

Oracle (OFSS) BPO Services Inc.

Financial Statements

for the year ended March 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of **Oracle (OFSS) BPO Services Inc**

Report on the Audit of the special purpose Ind AS financial statements

Opinion

We have audited the accompanying special purpose Ind AS financial statements of Oracle (OFSS) BPO Services Inc (the "Company"), which comprise the Balance sheet as at March 31 2021, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose Ind AS financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the special purpose Ind AS financial statements in accordance with the Standards on Auditing ("SAs"), issued by the Institute of Chartered Accountants of India ("ICAI"). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the special purpose Ind AS financial statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the special purpose Ind AS financial statements.

Responsibility of Management for the special purpose Ind AS financial statements

The Company's Board of Directors is responsible for the preparation of these special purpose Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgement and estimates that are reasonable and prudent; and the 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 Ind AS 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 Ind AS financial statements, the Company's Board of Directors 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 Ind AS financial statements

Our objectives are to obtain reasonable assurance about whether the special purpose Ind AS 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 Ind AS 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 Ind AS 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
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 overall presentation, structure and content of the special purpose Ind AS financial statements, including the disclosures, and whether the special purpose Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in

internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

These special purpose Ind AS financial statements have been prepared in all material respect in accordance with basis of preparation as set out in Note 2.1 to the special purpose Ind AS financial statements of the Company, which describes the basis of accounting and the related audit covered by the report was carried out following the generally accepted auditing principles in India. This report covering the special purpose Ind AS financial statements of the Company for the year ended March 31, 2020 is intended for the information and use of the Board of Directors of the Company and Oracle Financial Services Software Limited, the Intermediate Holding Company to comply with the financial reporting requirements in India. Use of these special purpose Ind AS financial statements or the related audit report for any other purpose will be subject to the above explanation.

For **Mukund M. Chitale & Co.**

Chartered Accountants

Firm Registration Number: 106655W

S.M. Chitale

Partner

M. No. 111383

UDIN: 21111383AAAAGP7490

Place Mumbai

Date: May 05, 2021

Oracle (OFSS) BPO Services Inc.

Balance sheet as at March 31, 2021

		(Amounts in INR)	
	Notes	March 31, 2021	March 31, 2020
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	3	47,368	1,03,526
Deferred tax assets (net)		1,28,97,788	-
Income tax assets (net)		67,22,421	-
		1,96,67,577	1,03,526
Current assets			
Financial assets			
Trade receivables	5	2,35,58,074	-
Cash and cash equivalents	6	3,38,06,313	8,77,72,189
Other current financial assets	7	90,05,541	1,66,77,033
		6,63,69,928	10,44,49,222
TOTAL		8,60,37,505	10,45,52,748
<u>EQUITY AND LIABILITIES</u>			
Equity			
Equity share capital	8	12,796	12,796
Other equity	9	(67,62,56,816)	(73,56,32,893)
Total equity		(67,62,44,020)	(73,56,20,097)
Non-current liabilities			
Financial liabilities			
Borrowings	10 (a)	56,60,95,511	69,74,80,229
Other financial liabilities	10 (b)	-	10,30,27,844
		56,60,95,511	80,05,08,073
Current liabilities			
Financial liabilities			
Trade payables	11 (a)	1,04,08,908	72,52,273
Other current financial liabilities	11 (b)	18,50,96,789	2,73,33,759
Other current liabilities	12	66,219	1,10,496
Provisions for compensated absence	13	6,14,098	54,532
Income tax liabilities (net)		-	49,13,712
		19,61,86,014	3,96,64,772
TOTAL		8,60,37,505	10,45,52,748

Summary of significant accounting policies 2
The accompanying notes form an integral part of the financial statements.

As per our Report of even date

For Mukund M. Chitale & Co.
Chartered Accountants
ICAI Firm Registration No. 106655W

**For and on behalf of the Board of Directors of
Oracle (OFSS) BPO Services Inc.**

S. M. Chitale
Partner
Membership No. 111383

Bala Hari
Director

Place: Mumbai, India
Date: May 5, 2021

Place: New Jersey, USA
Date: May 4, 2021

Oracle (OFSS) BPO Services Inc.

Statement of profit and loss for the year ended March 31, 2021

(Amounts in INR, except share data)

	Notes	Year ended March 31, 2021	2020
Revenue from operations	14	19,20,85,869	17,24,22,312
Finance income	15	24,036	15,315
Other income, net	16	16,24,644	20,83,237
Total income		19,37,34,549	17,45,20,864
Expenses			
Employee benefit expenses	17	1,46,80,172	1,13,59,882
Travel related expenses		1,328	2,14,351
Professional fees		15,35,35,608	13,84,25,639
Finance cost	18	86,86,132	1,79,84,277
Other operating expenses	19	3,91,341	59,631
Depreciation and amortization	3	30,260	17,107
Total expenses		17,73,24,841	16,80,60,887
Profit/(Loss) before tax		1,64,09,708	64,59,977
Tax expenses	4		
Current tax		(1,14,85,167)	1,34,02,248
Deferred tax		(1,29,33,542)	-
Total tax expenses		(2,44,18,709)	1,34,02,248
Profit/(Loss) for the year		4,08,28,417	(69,42,271)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		1,85,06,266	(6,17,08,143)
Total other comprehensive income for the year, net of tax		1,85,06,266	(6,17,08,143)
Total comprehensive income for the year		5,93,34,683	(6,86,50,414)
Earning per equity share in INR- 20000 equity shares at par value of USD 0.01 per share (March 31,2020 INR 0.01 per share)	20		
Basic		2,041.42	(347.11)
Diluted		2,041.42	(347.11)

Summary of significant accounting policies 2

The accompanying notes form an integral part of the financial statements.

As per our Report of even date

For Mukund M. Chitale & Co.
Chartered Accountants
ICAI Firm Registration No. 106655W

**For and on behalf of the Board of Directors of
Oracle (OFSS) BPO Services Inc.**

S. M. Chitale
Partner
Membership No. 111383

Bala Hari
Director

Place: Mumbai, India
Date: May 5, 2021

Place: New Jersey, USA
Date: May 4, 2021

Oracle (OFSS) BPO Services Inc.

