial statements (Continued)**

*as at 31 March 2022*

(Currency : In US Dollar)

**3 Property, plant and equipment**

| | Computers | Service equipment | Office equipment | Furniture and fixture | Vehicles | Leasehold improvements | Total |
|---|---|---|---|---|---|---|---|
| **Gross block** | | | | | | | |
| **As at 1 April 2021** | **7,640,742** | **1,501,614** | **1,697,528** | **3,022,007** | **85,584** | **1,785,655** | **15,733,130** |
| Additions / adjustments during the year | **425,683** | **46,048** | **770,335** | **17,557** | **-** | **617,008** | **1,876,631** |
| Deletions during the year | **(5,767,231)** | **(1,266,795)** | **(870,920)** | **(2,736,913)** | **(85,584)** | **(1,305,296)** | **(12,032,739)** |
| **As at 31 March 2022** | **2,299,194** | **280,867** | **1,596,943** | **302,651** | **-** | **1,097,367** | **5,577,022** |
| **Accumulated depreciation / amortization** | | | | | | | |
| **As at 1 April 2021** | **6,238,156** | **1,332,426** | **1,180,040** | **2,829,497** | **85,584** | **1,469,370** | **13,135,073** |
| Charge for the year | **574,032** | **96,283** | **266,546** | **64,596** | **-** | **190,959** | **1,192,416** |
| On deletions / adjustments during the year | **(5,767,231)** | **(1,266,037)** | **(870,556)** | **(2,736,789)** | **(85,584)** | **(1,303,805)** | **(12,030,002)** |
| **As at 31 March 2022** | **1,044,957** | **162,672** | **576,030** | **157,304** | **-** | **356,524** | **2,297,487** |
| **Net block** | | | | | | | |
| **As at 31 March 2022** | **1,254,237** | **118,195** | **1,020,913** | **145,347** | **-** | **740,843** | **3,279,535** |
| As at 31 March 2021 | 1,402,586 | 169,188 | 517,488 | 192,510 | - | 316,285 | 2,598,057 |

| | Computers | Service equipment | Office equipment | Furniture and fixture | Vehicles | Leasehold improvements | Total |
|---|---|---|---|---|---|---|---|
| **Gross block** | | | | | | | |
| **As at 1 April 2020** | 6,282,344 | 1,414,296 | 1,529,176 | 2,989,646 | 85,584 | 1,770,962 | **14,072,008** |
| Additions / adjustments during the year | 1,301,716 | 87,318 | 200,852 | 45,206 | - | 16,643 | **1,651,735** |
| Assets acquired on acquisition | 57,652 | - | - | - | - | - | **57,652** |
| Deletions during the year | (970) | - | (32,500) | (12,845) | - | (1,950) | **(48,265)** |
| **As at 31 March 2021** | **7,640,742** | **1,501,614** | **1,697,528** | **3,022,007** | **85,584** | **1,785,655** | **15,733,130** |
| **Accumulated depreciation / amortization** | | | | | | | |
| **As at 1 April 2020** | 5,822,813 | 1,162,261 | 984,658 | 2,756,766 | 85,584 | 1,351,581 | **12,163,663** |
| Additions / adjustments during the year | 405,997 | 170,165 | 226,415 | 85,538 | - | 119,739 | **1,007,854** |
| Assets acquired on acquisition | 10,062 | - | - | - | - | - | **10,062** |
| Deletions during the year | (716) | - | (31,033) | (12,807) | - | (1,950) | **(46,506)** |
| **As at 31 March 2021** | **6,238,156** | **1,332,426** | **1,180,040** | **2,829,497** | **85,584** | **1,469,370** | **13,135,073** |
| **Net block** | | | | | | | |
| **As at 31 March 2021** | **1,402,586** | **169,188** | **517,488** | **192,510** | **-** | **316,285** | **2,598,057** |
| As at 31 March 2020 | 459,531 | 252,035 | 544,518 | 232,880 | - | 419,381 | 1,908,345 |

(Currency : In US Dollar)

## 4 Leases

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

| | **Opening as at 1 April 2021** | **Assets acquired on acquisition** | **Addition during the year** | **Deletions during the year** | **Depreciation for the year** | **Net Carrying value as at 31 March 2022** |
|---|---|---|---|---|---|---|
| Leasehold properties | **14,112,846** | **-** | **13,270,374** | **467,222** | **4,036,345** | **22,879,653** |
| Service equipment | **149,355** | **-** | | | **48,674** | **100,681** |
| | **14,262,201** | **-** | **13,270,374** | **467,222** | **4,085,019** | **22,980,334** |

