

**INDEPENDENT AUDITOR'S REPORT****To the Members of Oracle (OFSS) Processing 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) Processing 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 profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the 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.

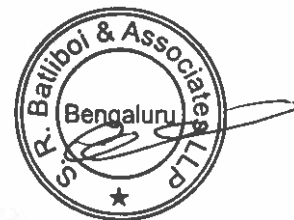
**Other Information**

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**

Chartered Accountants

## **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;
  - (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,



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- 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



# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

## **Annexure 1 referred to in paragraph [1] under Report on Other Legal and Regulatory Requirements of our report of even date**

### **Re: Oracle (OFSS) Processing Services Limited (the 'Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (a) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (b) 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) Undisputed statutory dues including provident fund, income-tax, duty of custom, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities. 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, sales-tax, duty of custom, value added 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.
- (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:



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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	Tax and interest thereon	3,819,600	Assessment year 2009- 2010	Income Tax Appellate Tribunal
The Income Tax Act, 1961	Tax and interest thereon	7,539,322	Assessment year 2010- 2011	The High Court of Judicature at Bombay

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.



# **S.R. BATLIBOI & ASSOCIATES LLP**

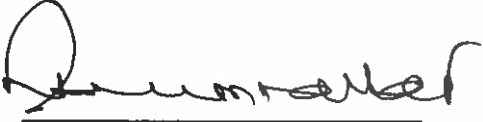
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(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per **Sunil Bhumraikar**

Partner

Membership Number: 035141

Place of Signature: Bengaluru

Date: May 8, 2019



## **Annexure 2 to the Independent Auditor's Report of even date on the standalone Ind AS financial statements of Oracle (OFSS) Processing 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) Processing 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 the





# **S.R. BATLIBOI & ASSOCIATES LLP**

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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.

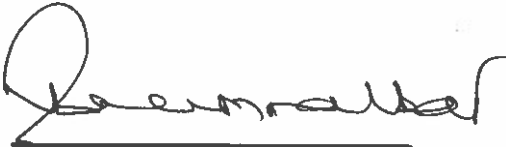
## **Opinion**

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



**per Sunil Bhumralkar**

Partner

Membership Number: 035141

Place of Signature: Bengaluru

Date: May 8, 2019



**Oracle (OFSS) Processing 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
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	822	268
<b>Financial assets</b>			
Investment in fellow subsidiary	4	167	167
Other non-current financial assets	5	126	131
Deferred tax assets (net)	14 (c)	7,452	7,676
Income tax assets (net)		71,479	71,163
		<b>80,046</b>	<b>79,405</b>
<b>Current assets</b>			
<b>Financial assets</b>			
Trade receivables	6	76,328	63,389
Cash and cash equivalents	7(a)	39,669	78,046
Other bank balances	7(b)	145,480	50,608
Other current financial assets	5	11,296	552
Other current assets	8	727	1,936
		<b>273,500</b>	<b>194,531</b>
<b>TOTAL</b>		<b>353,546</b>	<b>273,936</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	9	13,000	13,000
Other equity	10	277,779	203,841
<b>Total equity</b>		<b>290,779</b>	<b>216,841</b>
<b>Non-current liabilities</b>			
Employee benefit obligations	13	11,210	10,490
		<b>11,210</b>	<b>10,490</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
<b>Trade payables</b>			
Total outstanding dues of micro enterprises and small enterprises	11(a)	10	-
Total outstanding dues of creditors other than micro enterprises and small enterprises.	11(a)	6,945	1,900
Other current financial liabilities	11(b)	24,252	15,216
Other current liabilities	12	7,800	16,745
Employee benefit obligations	13	12,550	12,744
		<b>51,557</b>	<b>46,605</b>
<b>TOTAL</b>		<b>353,546</b>	<b>273,936</b>
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 and on behalf of the Board of Directors of  
Oracle (OFSS) Processing Services Limited

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

Makarand Padalkar  
Director  
DIN 02115514

Manish Bhandari  
Director  
DIN 03583180

For Sunil Bhumralkar  
Partner  
Membership No. 035141



Bengaluru, India  
May 8, 2019

Mumbai, India  
May 8, 2019



Oracle (OFSS) Processing 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	March 31, 2018
Revenue from operations	15	395,753	307,401
Finance income	16	9,468	5,361
Other income, net	17	1,876	45
<b>Total income</b>		<b>407,097</b>	<b>312,807</b>
<b>Expenses</b>			
Employee benefit expenses	18	245,656	229,523
Travel related expenses		20,365	18,902
Professional fees		25,270	8,039
Other operating expenses	19	10,456	10,515
Depreciation and amortization	3	375	303
<b>Total expenses</b>		<b>302,122</b>	<b>267,282</b>
<b>Profit before tax</b>		<b>104,975</b>	<b>45,525</b>
<b>Tax expenses</b>			
Tax expenses	14		
Current tax		31,370	13,083
Adjustment of tax relating to earlier years		(136)	(1,472)
Deferred tax charge		86	707
<b>Total tax expenses</b>		<b>31,320</b>	<b>12,318</b>
<b>Profit for the year</b>		<b>73,655</b>	<b>33,207</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Actuarial gain / (loss) on gratuity		421	1,170
Deferred tax charge		(138)	(325)
<b>Total other comprehensive income for the year, net of tax</b>		<b>283</b>	<b>845</b>
<b>Total comprehensive income for the year</b>		<b>73,938</b>	<b>34,052</b>
<b>Earnings per equity share of par value of Rs. 10 (March 31, 2018 Rs. 10) each (in Rs. )</b>			
Basic	20	56.66	25.54
Diluted		56.66	25.54

