

Oracle (OFSS) BPO Services Limited

Financial Statements

for the year ended March 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Oracle (OFSS) BPO Services Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Oracle (OFSS) BPO Services Limited ("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 Ind AS 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 Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and 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 Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, 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 Ind AS financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The annual report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

Responsibility of Management for the Ind AS 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 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 in accordance with the provisions of the Act 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 judgments 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 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 Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- 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 Ind AS financial statements, including the disclosures, and whether the 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

- (g) According to the information and explanations given by the management, no managerial remuneration has been paid / provided by the Company during the year ended March 31, 2021;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Govind Ahuja
Partner
Membership Number: 048966
UDIN: 21048966AAAAAZ1647
Place of Signature: Mumbai
Date: May 03, 2021

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS OF OUR REPORT OF EVEN DATE

Re: Oracle (OFSS) BPO Services Limited (the 'Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) Property, plant and equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Companies (Auditor's report) Order, 2016 ("the Order") are not applicable to the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act"). Accordingly, the provisions of paragraph 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of paragraph 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, for the products/services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, income-tax, duty of custom, goods and services tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities. The provisions relating to employees' state insurance, value added tax, service tax, sales tax and duty of excise are not applicable to the Company for the year ended March 31, 2021.
- (b) According to the information and explanations given to us, no undisputed amounts in respect of provident fund, income-tax, duty of custom, goods and services tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, value added tax, goods and service tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Penalty	2,825,151	Assessment year 2009- 2010	Deputy Commissioner of Income Tax

- (viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans; hence reporting under paragraph 3 (ix) of the Order is not applicable to the Company and not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, no managerial remuneration has been paid / provided by the Company during the year ended March 31, 2021.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of paragraph 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Act where applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly reporting under paragraph 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under paragraph 3(xiv) of the Order are not applicable to the Company and, not commented upon.

- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Govind Ahuja
Partner
Membership Number: 048966
UDIN: 21048966AAAAAZ1647
Place of Signature: Mumbai
Date: May 03, 2021

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF ORACLE (OFSS) BPO SERVICES LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Oracle (OFSS) BPO Services Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India (the "ICAI"). Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS Financial Statements

A company's internal financial control over financial reporting with reference to these Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Govind Ahuja
Partner
Membership Number: 048966
UDIN: 21048966AAAAAZ1647
Place of Signature: Mumbai
Date: May 03, 2021

Oracle (OFSS) BPO Services Limited
Balance sheet as at March 31, 2021

		(Amounts in ₹ thousand)	
	Notes	March 31, 2021	March 31, 2020
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	3	26,018	33,213
Right-of-use asset	4	146,030	197,570
Financial assets			
Other non-current financial assets	5	26,133	23,793
Deferred tax assets	18	52,804	-
Income tax assets (net)		47,181	43,191
		298,166	297,767
Current assets			
Financial assets			
Trade receivables	6	31,552	27,242
Cash and cash equivalents	7	28,644	19,809
Other current financial assets	5	38,787	33,938
Other current assets	8	1,026	835
		100,009	81,824
TOTAL		398,175	379,591
<u>EQUITY AND LIABILITIES</u>			
Equity			
Equity share capital	9	58,194	58,194
Contribution from Parent Company	10	140,834	136,602
Other equity	11	(43,814)	(189,196)
Total equity		155,214	5,600
Non-current liabilities			
Financial liabilities			
Lease Liabilities	12	111,903	158,223
Provision	14	24,514	33,744
		136,417	191,967
Current liabilities			
Financial liabilities			
Borrowings	15	30,000	106,000
Lease Liabilities	12	46,320	40,733
Trade payables			
Payable to micro and small enterprises	16	23	67
Payable to others	16	4,230	2,306
Other current financial liabilities	17	9,598	14,074
Other current liabilities	13	4,088	2,665
Provision	14	12,285	16,179
		106,544	182,024
TOTAL		398,175	379,591
Summary of significant accounting policies	2		
The accompanying notes form an integral part of the financial statements.			

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

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

per Govind Ahuja
Partner
Membership No. 048966

Priyanshu Bhatt Manish Bhandari
Director Director
DIN 08445621 DIN 03583180

Bijal Makwana
Company Secretary
ACS 60438

Mumbai, India
May 03, 2021

Mumbai, India
May 03, 2021

Oracle (OFSS) BPO Services Limited
Statement of profit and loss for the year ended March 31, 2021

		(Amounts in ₹ thousand, except share data)	
	Notes	Year ended March 31,2021	Year ended March 31,2020
INCOME			
Revenue from operations	19	366,285	209,330
Finance income	20	3,986	2,958
Other income, net	21	20,436	82
Total income		390,707	212,370
EXPENSES			
Employee benefits expenses	22	170,199	167,240
Travel related expenses		5,355	16,344
Professional fees		4,436	5,867
Finance Costs	23	24,112	27,108
Other operating expenses	24	27,907	34,087
Depreciation and amortization expense	3	65,762	66,039
Total expenses		297,771	316,685
Profit/(Loss) before tax		92,936	(104,315)
Tax expenses/(credits)	18		
Current tax		6,299	-
Deferred tax (credit)		(54,457)	-
Total tax expenses/(credits)		(48,158)	-
Profit/(Loss) for the year		141,094	(104,315)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain / (loss) on gratuity fund		5,941	(3,545)
Deferred tax (charge)		(1,653)	-
Total other comprehensive income for the year, net of tax		4,288	(3,545)
Total comprehensive income for the year		145,382	(107,860)
Earnings/(Loss) per equity share of par value of Rs. 10 each (March 31, 2020 Rs. 10 each) (in Rs.)			
Basic		24.25	(17.93)
Diluted		24.25	(17.93)
Summary of significant accounting policies	2`		
The accompanying notes form an integral part of the financial statements.			