Statement of changes in equity for the year ended March 31, 2021

(a) Year ended March 31, 2021

(Amounts in INR, except share data)

Particulars	Equity share capital		Other equity						Total equity attributable to equity share holders of the Company
	Number of shares	Share Capital	Share application money pending allotment	Contribution from Parent Company - Fair Valuation of Loan	Contribution from Intermediate Holding Company - Stock Options	Contribution from Ultimate Holding Company	Retained earnings	Other comprehensive income	
								Foreign currency translation reserve	
Balance as of April 1, 2020	20,000	12,796	-	3,68,07,282	4,19,853	96,937	(63,80,76,094)	(13,48,80,871)	(73,56,20,097)
Changes in equity for the year ended March 31, 2021									
Stock compensation charge	-	-	-		-	41,394	-	-	41,394
Profit/(Loss) for the year	-	-	-		-	-	4,08,28,417	-	4,08,28,417
Exchange differences on translation	-	-	-		-	-	-	1,85,06,266	1,85,06,266
Balance as of March 31, 2021	20,000	12,796	-	3,68,07,282	4,19,853	1,38,331	(59,72,47,677)	(11,63,74,605)	(67,62,44,020)

(b) Year ended March 31, 2020

(Amounts in INR, except share data)

Particulars	Equity share capital		Other equity						Total equity attributable to equity share holders of the Company
	Number of shares	Share Capital	Share application money pending allotment	Contribution from Parent Company - Fair Valuation of Loan	Contribution from Intermediate Holding Company - Stock Options	Contribution from Ultimate Holding Company	Retained earnings	Other comprehensive income	
								Foreign currency translation reserve	
Balance as of April 1, 2019	20,000	12,796	-	3,68,07,282	4,19,853	41,767	(63,11,33,823)	(7,31,72,728)	(66,70,24,853)
Changes in equity for the year ended March 31, 2020									
Stock compensation related to options exercised	-	-	-		-	55,170	-		55,170
Profit/(Loss) for the year	-	-	-		-	-	(69,42,271)	-	(69,42,271)
Exchange differences on translation	-	-	-		-	-	-	(6,17,08,143)	(6,17,08,143)
Balance as of March 31, 2020	20,000	12,796	-	3,68,07,282	4,19,853	96,937	(63,80,76,094)	(13,48,80,871)	(73,56,20,097)

Summary of significant accounting policies [Refer note 2]

The accompanying notes form an integral part of the financial statements.

As per our Report of even date

For Mukund M. Chitale & Co.
Chartered Accountants
ICAI Firm Registration No. 106655W

**For and on behalf of the Board of Directors of
Oracle (OFSS) BPO Services Inc**

S. M. Chitale
Partner
Membership No. 111383

Bala Hari
Director

Place: Mumbai, India
Date: May 5, 2021

Place: New Jersey, USA
Date: May 4, 2021

Oracle (OFSS) BPO Services Inc.

Statement of cash flow for the year ended March 31, 2021

	(Amounts in INR)	
	Year ended March 31,	
	2021	2020
Cash flows from operating activities		
Profit/(Loss) before tax	1,64,09,708	64,59,977
Adjustments to reconcile profit/(loss) before tax to cash (used in) provided by operating activities:		
Depreciation and amortization	30,260	17,107
Employee stock compensation expense	41,394	55,170
Finance income	(24,036)	(15,315)
Finance cost	86,86,132	1,79,84,277
Impairment loss (reversed) recognized on financial assets	14,298	(62,004)
Operating Profit before Working Capital changes	2,51,57,756	2,44,39,212
Movements in working capital		
(Increase) decrease in trade receivables	(2,36,89,810)	3,56,45,134
Decrease (increase) in other current financial assets	72,34,954	7,80,107
Increase (decrease) in trade payables	31,56,635	(2,55,69,054)
Increase (decrease) in other current financial liabilities	(1,29,35,934)	(6,51,00,892)
(Decrease) increase in other current liabilities	(45,792)	36,332
Increase (decrease) in current employee benefit obligations	5,77,704	(6,02,646)
Cash from operating activities	(5,44,487)	(3,03,71,807)
Payment of income taxes	(52,386)	(48,90,720)
Net cash provided by operating activities	(5,96,873)	(3,52,62,527)
Cash flows from investing activities		
Additions to fixed assets including capital work-in-progress	-	(1,08,827)
Interest received	24,036	15,315
Net cash (used in) provided by investing activities	24,036	(93,512)
Cash flows from financing activities		
Interest paid	(5,11,77,516)	-
Net cash (used in) financing activities	(5,11,77,516)	-
Net (decrease) increase in cash and cash equivalents	(5,17,50,353)	(3,53,56,039)
Cash and cash equivalents at beginning of the year	8,77,72,189	11,35,61,598
Effect of exchange rate changes in cash and cash equivalents	(22,15,523)	95,66,630
Cash and cash equivalents at end of the year	3,38,06,313	8,77,72,189

Oracle (OFSS) BPO Services Inc.

Statement of cash flow for the year ended March 31, 2021 (continued)

(Amounts in INR)
Year ended March 31,
2021 **2020**

Component of cash and cash equivalents			
Balances with banks in current accounts		3,38,06,313	8,77,72,189
Total cash and cash equivalents		3,38,06,313	8,77,72,189

Summary of significant accounting policies

2

The accompanying notes form an integral part of the financial statements.

As per our Report of even date

For Mukund M. Chitale & Co.
Chartered Accountants
ICAI Firm Registration No. 106655W

For and on behalf of the Board of Directors
Oracle (OFSS) BPO Services Inc.

S. M. Chitale
Partner
Membership No. 111383

Bala Hari
Director

Place: Mumbai, India
Date: May 5, 2021

Place: New Jersey, USA
Date: May 4, 2021

Oracle (OFSS) BPO Services Inc.

Notes annexed to and forming part of financial statements for the year ended March 31, 2021

Note 1: Corporate information

Oracle (OFSS) BPO Services Inc. ("the Company") was incorporated as a corporation registered in Delaware, United States of America on July 31, 2002. The Company is a subsidiary of ISP Internet (Mauritius) Company Limited ("ISP") holding 100% (March 31, 2020 – 100%) ownership interest in the Company as at March 31, 2021.

The Company is principally engaged in the business of providing business processing services to the financial services industry worldwide.

The financial statements for the year ended March 31, 2021 were approved for issue in accordance with a resolution of the director on May 4, 2021.