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

As per our report of even date

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

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

Makarand Padalkar  
Director  
DIN 02115514

Manish Bhandari  
Director  
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per Sunil Bhumralkar  
Partner  
Membership No. 035141



Bengaluru, India  
May 8, 2019

Mumbai, India  
May 8, 2019

Oracle (OFSS) Processing 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		Share Capital	Retained earnings	Other equity		Total equity attributable to equity share holders of the Company
	Number of shares	Share Capital			Other comprehensive income	Reassessment of defined benefit obligation	
Balance as of April 1, 2018	1,300,000	13,000	13,000	203,841	-	-	216,841
<i>Changes in equity for the year ended March 31, 2019</i>							
Profit for the year	-	-	-	73,655	-	-	73,655
Actuarial gain / (loss) on gratuity including deferred tax thereon	-	-	-	-	283	-	283
Actuarial gain / (loss) on gratuity including deferred tax thereon transferred to retained earnings	-	-	-	-	(283)	-	(283)
Balance as of March 31, 2019	1,300,000	13,000	13,000	277,779	-	-	290,779

(b) Year ended March 31, 2018

Particulars	Equity share capital		Share Capital	Retained earnings	Other equity		Total equity attributable to equity share holders of the Company
	Number of shares	Share Capital			Other comprehensive income	Reassessment of defined benefit obligation	
Balance as of April 1, 2017	1,300,000	13,000	13,000	169,789	-	-	182,789
<i>Changes in equity for the year ended March 31, 2018</i>							
Profit for the year	-	-	-	33,207	-	-	33,207
Actuarial gain / (loss) on gratuity including deferred tax thereon	-	-	-	-	845	-	845
Actuarial gain / (loss) on gratuity including deferred tax thereon transferred to retained earnings	-	-	-	-	(845)	-	(845)
Balance as of March 31, 2018	1,300,000	13,000	13,000	203,841	-	-	216,841

The accompanying notes form an integral part of the financial statements

As per our report of even date

For S. R. Bhatnagar & Associates LLP  
Chartered Accountants  
ICAI Firm Registration No. 101049W/E3/00004

*S. R. Bhatnagar*  
per Smiti Bhatnagar  
Partner  
Membership No. 035141

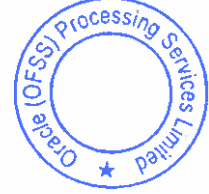
Bengaluru, India  
May 8, 2019



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

Mahesh Padalkar  
Director  
DIN 02115514

Mumbai, India  
May 8, 2019



*Mahesh Bhandari*  
Director  
DIN 03583180

**Oracle (OFSS) Processing 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
<b>Cash flows from operating activities :</b>		
Profit before tax	104,975	45,525
Adjustments to reconcile profit before tax to cash generated from operating activities :		
Depreciation and amortization	375	303
Impairment loss on other financial assets	532	7
Interest income	(9,468)	(5,361)
Foreign exchange (gain)/loss, net	(1,876)	1,316
Operating Profit before Working Capital changes	94,538	41,790
Movements in working capital		
(Increase) in other non-current financial assets	-	(37)
(Increase) in trade receivables	(12,333)	(14,202)
(Increase)/Decrease in other current financial assets	(10,001)	7,041
Decrease/(Increase) in other current assets	1,209	(1,202)
Increase in non current liabilities	1,141	2,124
Increase in trade payables	5,055	1,147
Increase in other current financial liabilities	9,036	2,307
(Decrease)/Increase in other current liabilities	(8,945)	13,791
(Decrease) in short term provisions	(194)	(619)
Cash flow from operating activities	79,506	52,140
Payment of domestic taxes	(31,168)	(30,785)
<b>Net cash generated from operating activities</b>	<b>48,338</b>	<b>21,355</b>
<b>Cash flows from investing activities :</b>		
Purchase of property, plant and equipment	(929)	-
Bank fixed deposits having maturity of more than three months matured	112,300	153,600
Bank fixed deposits having maturity of more than three months booked	(203,700)	(133,600)
Interest received	5,614	6,185
<b>Net cash (used in) / generated from investing activities</b>	<b>(86,715)</b>	<b>26,185</b>
<b>Cash flows from financing activities:</b>		
<b>Net cash (used in) / generated from financing activities</b>	<b>-</b>	<b>-</b>
Net (decrease) / increase in cash and cash equivalents	(38,377)	47,540
Cash and cash equivalents at the beginning of the year	78,046	30,506
<b>Cash and cash equivalents at the end of the year</b>	<b>39,669</b>	<b>78,046</b>



**Oracle (OFSS) Processing 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**

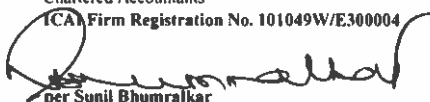
**Component of cash and cash equivalents**

Balances with banks:		
Current accounts	14,637	12,790
Deposit accounts with original maturity of less than three months	25,032	65,256
<b>Total cash and cash equivalents [Refer note 7(a)]</b>	<b>39,669</b>	<b>78,046</b>

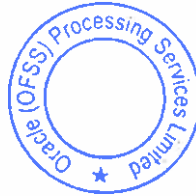
The Company has paid an amount of Rs. 1,528 thousand (March 31, 2018 Rs. 1,693 thousand) towards Corporate Social Responsibility expenditure. Refer Note (b) under Note 19 for further details.

