S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

12th Floor
"UB City" Canberra Block
No. 24, Vittal Mallya Road
Bengaluru - 560 001, India
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INDEPENDENT AUDITOR'S REPORT

To the Members of Oracle (OFSS) BPO Services Limited

Report on the audit of the standalone Ind AS financial statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Oracle (OFSS) BPO Services Limited ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.,.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, 2019, its loss 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 standalone 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 Standalone 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 standalone 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 standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone 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 standalone Ind AS 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.

S.R. Batliboi & Associates LLP Bengaluru

Responsibility of Management and those charged with governance for the standalone 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 standalone 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 standalone 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 standalone 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.

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

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

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 system 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

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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 standalone Ind AS financial statements, including the disclosures, and whether the standalone 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 standalone 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2019;

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(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 has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 23 to the standalone Ind AS financial statements;

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 Sunil Bhumralkar
Partner
Membership Number: 035141
Place of Signature: Bengaluru
Date: May 8, 2019

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Bengaluru

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 fixed assets.

(b) Fixed assets 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 clause 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) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, duty of custom, goods and service tax, cess and other statutory dues applicable to it. The provisions relating to employees' state insurance are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts in respect of provident fund, income-tax, service tax, duty of custom, value added tax, sales tax, goods and service 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. The provisions relating to employees' state insurance and duty of excise are not applicable to the Company.

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(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	Pr. Commissioner of Income-tax

The provisions relating to employees' state insurance and duty of excise are not applicable to the Company.

(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 or further public offer or 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 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, the provisions of section 197 read with Schedule V of the Act are not applicable to the Company and hence reporting under paragraph 3(xi) of the Order is not applicable and hence not commented upon.

(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 financial statements, as required by the applicable accounting standards. The provisions of sec 177 are not applicable to the Company and accordingly reporting under clause 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.

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(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 Sunil Bhumralkar
Partner
Membership Number: 035141
Place of Signature: Bengaluru
Date: May 8, 2019

S.R. Batliboi & Associates LLP
Bengaluru

Annexure 2 to the Independent Auditor's Report of even date on the standalone 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, 2019 in conjunction with our audit of the standalone 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 ("the Guidance Note") 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 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

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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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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.

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

S.R. Batliboi & Associates LLP
Bengaluru

per Sunil Bhumralkar
Partner
Membership Number: 035141
Place of Signature: Bengaluru
Date: May 8, 2019

Oracle (OFSS) BPO Services Limited

Balance sheet as at March 31, 2019
(Amounts in thousands of Indian Rupees, except share data)

	Notes	March 31, 2019	March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	38,827	44,916
Financial assets			
Other non-current financial assets	4	21,694	19
Deferred tax assets	14	-	-
Income tax assets (net)		35,573	32,803
Other non-current assets	7	10,925	-
		107,019	**77,738**
Current assets			
Financial assets			
Trade receivables	5	21,195	13,264
Cash and cash equivalents	6(a)	12,786	40,234
Other bank balances	6(b)	-	113,005
Other current financial assets	4	31,221	59,961
Other current assets	7	3,664	1,124
		68,866	**227,588**
TOTAL		**175,885**	**305,326**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	8	58,194	58,194
Contribution from parent company	9	131,367	125,207
Other Equity	10	(81,336)	29,355
Total equity		**108,225**	**212,756**
Non-current liabilities			
Other non-current liabilities	12	579	-
Employee benefit obligations	13	28,290	27,679
		28,869	**27,679**
Current liabilities			
Financial liabilities			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	11(a)	117	-
Total outstanding dues of creditors other than micro enterprises and small enterprises.	11(a)	3,504	1,597
Other current financial liabilities	11(b)	16,721	40,190
Other current liabilities	12	2,648	2,074
Employee benefit obligations	13	15,801	21,030
		38,791	**64,891**
TOTAL		**175,885**	**305,326**
Summary of significant accounting policies	2		

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

As per our report of even date

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

per Sunil Bhumralkar
Partner
Membership No. 035141

S. R. Batliboi & Associates LLP Bengaluru

Bengaluru, India
May 8, 2019

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

Makarand Padalkar
Director
DIN 02115514

Manish Bhandari
Director
DIN 03583180

Jayant Joshi
Company Secretary
ACS 7366

Mumbai, India
May 8, 2019

Oracle (OFSS) BPO Services Limited

Oracle (OFSS) BPO Services Limited

Statement of profit and loss for the year ended March 31, 2019
(Amounts in thousands of Indian Rupees, except share data)