Note 2: Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") specified under section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time. These financial statements have been prepared on the request of Oracle Financial Services Software Limited, the Intermediate Holding Company i.e. Parent of Holding Company of Oracle (OFSS) BPO Services Inc. to comply with the financial reporting requirements in India.

As the Company is not domiciled in India and hence not registered under the Act, these financial statements have not been prepared to fully comply with the Act, and so they do not reflect all disclosure requirements of the Act.

These financial statements have been prepared under the historical cost convention on an accrual and going concern basis except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments) and share-based payments.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use.

2.2 Summary of significant accounting policies

The significant accounting policies adopted by the Company, in respect of the financial statements are set out as below:

(a) Property, plant and equipment, capital work-in-progress and depreciation

Property, plant and equipment and capital work-in-progress

All items of property, plant and equipment and capital work in progress, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in the statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. All additions during the reported year are considered at cost.

The Company purchases certain specific-use application software, which is in ready to use condition, for internal use. It is estimated that such software has a relatively short useful life, usually less than one

Oracle (OFSS) BPO Services Inc.

Notes annexed to and forming part of financial statements for the year ended March 31, 2021

year. The Company, therefore, charges to the statement of profit and loss the cost of acquiring such software.

Depreciation

Depreciation is computed as per the straight-line method using the rates arrived at based on the useful lives estimated by the management. The estimated useful life considered for depreciation of fixed assets is as follows:

<u>Asset description</u>	<u>Asset life (in years)</u>
Improvement to leasehold premises	Lesser of 7 years or lease term
Computer equipments	3
Office equipments	2-5
Furniture and fixtures	2-7

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The management has estimated, based on an internal assessment, the useful lives of the following classes of assets.

- The useful lives of servers and networking equipment's forming part of computer equipment's are estimated as 3 years. These lives are lower than those indicated in schedule II to the Act.
- The useful lives of furniture and fixtures and electrical and other installations are estimated at 2-7 years. These lives are lower than those indicated in schedule II to the Act.

(b) Impairment of non-financial assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's or cash generating units' ('CGU') fair value less cost of disposal, and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to assets.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are validated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss.

(c) Foreign currencies

The financial statements are presented in Indian Rupees ('INR'). The functional currency of the Company is US Dollar.

Oracle (OFSS) BPO Services Inc.

Notes annexed to and forming part of financial statements for the year ended March 31, 2021

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency using spot rates on the date the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

The assets and liabilities are translated into INR at the rate of exchange prevailing at the reporting date and statements of profit or loss are translated at exchange rates prevailing at the date of the transactions. For practical reasons, the Company uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the date of the transactions. The exchange differences arising on translation in INR are recognized in Other Comprehensive Income ('OCI').

(d) Research and development expenses for software products

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical feasibility of project is established, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the cost can be measured reliably.

Software product development costs incurred subsequent to the achievement of technical feasibility are not material and are expensed as incurred.

(e) Revenue recognition

Business Process Outsourcing (BPO)

Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration that the Company expects to receive in exchange for those services. The Company has concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

The BPO contracts are time and material contracts where the revenue is recognized as the related services are performed.

The Company accounts for modifications to existing contracts by assessing whether the services added are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

The Company presents revenues net of indirect taxes in its statement of profit and loss.

Contract balances

Trade receivables represents the Company's rights to an amount of consideration that is unconditional. Revenue in excess of billing is classified as contract asset i.e. unbilled revenue while billing in excess of revenue is classified as contract liability i.e. deferred revenue. Contract assets are classified as unbilled receivables when there is unconditional right to receive cash, and only passage of time is required, as

**Notes annexed to and forming part of financial statements for the year ended
March 31, 2021**

per contractual terms. Unbilled revenues are classified as non-financial asset if the contractual right to consideration is dependent on completion of contractual milestones.

Deferred contract costs are incremental costs of obtaining a contract which are recognized as assets and amortized over the benefit period.

(f) Income tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operate and generate taxable income.

Current income tax relating to items recognized outside statement of profit or loss is recognized either in other comprehensive income or in equity. Current tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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 utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Oracle (OFSS) BPO Services Inc.

Notes annexed to and forming part of financial statements for the year ended March 31, 2021

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized either in other comprehensive income or in equity as applicable. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatments:

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company has determined whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty has been followed. In determining the approach that better predicts the resolution of the uncertainty, the Company has considered, for example, (a) how it prepares its income tax filings and supports tax treatments; or (b) how the Company expects the taxation authority to make its examination and resolve issues that might arise from that examination.

The amendment is effective from April 1, 2019. The Company had evaluated the effect of Ind AS 12 amendment on the financial statements and concluded that there is no impact on retained earnings.

(g) Non-current assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts shall be recovered principally through a sale rather than through continuing use. Sale transactions shall include exchanges of non-current assets for other non-current assets when the exchange has commercial substance.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment once classified as held for sale are not depreciated or amortised.

All other notes to the financial statements primarily include amounts for continuing operations, unless otherwise mentioned.

(h) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

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- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value so as to maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At the reporting date, the Company analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes a financial asset or a liability in its balance sheet only when the entity becomes party to the contractual provisions of the instrument.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets measured at amortized cost, fair value through other comprehensive income or fair value through statement of profit or loss as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets

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not recorded at fair value through statement of profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets of the Company are classified in three categories:

- Debt instruments measured at amortized cost
- Debt instruments at fair value through other comprehensive income ('OCI')
- Debt instruments, derivatives and equity instruments at fair value through statement of profit or loss

Debt instruments measured at amortized cost

This category is the most relevant to the Company. Debt instruments are measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are amortized using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss.

Debt instruments at fair value through OCI

Debt instruments are measured at fair value through other comprehensive income if the asset is held within a business model 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 not designated any financial assets at fair value through OCI.

Debt instruments at fair value through profit or loss

Debt instruments at fair value through statement of profit or loss include assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by Ind AS 109 – Financial Instruments. Debt instruments at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit and loss.

Derecognition

A financial asset is derecognized i.e. removed from the Company's statement of financial position when:

- The contractual rights to the cash flows from the financial asset expired or
- The Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the

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asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

The Company applies expected credit loss ('ECL') model for measurement and recognition of impairment loss on the financial assets and credit risk exposure. For trade receivables the Company follows 'simplified approach' for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

^e
Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

The Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. Further, the trade receivables have customer concentration across the globe and therefore the Company also considers the socio-economic conditions of the regions where the customers are located.