Rent includes expense towards short term lease payments amounting to USD Nil, expense towards low value leases payment amounting to USD 987,153 and common area maintenance charges for leased properties amounting to USD 650,562 during the year ended 31 March 2022. Further USD 13,904 is netted off as recovery of rent from fellow subsidiaries.

| | Opening as at 1 April 2020 | Assets acquired on acquisition | Addition during the year | Deletions during the year | Depreciation for the year | Net Carrying value as at 31 March 2021 |
|---|---|---|---|---|---|---|
| Leasehold properties | 11,886,470 | 909,216 | 6,481,643 | 1,435,312 | 3,729,171 | 14,112,846 |
| Service equipment | 79,484 | 165,490 | - | - | 95,619 | 149,355 |
| | **11,965,954** | **1,074,706** | **6,481,643** | **1,435,312** | **3,824,790** | **14,262,201** |

Rent includes expense towards short term lease payments amounting to USD 19,690, expense towards low value leases payment amounting to USD 252,263 and common area maintenance charges for leased properties amounting to USD 573,562 during the year ended 31 March 2021. Further USD 170,546 is netted off as recovery of rent from fellow subsidiaries.

(Currency : In US Dollar)

## 5 Goodwill

The Company through its wholly owned subsidiary Firstsource Solutions USA, LLC ('FS US') has acquired 100% equity interest and control of the businesses of PatientMatters, LLC, a Delaware limited liability Company, including its two wholly owned subsidiaries Kramer Technologies, LLC and Medical Advocacy Services for Healthcare, Inc. ('PatientMatters') for a purchase consideration of USD 13 mn on 22 December 2020. PatientMatters is a leading Revenue Cycle Management solutions provider with focus on US Healthcare Providers (Hospitals) and provides Patient Advocacy services and Front-end RCM SaaS platform to address the Patient Responsibility and Self-Pay segment. PatientMatters has strong presence in Texas, Arkansas, Montana and New York. Of the purchase consideration paid, USD 6,416,265 has been allocated to the fair value of identified net assets, USD 1,664,045 has been allocated to intangible assets and USD 4,919,690 has been allocated to Goodwill.

The purchase price has been allocated based upon determination of fair values at the date of acquisition as follows:

| **Components** | **Acquiree's carrying value** | **Fair value adjustments *** | **Purchase price allocated** |
|---|---|---|---|
| Net assets | 1,743,390 | 4,672,875 | 6,416,265 |
| Fair value adjustment to net assets acquired | - | 1,664,045 | 1,664,045 |
| **Total** | **1,743,390** | **6,336,920** | **8,080,310** |
| Goodwill | | | 4,919,690 |
| **Total purchase price paid** | | | **13,000,000** |

The transaction cost of USD 335,618 related to the acquisition was recognised under legal and professional fees in the consolidated statement of profit and loss for the year ended 31 March, 2021.

The chief operating decision maker reviews the goodwill for any impairment for cash generating unit on annual basis.

## 6 Other intangible assets

| | **Customer contracts** | **Software** | **Total** |
|---|---|---|---|
| **Gross block** | | | |
| **As at 1 April 2021** | **1,252,157** | **5,757,383** | **7,009,540** |
| Additions | **-** | **175,808** | **175,808** |
| Deletions during the year | **-** | **(1,908,531)** | **(1,908,531)** |
| **As at 31 March 2022** | **1,252,157** | **4,024,660** | **5,276,817** |
| **Accumulated depreciation / amortization** | | | |
| **As at 1 April 2021** | **103,774** | **3,549,949** | **3,653,723** |
| Charge for the year | **313,039** | **1,104,015** | **1,417,054** |
| Deletions during the year | **-** | **(1,908,531)** | **(1,908,531)** |
| **As at 31 March 2022** | **416,813** | **2,745,433** | **3,162,246** |
| **Net block** | | | |
| **As at 31 March 2022** | **835,344** | **1,279,227** | **2,114,571** |
| As at 31 March 2021 | 1,148,383 | 2,207,433 | 3,355,816 |