As per our report of even date

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

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



**Makarand Padalkar**  
Director  
DIN 02115514

**Manish Bhandari**  
Director  
DIN 03583180

Mumbai, India  
May 8, 2019

## Oracle (OFSS) Processing 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) Processing Services Limited ('the Company') was incorporated in India with limited liability on February 16, 2005. The Company is principally engaged in the business of providing business process outsourcing services to the financial services (capital markets) industry abroad and other information technology consulting services. The Company is a subsidiary of Oracle Financial Services Software Limited holding 99.996% (March 31, 2018 – 99.996%) ownership interest in the Company as at March 31, 2019.

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

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).

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

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

#### 2.2 Changes in accounting policies and disclosures

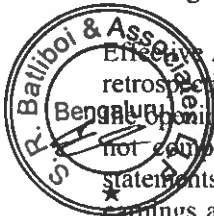
The Company applied Ind AS 115 'Revenue from Contract with Customers' for the first time. The nature and effect of the changes as a result of adoption of the said accounting standard are described below:

##### 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.



## Oracle (OFSS) Processing 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)

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

<u>Asset description</u>	<u>Asset life (in years)</u>
<b>Tangible assets</b>	
Computer Equipments	3
Office Equipments	5
Furniture and fixtures	7

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

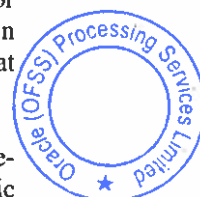
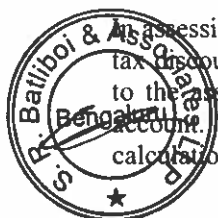
The management has estimated based on an internal assessment, the useful lives of the following classes of assets.

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

#### (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





## Oracle (OFSS) Processing 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)

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.

#### (a) 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.

#### (b) Revenue recognition

##### *Business Process Outsourcing & IT Consulting Services*

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.

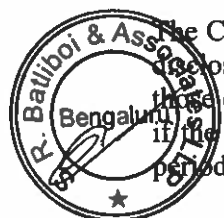
BPO services comprise of back-office administration, data management and call centre; and IT consulting services comprise of application and technology solutions to customers to improve overall efficiency, optimize cost and meet compliance mandates. Depending upon the terms of the arrangement, revenue from these services are recognized on a per employee, number of hours worked or cost-plus basis. The BPO and IT consulting services 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.



## Oracle (OFSS) Processing 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)

### *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.

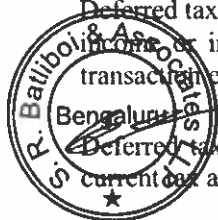
Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, 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.



## Oracle (OFSS) Processing 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)

### (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

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.



## Oracle (OFSS) Processing 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)

### (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. Investments in fellow subsidiaries are carried at cost as per Ind AS 27 - Separate Financial Statements.

##### *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*

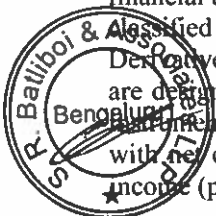
This category is the most relevant to the Company. Debt instruments are measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial 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.

##### *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.



## Oracle (OFSS) Processing 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)

### *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 therefore the Company has considered the socio-economic conditions only of the India region 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, 2018.



## Oracle (OFSS) Processing 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)

### 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.

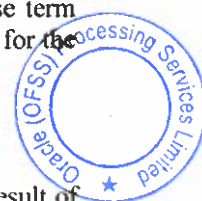
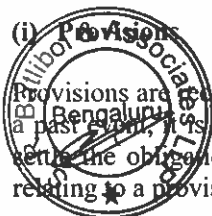
#### *Company as a Lessee*

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) 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.



## Oracle (OFSS) Processing 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)

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.

#### (j) 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.

#### (k) Cash dividend to equity share holders of the Company

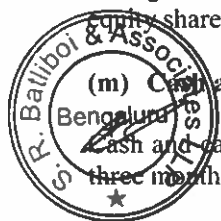
The Company recognizes a liability to make cash or non-cash distributions to equity share holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the Act, a distribution of interim dividend is authorized when it is approved by the Board of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

#### (l) 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.

#### (m) 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.



**Oracle (OFSS) Processing Services Limited**

**Notes annexed to and forming part of the financial statements as at March 31, 2019**  
(Amounts in thousands of Indian Rupees, except share data)