At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Impairment of investments

The carrying amounts of investments are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an investment exceeds its recoverable amount.

Interest income

Interest income is recognized using the effective interest method.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade payables, accrued expenses, accrued compensation to employees, advance from customers, amounts due to subsidiaries, dividend and dividend tax payable along with unpaid dividends.

Subsequent measurement

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The Company measures all financial liabilities at amortized cost except for financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Financial liabilities held for trading are measured at fair value through profit or loss. The Company has not designated any financial liability as at fair value through profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a nonfinancial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109 – Financial Instruments, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss, unless designated as effective hedging instruments.

(j) Leases

Company as a Lessee

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The Company recognizes right-of-use asset and a corresponding lease liability for all lease arrangements in which the Company is a lessee, except for a short term lease of 12 months or less and leases of low-value assets. For short term lease and low-value asset arrangements, the Company recognizes the lease payments as an operating expense on straight-line basis over the lease term.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease arrangement. Right-of-use assets and lease liabilities are measured according to such options when it is reasonably certain that the Company will exercise these options.

The right-of-use asset are recognized at the inception of the lease arrangement at the amount of the initial measurement of lease liability adjusted for any lease payments made at or before the commencement

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date of lease arrangement reduced by any lease incentives received, added by initial direct costs incurred and an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Estimated useful life of right-of-use assets is determined on the basis of useful life of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is an indication that their carrying value may not be recoverable. Impairment loss, if any is recognized in the statement of profit and loss account.

The lease liability is measured at amortized cost, at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease arrangement or, if not readily determinable, at the incremental borrowing rate in the country of domicile of such leases. Lease liabilities are remeasured with corresponding adjustments to right-of-use assets to reflect any reassessment or lease modifications.

Company as a Lessor

Leases for which the Company is a lessor is classified as finance or operating lease. If the terms of the lease arrangement transfers substantially all the risks and rewards of ownership to the lessee, such lease arrangement is classified as finance lease. All other leases are classified as operating leases.

In case of sub-lease, the Company recognizes investment in sub-lease separately in the financial statements. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from such lease arrangement. For operating leases, rental income is recognized on a straight-line basis over the term of the lease arrangement.

Transition

The Company had adopted Ind AS 116 'Leases' with effect from April 1, 2019 using the modified retrospective method. Since the Company did not have any leases, the Company had concluded that there was no impact on retained earnings.

The Company has selected practical expedient for the following:

- a) Not recognizing right-of-use asset and lease liability for leases having a lease term of 12 months or less as on date of initial application and leases of low-value assets. The Company recognizes the lease payments associated with such leases as an expense over the lease term.
- b) Excluded the initial direct cost from the measurement of the right of use asset at the date of initial application.
- c) Ind AS 116 is applied only to those contracts that were previously identified as leases under Ind AS 17.

(k) Share based payments

Selected employees of the Company receive remuneration in the form of share-based payments of Oracle Financial Services Software Limited i.e. the Intermediate Holding Company i.e. Parent of Holding Company of Oracle (OFSS) BPO Services Inc. Since the Company has no obligation to settle the share based payment transaction, the transaction has been recognized as Equity settled share based payment transaction. The Intermediate Holding Company determines the cost of equity-settled transactions by the fair value at the date when the grant is made using an appropriate valuation model. The cost to the Company is recognized, together with a corresponding increase in 'Contribution from Intermediate Holding Company' shown in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expenses. The expense or credit recognized in the statement of profit and loss under the head employee benefit expense represents the movement in cumulative expense recognized as at beginning or end of the year.

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Oracle Corporation, The Ultimate Holding Company of Oracle (OFSS) BPO Services Inc has extended its stock option program to selected employees of the Company. Since the Company has no obligation to settle the share based payment transaction, the transaction has been recognized as Equity settled share based payment transaction. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The cost is recognized in employee benefit expenses over the period in which the performance and/or service conditions are fulfilled with a corresponding impact under statement of changes in equity as Contribution from Ultimate Holding Company.

Oracle Corporation has also extended its Employee Stock Purchase Plan (ESPP) to employees of Oracle (OFSS) BPO Services Inc. Under the plan, the employees are eligible to purchase the shares of Oracle Corporation at discounted price. The discount amount on the shares purchased during the year by employees is treated as Contribution from Ultimate Holding Company.

(l) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(m) Retirement and other employee benefits

The Company has established a 401(K) Plan (the "Scheme") to which all the eligible employees contribute a portion of their compensation to the Internal Revenue Code of the United States of America. This is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the Scheme. The Company recognizes contribution payable to the Scheme as an expense, when an employee renders the related service.

Compensated absences which are expected to occur within twelve months after the end of the period in which employee renders the related services are recognized as undiscounted liability at the balance sheet date. The expected cost of compensated absences which are not expected to occur within twelve months after the end of the period in which employee renders related services are recognized at the present value based on actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method.

(n) Earnings per share

The earnings considered in ascertaining the Company's earnings per share comprise the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of 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 shares, if any which would have been issued on the conversion of all dilutive potential equity shares. The weighted average number of shares and potentially dilutive equity shares are adjusted for the bonus shares and sub-division of shares. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short term investments with an original maturity of three months or less.