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from operations	15	168,516	245,355
Finance income	16	5,342	9,461
Other income, net	17	141	4,965
Total income		**173,999**	**259,781**
Expenses			
Employee benefit expenses	18	179,185	195,491
Travel related expenses		21,841	27,818
Professional fees		4,670	3,879
Other operating expenses	19	71,721	69,265
Depreciation and amortization	3	13,492	11,868
Total expenses		**290,909**	**308,321**
Loss before tax		**(116,910)**	**(48,540)**
Tax expenses	14		
Current tax		-	-
Deferred tax charge / (credit)		-	21,662
Total tax expenses		-	21,662
Loss for the year		**(116,910)**	**(70,202)**
Other comprehensive income			
Items that will not to be reclassified subsequently to profit or loss			
Actuarial gain (loss) on gratuity		6,219	4,052
Deferred tax charge / (credit)		-	-
Total other comprehensive income for the year, net of tax		**6,219**	**4,052**
Total comprehensive income for the year		**(110,691)**	**(66,150)**
Earnings per equity share of par value of Rs. 10 (March 31, 2018 Rs. 10) each (in Rs.)	20		
Basic		(20.09)	(12.06)
Diluted		(20.09)	(12.06)
Summary of significant accounting policies	2		

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

As per our report of even date

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

per **Sunil Bhumralkar**
Partner
Membership No. 035141

S. R. Batliboi & Associates LLP
Bengaluru

Bengaluru, India
May 8, 2019

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

Makarand Padalkar
Director
DIN 02115514

Manish Bhandari
Director
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Jayant Joshi
Company Secretary
ACS 7366

Oracle (OFSS) BPO Services Limited

Mumbai, India
May 8, 2019

Oracle (OFSS) BPO Services Limited

Statement of cash flow for the year ended March 31, 2019
(Amounts in thousands of Indian Rupees, except share data)

	Year ended March 31, 2019	2018
Cash flows from operating activities:		
Loss before tax	(116,910)	(48,540)
Adjustments to reconcile (loss) / profit before tax to cash generated from / (used in) operating activities :		
Depreciation and amortization	13,492	11,868
Profit on sale / disposal of fixed assets, net	-	(56)
Employee stock compensation expense	6,160	5,662
Prepaid rent expense for the year	1,072	732
Interest income on bank deposits	(4,265)	(8,668)
Interest income on deposits for premises and others	(1,077)	(793)
Deferred rent	579	-
Impairment loss on other financial assets	481	60
Operating Profit before Working Capital changes	**(100,468)**	**(39,735)**
Movements in working capital		
(Increase) / Decrease in trade receivables	(7,931)	13,478
Decrease / (Increase) in other current financial assets	20,252	(18,371)
(Increase) / Decrease in other current assets	(310)	486
Increase in long term employee benefit obligations	6,830	1,633
Increase in trade payables	2,024	861
(Decrease) / Increase in other current financial liabilities	(23,476)	19,675
Increase / (Decrease) in other current liabilities	574	(917)
(Decrease) / Increase in short term employee benefit obligations	(5,229)	1,050
Cash (used in) operating activities	(107,734)	(21,840)
Payment of domestic taxes	(2,770)	(5,273)
Net cash (used in) from operating activities	**(110,504)**	**(27,113)**
Cash flows from investing activities:		
Purchase of property, plant and equiptment	(7,403)	(12,029)
Proceeds from sale of fixed assets	-	56
Placement of deposits for premises and others	(26,812)	-
Bank fixed deposits having maturity of more than three months matured	160,000	158,700
Bank fixed deposits having maturity of more than three months booked	(50,000)	(138,700)
Interest received	7,271	9,944
Net cash generated from investing activities	**83,056**	**17,971**
Cash flows from financing activities:	-	-
Net cash flows from financing activities	-	-
Net decrease in cash and cash equivalents	(27,448)	(9,142)
Cash and cash equivalents at the beginning of the year	40,234	49,376
Cash and cash equivalents at the end of the year	**12,786**	**40,234**

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Oracle (OFSS) BPO Services Limited ★

Oracle (OFSS) BPO Services Limited

Statement of cash flow for the year ended March 31, 2019
(Amounts in thousands of Indian Rupees)

	Year ened March 31, 2019	2018
Component of cash and cash equivalents		
Balances with banks:		
Current accounts	12,786	16,229
Deposit accounts with original maturity of less than three months	-	24,005
Total cash and cash equivalents [Refer note 6(a)]	**12,786**	**40,234**

The Company has paid Nil amount (March 31, 2018 ₹ 822 thousand) against Corporate Social Responsibility expenditure.
Refer Note (b) under Note 19 for further details