**Note 3 : Property, plant and equipment**  
Year ended March 31, 2019

Particulars	Gross carrying value			Depreciation		Net carrying value As at March 31, 2019
	As at April 01, 2018	Additions	As at March 31, 2019	For the year	As at March 31, 2019	
Computer equipments	14,394	626	15,020	120	14,472	548
Office equipments	1,071	303	1,374	65	1,100	274
Furniture and fixtures	1,425	-	1,425	190	1,425	-
<b>Total</b>	<b>16,890</b>	<b>929</b>	<b>17,819</b>	<b>375</b>	<b>16,997</b>	<b>822</b>

Year ended March 31, 2018

Particulars	Gross carrying value			Depreciation		Net carrying value As at March 31, 2018
	As at April 01, 2017	Additions	As at March 31, 2018	For the year	As at March 31, 2018	
Computer equipments	14,394	-	14,394	76	14,352	42
Office equipments	1,071	-	1,071	23	1,035	36
Furniture and fixtures	1,425	-	1,425	204	1,235	190
<b>Total</b>	<b>16,890</b>	<b>-</b>	<b>16,890</b>	<b>303</b>	<b>16,622</b>	<b>268</b>



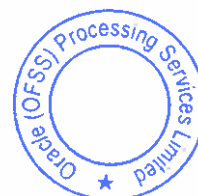


**Oracle (OFSS) Processing Services Limited**

**Notes annexed to and forming part of the financial statements as at March 31, 2019**

(Amounts in thousands of Indian Rupees, except share data)

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
<b>Note 4: Investments in fellow subsidiary (unquoted) (at cost, unless otherwise stated)</b>		
<b>(i) In fellow subsidiary</b>		
Oracle (OFSS) BPO Services Limited		
10,700 (March 31, 2018 - 10,700) equity shares of Rs. 10 each, fully paid-up	<u>167</u>	<u>167</u>
	<u>167</u>	<u>167</u>
<b>Note 5: Financial assets</b>		
<b>Non-current</b>		
<b>Other financial assets measured at amortized cost</b>		
Deposits for premises and others	<u>126</u>	<u>131</u>
	<u>126</u>	<u>131</u>
<b>Current</b>		
<b>Other financial assets measured at amortized cost</b>		
Unbilled revenue, gross	11,152	-
Impairment Allowance	(141)	-
Unbilled revenue, net	<u>11,011</u>	<u>-</u>
Deposits for premises and others	10	215
Other advances	<u>275</u>	<u>337</u>
	<u>11,296</u>	<u>552</u>
<b>Breakup of financial assets measured at amortised cost</b>		
Deposits for premises and others (Refer note 5)	136	346
Unbilled revenue (Refer note 5)	11,011	-
Other advances (Refer note 5)	275	337
Trade receivables (Refer note 6)	76,328	63,389
Cash and bank balances (Refer note 7)	<u>185,149</u>	<u>128,654</u>
	<u>272,899</u>	<u>192,726</u>
<b>Note 6: Trade receivables</b>		
<b>Break-up for security details:</b>		
Unsecured, considered good	76,328	63,389
Considered doubtful	397	-
	<u>76,725</u>	<u>63,389</u>
<b>Impairment Allowance</b>		
Unsecured, considered good	-	-
Considered doubtful	(397)	-
	<u>76,328</u>	<u>63,389</u>
No trade receivables are due from directors or other key managerial personnel of the Company either severally or jointly with any other person. Trade receivables are non-interest bearing and are generally on terms of 90 days.		
<b>Note 7: Cash and bank balances</b>		
<b>(a) Cash and cash equivalents</b>		
Balances with banks:		
In current accounts	14,637	12,790
In deposit accounts with original maturity of less than 3 months	25,032	65,256
	<u>39,669</u>	<u>78,046</u>
<b>(b) Other bank balances</b>		
Balances with banks:		
In deposit accounts with original maturity of more than 3 months but less than 12 months	145,480	50,608
	<u>145,480</u>	<u>50,608</u>
	<u>185,149</u>	<u>128,654</u>
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.		
<b>Note 8: Other assets</b>		
<b>Current</b>		
Other receivable	-	1,556
Prepaid expenses	727	380
	<u>727</u>	<u>1,936</u>



**Oracle (OFSS) Processing Services Limited**

**Notes annexed to and forming part of the financial statements as at March 31, 2019**  
(Amounts in thousands of Indian Rupees, except share data)

**Note 9: Equity share capital**

**Authorized:**

5,000,000 (March 31, 2018 - 5,000,000) equity shares of Rs. 10 each

**March 31, 2019**

**March 31, 2018**

**50,000**

**50,000**

**Issued, subscribed and fully paid-up:**

1,300,000 (March 31, 2018 - 1,300,000) equity shares of Rs. 10 each

**13,000**

**13,000**

(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 :**

Oracle Financial Services Software Limited, holding company

Number of equity shares

% of equity shares

**March 31, 2019**

**March 31, 2018**

1,299,943

1,299,943

99.996%

99.996%

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

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

Outstanding as at April 1, 2017

Issued during the period ended March 31, 2018

Outstanding as at March 31, 2018

Issued during the period ended March 31, 2019

Outstanding as at March 31, 2019

**No. of equity shares**

**Amount**

1,300,000

13,000

-

-

1,300,000

13,000

-

-

1,300,000

13,000

**Note 10: Other equity**

Retained earnings

Other comprehensive income

**March 31, 2019**

**March 31, 2018**

277,779

203,841

-

-

277,779

203,841

**Retained earnings**

**March 31, 2019**

**March 31, 2018**

Balance, beginning of the year

Profit for the year

Balance, end of the year

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

Balance, end of the year

203,841

169,789

73,655

33,207

277,496

202,996

283

845

277,779

203,841

**Other comprehensive income**

Balance, beginning of the year

Actuarial gain (loss) on gratuity including deferred tax thereon

-Actuarial gain on gratuity

-Deferred tax thereon

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

Balance, end of the year

-

-

421

1,170

(138)