Notes annexed to and forming part of the financial statements for the year ended March 31, 2021

(a) Year ended March 31, 2021

(Amounts in INR)

(a) Year ended March 31, 2021											
Particulars	Gross carrying value					Depreciation					Net carrying value
	As at April 01, 2020	Additions	Sale/deletions	Translation gain (loss)	As at Mar 31, 2021	As at April 01, 2020	Additions	Sale/deletions	Translation (gain) loss	As at Mar 31, 2021	As at Mar 31, 2021
Computer equipments	8,12,142	-	2,37,006	(22,167)	5,52,969	7,31,133	31,844	2,37,006	(20,370)	5,05,601	47,368
Office equipments	24,249	-	24,249	-	-	1,732	-	1,584	(148)	-	-
Total	8,36,391	-	2,61,255	(22,167)	5,52,969	7,32,865	31,844	2,38,590	(20,518)	5,05,601	47,368
	Capital work-in-progress										-
											47,368

(Amounts in INR)

(C) Year ended March 31, 2020											
Particulars	Gross carrying value					Depreciation					Net carrying value
	As at April 01, 2019	Additions	Sale/deletions	Translation gain (loss)	As at Mar 31, 2020	As at April 01, 2019	Additions	Sale/deletions	Translation (gain) loss	As at Mar 31, 2020	As at Mar 31, 2020
Computer equipments	6,54,337	92,001	-	65,804	8,12,142	6,54,337	15,458	-	61,338	7,31,133	81,009
Office equipments	-	22,740	-	1,509	24,249	-	1,649	-	83	1,732	22,517
Total	6,54,337	1,14,741	-	67,313	8,36,391	6,54,337	17,107	-	61,421	7,32,865	1,03,526
	Capital work-in-progress										-
											1,03,526

Notes annexed to and forming part of the financial statements for the year ended March 31, 2021

Note 4: Income taxes

(a) The major components of income tax expense for the year ended March 31, 2021 and March 31, 2020 are:

		(Amounts in INR)	
		Year ended March 31,	
		2021	2020
(i) Profit or loss section			
Current taxes			
Domestic income tax	(1,14,85,167)		1,34,02,248
Deferred tax	(1,29,33,542)		-
Income tax expense reported in the statement of profit and loss	(2,44,18,709)		1,34,02,248
(ii) Other Comprehensive Income section			
Income tax expense charge / (credit) reported in Other Comprehensive Income			
	-		-
	-		-

(b) Reconciliation of tax expense and accounting profit for the year end March 31, 2021 and March 31, 2020:

		(Amounts in INR)	
		Year ended March 31,	
		2021	2020
Accounting profit/(loss) before income tax	1,64,09,708		64,59,977
Enacted tax rates	21%		21%
Computed expected tax expenses	34,46,039		13,56,595
Tax effect			
of carry forward losses	-		(13,56,595)
on account of BEAT Tax	49,95,515		1,34,02,248
of earlier years	(3,18,58,332)		-
Others	(10,01,931)		-
At the effective income tax rate	(2,44,18,709)		1,34,02,248
Income tax expense reported in statement of profit and loss	(2,44,18,709)		1,34,02,248

(c) The tax effect of significant temporary differences that resulted in deferred tax asset are as follows:

		(Amounts in INR)	
		March 31, 2019	March 31, 2018
Deferred tax assets			
Difference between book and tax depreciation	6,118		-
Provision for compensated absence	1,29,285		-
Provision for gratuity	2,44,491		-
Net operating loss	1,25,48,197		-
Other timing differences	(30,303)		-
	1,28,97,788		-

Deferred tax asset and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities

(d) Reconciliation of net deferred tax asset is as follows:

		(Amounts in INR)	
		Year ended March 31,	
		2021	2020
Balance, beginning of year	-		25,41,621
Tax (expense) income during the year recognized in statement of profit or loss	1,29,33,542		-
Tax (expense) income during the year recognised in other comprehensive income	-		-
Translation differences	(35,754)		-
Balance, end of the year	1,28,97,788		-

(e) Deferred Tax

In the absence of reasonable certainty that sufficient taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credit, unabsorbed depreciation and unused tax losses can be utilised, the Company has not recognized the deferred tax assets (net) arising out of tangible assets, financials assets, unabsorbed depreciation, brought forward tax losses, unused tax credits and other items. The same shall be reassessed at subsequent balance sheet date. The unused tax losses and tax credits having various expiry dates for which no deferred tax asset is recognized in the balance sheet amounts to INR 33,70,20,705 (March 31, 2020: INR 38,99,60,547)

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Notes annexed to and forming part of the financial statements for the year ended March 31, 2021

		(Amounts in INR)	
		As at	
		March 31, 2021	March 31, 2020
Note 5: Trade receivables			
Break-up for security details:			
Unsecured, considered good		2,35,58,074	-
Considered doubtful		14,144	-
		<u>2,35,72,218</u>	<u>-</u>
Impairment allowance			
Unsecured, considered good		-	-
Considered doubtful		(14,144)	-
		<u>2,35,58,074</u>	<u>-</u>

No trade receivables are due from directors or other key managerial personnel of the Company either severally or jointly with any other person. Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

		(Amounts in INR)	
		As at	
		March 31, 2021	March 31, 2020
Note 6: Cash and bank balance			
Cash and cash equivalents			
Balances with banks:			
In current accounts		3,38,06,313	8,77,72,189
		<u>3,38,06,313</u>	<u>8,77,72,189</u>

		(Amounts in INR)	
		As at	
		March 31, 2021	March 31, 2020
Note 7: Other Current Financial assets			
Other financial assets measured at amortized cost			
Amount Due from OFSS Group Companies		2,02,181	-
Unbilled revenue		88,03,360	1,66,77,033
		<u>90,05,541</u>	<u>1,66,77,033</u>

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(Amounts in INR)

As at

Note 8: Equity share capital

Authorized:

10,00,000 (March 31, 2020 - 10,00,000) equity shares of US\$0.01 each

March 31, 2021	March 31, 2020
6,39,800	6,39,800

Issued, subscribed and fully paid-up:

20,000 (March 31, 2020 - 20,000) equity shares of US\$0.01 each

12,796	12,796
12,796	12,796

(a) The Company has only one class of equity shares having a par value of USD 0.01 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Details of shareholders holding more than 5% equity shares in the Company

Name and relationship of shareholder :

ISP Internet (Mauritius) Company Limited ("ISP")

Number of equity shares

% of equity shares

March 31, 2021	March 31, 2020
20,000	20,000
100%	100%

As per records of the Company, including its register of shareholders the above shareholding represents both legal and beneficial ownerships of equity shares.