As per our report of even date

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

per Sunil Bhumralkar
Partner
Membership No. 035141

Bengaluru, India
May 8, 2019

S. R. Batliboi & Associates LLP Bengaluru

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

Makarand Padalkar
Director
DIN 02115514

Manish Bhandari
Director
DIN 03583180

Jayant Joshi
Company Secretary
ACS 7366

Mumbai, India
May 8, 2019

Oracle (OFSS) BPO Services Limited

Oracle (OFSS) BPO Services Limited

Statement of changes in equity for the year ended March 31, 2019
(Amounts in thousands of Indian Rupees, except share data)

(a) Year ended March 31, 2019

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: Remeasuremnt of defined benefit obligation	
Balance as of April 1, 2018	5,819,360	58,194	125,207	29,355	-	212,756
Changes in equity for the month ended March 31, 2019						
Stock compensation charge	-	-	6,160	-	-	6,160
Loss for the year	-	-	-	(116,910)	-	(116,910)
Actuarial gain on gratuity including deferred tax thereon	-	-	-	-	6,219	6,219
Actuarial gain on gratuity including deferred tax thereon transferred to retained earnings	-	-	-	6,219	(6,219)	-
Balance as of March 31, 2019	5,819,360	58,194	131,367	(81,336)	-	108,225

(b) Year ended March 31, 2018

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: Remeasuremnt of defined benefit obligation	
Balance as of April 1, 2017	5,819,360	58,194	119,545	95,505	-	273,244
Changes in equity for the year ended March 31, 2018						
Stock compensation charge	-	-	5,662	-	-	5,662
Loss for the year	-	-	-	(70,202)	-	(70,202)
Actuarial gain on gratuity including deferred tax thereon	-	-	-	-	4,052	4,052
Actuarial gain on gratuity including deferred tax thereon transferred to retained earnings	-	-	-	4,052	(4,052)	-
Balance as of March 31, 2018	5,819,360	58,194	125,207	29,355	-	212,756

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

As per our report of even date

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

per Sunil Bhumralkar
Partner
Membership No. 035141

Bengaluru, India
May 8, 2019

S. R. Batliboi & Associates LLP Bengaluru

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

Makarand Padalkar
Director
DIN 02115514

Manish Bhandari
Director
DIN 03583180

Jayant Joshi
Company Secretary
ACS 7366

Mumbai, India
May 8, 2019

Oracle (OFSS) BPO Services Limited

Oracle (OFSS) BPO Services Limited

Notes annexed to and forming part of the financial statements for the year ended March 31, 2019
(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, 2018 - 99.82%) ownership interest in the Company as at March 31, 2019. 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 separate financial statements for the year ended March 31, 2019 were approved by the Company's Board of Directors and authorized for issue on May 08, 2019.

Note 2: Summary of significant accounting policies

2.1 Basis of preparation

(a) In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. These separate financial statements comprising of balance sheet, statement of profit and loss, statement of changes in equity and statement of cash flows as at March 31, 2019 have been prepared in accordance with 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).

(b) The separate financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- defined benefit plan
- share-based payments

(c) 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.

(d) Going concern

During the year the Company has incurred a net loss of Rs.116,910 thousand and has accumulated losses of Rs. 81,336 thousand resulting in erosion of its net worth from Rs. 212,756 thousand as at March 31, 2018 to Rs.108,225 thousand as at March 31, 2019. However, based on the business plan prepared by the management of the Company it is confident of achieving profitable operations in the foreseeable future 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.

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2.2 Changes in accounting policies and disclosures

The Company applied Ind AS 115 'Revenue from Contract with Customers' for the first time. The nature and effect of the changes as a result of adoption of the said accounting standard are described below:

Ind AS 115 Revenue from Contract with Customers

Ind AS 115 was issued on March 28, 2018 and supersedes Ind AS 18- 'Revenue' and it applies to all revenue arising from contracts with its customers effective from April 1, 2018. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

Effective April 1, 2018, the Company has adopted Ind AS 115 'Revenue from Contracts with Customers' retrospectively with the cumulative effect recognized at the date of initial application as an adjustment to the opening balance of retained earnings. The Company has applied the standard only to contracts that are not completed as of April 1, 2018 and the comparative information is not restated in its financial statements. The adoption of Ind AS 115 does not have any effect on the opening balance of retained earnings as at April 1, 2018 as well as on the statement of profit and loss for the year ended March 31, 2019.

2.3 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:

Asset description	Asset life (in years)
Tangible assets	
Leasehold Improvements	Lesser of 7 years or Lease term
Computer Equipments	3
Office Equipments	5
Furniture and fixtures	7

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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.

(b) Impairment of non financial assets

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

In 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 separate 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:

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 centre. 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.

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

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 the incremental costs 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 not have been incurred if the contract had not been obtained. Such deferred contract costs assets are amortised over the benefit period.

Interest income

Interest income is recognized using the effective interest method.

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.

(e) Income tax

Current income tax

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

Deferred tax

Deferred tax is provided using the liability method 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 transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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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.