(325)

283

845

(283)

(845)

-

-



**Oracle (OFSS) Processing Services Limited**

**Notes annexed to and forming part of the financial statements as at March 31, 2019**  
(Amounts in thousands of Indian Rupees, except share data)

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
<b>Note 11: Financial liabilities</b>		
<b>(a) Trade Payables measured at amortized cost</b>		
<b>Current</b>		
(A) total outstanding dues of micro enterprises and small enterprises*	10	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.	6,945	1,900
	<u>6,955</u>	<u>1,900</u>

\* 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)**

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
- Principal amount remaining unpaid to any supplier as at the end of the year.	10	-
- Amount of interest due remaining unpaid to any supplier as at the end of the year.	-	-
- Amount of interest paid under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year.	-	-
- Amount of interest due and payable for the period of delay in making payment (where the principal has been paid but interest under the MSMED Act, 2006 not paid).	-	-
- Amount of interest accrued and remaining unpaid at the end of year.	-	-
- Amount of further interest remaining due and payable even in the succeeding year.	-	-
	<u>10</u>	<u>-</u>

**(b) Other financial liabilities**

**Current**

**Other financial liabilities measured at amortized cost**

Accrued expenses	16,425	7,161
Accrued compensation to employees	7,827	8,055
	<u>24,252</u>	<u>15,216</u>

**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

**Note 12: Other liabilities**

**Current**

Withholding and other taxes	2,339	1,188
Other statutory dues	5,461	15,557
	<u>7,800</u>	<u>16,745</u>

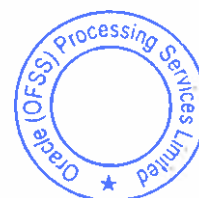
**Note 13: Employee benefit obligations**

**Non-current**

Gratuity (refer note 25)	11,210	10,490
	<u>11,210</u>	<u>10,490</u>

**Current**

Gratuity (refer note 25)	1,589	1,446
Compensated absence	10,961	11,298
	<u>12,550</u>	<u>12,744</u>



**Oracle (OFSS) Processing Services Limited**

**Notes annexed to and forming part of the financial statements as at March 31, 2019**  
(Amounts in thousands of Indian Rupees, except share data)

**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
<b>(i) Profit or loss section</b>		
Current taxes		
Domestic income tax	31,370	13,083
Adjustment of last years taxes	(136)	(1,472)
Deferred tax charge	86	707
<b>Income tax expense reported in the statement of profit and loss</b>	<b>31,320</b>	<b>12,318</b>
<b>(ii) Other Comprehensive Income (OCI) section</b>		
Deferred tax on actuarial gain (loss) on gratuity	138	325
<b>Income tax (credit) / charge to OCI</b>	<b>138</b>	<b>325</b>

Deferred tax charge for the year ended March 31, 2019 and March 31, 2018 relates to origination and reversal of temporary differences.

**(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 profit before income tax	104,975	45,525
Enacted tax rates in India	29.12%	27.55%
Computed expected tax expenses	30,569	12,542
Tax effect		
of earlier years	(136)	(1,472)
on account of rate change	354	1,508
on non-deductible expenses for tax purpose	223	233
Others	310	(493)
<b>At the effective income tax rate</b>	<b>31,320</b>	<b>12,318</b>
<b>Income tax expense reported in statement of profit and loss</b>	<b>31,320</b>	<b>12,318</b>

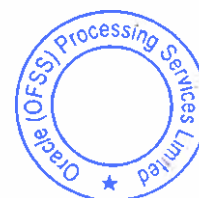
**(c) The tax effect of significant temporary differences that resulted in deferred tax asset are as follows:**

	March 31, 2019	March 31, 2018
<b>Deferred tax asset</b>		
Difference between book and tax depreciation	274	241
Provision for compensated absence	3,307	3,122
Provision for gratuity	3,727	3,321
Other timing differences	144	992
	<b>7,452</b>	<b>7,676</b>

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

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

	Year ended March 31,	
	2019	2018
Balance, beginning of year	7,676	8,708
Deferred tax charge during the year recognised in profit or loss	(86)	(707)
Tax (expense) / income during the year recognised in other comprehensive income	(138)	(325)
<b>Balance, end of the year</b>	<b>7,452</b>	<b>7,676</b>



**Oracle (OFSS) Processing Services Limited**

**Notes annexed to and forming part of the financial statements as at March 31, 2019**  
(Amounts in thousands of Indian Rupees, except share data)