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

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

per Govind Ahuja
Partner
Membership No. 048966

Priyanshu Bhatt
Director
DIN 08445621

Manish Bhandari
Director
DIN 03583180

Bijal Makwana
Company Secretary
ACS 60438

Mumbai, India
May 03, 2021

Mumbai, India
May 03, 2021

Oracle (OFSS) BPO Services Limited
Statement of changes in equity for the year ended March 31, 2021

(a) Year ended March 31, 2021

(Amounts in ₹ thousand, except share data)

Particulars	Equity share capital		Contributions from Parent Company	Other Equity		Total equity attributable to equity share holders of the Company
	Number of shares	Share Capital		Retained earnings	Other comprehensive income	
					Remeasurement of defined benefit obligation	
Balance as of April 1, 2020	5,819,360	58,194	136,602	(189,196)	-	5,600
Changes in equity for the year ended March 31, 2021.						
Stock compensation expense	-	-	4,232	-	-	4,232
Profit for the year	-	-	-	141,094	-	141,094
Actuarial gain / (loss) on gratuity	-	-	-	-	4,288	4,288
Actuarial gain / (loss) on gratuity-transferred to retained earnings	-	-	-	4,288	(4,288)	-
Cash and cash equivalents						
Balance as of March 31, 2021	5,819,360	58,194	140,834	(43,814)	-	155,214

(b) Year ended March 31, 2020

(Amounts in ₹ thousand, except share data)

Particulars	Equity share capital		Contributions from Parent Company	Other Equity		Total equity attributable to equity share holders of the Company
	Number of shares	Share Capital		Retained earnings	Other comprehensive income	
					Remeasurement of defined benefit obligation	
Balance as at April 1, 2019	5,819,360	58,194	131,367	(81,336)	-	108,225
Changes in equity for the year ended March 31, 2020						
Stock compensation expense	-	-	5,235	-	-	5,235
Loss for the year	-	-	-	(104,315)	-	(104,315)
Actuarial gain / (loss) on gratuity	-	-	-	-	(3,545)	(3,545)
Actuarial gain / (loss) on gratuity transferred to retained earnings	-	-	-	(3,545)	3,545	-
Balance as of March 31, 2020	5,819,360	58,194	136,602	(189,196)	-	5,600

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

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

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

per Govind Ahuja
Partner
Membership No. 048966

Priyanshu Bhatt
Director
DIN 08445621

Manish Bhandari
Director
DIN 03583180

Bijal Makwana
Company Secretary
ACS 60438

Mumbai, India
May 03, 2021

Mumbai, India
May 03, 2021

Oracle (OFSS) BPO Services Limited

Notes annexed to and forming part of the financial statements for the year ended March 31, 2021 (Amounts in thousands of Indian Rupees, except share data)

Note 1: Corporate information

Oracle (OFSS) BPO Services Limited ('the Company') was incorporated in India with limited liability on November 7, 2002. The Company is a subsidiary of ISP Internet (Mauritius) Company ("ISP") holding 99.82% (March 31, 2020 - 99.82%) ownership interest in the Company as at March 31, 2021. Effective December 22, 2004, Oracle Financial Services Software Limited acquired all shares in ISP.

The Company is principally engaged in the business of providing business process outsourcing services to the mortgage industry.

The standalone financial statements for the year ended March 31, 2021 were approved by the Company's Board of Directors and authorized for issue on May 3, 2021

Note 2: Summary of significant accounting policies

2.1 Basis of preparation

These separate financial statements comprising of balance sheet as at March 31, 2021, statement of profit and loss, statement of changes in equity and statement of cash flows for the year then ended have been prepared in accordance with Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Companies Act, 2013 (the 'Act') read with relevant rules of the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

The separate financial statements have been prepared on a historical cost basis, except for certain assets and liabilities which have been measured at fair value such as defined benefit plan.

Previous year's numbers have been reclassified wherever necessary, to confirm to current year's presentation.

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.

Going concern

During the year the Company has generated a net profit of Rs. 141,094 thousand. However, it has accumulated losses of Rs. 43,814 thousand and net worth of Rs. 155,214 thousand as at March 31, 2021. Based on the business plan prepared by the management of the Company it is confident of achieving profitable operations in the future years and the parent company, Oracle Financial Services Limited, has also provided a letter of support to the Company to enable it to continue its operations and meet its liabilities as they fall due. Hence, the financial statements of the Company continue to be prepared on a going concern basis.

Oracle (OFSS) BPO Services Limited

Notes annexed to and forming part of the financial statements for the year ended March 31, 2021
(Amounts in thousands of Indian Rupees, except share data)

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

Property, plant and equipment and capital work in progress, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The Company capitalizes all direct costs relating to the acquisition and installation of property, plant and equipment. 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 cost of fixed assets not ready to use before balance sheet date are disclosed under 'Capital work-in-progress'. All additions during the reported year are considered at cost.

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>
Tangible assets	
Leasehold Improvements	Lesser of 7 years or Lease term
Computer Equipment	3
Office Equipment	5
Furniture and fixtures	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 equipments forming part of computer equipments 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 estimated at 7 years. These lives are lower than those indicated in schedule II to the Act.
- The useful lives of leasehold improvements are estimated at lesser of 7 years or lease term. These lives are lower than those indicated in schedule II to the Act.

Oracle (OFSS) BPO Services Limited

Notes annexed to and forming part of the financial statements for the year ended March 31, 2021 (Amounts in thousands of Indian Rupees, except share data)

b) Impairment of non financial assets

The carrying amounts of non-financial 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 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 assessment of the time value of money and the risks specific to the asset. 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 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.

c) Foreign currencies

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

Foreign currency balances

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

Monetary assets and liabilities denominated in foreign currencies are translated into the relevant functional currency at exchange rates 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.

d) 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.

BPO services comprise of back-office administration, data management and call center. Depending upon the terms of the arrangement, revenue from these services are recognized on a per employee, number of hours worked or cost-plus basis. 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.

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

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 per contractual terms.

The Company recognizes as an asset the incremental cost of obtaining a contract with the customers as an asset and disclose them under "Other assets" as deferred contract costs. Incremental costs of obtaining contracts are those costs that the Company incurs to obtain a contract with customer that would have not been incurred if the contract had not been obtained. Such deferred contract costs assets are amortized over the benefit period.

e) Taxes

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 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.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period

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.

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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.

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.

The Company has carried forward business losses and unabsorbed depreciation in its tax returns of income. Till previous year i.e March 31, 2020, the company was incurring losses and does not have certainty to have enough taxable profits against which the deductible temporary differences, and the carry forward unused tax losses can be utilized, thus has not recorded Deferred tax asset in books.

However, Company is able to earn pre-tax profits of INR 92,936 thousand in current year. The management of Company basis the projections for next 5 years, where the Company expects to earn sufficient profit and utilize the carried forward business losses and unabsorbed depreciation.

Since, Company considers it probable that taxable profit will be available against which the deductible temporary differences and unused tax losses, unabsorbed depreciation can be utilized against in future, the Company has recognized the Deferred tax asset in books amounting to INR 52,804 thousand. Deferred tax asset of INR 36,653 thousand is recognised on carried forward losses and unabsorbed depreciation and Deferred tax asset of INR 13,256 thousand is recognised on other temporary differences.