(Amounts in INR)

As at

Note 9: Other equity

Other comprehensive income

Contribution from Parent Company

Contribution from Intermediate Holding Company

Contribution from Ultimate Holding Company

Retained earnings

March 31, 2021	March 31, 2020
(11,63,74,605)	(13,48,80,871)
3,68,07,282	3,68,07,282
4,19,853	4,19,853
1,38,331	96,937
(59,72,47,677)	(63,80,76,094)
(67,62,56,816)	(73,56,32,893)

Retained earnings

Balance, beginning of the year

Profit for the year

Balance, end of the year

(63,80,76,094)	(63,11,33,823)
4,08,28,417	(69,42,271)
(59,72,47,677)	(63,80,76,094)

Other comprehensive income

Balance, beginning of the year

Exchange differences on translation

Balance, end of the year

(13,48,80,871)	(7,31,72,728)
1,85,06,266	(6,17,08,143)
(11,63,74,605)	(13,48,80,871)

Contribution from Parent Company

Fair Valuation of Loan

Balance, beginning of the year

Balance, end of the year

3,68,07,282	3,68,07,282
3,68,07,282	3,68,07,282

Contribution from Intermediate Holding Company

Stock Options

Balance, beginning of the year

Balance, end of the year

4,19,853	4,19,853
4,19,853	4,19,853

Contribution from Ultimate Holding Company

ESOP charge from Ultimate Holding Company

Balance, beginning of the year

Charge for the year

Balance, end of the year

96,937	41,767
41,394	55,170
1,38,331	96,937

Contribution from Intermediate Holding Company

Selected employees of the Company also receive remuneration in the form of share-based payments under stock option program of the Intermediate Holding Company i.e. Oracle Financial Services Software Limited. Employee stock options outstanding represents the fair value of equity-settled transactions, calculated at the date when the grant is made using an appropriate valuation model and recognized over the period in which the performance and/or service conditions are fulfilled.

Contribution from Ultimate Holding Company

Oracle Corporation, the Ultimate Holding Company of Oracle Financial Services Software Limited has extended its stock option program to selected employees of OFSS's overseas subsidiaries and branches. Contribution from Ultimate Holding Company represents the fair value of equity-settled transactions; calculated at the date when the grant is made using an appropriate valuation model and recognized over the period in which the performance and/or service conditions are fulfilled.

Contribution from Parent Company

The Parent Company i.e. ISP Internet (Mauritius) Company Limited ("ISP") has provided interest free loan to the Company. This other equity represents fair valuation of the interest free loan.

Retained earnings

Retained earnings represents the undistributed earnings, net of amounts transferred to general reserve, if any.

Other comprehensive income

Other comprehensive income represents the exchange differences arising on translation of functional currency from USD to INR for the purpose of reporting.

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Notes annexed to and forming part of the financial statements for the year ended March 31, 2021

		(Amounts in INR)	
		As at	
		March 31, 2021	March 31, 2020
Note 10: Financial liabilities			
Non- Current			
(a) Borrowings			
Loan from related parties - Unsecured		56,60,95,511	69,74,80,229
		56,60,95,511	69,74,80,229
(b) Other financial liabilities			
Interest accrued on Loan from related parties		-	10,30,27,844
		-	10,30,27,844

During the earlier years, the Company entered into a loan agreement with its parent company i.e. ISP Internet (Mauritius) Company Limited ("ISP") to provide an interest free loan unsecured loan of Rs. 18,07,85,956 (USD 23,96,897). The same was fair valued on the date of the loan and its present outstanding balance is Rs. 11,37,58,367 (March 31, 2020 - Rs. 11,67,07,729). The amount of principal along with interest thereon shall be due and payable in full on March 31, 2022 and accordingly has been shown as Current maturities of long term debt. Interest accrued thereon is Rs. 5,81,93,672 (March 31, 2020 - Rs. 5,54,66,942)

Further the Company had also obtained unsecured loan from Oracle Financial Services Software, Inc. of Rs. 56,60,95,511 (March 31, 2020 - Rs. 58,07,72,500) [USD 77,00,000]. Interest was fixed at LIBOR + 0.375% with quarterly reset clause. The amount of principal along with interest thereon shall be due and payable in full on as follows:

		(Amounts in INR)	
		March 31, 2021	March 31, 2020
Payable on November 22, 2022			
Principal		29,40,75,600	30,17,00,000
Interest		-	2,57,26,808
Payable on August 25, 2023			
Principal		27,20,19,911	27,90,72,500
Interest		-	2,18,34,094

		(Amounts in INR)	
		As at	
		March 31, 2021	March 31, 2020
Note 11: Financial liabilities			
Current			
(a) Trade Payables measured at amortized cost			
Current			
Payable to others		10,89,005	2,51,512
Payable to related parties		93,19,903	70,00,761
		1,04,08,908	72,52,273
(b) Other current financial liabilities			
Current maturities of long term debt		11,37,58,367	-
Interest accrued on Loan from related parties		5,81,93,672	-
Amount due to related party		-	2,33,27,710
Accrued expenses		1,19,83,508	36,57,039
Accrued compensation to employees		11,61,242	3,49,010
		18,50,96,789	2,73,33,759

Terms and conditions of financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-day terms
- Other financial liabilities are normally settled as and when due

		(Amounts in INR)	
		As at	
		March 31, 2021	March 31, 2020
Note 12 : Other liabilities			
Current			
Withholding and other taxes		6,101	8,446
Other statutory dues		60,118	1,02,050
		66,219	1,10,496

		(Amounts in INR)	
		As at	
		March 31, 2021	March 31, 2020
Note 13: Provisions for compensated absence			
Current			
Compensated absence		6,14,098	54,532
		6,14,098	54,532

Oracle (OFSS) BPO Services Inc.

Notes annexed to and forming part of the financial statements for the year ended March 31, 2021

	(Amounts in INR)	
	Year ended March 31,	
	2021	2020
Note 14: Revenue from operations		
Business process outsourcing services	19,20,85,869	17,24,22,312
	19,20,85,869	17,24,22,312
Note 15: Finance income		
Interest on:		
Balance with Banks in current and deposit accounts	24,036	15,315
	24,036	15,315
Note 16: Other income		
Foreign exchange gain (loss), net	59	-
Miscellaneous income	16,24,585	20,83,237
	16,24,644	20,83,237
Note 17: Employee benefit expenses		
Salaries and bonus	1,44,23,810	1,08,52,673
Contribution to provident and other funds	2,83,877	2,89,523
Stock compensation expense	41,394	55,170
Staff welfare expenses	(68,909)	1,62,516
	1,46,80,172	1,13,59,882
Note 18: Finance Cost		
Interest on Loan from related parties	86,86,132	1,79,84,277
	86,86,132	1,79,84,277
Note 19: Other operating expenses		
Impairment loss (reversed) on financial assets	14,298	(62,004)
Miscellaneous expenses	3,77,043	1,21,635
	3,91,341	59,631

Oracle (OFSS) BPO Services Inc.