| | **Customer contracts** | **Software** | **Total** |
|---|---|---|---|
| **Gross block** | | | |
| **As at 1 April 2020** | - | 4,840,706 | 4,840,706 |
| Additions | - | 273,281 | 273,281 |
| Deletions during the year | 1,252,157 | 930,649 | 2,182,806 |
| **As at 31 March 2021** | 1,252,157 | 5,757,383 | 7,009,540 |
| **Accumulated depreciation / amortization** | | | |
| **As at 1 April 2020** | - | 2,874,821 | 2,874,821 |
| Charge for the year | 103,774 | 959,584 | 1,063,358 |
| On deletions | - | 2,642 | 2,642 |
| **As at 31 March 2021** | 103,774 | 3,549,949 | 3,653,724 |
| **Net block** | | | |
| **As at 31 March 2021** | 1,148,383 | 2,207,433 | 3,355,816 |
| As at 31 March 2020 | - | 1,965,886 | 1,965,886 |

(Currency : In US Dollar)

| | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **7 Other financial assets** | | |
| *(Unsecured, considered good)* | | |
| **(i) Other non-current financial assets** | | |
| Deposits | **430,169** | 520,232 |
| | **430,169** | 520,232 |
| **(ii) Other current financial assets** | | |
| Advances to related parties (refer note 24) | **68,567,560** | 39,261,039 |
| | **68,567,560** | 39,261,039 |
| **8 Other assets** | | |
| **(i) Other non-current assets** | | |
| Capital Advances | **150,130** | 33,462 |
| Prepaid expenses | **1,027,206** | 1,379,226 |
| | **1,177,336** | 1,412,688 |
| **(ii) Other current assets** | | |
| Prepaid expenses | **3,240,819** | 2,837,637 |
| Deferred contract cost | **1,053,797** | - |
| Other advances | **71,152** | - |
| | **4,365,768** | 2,837,637 |
| **9 Trade receivables** | | |
| **Billed** | | |
| Considered doubtful | **2,320,457** | 2,111,188 |
| Less: Allowance for expected credit loss | **(2,320,457)** | (2,111,188) |
| | - | - |
| Considered good | **29,572,272** | 25,334,602 |
| | **29,572,272** | 25,334,602 |
| | **29,572,272** | 25,334,602 |
| **Unbilled** | | |
| Unbilled Revenues | **4,696,417** | 2,900,124 |
| | **4,696,417** | 2,900,124 |

a) Trade receivables are non-interest bearing and there are no trade receivables 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 parties, refer note 24.

**Trade receivables Ageing Schedule**
**As at 31 March 2022**

| | Curent but not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 Months | 6 months – 1 year | 1-2 years | 2-3 years | More than 3 years | |
| **Undisputed Trade Receivables – considered good** | **14,098,532** | **15,473,740** | - | - | - | - | **29,572,272** |
| **Undisputed Trade receivable – considered doubtful** | - | - | **247,283** | - | **299,500** | **1,773,674** | **2,320,457** |
| **Total** | **14,098,532** | **15,473,740** | **247,283** | - | **299,500** | **1,773,674** | **31,892,729** |

**As at 31 March 2021**

| | Curent but not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 Months | 6 months – 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed Trade Receivables – considered good | 14,050,983 | 11,283,619 | - | - | - | - | 25,334,602 |
| Undisputed Trade receivable – considered doubtful | - | - | 8,865 | 928,197 | 283,216 | 890,910 | 2,111,188 |
| Total | 14,050,983 | 11,283,619 | 8,865 | 928,197 | 283,216 | 890,910 | 27,445,790 |

(Currency : In US Dollar)

| | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **10 Cash and cash equivalents** | | |
| Balances with banks | | |
| -in Current account | **1,660,114** | 1,593,212 |
| Earmarked Balances with Banks held in trust | **1,670** | 1,287 |
| | **1,661,784** | 1,594,499 |
| Less: Current account balance held in trust for customers | **(1,670)** | (1,287) |
| | **1,660,114** | 1,593,212 |