In current year, company has tax payable under Minimum alternate tax (MAT) amounting to INR 2,895 thousand which charged to the statement of profit and loss and Deferred tax asset of INR. 2,895 thousand is recognised for MAT credit available to the company.

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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

An entity has to determine 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 should be followed. In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, for example, (a) how it prepares its income tax filings and supports tax treatments; or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination.

The Company has evaluated the effect of Ind AS 12 amendment on the financial statements and concluded that the appendix does not have an impact on the financial statements of the Company.

f) 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
- 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 standalone 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

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For assets and liabilities that are recognized in the separate 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

g) Financial instruments – initial recognition and subsequent measurement

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 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 financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financials assets are amortized using the effective interest rate (EIR) method, less impairment. 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 or loss. The losses arising from impairment are recognized in the statement of profit or loss in finance costs.

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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 presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

De-recognition

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 expire 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 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.

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.

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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 only in India and USA and therefore the Company has considered the socio-economic conditions only 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 and accordingly provision has been made as at March 31, 2021.

Interest income

Interest income is recognized using the effective interest method for all financial instruments measured at amortized cost. Interest income on bank deposits are recognised on a time proportion basis taking into account the amount outstanding and the rate applicable

Dividend income

Dividends are recognized in statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be measured reliably.

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 and accrued compensation to employees.

Subsequent measurement

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. The EIR amortization is included as finance costs in the statement of profit or loss.

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

De-recognition

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 de recognition 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 or loss.

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h) 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 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.

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Transition

The Company had adopted Ind AS 116 'Leases' with effect from April 1, 2019 using the modified retrospective method. Cumulative effect of initially applying the standard had been recognized on the date of initial application and hence the Company has not restated comparative information. The Company had recorded Lease liability at the present value of the future lease payments discounted at the incremental borrowing rate at the date of initial application and the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application.

The Company had 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.

Accordingly, the Company had recognized right-of-use asset of INR 249,111 thousand and a lease liability of INR 235,920 thousand in the separate financial statements on the date of initial application. There is no impact on the retained earnings.. During the year ended March 31, 2020, the Company had recognized depreciation on right-of-use asset INR 51,541 thousand along with interest on lease liability of INR 20,909 thousand respectively. Further as per Ind AS 116, the principal portion of lease payments and interest on lease liability has been disclosed under the cash outflow from financing activities.

i) Share based payments

Employees of the Company also receive remuneration in the form of share-based payments of its parent company viz., Oracle Financial Services Software Limited. 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 parent 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 Parent Company' shown in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expenses.

The expense or credit recognized in the statement of profit and loss under the head employee benefits expense represents the movement in cumulative expense recognized as at beginning and end of the year.

j) Provisions, contingent liabilities and commitments

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.

A contingent liability is a possible obligation that arises from past events and existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events but is not recognized because it is not probable than an outflow of resource embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

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k) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

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.

Gratuity liability is a defined benefit obligation and is recorded based on actuarial valuation on projected unit credit method at the end of the year. The gratuity liability and net periodic gratuity cost is actuarially determined after considering discount rates, expected long term return on plan assets and increase in compensation levels. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs.

Interest is calculated by applying the discount rate to the defined benefit liability. The Company recognizes the following changes in the defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

The Code on Social Security, 2020 ('Code') relating to employee benefits during the employment and post-employment benefits has been published in the Gazette of India on September 29, 2020. The Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. The effective date from which these changes are applicable is yet to be notified. The Company will assess and record the impact, if any, when the rules are notified and the code becomes effective.

l) Cash dividend to equity shareholders of the Company

The Company recognizes a liability to make cash or non-cash distributions to equity shareholders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the Act, a distribution of interim dividend is authorized when it is approved by the Board of Directors and final dividend is authorized when it is approved by the shareholders of the Company. A corresponding amount is recognized directly in equity.

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m) 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.

n) 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.

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Notes annexed to and forming part of the financial statements as at March 31, 2021

Note 3: Property, plant and equipment

(a) Year ended March 31, 2021

(Amounts in ₹ thousand)

Particulars	Gross carrying value				Depreciation				Net carrying value
	As at April 01, 2020	Additions	Sale/ deletions	As at March 31, 2021	As at April 01, 2020	Additions	Sale/ deletions	As at March 31, 2021	As at March 31, 2021
Improvement to leasehold premises	52,094	-	-	52,094	35,448	5,673	-	41,121	10,973
Computer equipments	83,272	5,517	-	88,789	71,349	6,808	-	78,157	10,632
Office equipments	10,163	1,510	-	11,673	9,103	551	-	9,654	2,019
Furniture and fixtures	9,107	-	-	9,107	5,523	1,190	-	6,713	2,394
Total	154,636	7,027	-	161,663	121,423	14,222	-	135,645	26,018

(b) Year ended March 31, 2020

(Amounts in ₹ thousand)

Particulars	Gross carrying value				Depreciation				Net carrying value
	As at April 01, 2019	Additions	Sale/ deletions	As at March 31, 2020	As at April 01, 2019	Additions	Sale/ deletions	As at March 31, 2020	As at March 31, 2020
Improvement to leasehold premises	52,094	-	-	52,094	29,775	5,673	-	35,448	16,646
Computer equipments	80,108	8,884	5,721	83,272	70,048	7,022	5,721	71,349	11,923
Office equipments	10,782	-	619	10,163	9,108	614	619	9,103	1,060
Furniture and fixtures	9,107	-	-	9,107	4,333	1,190	-	5,523	3,584
Total	152,091	8,884	6,340	154,636	113,264	14,499	6,340	121,423	33,213

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Notes annexed to and forming part of the financial statements as at March 31, 2021

Note 4: Right-of-use asset

(a) Year ended March 31, 2021

(Amounts in ₹ thousand)

Particulars	Gross carrying value					Depreciation					Net carrying value
	As at April 01, 2020	Adjustment on adoption of Ind AS 116	Additions	Deletions	As at March 31, 2021	As at April 01, 2020	Adjustment on adoption of Ind AS 116	Additions	Deletions	As at March 31, 2021	As at March 31, 2021
Right-Of-Use Asset	249,111	-	-		249,111	51,541	-	51,540	-	103,081	146,030
Total	249,111	-	-	-	249,111	51,541	-	51,540	-	103,081	146,030

(b) Year ended March 31, 2020

(Amounts in ₹ thousand)