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 realised 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.

(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 separate 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.

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. However, as at reporting date, the management has assessed that all the trade receivables are collectible and accordingly no provision has been made as at March 31, 2019.

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.

(h) Leases

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.

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Company as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

A lease arrangement where substantially all the risks and rewards of ownership of an asset are not transferred to the Company as lessee is classified as operating lease. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

(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 benefit expenses.

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

(j) Provisions

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

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

(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.

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.

(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.

(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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Note 3 : Property, plant and equipment

Year ended March 31, 2019

Particulars	Gross carrying value				Depreciation				Net carrying value
	As at April 01, 2018	Additions	Sale/deletions	As at March 31, 2019	As at April 01, 2018	Additions	Sale/deletions	As at March 31, 2019	As at March 31, 2019
Improvement to leasehold premises	52,094	-	-	52,094	24,109	5,666	-	29,775	22,319
Computer equipments	75,954	6,622	2,468	80,108	66,944	5,572	2,468	70,048	10,060
Office equipments	10,463	470	151	10,782	8,190	1,069	151	9,108	1,674
Furniture and fixtures	8,796	311	-	9,107	3,148	1,185	-	4,333	4,774
Total	147,307	7,403	2,619	152,091	102,391	13,492	2,619	113,264	38,827
								Capital work-in-progress	-
									38,827

Year ended March 31, 2018

Particulars	Gross carrying value				Depreciation				Net carrying value
	As at April 01, 2017	Additions	Sale/deletions	As at March 31, 2018	As at April 01, 2017	Additions	Sale/deletions	As at March 31, 2018	As at March 31, 2018
Improvement to leasehold premises	50,596	1,802	304	52,094	18,719	5,694	304	24,109	27,985
Computer equipments	66,072	9,882	-	75,954	63,375	3,569	-	66,944	9,010
Office equipments	10,866	416	819	10,463	7,576	1,433	819	8,190	2,273
Furniture and fixtures	8,937	-	141	8,796	2,116	1,172	140	3,148	5,648
Total	136,471	12,100	1,264	147,307	91,786	11,868	1,263	102,391	44,916
								Capital work-in-progress	-
									44,916

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	March 31, 2019	March 31, 2018
Note 4: Financial assets		
Non-current		
Other financial assets measured at amortized cost		
Deposits for premises and others	21,694	19
	21,694	**19**
Current		
Other financial assets measured at amortized cost		
Deposits for premises and other	-	8,488
Unbilled revenue	7,176	36,265
Other advances	24,045	15,208
	31,221	**59,961**
Breakup of financial assets measured at amortised cost		
Deposits for premises and others (note 4)	21,694	8,507
Unbilled revenue (note 4)	7,176	36,265
Other advances (note 4)	24,045	15,208
Trade receivables (note 5)	21,195	13,264
Cash and bank balances (note 6)	12,786	153,239
	86,896	**226,483**

	March 31, 2019	March 31, 2018
Note 5: Trade receivables		
Break-up for security details:		
Secured, considered good	-	-
Unsecured, considered good	21,195	13,264
Considered doubtful	-	-
	21,195	13,264
Impairment Allowance		
Unsecured, considered good	-	-
Considered doubtful	-	-
	21,195	**13,264**

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.

	March 31, 2019	March 31, 2018
Note 6: Cash and bank balances		
(a) Cash and cash equivalents		
Balances with banks:		
In current accounts	12,786	16,229
In deposit accounts with original maturity of less than 3 months	-	24,005
	12,786	**40,234**
(b) Other bank balances		
Balances with banks:		
In deposit accounts with original maturity of more than 3 months but less than 12 months	-	113,005
	-	**113,005**
	12,786	**153,239**

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.

	March 31, 2019	March 31, 2018
Note 7: Other assets		
Non-current		
Prepaid expenses	10,925	-
	10,925	**-**
Current		
Prepaid expenses	3,664	1,124
	3,664	**1,124**

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Note 8: Equity share capital	**March 31, 2019**	**March 31, 2018**
Authorized:		
10,000,000 (March 31, 2018 - 10,000,000) equity shares of Rs. 10 each	**100,000**	**100,000**
Issued, subscribed and fully paid-up:		
5,819,360 (March 31, 2018 - 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 :	**March 31, 2019**	**March 31, 2018**
ISP Internet (Mauritius) Company Limited, holding company		
Number of equity shares	5,808,660	5,808,660
% of equity shares	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

	No. of equity shares	**Amount**
Outstanding as at April 1, 2017	5,819,360	58,194
Issued during the period ended March 31,2018	-	-
Outstanding as at March 31, 2018	5,819,360	58,194
Issued during the period ended March 31,2019	-	-
Outstanding as at March 31,2019	5,819,360	58,194