## 11 Taxation

| | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Taxation** | | |
| **Deferred tax liability on account of:** | | |
| Property, Plant and Equipment and Intangible assets | **388,358** | 388,358 |
| Goodwill | **2,555,101** | 2,555,101 |
| Transfer on account of merger | **8,941,160** | 8,941,160 |
| | **11,884,619** | 11,884,619 |
| **Deferred tax asset on account of:** | | |
| Business losses carried forward | **4,672,874** | 4,672,874 |
| | **4,672,874** | **4,672,874** |
| **Deferred tax liability (net)** | **7,211,745** | **7,211,745** |
| **Income tax asset** | | |
| Advance tax and tax deducted at source (net) | **757,082** | 726,821 |

(Currency : In US Dollar)

| | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **12 Share capital** | | |
| **992 Voting common stock** | **10** | 10 |
| Net Additional Paid in capital | **9,504,889** | 9,504,889 |
| Net Retained earnings (Prior to Acquisition) | **2,026,238** | 2,026,238 |
| | **11,531,137** | 11,531,137 |

**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 | **992** | **10** | 992 | 10 |
| At the end of the year | **992** | **10** | 992 | 10 |

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

| | **31 March 2022** | | 31 March 2021 | |
|---|---|---|---|---|
| | **Number of shares** | **% of total shares** | Number of shares | % of total shares |
| Firstsource Group USA Inc., | **992** | **100%** | 992 | 100% |

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

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

| **13 Other equity** | **31 March 2022** | 31 March 2021 |
|---|---|---|
| **Retained earnings** | | |
| At the commencement of the year | **49,377,087** | 32,394,015 |
| Add: Net profit for the year | **27,665,020** | 16,983,072 |
| At the end of the year | **77,042,107** | 49,377,087 |
| **Total other equity** | **77,042,107** | 49,377,087 |

(Currency : In US Dollar)

| | | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| **14** | **Trade Payables** | | |
| | Trade Payables | **7,898,520** | 5,823,053 |
| | | **7,898,520** | 5,823,053 |

**Trade payables Ageing Schedule**
**As at 31 March 2022**

| | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | **Not due** | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| Trade Payables | **3,883,370** | **4,015,150** | **-** | - | - | **7,898,520** |
| **Total** | **3,883,370** | **4,015,150** | **-** | **-** | **-** | **7,898,520** |

**As at 31 March 2021**

| | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | **Not due** | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| Trade Payables | 3,897,097 | 1,925,956 | - | - | - | **5,823,053** |
| **Total** | 3,897,097 | 1,925,956 | - | - | - | **5,823,053** |

| | | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| **15** | **Other financial liabilities** | | |
| | **Other current financial liabilities** | | |
| | Book credit in bank account | **265,667** | 811,044 |
| | Employee benefits payable | **3,560,365** | 2,729,264 |
| | Payable to related parties (refer note 24) | **5,710,113** | 3,700,359 |
| | Creditors for capital goods | **39,384** | 60,661 |
| | | **9,575,529** | 7,301,328 |
| **16** | **Provision for employee benefits** | | |
| | **Current** | | |
| | Compensated absences | **1,761,913** | 2,659,392 |
| | | **1,761,913** | 2,659,392 |
| **17** | **Other liabilities** | | |
| | **Other current liabilities** | | |
| | Statutory Dues | **754,738** | 297,565 |
| | Advance from customer | **33,803** | 65,740 |
| | Unearned income | **3,406,451** | - |
| | Others | **11,576** | 190,966 |
| | | **4,206,568** | 554,271 |

(Currency : In US Dollar)

| | Year ended 31 March 2022 | 31 March 2021 |
|---|---|---|
| **18 Revenue from operations** | | |
| Sale of services | **212,585,898** | 165,360,890 |
| | **212,585,898** | 165,360,890 |

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

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

| | Year ended 31 March 2022 | 31 March 2021 |
|---|---|---|
| **19 Other income, net** | | |
| (Loss) / gain on sale of property, plant and equipment, net | **(363)** | (1,916) |
| Foreign exchange (loss) / gain, net | **(6,043)** | 842 |
| | **(6,406)** | (1,074) |
| **20 Employee benefits expenses** | | |
| Salaries and wages | **119,846,989** | 95,235,244 |
| Contribution to social security and other benefits | **831,610** | 551,590 |
| Staff welfare expenses | **9,700,478** | 8,761,177 |
| | **130,379,077** | 104,548,011 |
| **21 Finance costs** | | |
| Interest expense | | |
| - on working capital demand loan and others | **41,316** | 44,587 |
| - on borrowings | **-** | 132,162 |
| Interest expense on leased liabilities | **999,512** | 653,334 |
| | **1,040,828** | 830,083 |