Particulars	Gross carrying value					Depreciation					Net carrying value
	As at April 01, 2019	Adjustment on adoption of Ind AS 116	Additions	Deletions	As at March 31, 2020	As at April 01, 2019	Adjustment on adoption of Ind AS 116	Additions	Deletions	As at March 31, 2020	As at March 31, 2020
Right-Of-Use Asset	-	249,111	-		249,111	-	-	51,541	-	51,541	197,570
Total	-	249,111	-	-	249,111	-	-	51,541	-	51,541	197,570

Oracle (OFSS) BPO Services Limited

Notes annexed to and forming part of the financial statements as at March 31, 2021

	(Amounts in ₹ thousand)	
	March 31, 2021	March 31, 2020
Note 5: Financial assets		
Non-current		
Other financial assets measured at amortized cost		
Deposits for premises and others	26,133	23,793
	26,133	23,793
Current		
Other financial assets measured at amortized cost		
Unbilled receivables	14,775	6,544
Other advances	24,012	27,394
	38,787	33,938
Breakup of financial assets measured at amortised cost		
Deposits for premises and others (note 5)	26,133	23,793
Unbilled receivables (note 5)	14,775	6,544
Other advances (note 5)	24,012	27,394
Trade receivables (note 6)	31,552	27,242
Cash and bank balances (note 7)	28,644	19,809
	125,116	104,782
Note 6: Trade receivables		
Unsecured, considered good	31,552	27,242
Credit impaired	2	647
	31,554	27,889
Impairment Allowance		
Credit impaired	(2)	(647)
	31,552	27,242
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 90 days.		
Note 7a : Cash and bank balance		
Cash and cash equivalents		
Balances with banks:		
In current accounts	28,644	19,809
	28,644	19,809
Cash at banks earns interest at floating rates based on the daily bank deposit rates and the daily balances. Time deposits are placed for varying periods ranging from 7 days to 364 days, depending on the immediate cash requirements of the Company. The time deposits earn interest at the respective deposit rates.		
Note 7b: Changes in liabilities arising from financial activities - refer note 15 for borrowings and note 30 for lease liabilities		
Note 8: Other assets		
Current		
Prepaid expenses	1,026	835
	1,026	835

Oracle (OFSS) BPO Services Limited

Notes annexed to and forming part of the financial statements as at March 31, 2021

(Amounts in ₹ thousand)

Note 9: Equity share capital

Authorized:

10,000,000 (March 31, 2020 - 10,000,000) equity shares of Rs. 10 each

March 31, 2021 **March 31, 2020**

100,000 **100,000**

Issued, subscribed and fully paid-up:

5,819,360 (March 31, 2020 - 5,819,360) equity shares of Rs. 10 each

58,194 58,194

(a) The Company has only one class of equity shares having a par value of Rs. 10 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, holding company

Number of equity shares

% of equity shares

March 31, 2021 **March 31, 2020**

5,808,660 5,808,660

99.82% 99.82%

As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of equity shares.

(c) Reconciliation of equity outstanding at the beginning and at the end of the year

Outstanding as at April 1, 2019

Issued during the year ended March 31, 2020 under the employee stock option plan (ESOP)

Outstanding as at March 31, 2020

Issued during the year ended March 31, 2021 under the employee stock option plan (ESOP)

Outstanding as at March 31, 2021

No. of equity shares **Amount**

5,819,360 58,194

- -

5,819,360 58,194

- -

5,819,360 58,194

Note 10: Contribution from Parent Company

March 31, 2021 **March 31, 2020**

(a) ESOP charge from parent company

Balance, beginning of the year

27,532 22,297

Charge for the year (Refer note 22 and note 26)

4,232 5,235

Balance, end of the year

31,764 27,532

(b) Fair valuation of loan from parent company

Balance, beginning of the year

109,070 109,070

Charge for the year

- -

Balance, end of the year

109,070 109,070

Total (a+b)

140,834 **136,602**

Note 11: Other equity

March 31, 2021 **March 31, 2020**

(a) Retained earnings

(43,814) (189,196)

(b) Other comprehensive income

- -

(43,814) **(189,196)**

March 31, 2021 **March 31, 2020**

(a) Retained earnings

Balance, beginning of the year

(189,196) (81,336)

Profit/(Loss) for the year

141,094 (104,315)

Balance, end of the year

(48,102) (185,651)

Actuarial gain on gratuity including deferred tax thereon transferred from other comprehensive income

4,288 (3,545)

Balance, end of the year

(43,814) **(189,196)**

(b) Other comprehensive income

Balance, beginning of the year

- -

Actuarial (gain)/loss on gratuity including deferred tax thereon

4,288 (3,545)

-Actuarial gain on gratuity

5,941 (3,545)

-Deferred tax thereon

(1,653) -

4,288 (3,545)

Actuarial gain on gratuity including deferred tax thereon transferred to retained earnings

(4,288) 3,545

Balance, end of the year

- -

Retained earnings: it represents undistributed earnings of the Company.

Other comprehensive income: represents remeasurements of defined benefit gratuity plan

Oracle (OFSS) BPO Services Limited

Notes annexed to and forming part of the financial statements as at March 31, 2021

	(Amounts in ₹ thousand)	
	March 31, 2021	March 31, 2020
Note 12: Other financial liabilities - Lease liabilities measured at amortized cost		
Non-current portion	111,903	158,223
Current portion	46,320	40,733
	158,223	198,956
Note 13: Other liabilities		
Current		
Deferred revenues	1,910	-
Withholding and other taxes	923	1,441
Other statutory dues	1,255	1,224
	4,088	2,665
Note 14: Provision		
Non-current		
Gratuity (Refer Note 31)	24,514	33,744
	24,514	33,744
Current		
Gratuity (Refer Note 31)	2,974	4,682
Compensated absence	9,311	11,497
	12,285	16,179
Note 15: Financial liabilities - Borrowings measured at amortized cost		
Loan from Oracle Financial Services Software Limited	30,000	106,000
	30,000	106,000

Effective 1st March 2019 the Company entered into a loan agreement with its parent company Oracle Financial Services Software Limited for an amount of INR 250,000 thousand and the first disbursement took place in April 2019. Interest was fixed at 9.5% at par with market rate and has been adjusted to 8.7% with effect from April-20. As per the terms of the agreement, based on requirement OBSL has so far borrowed INR 106,000 thousand and repaid during the current year INR 76,000 thousand. The interest accrued for the current year was INR 6,972 thousand and was paid in full in line with the terms of the agreement. The unpaid principal is due and payable in full on demand. Below table shows the movement of the loan during the year.