Notes annexed to and forming part of the financial statements for the year ended March 31, 2021

Note 20: Names of Related Parties and description of relationship:

Relationship	Names of related parties
(i) Related parties	
Ultimate Holding Company	Oracle Corporation
Holding Company	ISP Internet (Mauritius) Company Limited ("ISP")
Intermediate Holding Company - Parent of Holding Company	Oracle Financial Services Software Limited (OFSS)
Fellow Subsidiaries	Oracle Financial Services Software, Inc. (Subsidiary of OFSS) Oracle (OFSS) BPO Services Limited (Subsidiary of ISP) Oracle America Inc (Subsidiary of Oracle Corporation)

(ii) Transactions with Related parties

Particulars	(Amounts in INR)			
	Transactions		Amount receivable (payable)	
	Year ended		As at	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Oracle Employee Stock Purchase Plan				
<i>Ultimate Holding Company</i>				
Oracle Corporation	41,394	55,170	(6,21,092)	(5,77,357)
Reimbursement (recovery) of expenses				
<i>Fellow Subsidiary</i>				
Oracle Financial Services Software, Inc.	(5,75,125)	-	2,02,181	(2,33,27,710)
Loan				
<i>Fellow Subsidiary</i>				
Oracle Financial Services Software, Inc.	-	-	(56,60,95,511)	(58,07,72,500)
<i>Holding Company</i>				
ISP Internet Mauritius Company	-	-	(11,37,58,367)	(11,67,07,729)
Interest on loan				
<i>Fellow Subsidiary</i>				
Oracle Financial Services Software, Inc.	46,20,245	1,38,82,348	-	(4,75,60,902)
<i>Holding Company</i>				
ISP Internet Mauritius Company	40,65,887	41,01,929	(5,81,93,672)	(5,54,66,942)
Professional fees				
<i>Fellow Subsidiary</i>				
Oracle (OFSS) BPO Services Limited	15,35,35,608	13,83,39,917	(93,19,903)	(1,00,49,404)

Note 21: Disclosure on revenue from operations**(a) Disaggregate revenue information**

The Company has only BPO segment and all the contracts are in the nature of time and material. Further the Company has rendered services to customers in USA and thus operates only one single geography.

As at the beginning of the period there is no contract liability balance. Further, there is no revenue recognised during the current and previous year from performance obligations satisfied (or partially satisfied) in previous years.

During the year ended March 31, 2021 and March 31, 2020, the amount of revenue recognized in the statement of profit and loss is same as contracted price and there is no adjustment made to the contract price.

As at March 31, 2021 and March 31, 2020, the Company does not have assets recognised from the cost incurred to obtain or fulfil a contract with a customer.

Change in contract assets are on account of transactions undertaken in the normal course of business.

(b) Remaining performance obligation

The Company has applied the practical expedient as provided in Ind AS 115 and excluded the disclosure relating to remaining performance obligation for contracts where the revenue recognised corresponds to the value transferred to the customer. Typically this involves those contracts where invoicing is on time and material.

As the contracts entered by the Company are covered under the above practical expedient, no disclosures are made for remaining performance obligations

Note 22: Segment Information*Business Segments*

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole. Segments are reported in a manner consistent with the internal reporting provided to the Board of Directors i.e. Chief Operating Decision Maker (CODM) who evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by reportable segments. The Company operates under a single reportable segment which is providing business process outsourcing services. Accordingly, the amounts appearing in these financial statements relate to this primary business segment.

Geographical Segments

The Company has rendered services to customers in USA and thus operates only one single geography.

Revenue of Rs. 14,35,19,247 (March 31, 2020 Rs.13,48,03,758) is derived from a single customer (all the group companies are considered as a single customer).

Note 23: Reconciliation of basic and diluted shares used in computing earnings per share

	(Amounts in INR except share data)	
	(Number of equity shares)	
	Year ended March 31,	
	2021	2020
Profit/(Loss) attributable to equity shareholders (A)	4,08,28,417	(69,42,271)
Weighted average shares outstanding for basic earnings per share	20,000	20,000
Add: Effect of dilutive stock options	-	-
Weighted average shares outstanding for diluted earnings per share (B)	20,000	20,000
Earning Per Share (C) = (A/B) (Basic & Diluted)	2,041.42	(347.11)

Oracle (OFSS) BPO Services Inc.

Notes annexed to and forming part of financial statements for the year ended March 31, 2021

Note 24: Estimation of uncertainties relating to the global health pandemic from COVID-19

The Company has considered the possible effects that may result from the pandemic relating to Covid-19 on the carrying value of Trade receivables, Unbilled receivables and Contract assets which is not significant to the financial statements for the year ended March 31, 2021. In assessing the recoverability of these assets, the Company has used internal and external sources of information up to the date of approval of these financial statements, and based on current estimates, expects the net carrying amount of these assets will be recovered. The impact on account of Covid-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements. The Company will continue to monitor any material impact due to changes in future economic conditions.

Note 25: Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions and estimate at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are described below. These assumptions and estimates are based on available parameters as on the date of preparation of financial statements. These assumptions and estimates, however, may change due to market changes or circumstances arising that are beyond the control of the Company.

(i) Share based payments

The Company measures share-based payments and transactions at fair value and recognizes over the vesting period using Black Scholes valuation model. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

(ii) Taxes

Income tax expense comprises current tax expense and the net changes in the deferred tax asset or liability during the year, if any. Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions, including disclosures thereof.

(iii) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the projections for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

(iv) Fair value measurement of financial instruments

Oracle (OFSS) BPO Services Inc.

Notes annexed to and forming part of financial statements for the year ended March 31, 2021

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(v) Revenue recognition

The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables. The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time.

In determining the transaction price for the contract, judgement is required to assess if the consideration is fixed or is considered variable and whether there is any constraint on such variable consideration such as volume discounts, service level credits and price concessions. The Company uses judgement to determine an appropriate standalone selling price for each performance obligation and allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct service promised in the contract.