(Currency: In US Dollar)

## 22 Other expenses

| | Year ended 31 March 2022 | 31 March 2021 |
|---|---|---|
| Computer expenses | **4,666,297** | 3,058,586 |
| Repairs, maintenance and upkeep | **510,437** | 460,692 |
| Car and other hire charges | **521,611** | 374,458 |
| Electricity, water and power consumption | **261,803** | 156,908 |
| Connectivity, information and communication expenses | **9,731,863** | 8,314,359 |
| Legal and professional fees | **2,527,930** | 4,628,540 |
| Recruitment and training expenses | **1,697,695** | 1,039,685 |
| Travel and conveyance | **1,391,027** | 682,616 |
| Rent (net of recoveries) | **1,651,619** | 1,016,061 |
| Insurance | **471,369** | 337,933 |
| Marketing and Support fees | **1,120,325** | 910,760 |
| Allocated corporate cost | **2,386,244** | 2,081,929 |
| Rates and taxes | **247,058** | 326,818 |
| Allowance for expected credit loss / bad debts written off, net | **549,918** | 350,000 |
| Miscellaneous expenses | **469,104** | 138,260 |
| | **28,204,300** | 23,877,605 |

(Currency : In US Dollar)

## 23 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** | | | | | |
| Trade receivables | **34,268,689** | - | - | **34,268,689** | **34,268,689** |
| Cash and cash equivalents | **1,660,114** | - | - | **1,660,114** | **1,660,114** |
| Other financial assets | **68,997,729** | - | - | **68,997,729** | **68,997,729** |
| **Total** | **104,926,532** | - | - | **104,926,532** | **104,926,532** |
| **Financial liabilities** | | | | | |
| Trade payables | **7,898,520** | - | - | **7,898,520** | **7,898,520** |
| Lease liabilities | **25,293,329** | - | - | **25,293,329** | **25,293,329** |
| Other financial liabilities | **9,575,529** | - | - | **9,575,529** | **9,575,529** |
| **Total** | **42,767,378** | - | - | **42,767,378** | **42,767,378** |

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** | | | | | |
| Trade receivables | 28,234,726 | - | - | 28,234,726 | 28,234,726 |
| Cash and cash equivalents | 1,593,212 | - | - | 1,593,212 | 1,593,212 |
| Other financial assets | 39,781,271 | - | - | 39,781,271 | 39,781,271 |
| **Total** | 69,609,208 | - | - | 69,609,208 | 69,609,208 |
| **Financial liabilities** | | | | | |
| Trade payables | 5,823,053 | - | - | 5,823,053 | 5,823,053 |
| Lease liabilities | 15,264,106 | - | - | 15,264,106 | 15,264,106 |
| Other financial liabilities | 7,301,328 | - | - | 7,301,328 | 7,301,328 |
| Total | 28,388,487 | - | - | 28,388,487 | 28,388,487 |

Fair value hierachy 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:*

**a) Market risk**
The Group operates in the United States of America and there are no major transcations outside the United States of America. Hence, there is no significant foreign exchange risk for the Company.

**b) Credit risk**
Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to USD 29,572,272 as at 31 March 2022 (31 March 2021: USD 25,334,602) and unbilled revenue was 4,696,417 as at 31 March 2022 ( 31 March 2021 : USD 2,900,124). Credit risk has always been managed by the Group by continuously monitoring the credit worthiness of customers to which the Group 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.

(Currency : In US Dollar)

## 23 Financial instruments (Continued)
### *II. Financial risk management (Continued)*

### c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation.

The Company is using the net operational cash flows including cash inflows from the financial assets to manage the liquidity.

The following are contractual maturities of Lease Liabilities on an undiscounted basis as at 31 March 2022 and 31 March 2021:

| **Particulars** | **31 March 2022 Amount** | 31 March 2021 Amount |
|---|---|---|
| Less than one year | **4,565,541** | 3,035,499 |
| One to five years | **18,747,286** | 11,342,159 |
| More than five years | **5,489,899** | 3,336,540 |
| **Total** | **28,802,726** | 17,714,198 |

Future cash outflows in respect of certain leasehold properties to which the Group 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 Group 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 Group 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 Group shall revise the lease term when there is a change in the facts and circumstances.