Particulars	March 31, 2021	March 31, 2020
Opening Balance	106,000	-
Loan disbursed from OFSS	-	106,000
Principal repayment	(76,000)	-
Closing Balance	30,000	106,000
Interest accrued and paid	6,972	6,199

Note 16: Trade payables measured at amortized cost

Current		
Payable to micro enterprises and small enterprises	23	67
Payable to others	4,230	2,306
Total	4,253	2,373

* The identification of Micro and Small Enterprises is based on Management's knowledge of their status.

Dues to micro and small enterprises - As per Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED' Act)

- Principal amount remaining unpaid to any supplier as at the end of the year.	23	67
- Amount of interest due remaining unpaid to any supplier as at the end of the year.	-	-
- Amount of interest paid under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year.	-	-
- Amount of interest due and payable for the period of delay in making payment (where the principal has been paid but interest under the MSMED Act, 2006 not paid).	-	-
- Amount of interest accrued and remaining unpaid at the end of year.	-	-
- Amount of further interest remaining due and payable even in the succeeding year.	-	-
	23	67

Note 17: Other financial liabilities measured at amortized cost

Current		
Accrued expenses	5,388	8,722
Accrued compensation to employees	4,210	5,352
	9,598	14,074

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

Oracle (OFSS) BPO Services Limited

Notes annexed to and forming part of the financial statements as at March 31, 2021

Note 18: Income taxes

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

		(Amounts in ₹ thousand)	
		Year ended	
		March 31,2021	March 31,2020
(i) Profit or loss section			
Current tax		6,299	-
Deferred tax (credit)		(54,457)	-
Income tax expense/(credit) reported in the statement of profit and loss		(48,158)	-
(ii) Other Comprehensive Income (OCI) section			
Deferred tax related to items recognized in OCI during the year			
Actuarial (loss)/gain on gratuity fund		(1,653)	-
Deferred tax (charge)/credit to OCI		(1,653)	-

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

		(Amounts in ₹ thousand)	
		Year ended	
		March 31,2021	March 31,2020
Accounting profit/loss before income tax		92,936	(104,315)
Enacted tax rates in India		27.82%	27.82%
Computed expected tax expenses		25,855	-
Tax effect			
of earlier years		3,404	-
on non-deductible expenses for tax purpose		457	-
on account of utilisation of previously unrecognised tax losses		(27,998)	-
on account on deferred tax on carried forward losses and unabsorbed depreciation		(36,653)	-
on account of deferred tax on actuarial gain		(1,653)	-
on account of deferred tax recognised on temporary differences		(11,570)	-
Income tax expense reported in statement of profit and loss		(48,158)	-

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

		(Amounts in ₹ thousand)	
		Year ended	
		March 31,2021	March 31,2020
Deferred tax assets/(liabilities)			
Difference between book and tax depreciation		6,591	-
Provision for compensated absence		2,409	-
Provision for gratuity		7,647	-
On carried forward losses and unabsorbed depreciation		36,653	-
Other timing differences		(496)	-
		52,804	-

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 ₹ thousand)	
		Year ended	
		March 31,2021	March 31,2020
Balance, beginning of year		-	-
Deferred tax charge during the year recognised in profit or loss		54,457	-
Tax (expense) / income during the year recognised in other comprehensive income		(1,653)	-
Balance, end of the year		52,804	-

Oracle (OFSS) BPO Services Limited

Notes annexed to and forming part of the financial statements as at March 31, 2021

	(Amounts in ₹ thousand)	
	Year ended	
	March 31,2021	March 31,2020
Note 19: Revenue from operations		
Service revenue	366,285	209,330
	366,285	209,330
Note 20: Finance income		
Interest on financial assets measured at amortized cost :		
Balance with banks in current and deposit accounts	616	608
Deposits for premises and others	2,590	2,350
Others (Income tax refund)	780	-
	3,986	2,958
Note 21: Other income, net		
Foreign exchange (loss)/gain, net	(440)	82
Miscellaneous income		
GST input credit availed	20,876	-
	20,436	82
Note 22: Employee benefit expenses		
Salaries and bonus	150,582	145,226
Contribution to provident and other funds	9,954	10,398
Stock compensation expense	4,232	5,235
Staff welfare expenses	5,431	6,381
	170,199	167,240
Note 23: Finance Cost		
Interest on Lease Liability	17,140	20,909
Interest on Loan taken	6,972	6,199
	24,112	27,108
Note 24: Other operating expenses		
Rent	8,508	11,946
Power	4,986	6,925
Communication expenses	3,904	2,649
Facility charges	3,775	3,922
Housekeeping Expenses	3,090	3,703
Repairs and maintenance:		
Buildings and leasehold premises	1,382	2,057
Computer equipments	273	259
Rates and taxes	889	57
Recruitment Expenses	782	295
Impairment loss on other financial assets	(414)	870
Miscellaneous expenses	732	1,404
	27,907	34,087
Note 25: Reconciliation of basic and diluted equity shares used in computing earnings per share		
	(Number of equity shares)	
	March 31,2021	March 31,2020
Weighted average shares outstanding for basic earnings per share	5,819,360	5,819,360
Add: Effect of dilutive stock options	-	-
Weighted average shares outstanding for diluted earnings per share	5,819,360	5,819,360

Oracle (OFSS) BPO Services Limited

Notes annexed to and forming part of the financial statements for the year ended March 31, 2021
(Amounts in thousands of Indian Rupees, except share data)

Note 26: Share based payments - Employee Stock Option Plan ('ESOP')

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 2010) related to OBSL employees is as follows:

	Year ended			
	March 31, 2021		March 31, 2020	
	Shares arising from options	Weighted average exercise price (Rs)	Shares arising from options	Weighted average exercise price (Rs)
Outstanding at beginning of year	250	2,050	580	2,050
Granted	-	-	-	-
Exercised	-	-	(330)	2,050
Forfeited/Employee transfer	(250)	2,050	-	-
Outstanding at end of the year	-	-	250	2,050
Vested options	-		250	
Unvested options	-		-	

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

	Year ended			
	March 31, 2021		March 31, 2020	
	Shares arising from options	Weighted average exercise price (Rs)	Shares arising from options	Weighted average exercise price (Rs)
Outstanding at beginning of year	2,000	2,516	2,000	2,516
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited/Employee transfer	(2,000)	2,516	-	-
Outstanding at end of the year	-	-	2,000	2,516
Vested options	-		2,000	
Unvested options	-		-	

Oracle (OFSS) BPO Services Limited

Notes annexed to and forming part of the financial statements for the year ended March 31, 2021 (Amounts in thousands of Indian Rupees, except share data)

A summary of the activity in the OFSSL's ESOP (OFSS Stock Plan 2014) related to OBSL employees is as follows:

	Year ended			
	March 31, 2021		March 31, 2020	
	Shares arising from Stock Options and OSUs	Weighted average exercise price (Rs)	Shares arising from Stock Options and OSUs	Weighted average exercise price (Rs)
Outstanding at beginning of year	4,176	5	4,733	5
Granted	1,600	5	1,250	5
Exercised	(407)	5	(1,807)	5
Forfeited/Employee transfer	(933)	5	-	-
Outstanding at end of the year	4,436	5	4,176	5
Vested options and OSUs	1,084		583	
Unvested options and OSUs	3,352		3,593	

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

	Exercise prices (Rs)	Number of Options	Weighted average exercise price (Rs)	Weighted average remaining contractual life (Years)
Options /OSUs unvested	5	3,352	5	8.4
Options /OSUs vested and exercisable	5	1,084	5	7.0
		4,436	5	8.0

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

	Exercise prices (Rs)	Number of Options	Weighted average exercise price (Rs)	Weighted average remaining contractual life (Years)
Options /OSUs unvested	5	3,593	5	8.2
Options /OSUs vested and exercisable	5	583	5	6.9
	1,930	1,000	1,930	1.7
	2,050	250	2,050	0.4
	3,077	500	3,077	3.5
	3,127	500	3,127	2.8
		6,426	866	6.0

OSUs granted during the financial year ended March 31, 2021:

During the year ended March 31, 2021, OFSSL has granted 1,600 OSUs under OFSS Stock Plan 2014 at an exercise price of Rs. 5 to the employees' of the Company.

The weighted average share price for the year over which OSUs were exercised was INR 3,005 (March 31, 2020 – INR 3,001).

The weighted average fair value of OSUs granted during the year was INR 3,039 (March 31, 2020 - INR 3,178).

Oracle (OFSS) BPO Services Limited

Notes annexed to and forming part of the financial statements for the year ended March 31, 2021 (Amounts in thousands of Indian Rupees, except share data)

The Black Scholes valuation model has been used for computing the above weighted average fair value of Stock Options/OSUs granted considering the following inputs in year ended March 2021 and March 2020:

	OFSS Stock Plan 2014 (OSU)	
	July, 2020	June, 2019
Weighted average share price (in INR)	3,044	3,182
Exercise Price (in INR)	5	5
Expected Volatility	32%	22.5%
Weighted average life (in years)	3.11	2.60
Expected dividend rate	Nil	Nil
Average risk-free interest rate	4.5%	6.38%

The expected volatility was determined based on historical volatility data; historical volatility includes early years of the Company's life; the Company expects the volatility of its share price to reduce as it matures

Note 27: Fair values

The management assessed that cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The Company has no financial assets and financial liabilities which are measured at fair value through profit or loss.

Note 28: 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.

- **Operating lease**

The Company has entered into commercial property leases for its offices. The Company has accounted these contracts as operating leases which have been determined based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property, the fair value of the asset and that the Company does not obtain any significant risks and rewards of ownership of these properties.

Oracle (OFSS) BPO Services Limited

Notes annexed to and forming part of the financial statements for the year ended March 31, 2021 (Amounts in thousands of Indian Rupees, except share data)

- **Defined benefit Obligation (gratuity benefits)**

The cost of the defined benefit gratuity plan and other post-employment retirement benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date annually. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. Further details about gratuity obligations are given in Note 31.

- **Taxes**

Income tax expense comprises current tax expense and the net changes in the deferred tax asset or liability during the year. 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. Also refer Note No. 2.2 (e).

- **COVID-19 Impact:**

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. These are not significant to the Company's 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 statement may differ from that estimated as at the date of approval of the Company's financial statement. The Company will continue to monitor any material impact due to changes in future economic conditions.

Note 29: Capital commitments and contingent liabilities

Particulars	March 31, 2021	March 31, 2020
(a) Capital commitments		
Contracts remaining to be executed on capital account not provided for (net of advances).	5,823	Nil
(b) Contingent liabilities:		
On account of Income-tax	Nil	Nil

Oracle (OFSS) BPO Services Limited

Notes annexed to and forming part of the financial statements for the year ended March 31, 2021 (Amounts in thousands of Indian Rupees, except share data)

Note 30: Leases

Where Company is lessee

The changes in the carrying values of right-of-use asset for the year ended March 31 2021 are given in Note 4.

Set out below are the carrying amounts of lease liabilities and the movement during the year ended March 31, 2021:

Particulars	Mar-21	Mar-20
As at April 01, 2020	198,956	-
Adjustment on adoption of Ind AS 116	-	235,920
Modifications	-	-
Accretion of interest	17,140	20,909
Repayments	(57,873)	(57,873)
Translation and revaluation	-	-
As at March 31, 2021	158,223	198,956
Current	46,320	40,733
Non-Current	111,903	158,223
Total	158,223	198,956

The maturity analysis of undiscounted contractual payments under lease liabilities as at March 31, 2021 are as follows:

Particulars	Mar-21	Mar-20
Less than 1 year	59,288	57,873
1 to 5 years	121,667	180,955
more than 5 years	-	-
Total	180,955	238,828

The weighted average incremental borrowing rate applied to lease liabilities recognized in the balance sheet at the date of initial application is 9.75 % with maturity in 2024.

Following amounts were recognized in the Statement of Profit and Loss for the year ended March 31, 2021

Particulars	Mar-21	Mar-20
Depreciation expenses on right-of-use asset	51,540	51,541
Interest expense on lease liability	17,140	20,909
Expense relating to short-term leases (included in other operating expenses as rent)	Nil	Nil
Expense relating to leases of low-value assets	Nil	Nil
Variable lease payments (included in other operating expenses as rent)	8,508	11,946
Total	77,188	84,396
Income from subleasing right-of-use asset	-	-
Total	77,188	84,396

The Company had total cash outflows for leases of INR 57,873 thousand for the year ended March 31, 2021 (March 31, 2020 – INR 57,873 thousand). The Company did not have any non-cash additions to right-of-use assets and lease liabilities for the year ended March 31, 2021. Further, there are no future cash outflows relating to leases that have not yet commenced.

Oracle (OFSS) BPO Services Limited

Notes annexed to and forming part of the financial statements for the year ended March 31, 2021
(Amounts in thousands of Indian Rupees, except share data)

Note 31: Employee Benefit Obligation

Defined contribution plans

During the year ended March 31, 2021 and March 31, 2020, the Company contributed INR.5,993 thousand and INR.6,605 thousand, respectively to provident fund.