	Year ended March 31,	
	2019	2018
<b>Note 15: Revenue from operations</b>		
Business Process Outsourcing Services	363,347	307,401
IT Consulting Services	32,406	-
	<b>395,753</b>	<b>307,401</b>
<b>Note 16: Finance income</b>		
Interest on financial assets measured at amortised cost :		
Bank deposits	9,468	5,352
Deposits for premises and others	-	9
	<b>9,468</b>	<b>5,361</b>
<b>Note 17: Other income, net</b>		
Foreign exchange gain / (loss) , net	1,876	-
Miscellaneous income	-	45
	<b>1,876</b>	<b>45</b>
<b>Note 18: Employee benefit expenses</b>		
Salaries and bonus [Refer note (a) below]	225,662	212,023
Contribution to provident and other funds	13,349	12,903
Staff welfare expenses	6,645	4,597
	<b>245,656</b>	<b>229,523</b>

Note (a) : Salaries and bonus is net off provision for bonus written back pertaining to earlier years amounting to Rs. 3,551 thousand (March 31, 2018 Rs. Nil).

<b>Note 19: Other operating expenses</b>		
Rent	1,763	2,215
Power	2,528	1,240
Repairs and maintenance:		
Computer equipments	108	6
Others	722	2,451
Impairment loss on other financial assets	532	7
Foreign exchange (loss) gain, net	-	1,316
Corporate Social Responsibility expenditure [Refer note (b) below]	1,528	1,693
Miscellaneous expenses	3,275	1,587
	<b>10,456</b>	<b>10,515</b>

Note (b) : As per the requirements of Section 135 of the Companies Act, 2013 the Company was required to spend an amount of Rs. 1,530 thousand (March 31, 2018 Rs. 1,705 thousand) on Corporate Social Responsibility expenditure based on the average net profits of the three immediately preceding financial years. The Company has incurred an amount Rs 1,528 thousand (March 31, 2018 Rs 1,693 thousand) towards such Corporate Social Responsibility expenditure.

**Note 20: Reconciliation of basic and diluted equity shares used in computing earnings per share**

	(Number of equity shares)	
	Year ended	
	March 31, 2019	March 31, 2018
Weighted average shares outstanding for basic earnings per share	1,300,000	1,300,000
Add: Effect of dilutive stock options	-	-
Weighted average shares outstanding for diluted earnings per share	<b>1,300,000</b>	<b>1,300,000</b>



## Oracle (OFSS) Processing 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 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 financial assets and financial liabilities which are measured at fair value through profit or loss.

### Note 22: Significant accounting judgements, estimates and assumptions

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

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

- **Operating lease**

The Company has entered into commercial property leases for its 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 valuation. 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 25.

- **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 2.3 (e).



**Oracle (OFSS) Processing 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 23: Capital commitments and contingent liabilities**

<b>Particulars</b>	<b>March 31, 2019</b>	<b>March 31, 2018</b>
<b>(a) Capital commitments</b>		
Contracts remaining to be executed on capital account not provided for (net of advances).	1,320	Nil
<b>(b) Contingent liabilities</b>	3,196	3,196

**Note 24: Leases**

**Where Company is lessee**

**Operating lease**

The Company has taken commercial premises under operating lease. Gross rental expenses for the year ended March 31, 2019 aggregated to Rs. 1,763 thousand (March 31, 2018 Rs. 1,925 thousand). The minimum rental payments to be made in future in respect of these leases are as follows:-

	<b>March 31, 2019</b>	<b>March 31, 2018</b>
Not later than one year	515	1,838
Later than one year but not later than five years	-	260
Later than five years	-	-
	<b>515</b>	<b>2,098</b>

**Note 25: Employee Benefit Obligation**

*Defined contribution plans*

During year ended March 31, 2019 and March 31, 2018, the Company contributed Rs. 10,295 thousand and Rs. 10,030 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:

<b>Particulars</b>	<b>Year ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Current service cost	2,190	2,140
Past service cost	-	-
Interest cost, net	864	733
<b>Total included in employee benefit expense</b>	<b>3,054</b>	<b>2,873</b>



**Oracle (OFSS) Processing Services Limited**

**Notes annexed to and forming part of the financial statements for the year ended March 31, 2019  
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Re-measurements (gain) / loss recognized in Other Comprehensive Income (OCI)

<b>Particulars</b>	<b>Year ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Due to change in demographic assumptions	55	528
Due to change in financial assumptions	(93)	(1,708)
Due to change in experience adjustments	(383)	10
<b>Total re-measurements (gain) in OCI</b>	<b>(421)</b>	<b>(1,170)</b>

The amounts recognized in the balance sheet are as follows:

<b>Particulars</b>	<b>March 31,</b>	<b>March 31,</b>
	<b>2019</b>	<b>2018</b>
Present value of unfunded obligations	12,799	11,936
Net liability	<b>12,799</b>	<b>11,936</b>

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

<b>Particulars</b>	<b>Year ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Defined benefit obligation at beginning of the year	11,936	11,284
Current service cost	2,190	2,140
Interest cost, net	864	733
Benefits paid	(1,770)	(1,051)
Re-measurements		
-Due to change in demographic assumptions	55	528
-Due to changes in financial assumptions	(93)	(1708)
-Due to change in experience adjustments	(383)	10
Defined benefit obligation at end of the year	<b>12,799</b>	<b>11,936</b>