	Note 9: Contribution from Parent Company	**March 31, 2019**	**March 31, 2018**
(a)	ESOP charge from parent company		
	Balance, beginning of the year	16,137	10,475
	Charge for the year (Refer note 18 and note 28)	6,160	5,662
	Balance, end of the year	22,297	16,137
(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)	**131,367**	**125,207**

Note 10: Other equity	**March 31, 2019**	**March 31, 2018**
Retained earnings	(81,336)	29,355
Other comprehensive income	-	-
	(81,336)	**29,355**

Retained earnings	**March 31, 2019**	**March 31, 2018**
Balance, beginning of the year	29,355	95,505
Loss for the year	(116,910)	(70,202)
Balance, end of the year	(87,555)	25,303
Actuarial gain on gratuity including deferred tax thereon transferred to retained earnings	6,219	4,052
Balance, end of the year	**(81,336)**	**29,355**
Other comprehensive income		
Balance, beginning of the year	-	-
Actuarial gain on gratuity including deferred tax thereon	6,219	4,052
	6,219	4,052
Actuarial gain on gratuity including deferred tax thereon transferred to retained earnings	(6,219)	(4,052)
Balance, end of the year	-	-

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	March 31, 2019	March 31, 2018
Note 11: Financial liabilities		
(a) Trade Payables measured at amortized cost		
Current		
(A) total outstanding dues of micro enterprises and small enterprises*	117	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.	3,504	1,597
	3,621	**1,597**

* 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)

	March 31, 2019	March 31, 2018
- Principal amount remaining unpaid to any supplier as at the end of the year	117	-
- 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 accured and remaining unpaid at the end of year	-	-
- Amount of further interest remaining due and payable even in the succeding year.	-	-
	117	-

	March 31, 2019	March 31, 2018
(b) Other financial liabilities measured at amortized cost		
Current		
Accrued expenses	9,639	10,526
Accrued compensation to employees	7,082	7,950
Advances from customers	-	21,714
	16,721	**40,190**

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 quarterly throughout the year

	March 31, 2019	March 31, 2018
Note 12: Other liabilities		
Non-current		
Deferred rent	579	-
	579	-
Current		
Withholding and other taxes	1,440	668
Other statutory dues	1,208	1,406
	2,648	**2,074**
Note 13: Employee benefit obligations		
Non-current		
Gratuity (refer note 25)	28,290	27,679
	28,290	**27,679**
Current		
Gratuity (refer note 25)	4,622	8,749
Compensated absence	11,179	12,281
	15,801	**21,030**

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Note 14: Income taxes

(a) The major components of income tax expense for the year ended March 31, 2019 and March 31, 2018 are :

	Year ended March 31,	
	2019	**2018**
(i) Profit or loss section		
Current taxes	-	-
Deferred tax	-	21,662
Income tax expense reported in the statement of profit and loss	-	**21,662**

(b) Reconciliation of tax expense and accounting profit for the year end March 31, 2019 and March 31, 2018

	Year ended March 31,	
	2019	**2018**
Accounting loss before income tax	**(116,910)**	**(48,540)**
Enacted tax rates in India	34.94%	34.94%
Computed expected tax expenses	-	-
Tax effect	-	-
Deferred tax asset charged off	-	21,662
At the effective income tax rate	-	**21,662**
Income tax expense reported in statement of profit and loss	-	**21,662**

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

	Year ended March 31,	
	2019	**2018**
Balance, beginning of year	-	21,662
Tax (expense) / income during the year recognised in profit or loss	-	(21,662)
Tax income during the year recognised in profit or loss	-	-
Balance, end of the year	-	-

(d) As at March 31, 2019, the management has made an assessment of the Company's future taxable profits and based on its assessment, deferred tax asset has not been recognized since it is probable that sufficient taxable profit may not be available in future against which the deductible temporary differences could be utilized.

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	Year ended March 31, 2019	2018
Note 15: Revenue from operations		
Service revenue	168,516	245,355
	168,516	**245,355**
Note 16: Finance income		
Interest on:		
Bank deposits	4,265	8,668
Deposits for premises and others	1,077	793
	5,342	**9,461**
Note 17: Other income, net		
Foreign exchange gain, net	133	-
Profit on sale of fixed assets, net	-	56
Miscellaneous income	8	4,909
	141	**4,965**
Note 18: Employee costs		
Salaries and bonus [Refer note (a) below]	155,257	170,536
Stock compensation expense	6,160	5,662
Staff welfare expenses	6,441	6,156
Contribution to provident and other funds	11,327	13,137
	179,185	**195,491**

Note (a): Salaries and bonus is net off provision for bonus written back pertaining to earlier years amounting to Rs. 2,878 thousand (March 31, 2018 ₹ Nil).