Defined benefit plan – gratuity

A. Changes in present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Defined benefit obligation at beginning of the year	38,426	32,912
Current service cost	1,544	1,406
Interest cost, net	2,418	2,387
Benefits paid	(8,959)	(1,824)
Re-measurements		
-Due to change in demographic assumptions	871	32
-Due to changes in financial assumptions	(226)	4,647
-Due to change in experience adjustments	(6,586)	(1,134)
Defined benefit obligation at end of the year	27,488	38,426

B. The amounts recognized in the statement of profit and loss for the year ended March 31, 2021 and March, 2020 are as follows

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost	1,544	1,406
Past Service Cost	-	-
Interest cost, net	2,418	2,387
Total included in employee benefits expense	3,962	3,793

C. Re-measurements recognized in other comprehensive income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Due to change in demographic assumptions	871	32
Due to change in financial assumptions	(226)	4,647
Due to change in experience adjustments	(6,586)	(1,134)
Total re-measurements in OCI	(5,941)	3,545

D. The amounts recognized in the balance sheet are as follows:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Present value of unfunded obligations	27,488	38,426
Net liability	27,488	38,426

Oracle (OFSS) BPO Services Limited

Notes annexed to and forming part of the financial statements for the year ended March 31, 2021 (Amounts in thousands of Indian Rupees, except share data)

E. The assumptions used in accounting for the gratuity plan are set out as below:

	<u>March 31, 2021</u>	<u>March 31, 2020</u>
Discount rate	6.80%	6.70%
Salary escalation rate	6.00%	6.00%
Weighted average duration	8 Years	13 Years

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

The Company evaluates these assumptions annually based on its long-term plans of growth and industry standards. The discount rates are based on current market yields on government bonds consistent with the currency and estimated term of the post-employment benefits obligations.

The Company's contribution towards gratuity for the year ending March 31, 2022 is expected to be INR 2,974 thousand (March 31, 2021 – INR.4,682 thousand).

F. A quantitative sensitivity analysis for significant assumptions on defined benefit obligation as at March 31, 2021 and March 31, 2020 is as shown below:

		Year ended	
Particulars	Sensitivity level	March 31, 2021	March 31,2020
Financial assumptions			
Discount rate	- 0.5%	28,650	40,777
	+ 0.5%	26,401	36,269
Salary escalation rate	- 0.5%	26,451	36,332
	+ 0.5%	28,587	40,685
Demographic assumptions			
Withdrawal rate	- 1%	27,342	38,115
	+ 1%	27,619	38,703

Note 32: Financial risk management objectives and policies

The Company's activities expose it to market risk, liquidity risk and credit risk. 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

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.

Oracle (OFSS) BPO Services Limited

Notes annexed to and forming part of the financial statements for the year ended March 31, 2021 (Amounts in thousands of Indian Rupees, except share data)

Following are the carrying amounts of foreign currency denominated monetary items (net) of the Company where it has significant exposure expressed in Indian Rupees that is not hedged as at the balance sheet date:

Currency	March 31, 2021	March 31, 2020
USD	21,256	10,078

- Foreign currency sensitivity

Below table demonstrates sensitivity impact on Company's profit after tax and total equity due to change in foreign exchange rates of currencies where it has significant exposure:

Currency	March 31, 2021		March 31, 2020	
	+1%	-1%	+1%	-1%
USD	153	(153)	101	(101)

The above sensitivity impact gain (loss) is due to every percentage point appreciation or depreciation in the exchange rate of respective currencies, with all other variables held constant. Sensitivity impact is computed based on change in value of monetary assets and liabilities denominated in above respective currency, where the functional currency of the entity is a currency other than above respective currency and entity's with functional currency as above respective currency where transactions are in foreign currencies.

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. OFSSL has provided a letter of support to the Company to enable it to continue its operations and meet its liabilities as they fall due.

The table below summarizes the maturity profile of the Company's financial liabilities.

Particulars	Less than 1 year	More than 1 year	Total
As at March 31, 2021			
Trade payables	4,253	-	4,253
Accrued expenses	5,389	-	5,389
Accrued compensation to employees	4,210	-	4,210
Lease Liabilities	46,320	111,903	158,223
Borrowings	30,000	-	30,000
	90,172	111,903	202,075

Particulars	Less than 1 year	More than 1 year	Total
As at March 31, 2020			
Trade payables	2,373	-	2,373
Accrued expenses	8,722	-	8,722
Accrued compensation to employees	5,352	-	5,352
Lease Liabilities	40,733	158,223	198,956
Borrowings	106,000	-	106,000
	163,180	158,223	321,403

Refer Note 30 for maturity analysis of undiscounted contractual payments of lease liabilities as at March 31, 2021.

Oracle (OFSS) BPO Services Limited

Notes annexed to and forming part of the financial statements for the year ended March 31, 2021 (Amounts in thousands of Indian Rupees, except share data)

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 financing activities, including time deposits with banks, foreign exchange transactions and other financial instruments.

- 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.

An impairment analysis is performed at each reporting date on an individual basis for all 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 disclosed in note 5.

- 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 only with existing Bankers and within credit limits assigned to each banker.

Company follows a conservative philosophy and shall aim to invest surplus rupee funds in India only in time deposits with well-known and highly rated banks subject. The duration of such time deposits will not exceed 365 days. The Company, on quarterly basis, monitors the credit ratings and total deposit balances of each of its bankers. Further limits are set to minimize the concentration of risks and therefore mitigate financial loss of any potential failure to repay deposits.

Note 33: Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital 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.

Note 34: Names of Related Parties and description of relationship:

Relationship	Names of related parties
(i) Related parties where control exists	
Ultimate Holding Company	Oracle Corporation
Holding Company	ISP Internet (Mauritius) Company ("ISP")
Holding Company of ISP and Parent Company	Oracle Financial Services Software Limited
(ii) Related parties with whom transactions have taken place during the year	
Fellow Subsidiaries	Oracle (OFSS) BPO Services, Inc. Oracle (OFSS) Processing Services Limited Oracle India Private Limited

Oracle (OFSS) BPO Services Limited

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

Transactions and balances outstanding with these parties are

(Amounts in ₹ thousand)