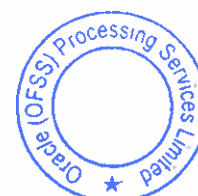
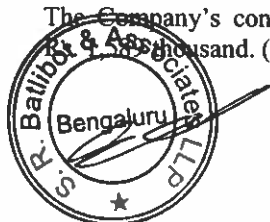
The assumptions used in accounting for the gratuity plan are set out as below:

	<b>March 31, 2019</b>	<b>March 31, 2018</b>
Discount rate	7.80%	7.15%
Salary escalation rate	7.00%	8.00%
Weighted average duration	8 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. 1,446 thousand. (March 31, 2019 – Rs. 1,446 thousand).





**Oracle (OFSS) Processing Services Limited**

**Notes annexed to and forming part of the financial statements for the year ended March 31, 2019  
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A quantitative sensitivity analysis for significant assumptions on defined benefit obligation as at March 31, 2018 is as shown below:

Particulars	Sensitivity level	Year ended March 31,	
		2019	2018
<b>Financial assumptions</b>			
Discount rate	- 0.5%	13,275	12,451
	+ 0.5%	12,351	11,456
Salary escalation rate	- 0.5%	12,346	11,450
	+ 0.5%	13,276	12,452

Particulars	Sensitivity level	Year ended March 31,	
		2019	2018
<b>Demographic assumptions</b>			
Withdrawal rate	- 1%	12,801	11,935
	+ 1%	12,796	11,934

**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

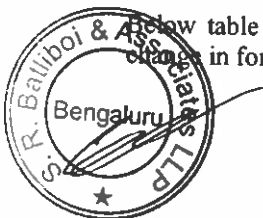
Foreign currency risk is the risk that the fair value or future cash flows of monetary items will fluctuate because of changes in foreign exchange rates. This may have potential impact on the statement of profit and loss and other components of equity, where monetary items are denominated in a foreign 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 INR that is not hedged as at the balance sheet date:

Currency	March 31, 2019	March 31, 2018
USD	87,338	63,389

- 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:



**Oracle (OFSS) Processing Services Limited**

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(Amounts in thousands of Indian Rupees, except share data)**

Currency	March 31, 2019		March 31, 2018	
	+1%	-1%	+1%	-1%
USD	873	(873)	634	(634)

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.

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
<b>As at March 31, 2019</b>			
Trade payables	6,955	-	6,955
Accrued expenses	16,425	-	16,425
Accrued compensation to employees	7,827	-	7,827
	<b>31,207</b>	<b>-</b>	<b>31,207</b>

Particulars	Less than 1 year	More than 1 year	Total
<b>As at March 31, 2018</b>			
Trade payables	1,900	-	1,900
Accrued expenses	7,161	-	7,161
Accrued compensation to employees	8,055	-	8,055
	<b>17,116</b>	<b>-</b>	<b>17,116</b>

The Company has sufficient liquid funds in cash and cash equivalents to meet obligations towards financial liabilities.



## Oracle (OFSS) Processing 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)

### (c) Credit risk

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

- Trade receivables

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

- An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on regional historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 6.

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. The duration of such time deposits will not exceed 364 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 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
<b>(i) Related parties where control exists</b>	
Ultimate Holding Company	Oracle Corporation
Holding Company	Oracle Financial Services Software Limited
<b>(ii) Related parties with whom transactions have taken place during the year</b>	



Oracle (OFSS) BPO Services Limited  
Oracle Financial Services Software Inc.  
Oracle India Private Limited



**Oracle (OFSS) Processing Services Limited**

**Notes annexed to and forming part of the financial statements as at March 31, 2019**  
(Amounts in thousands of Indian Rupees, except share data)

Transactions and balances outstanding with these parties are

	Transactions		Amount receivable (payable)	
	Year ended		As at	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>Revenue</b>				
Oracle Financial Services Software Limited	295,122	302,891	51,944	58,879
Oracle Financial Services Software Inc	68,225	4,510	9,805	4,510
<b>Unbilled Revenue</b>				
Oracle Financial Services Software Limited	-	-	95	-
Oracle Financial Services Software Inc	-	-	3,130	-
<b>Professional Fee expenses, net</b>				
Oracle (OFSS) BPO Services Limited	10,235	3,780	(5,145)	(832)
Oracle Financial Services Software Limited	11,332	-	(10,312)	-
<b>Rent Expenses</b>				
Oracle Financial Services Software Limited	381	368	(578)	(228)
<b>Communication Expenses</b>				
Oracle India Private Limited	1,185	-	(1,185)	-
<b>Reimbursement of expenses incurred on behalf of "Oracle (OFSS) Processing Services Limited" by</b>				
Oracle Financial Services Software Limited	9	2,204	(456)	(102)
Oracle (OFSS) BPO Services Limited	320	6	(319)	(1)
Oracle India Private Limited	-	84	-	(84)
<b>Reimbursement of expenses incurred by "Oracle (OFSS) Processing Services Limited" on behalf of</b>				
Oracle Financial Services Software Inc	3,294	-	-	-



**Oracle (OFSS) Processing 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 29: Segment information**

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 operated under a single reportable segment till year ending March 31, 2018 viz., Business Process Outsourcing ('BPO') services. From the current year, the Company has identified one new segment viz., IT consulting services.