	2019	2018
Note 19: Other operating expenses		
Communication expenses	3,778	158
Rent	44,538	36,812
Power	6,906	7,237
Repairs and maintenance:		
Buildings and leasehold premises	2,620	2,091
Computer equipments	64	383
Rates and taxes	2,204	6,989
Recruitment Expenses	211	189
Housekeeping Expenses	3,690	3,254
Impairment loss on other financial assets	481	60
Foreign exchange loss, net	-	446
Corporate Social Responsibility [Refer note (b) below]	-	822
Advances Written off	-	3,824
Facility charges	6,504	6,271
Miscellaneous expenses	725	729
	71,721	**69,265**

Note (b) : As per the requirements of Section 135 of the Companies Act, 2013 the Company is not required to spend any amount on Corporate Social Responsibility expenditure based on the average net profits of the three immediately preceding financial years. The Company has paid Nil amount (March 31, 2018 Rs. 822 thousand) against Corporate Social Responsibility expenditure.

Note 20: Earnings per share and share based payment

(a) Reconciliation of basic and diluted equity shares used in computing earnings per share

	(Number of equity shares) Year ended March 31, 2019	2018
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**

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(b) Share based payments - Employee Stock Option Plan ('ESOP')

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

Pursuant to ESOP schemes approved by the members of OFSSL, OFSSL granted the options to the employees of the Company under 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 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 with the Company . 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. 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 employees of the Company is as follows:

	Year ended			
	March 31, 2019		March 31, 2018	
	Shares arising from options	Weighted average exercise price (Rs.)	Shares arising from options	Weighted average exercise price (Rs,)
Outstanding at beginning of year	990	2,050	1,000	2,050
Granted	-	-	-	-
Exercised	(410)	2,050	(10)	2,050
Forfeited	-	-	-	-
Outstanding at end of the year	**580**	**2,050**	**990**	**2,050**
Vested options	580		990	
Unvested options	-		-	

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

	Year ended			
	March 31, 2019		March 31, 2018	
	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	2,800	2,475
Granted	-	-	-	-
Exercised	-	-	(800)	2,373
Forfeited	-	-	-	-
Outstanding at end of the year	**2,000**	**2,516**	**2,000**	**2,516**
Vested options	2,000		1,800	
Unvested options	-		200	

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

	Year ended			
	March 31, 2019		March 31, 2018	
	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	4,422	5	3,439	5
Granted	1,575	5	1,625	5
Exercised	(1,264)	5	(642)	5
Forfeited	-	-	-	-
Outstanding at end of the year	**4,733**	**5**	**4,422**	**5**
Vested options and OSUs	903		823	
Unvested options and OSUs	3,830		3,599	

The details of options / OSUs unvested and options / OSUs vested and exercisable as on March 31, 2019 are as follows:

	Exercise prices (Rs.)	Number of Options	Weighted average exercise price (Rs.)	Weighted average remaining contractual life (Years)
Options /OSUs unvested	5	3,830	5	8.3
Options /OSUs vested and exercisable	5	903	5	6.9
	1,930	1,000	1,930	2.7
	2,050	580	2,050	1.4
	3,077	500	3,077	4.5
	3,127	500	3,127	3.9
		7,313	**854**	**6.3**

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The details of options / OSUs unvested and options / OSUs vested and exercisable as on March 31, 2018 was as follows:

	Exercise prices (Rs.)	Number of Options	Weighted average exercise price (Rs.)	Weighted average remaining contractual life (Years)
Options /OSUs unvested	5	3,599	5	8.5
	3,077	200	3,077	5.5
Options /OSUs vested and exercisable	5	823	5	7.4
	1,930	1,000	1,930	3.7
	2,050	990	2,050	2.4
	3,077	300	3,077	5.5
	3,127	500	3,127	4.9
		7,412	**956**	**6.5**

Stock Options/OSUs granted during the financial year ended March 31, 2019:

During the year ended March 31, 2019, OFSSL has granted 1,575 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 stock options/OSUs were exercised was Rs. 3,960 (March 31, 2018 – Rs. 3,795).

The weighted average fair value of stock options/OSUs granted during the year was Rs. 4,154 (March 31, 2018 – Rs. 3,575).

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 2019 and March 2018:

	OFSS Stock Plan 2014 (OSU)	
	June, 2018	June, 2017
Weighted average share price (in Rs.)	4,158	3,579
Exercise Price (in Rs.)	5	5
Expected Volatility	22%	23%
Weighted average life (in years)	2.60	3.60
Expected dividend rate	Nil	Nil
Average risk-free interest rate	7.48%	6.45%

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 21: 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 financials assets and financials liabilities which are measured at fair value through profit or loss.