	Transactions		Amount receivable (payable)	
	Year ended		As at	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Revenue				
Oracle (OFSS) BPO Services Inc.	153,536	138,340	9,320	6,423
Oracle (OFSS) Processing Services Limited	-	8,588	-	-
Oracle Financial Services Software Limited	180,343	35,382	16,227	12,908
Oracle India Private Limited	32,406	27,019	6,005	8,557
Unbilled revenue				
Oracle (OFSS) BPO Services Inc.	-	-	12,207	3,626
Oracle Financial Services Software Limited	-	-	-	347
Oracle India Private Limited	-	-	2,568	2,570
Deferred Revenue				
Oracle Financial Services Software Limited	-		(1,910)	-
Communication expenses				
Oracle India Private Limited	2,330	2,322	(1,004)	(1,548)
HW Support Charges				
Oracle India Private Limited	-	784	-	-
Purchase of Fixed Asset				
Oracle Financial Services Software Limited	1,782	-	(1,782)	-
Reimbursement of expenses incurred on behalf of " Oracle (OFSS) BPO Services Limited" by				
Oracle Financial Services Software Limited	780	132	(774)	(778)
Oracle (OFSS) Processing Services Limited	9	-	(9)	-
Reimbursement of expenses incurred by "Oracle (OFSS) BPO Services Limited" on behalf of				
Oracle (OFSS) Processing Services Limited	-	27	-	347
Equity Contribution for stock options/OSU				
Oracle Financial Services Software Limited (Refer note 10)	4,232	5,235	-	-
Loan repaid/(taken) during the year				
Oracle Financial Services Software Limited	76,000	(106,000)	(30,000)	(106,000)
Interest on loan taken				
Oracle Financial Services Software Limited	6,972	6,199	-	-

Oracle (OFSS) BPO Services Limited

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

	(Amounts in ₹ thousand)	
	Year ended	
	March 31, 2021	March 31, 2020
Note 35: Earnings in foreign currency (on accrual basis)		
Service revenue	153,536	138,340
	153,536	138,340

Note 36: Auditors remuneration (including GST)

As auditor		
Audit fees	1,111	1,111
Tax audit	153	153
Out-of-pocket expenses	-	126
	1,264	1,390

*Payment to auditors is included under 'Professional fees' in the statement of profit and loss.

Note 37: Disaggregate revenue information

The Company has only BPO segment and all the contracts are in the nature of time and material. The table below presents disaggregated revenues from contracts with end customers for the period ended March 31, 2021 and March 31, 2020 by geography.

	(Amounts in ₹ thousand)	
	Year ended	
	March 31, 2021	March 31, 2020
Revenue by Geography		
India	212,749	70,990
United States of America	153,536	138,340
	366,285	209,330

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 periods

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.

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 basis.

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

Note 38: 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

Geographical segment disclosures based on location of the Company's customers are summarised below:

Geographical segments

The following table shows the distribution of the Company's sales by geographical market :

Segment Revenue based on location	Year ended			
	March 31, 2021		March 31, 2020	
	Amounts in ₹ thousand	%	Amounts in ₹ thousand	%
India	212,749	58%	70,990	34%
United States of America	153,536	42%	138,340	66%
Total	366,285	100%	209,330	100%

Revenue of ₹366,285 thousand (March 31, 2020 ₹ 209,330 thousand) is derived from a single customer (all the group companies are considered as a single customer).

Oracle (OFSS) BPO Services Limited
Notes annexed to and forming part of the financial statements for the year ended March 31, 2021

The following table shows the Company's non-current assets by geographical market :

Regions	As at		As at	
	March 31, 2021		March 31, 2020	
	Amounts in ₹ thousand	%	Amounts in ₹ thousand	%
India	219,229	100%	273,974	100%
Total	219,229	100%	273,974	100%

Non-current assets for this purpose consist of property, plant and equipment, right-of-use asset, income tax asset (net) and other non current assets.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

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

per Govind Ahuja
Partner
Membership No. 048966

Priyanshu Bhatt Manish Bhandari
Director Director
DIN 08445621 DIN 03583180

Bijal Makwana
Company Secretary
ACS 60438

Mumbai, India
May 03, 2021

Mumbai, India
May 03, 2021

Oracle (OFSS) BPO Services Limited
Statement of cash flow for the year ended March 31, 2021

	(Amounts in ₹ thousand)	
	Year ended March 31,2021	Year ended March 31,2020
Cash flows from operating activities:		
Profit/(Loss) before tax	92,936	(104,315)
Adjustments to reconcile Profit/(loss) before tax to cashflows from operating activities :		
Depreciation and amortization expense	65,762	66,039
Employee stock compensation expense	4,232	5,235
Finance Income	(3,986)	(2,958)
Foreign exchange loss, net	440	-
Interest on lease liability	17,140	20,909
Interest on borrowings	6,972	6,199
GST input credit availed	(20,876)	-
Impairment loss recognized on other financial assets	(414)	870
Operating Profit before Working Capital changes	162,206	(8,021)
Movements in working capital		
(Increase) in trade receivables	(4,085)	(6,665)
Decrease/(Increase) in other current financial assets	16,027	(2,717)
(Increase) in other current assets	(191)	(15)
(Decrease) / Increase in non current provisions	(3,290)	1,908
Increase/(Decrease) in trade payables	1,879	(1,248)
(Decrease) in other current financial liabilities	(4,475)	(2,648)
Increase in other current liabilities	1,423	17
(Decrease) / Increase in short term provisions	(3,894)	378
Cash flow from operating activities	165,600	(19,011)
Payment of domestic taxes	(9,509)	(7,618)
Net cash (used in)/ provided by operating activities	156,091	(26,629)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(7,027)	(8,884)
Interest received	616	608
Net cash (used in)/ provided by investing activities	(6,411)	(8,276)
Cash flows from financing activities:		
Payment of Lease Liability	(40,733)	(36,964)
Proceeds from borrowings	-	106,000
Repayment of borrowings	(76,000)	-
Interest paid	(24,112)	(27,108)
Net cash (used in)/ provided by financing activities	(140,845)	41,928
Net increase / (decrease) in cash and cash equivalents	8,835	7,023
Cash and cash equivalents at the beginning of the year	19,809	12,786
Cash and cash equivalents at end of the year	28,644	19,809

Oracle (OFSS) BPO Services Limited
Statement of cash flow for the year ended March 31, 2021

	(Amounts in ₹ thousand)	
	Year ended March 31,2021	Year ended March 31,2020
Component of cash and cash equivalents		
Balances with banks:		
Current accounts	28,644	19,809
Total cash and cash equivalents at the end of the year [Refer note 7(a)]	28,644	19,809

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

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

per Govind Ahuja
Partner
Membership No. 048966

Priyanshu Bhatt Director DIN 08445621	Manish Bhandari Director DIN 03583180
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Bijal Makwana
Company Secretary
ACS 60438

Mumbai, India
May 03, 2021

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May 03, 2021