Note 26: Capital commitments and contingent liabilities

(Amounts in INR)		
Particulars	March 31, 2021	March 31, 2020
a) Capital commitments towards		
i) property, plant and equipment	Nil	Nil
b) Contingent liabilities	Nil	Nil

Note 27: Share based compensation / payments

Employee Stock Option Plan ('ESOP')

The Members of Oracle Financial Services Software Limited (OFSSL) approved grant of ESOPs to the employees / directors of OFSSL and its subsidiaries up to 12.5% of the issued and paid-up capital of OFSSL from time to time.

Pursuant to ESOP scheme approved by the shareholders, OFSSL granted the options to the employees of the OFSSL and its subsidiaries under Employees Stock Option Scheme ("Scheme 2002"), Employees Stock Option Plan 2010 Scheme ("Scheme 2010"), Employees Stock Option Plan 2011 Scheme ("Scheme 2011") and OFSS Stock Plan 2014.

As per the Scheme 2002, Scheme 2010 and Scheme 2011, each of 20% of the total options granted will vest on completion of 12, 24, 36, 48 and 60 months from the date of grant and is subject to continued employment of the employee or directorship of the director with the Company or its subsidiaries. Options have exercise period of 10 years from the date of grant. The employee pays the exercise price upon exercise of options.

In respect of the OFSS Stock Plan 2014, each of 25% of the total options / OFSS Stock Units ("OSUs") will vest on completion of 12, 24, 36 and 48 months from the date of grant and is subject to continued employment of the employee with the Company or its subsidiaries. Options / OSUs have exercise period of 10 years from the date of grant. The employee pays the exercise price upon exercise of options/OSUs.

A summary of the activity in the OFSSL's ESOP (Scheme 2011) related to OBSI Inc. employees is as follows:

Oracle (OFSS) BPO Services Inc.

**Notes annexed to and forming part of financial statements for the year ended
March 31, 2021**

	Year ended			
	March 31, 2021		March 31, 2020	
	Shares arising from options	Weighted average exercise price (INR)	Shares arising from options	Weighted average exercise price (INR)
Outstanding at beginning of year	1,000	1,930	1,000	1,930
Granted/transferred in	-	-	-	-
Exercised	-	-	-	-
Forfeited/ transferred out	-	-	-	-
Outstanding at end of the year	1,000	1,930	1,000	1,930
Vested options	1,000		1,000	
Unvested options	-		-	

The details of options / OSUs unvested and options / OSUs vested and exercisable as on March 31, 2021 are as follows:

	Exercise prices (INR)	Number of Options	Weighted average exercise price (INR)	Weighted average remaining contractual life (Years)
Options /OSUs unvested	-	-	-	-
Options /OSUs vested and exercisable	1,930	1,000	1,930	0.7
		1,000	1,930	0.7

The details of options / OSUs unvested and options / OSUs vested and exercisable as on March 31, 2020 was as follows:

	Exercise prices (INR)	Number of Options	Weighted average exercise price (INR)	Weighted average remaining contractual life (Years)
Options /OSUs unvested	-	-	-	-
Options /OSUs vested and exercisable	1,930	1,000	1,930	1.7
		1,000	1,930	1.7

Note 28: Financial risk management objectives and policies

The Company's activities expose it to market risks, Liquidity risk and credit risks. The management oversees these risks and is aided by the Risk Management Committee whose scope is to formulate the risk management policy, which will identify elements of risk, if any which may affect the Company.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly comprises of foreign currency risk.

- **Foreign currency risk**

Oracle (OFSS) BPO Services Inc.

Notes annexed to and forming part of financial statements for the year ended March 31, 2021

Foreign currency risk is the risk that the fair value or future cash flows of monetary items will fluctuate because of changes in foreign exchange rates. This may have potential impact on the statement of profit and loss and other components of equity, where monetary items are denominated in a foreign currency, which are different from functional currency in which they are measured.

As at the balance sheet date, the Company's net foreign currency exposure expressed in INR that is not hedged is INR Nil (March 31, 2020 INR Nil).

(b) Liquidity risk

Liquidity risk management implies maintaining sufficient availability of funds to meet obligations when due and to close out market positions. The Company monitors rolling forecast of the cash and cash equivalent on the basis of expected cash flows.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	(Amounts in INR)		Total
	Less than 1 year	More than 1 year	
As at March 31, 2021			
Trade payables			
Payable to Others	10,89,005	-	10,89,005
Payable to related parties	93,19,903	-	93,19,903
Borrowings	11,37,58,367	56,60,95,511	67,98,53,878
Interest on borrowings	5,81,93,672	-	5,81,93,672
Accrued expenses	1,19,83,508	-	1,19,83,508
Accrued compensation to employees	11,61,242	-	11,61,242
	19,55,05,697	56,60,95,511	76,16,01,208

Particulars	(Amounts in INR)		Total
	Less than 1 year	More than 1 year	
As at March 31, 2020			
Trade payables			
Payable to Others	2,51,512	-	2,51,512
Payable to related parties	70,00,761	-	70,00,761
Borrowings	-	69,74,80,229	69,74,80,229
Interest on borrowings	-	10,30,27,844	10,30,27,844
Amount due to related parties	2,33,27,710	-	2,33,27,710
Accrued expenses	36,57,039	-	36,57,039
Accrued compensation to employees	3,49,010	-	3,49,010
	3,45,86,032	80,04,08,073	83,50,94,105

(c) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its finance activities, including time deposits with banks, foreign exchange transactions and other financial instruments.

(i) Trade receivables

Customer credit risk is managed in line with the established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Oracle (OFSS) BPO Services Inc.

Notes annexed to and forming part of financial statements for the year ended March 31, 2021

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on regional historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

(ii) Cash and Bank balances

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made in sweep deposits with existing Bankers and within credit limits assigned to each banker.

Oracle (OFSS) BPO Services Inc.

**Notes annexed to and forming part of financial statements for the year ended
March 31, 2021**

Note 29: Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital, share premium and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company's capital management is to maximize the equity shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and other financial requirements.

Signature to Notes to Financial Statements

For Mukund M. Chitale & Co. Chartered Accountants ICAI Firm Registration No. 106655W	For and on behalf of the Board of Directors of Oracle (OFSS) BPO Services Inc.
S. M. Chitale Partner Membership No. 111383	Bala Hari Director
Place: Mumbai, India Date: May 5, 2021	Place: New Jersey, USA Date: May 4, 2021