**Business segments**

**Year ended March 31, 2019**

Particulars	BPO services	IT consulting services	Total
Revenue from operations	363,347	32,406	395,753
Segment result	73,061	20,570	93,631
Finance income			9,468
Other income, net			1,876
Profit before tax			104,975
Tax expenses			31,320
<b>Profit for the year</b>			<b>73,655</b>

**Year ended March 31, 2018**

Particulars	BPO services	IT consulting services	Total
Revenue from operations	307,401	-	307,401
Segment result	40,119	-	40,119
Finance income			5,361
Other income, net			45
Profit before tax			45,525
Tax expenses			12,318
<b>Profit for the year</b>			<b>33,207</b>

**Year ended March 31, 2019**

Particulars	Other information			Total
	BPO services	IT consulting services	Unallocable	
Capital expenditure by segment				
Property, Plant and Equipment	929	-	-	929
Depreciation and amortisation	375	-	-	375
Other non cash expenses	-	538	(6)	532
Segment assets	66,935	22,364	264,247	353,546
Segment liabilities	51,435	11,332	-	62,767
Equity				290,779

**Year ended March 31, 2018**

Particulars	Other information			Total
	BPO services	IT consulting services	Unallocable	
Capital expenditure by segment				
Property, Plant and Equipment	-	-	-	-
Depreciation and amortisation	303	-	-	303
Other non cash expenses	-	-	-	-
Segment assets	66,276	-	207,660	273,936
Segment liabilities	57,095	-	-	57,095
Equity				216,841



**Oracle (OFSS) Processing 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)

**Geographical segments**

The following table shows the distribution sales by geographical market :

Regions	Year ended March 31, 2019		Year ended March 31, 2018	
	Amounts	%	Amounts	%
India	295,122	75%	302,891	99%
Outside India				
Americas	68,225	17%	4,510	1%
Africa	22,031	6%	-	-
Middle East	10,375	2%	-	-
	<b>395,753</b>	<b>100%</b>	<b>307,401</b>	<b>100%</b>

Revenue of Rs. 363,347 thousand (March 31, 2018 Rs. 307,401 thousand ) is derived from a single customer (all group companies are considered as a single customer).

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

Regions	March 31, 2019		March 31, 2018	
	Amounts	%	Amounts	%
India	79,753	100%	79,107	100%
	<b>79,753</b>	<b>100%</b>	<b>79,107</b>	<b>100%</b>

Non-current assets for this purpose consist of property, plant and equipment, deferred tax assets (net) and Income tax asset (net)

**Note 30: Revenue from contract with customers**

The table below presents disaggregated revenues from contracts with end customers for the year ended March 31, 2019 by geography, streams and type for each of our business segments.

Particulars	BPO services	IT consulting services	Total
<b>Revenue by Geography</b>			
India	295,122	-	295,122
Outside India			
Americas	68,225	-	68,225
Africa	-	22,031	22,031
Middle East	-	10,375	10,375
	<b>363,347</b>	<b>32,406</b>	<b>395,753</b>

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.

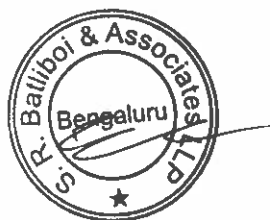
During the year ended March 31, 2019, the amount of revenue recognized in the statement of profit and loss is same as contracted price and there is no adjustment made to the contract price.

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 disclosure relating to remaining performance obligation for contracts where the revenue recognised corresponds to the value transferred to the customer. Typically this involves those contracts where invoicing is on time and material basis.

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



## Oracle (OFSS) Processing 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 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.

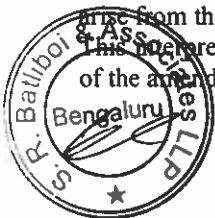
#### Appendix C to Ind AS 12 Uncertainty over Income Tax Treatments:

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.

The 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.



## Oracle (OFSS) Processing 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)

### 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.





Oracle (OFSS) Processing 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)

	Year ended March 31,	
	2019	2018
<b>33: Earnings in foreign currency (on accrual basis)</b>		
Revenue	395,753	307,401
	<b>395,753</b>	<b>307,401</b>

	Year ended March 31,	
	2019	2018
<b>34: Payment to Auditors* (including GST)</b>		
Auditor		
Audit fees	856	856
Tax audit	148	148
Over capacity:		
Other services (certification fees)	83	-
Out-of-pocket expenses	43	75
	<b>1,130</b>	<b>1,079</b>

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

For our report of even date

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

*Sunil Bhumralkar*  
Sunil Bhumralkar  
Chartered Accountant  
Membership No. 035141



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

*Makarand Padalkar*  
Makarand Padalkar  
Director  
DIN 02115514

*Manish Bhandari*  
Manish Bhandari  
Director  
DIN 03583180

Mumbai, India  
May 8, 2019

Bengaluru, India  
May 8, 2019