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Note 22: Significant accounting judgements, estimates and assumptions

The preparation of the Company's separate 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 separate 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 office. 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.

- **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 26.

- **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. 2.3 (e).

Note 23: Capital commitments and contingent liabilities

Particulars	March 31, 2019	March 31, 2018
(a) Capital commitments		
Contracts remaining to be executed on capital account not provided for (net of advances).	Nil	Nil
(c) Contingent liabilities:		
On account of Income-tax	Nil	1,413

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Note 24: Leases

Where Company is lessee

Operating lease

The Company has taken an office premise under an operating lease for 60 months. Gross rental expenses for the year ended March 31, 2019 aggregated to Rs. 25,752 thousand (March 31, 2018 – Rs. 18,917 thousand). The minimum rental payments to be made in future in respect of these leases are as follows:

	March 31, 2019	March 31, 2018
Not later than one year	57,873	15,745
Later than one year but not later than five years	239,209	-
Later than five years	-	-
	297,082	15,745

Note 25: Employee Benefit Obligation

Defined contribution plans

During the year ended March 31, 2019 and 2018, the Company contributed Rs.7,425 thousand and Rs. 9,133 thousand, respectively to provident fund.

Defined benefit plan – gratuity

The amounts recognized in the statement of profit and loss for the year ended March 31, 2019 and 2018 are as follows:

	Year ended March 31,	
Particulars	**2019**	**2018**
Current service cost	1,434	1,600
Past Service Cost	-	-
Interest cost, net	2,468	2,404
Total included in employee benefit expense	**3,902**	**4,004**

Re-measurements recognized in other comprehensive income

	Year ended March 31,	
Particulars	**2019**	**2018**
Due to change in demographic assumptions	(4,116)	129
Due to change in financial assumptions	(369)	(4,878)
Due to change in experience adjustments	(1,734)	697
Total re-measurements in OCI	**(6,219)**	**(4,052)**

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The amounts recognized in the balance sheet are as follows:

Particulars	March 31, 2019	March 31, 2018
Present value of unfunded obligations	32,912	36,428
Net liability	**32,912**	**36,428**

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

Particulars	Year ended March 31, 2019	2018
Defined benefit obligation at beginning of the year	36,428	37,171
Current service cost	1,434	1,600
Interest cost, net	2,468	2,405
Benefits paid	(1,199)	(696)
Re-measurements		
-Due to change in demographic assumptions	(4,116)	129
-Due to changes in financial assumptions	(369)	(4,878)
-Due to change in experience adjustments	(1,734)	697
Defined benefit obligation at end of the year	**32,912**	**36,428**

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

	March 31, 2019	March 31, 2018
Discount rate	7.80%	7.70%
Salary escalation rate	6.00%	6.00%
Weighted average duration	12 Years	5 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, 2020 is expected to be Rs. 4,622 thousand (March 31, 2019 – Rs. 8,749 thousand).

A quantitative sensitivity analysis for significant assumptions on defined benefit obligation as at March 31, 2019 and March 31, 2018 is as shown below:

Particulars	Sensitivity level	Year ended March 31, 2019	2018
Financial assumptions			
Discount rate	- 0.5%	34,821	37,287
	+ 0.5%	31,161	35,612
Salary escalation rate	- 0.5%	31,125	35,595
	+ 0.5%	34,486	37,297

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Particulars	Sensitivity level	Year ended March 31, 2019	2018
Demographic assumptions			
Withdrawal rate	- 1%	32,192	36,235
	+ 1%	33,549	36,603

Note 26: 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.

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, 2019	March 31, 2018
USD	11,404	13,129

- 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, 2019		March 31, 2018	
	+1%	-1%	+1%	-1%
USD	114	(114)	131	(131)

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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. In the event of inadequacy of funds, the Company seeks financial assistance from its parent, Oracle Financial Services Software Limited ('OFSS'), as per the loan agreement entered between the Company and OFSS effective from March 1, 2019 of an amount not exceeding Rs. 250,000 thousand. Further, OFSS 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 [(Refer note 2.1(d)].

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

Particulars	**Less than 1 year**	**More than 1 year**	**Total**
As at March 31, 2019			
Trade payables	3,621	-	3,621
Accrued expenses	9,639	-	9,639
Accrued compensation to employees	7,082	-	7,082
	20,342	-	**20,342**

Particulars	**Less than 1 year**	**More than 1 year**	**Total**
As at March 31, 2018			
Trade payables	1,597	-	1,597
Accrued expenses	10,526	-	10,526
Accrued compensation to employees	7,950	-	7,950
Advance from Customer	21,714	-	21,714
	41,787	-	**41,787**

(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.