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 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 | **7,898,520** | **-** | 5,823,053 | - |
| Lease Liabilities | **3,684,143** | **21,609,186** | 2,444,933 | 12,819,173 |
| Other financial liabilities | **9,575,529** | **-** | 7,301,328 | - |

(Currency : In US Dollar)

## 24 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 Group USA Inc.<br>Firstsource Solutions Limited |
| Fellow Subsidiaries (where transactions exist*) | Firstsource Advantage LLC<br>Firstsource Solution UK Limited<br>Sourcepoint Fulfillment Services, Inc<br>Sourcepoint Inc.<br>One Advantage LLC<br>Firstsource Solutions México, S. de R.L. de C.V |
| Directors | Vipul Khanna<br>Venkatgiri Vandali<br>Pratip Chaudhuri<br>Arjun Mitra |

**Particulars of related party transactions:**

| Name of the related party | Description | Transaction value during year ended | Transaction value during year ended | Receivable / (Payable) at | |
|---|---|---|---|---|---|
| | | **31 March 2022** | 31 March 2021 | **31 March 2022** | 31 March 2021 |
| Firstsource Solutions Limited | Service Rendered by Business Associate and Others | **18,310,934** | 12,938,231 | **-** | - |
| | Recovery of expenses | **35,791** | 59,754 | **-** | - |
| | Reimbursement of expenses | **3,121,472** | 2,441,913 | **-** | - |
| | Payable | **-** | - | **(5,710,113)** | (3,699,220) |
| Firstsource Group USA Inc | Reimbursement of expenses | **15,383,669** | 10,113,988 | **-** | - |
| | Recovery of expense | **654,258** | 3,499,295 | **-** | - |
| | Receivable | **-** | - | **61,015,879** | 30,618,460 |
| Firstsource Advantage LLC | Reimbursement of expenses | **95,787** | 232,445 | **-** | - |
| | Recovery of expense | **417,836** | 283,877 | **-** | - |
| | Receivable | **-** | - | **19,444** | 957,889 |
| One Advantage LLC | Reimbursement of expenses | **194,013** | 272,073 | **-** | - |
| | Recovery of expense | **1,297,775** | 1,192,806 | **-** | - |
| | Receivable | **-** | - | **32,519** | 539,318 |
| Firstsource Solution UK Limited | Reimbursement of Expenses | **-** | 817 | **-** | - |
| | Payable | **-** | - | **-** | (1,139) |
| Sourcepoint Inc. | Reimbursement of Expenses | **352,755** | 51,996 | **-** | - |
| | Recovery of expense | **1,599,216** | 1,869,795 | **-** | - |
| | Receivable | | - | **7,441,014** | 6,243,555 |
| Sourcepoint Fulfillment Services, Inc | Recovery of expense | **28,166** | 53,031 | **-** | - |
| | Receivable | **-** | - | **3,283** | 901,816 |
| Firstsource Solutions México, S. de R.L. de C.V | Recovery of expense | **55,421** | - | **-** | - |
| | Receivable | **-** | - | **55,421** | - |

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

MedAssist Holding, LLC.

**Notes to the special purpose consolidated financial statements (Continued)**

*as at and for the year ended 31 March 2022*

(Currency : In US Dollar)

## 25 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

## 26 Computation for calculating diluted earnings per share

| | Year ended | |
|---|---|---|
| | **31 March 2022** | 31 March 2021 |
| Number of shares considered as basic weighted average shares outstanding | **992** | 992 |
| Add: Effect of potential issue of shares/ stock options * | **-** | - |
| Number of shares considered as weighted average shares and potential shares outstanding | **992** | 992 |
| Net profit after tax attributable to shareholders | **27,665,020** | 16,983,072 |
| Net profit after tax for diluted earnings per share | **27,665,020** | 16,983,072 |

* Not considered when anti-dilutive

## 27 Capital and other commitments and contingent liabilities

The Group has capital commitments of USD 2,827,765 (31 March 2021: USD 3,484,604) against which advances paid are USD 150,130 as at 31 March 2022 (31 March 2021: USD 44,362) and there are no contingent liabilities as at 31 March 2022 (31

## 28 Subsequent events

The Group 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

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

**G K Subramaniam**
*Partner*
Membership No: 109839

**Arjun Mitra**
Director

**Venkatgiri Vandali**
Director

Mumbai
30 June 2022