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- 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 27: 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 28: Names of Related Parties and description of relationship:

Relationship	Names of related parties
(i) Related parties where control exists	
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

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Transactions and balances outstanding with these parties are described below:

	Transactions		Amount receivable (payable)	
	Year ended		As at	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Revenue				
Oracle (OFSS) BPO Services Inc.	139,302	227,761	11,404	-
Oracle (OFSS) Processing Services Limited	10,235	3,780	5,145	832
Oracle India Private Limited	18,979	13,814	4,646	12,432
Unbilled revenue				
Oracle (OFSS) BPO Services Inc.	-	-	-	34,845
Oracle India Private Limited	-	-	7,176	1,420
Communication expenses				
Oracle India Private Limited	3,514	-	(3,514)	-
Reimbursement of expenses incurred on behalf of " Oracle (OFSS) BPO Services Limited" by				
Oracle Financial Services Software Limited	235	949	(235)	-
Oracle (OFSS) Processing Services Limited	-	6	(1)	(1)
Oracle India Private Limited	-	173	-	(173)
Reimbursement of expenses incurred by " Oracle (OFSS) BPO Services Limited" on behalf of				
Oracle (OFSS) Processing Services Limited	320	-	320	-
Procurement Of Assets				
Oracle India Private Limited	5,039	-	-	-
Equity Contribution for stock options/OSU				
Oracle Financial Services Software Limited (Refer note 9)	6,160	5,662	-	-
Advances from a customer				
Oracle (OFSS) BPO Services Inc.	-	-	-	(21,714)

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Note 29: Segment information

Business segments
The Board of Directors i.e. Chief Operating Decision Maker ('CODM') 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 :

	Year ended March 31,			
	2019		2018	
Segment Revenue based on location	Amount	%	Amount	%
India	29,214	17%	17,594	7%
United States of America	139,302	83%	227,761	93%
	168,516	100%	245,355	100%

Revenue of ₹ 168,516 thousand (March 31, 2018 ₹ 245,355 thousand) is derived from a single customer (all the group companies are considered as a single customer).

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

	Regions		
	India	USA	Total
As at March 31, 2019			
Amount	85,325	-	85,325
%	100%	0%	100%
As at March 31, 2018			
Amount	77,719	-	77,719
%	100%	0%	100%

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

Note 30: Revenue from contract with customers

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 year ended March 31, 2019 by geography.

Particulars	**BPO services**
Revenue by Geography	
India	29,214
United States of America	139,302
	168,516

As at the beginning of the period (i.e. April 1, 2018) there is no contract liability balance. Further, there is no revenue recognised during the year ended March 31, 2019 from performance obligations satisfied (or partially satisfied) in previous periods.

During the year ended March 31, 2019, 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, 2019, 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 discloure 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.

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Note 31: Transfer Pricing

The Company has entered into 'international transactions' with 'Associated Enterprises' which are subject to transfer pricing regulations in India. The Company is in the process of carrying out transfer pricing study for the year ended March 31, 2019 in this regard, to comply with the requirements of the Income Tax Act, 1961. The management of the Company, is of the opinion that such transactions with Associated Enterprises are at arm's length and hence in compliance with the aforesaid legislation. Consequently, this will not have any impact on its financial statements.

Note 32: Recent accounting pronouncements

Standards issued but not yet effective

Ind AS 116 Leases

Ind AS 116 was notified on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.
Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.
Ind AS 116 will come into force from April 1, 2019. The Company is evaluating the requirements of the standard and the effect on its financial statements.

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.
This interpretation will come into force from April 1, 2019. The Company is evaluating the requirements of the amendment and the effect on its financial statements.

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Amendments to Ind AS 12 – Income taxes

The amendments clarify that the income tax consequence of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.
The amendment will come into force from April 1, 2019. Since the Company's current practice is in line with these amendments, the Company does not expect any effect on its financial statements.

Amendments to Ind AS 19 – Employee benefits

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.
The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after April 1, 2019. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Company.

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	Year ended March 31,	
	2019	2018
Note 33: Earnings in foreign currency (on accrual basis)		
Service revenue	139,302	227,761
	139,302	227,761

	Year ended March 31,	
	2019	2018
Note 34: Payment to Auditors* (including GST)		
As auditor		
Audit fees	1,068	1,068
Tax audit	148	148
In other capacity:		
Other services (certification fees)	83	-
Out-of-pocket expenses	61	89
	1,360	1,305

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

As per our report of even date

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

per Sunil Bhumralkar
Partner
Membership No. 035141

Bengaluru, India
May 8, 2019

S. R. Batliboi & Associates LLP Bengaluru

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

Makarand Padalkar
Director
DIN 02115514

Manish Bhandari
Director
DIN 03583180

Jayant Joshi
Company Secretary
ACS 7366

Mumbai, India
May 8, 2019

Oracle (OFSS) BPO Services Limited