

MPONLINE LIMITED
Balance Sheet

		(₹ in lakhs)	
	Note	As at March 31, 2020	As at March 31, 2019
I. ASSETS			
Non - current assets			
Property, plant and equipment	7a)	295.57	280.65
Right-of-use assets	6	554.28	-
Financial assets			
Other financial assets	5f)	21.37	21.37
Income tax assets (net)		107.93	197.88
Deferred tax assets (net)	14	42.25	21.72
Other assets	7b)	290.37	252.85
Total non-current assets		1,311.77	774.47
Current assets			
Financial assets			
Investments	5a)	1,458.44	1,072.71
Trade receivables	5b)	656.09	1,090.93
Cash and cash equivalents	5c)	785.89	1,174.79
Other balances with banks	5d)	43.62	2,040.00
Loans receivables	5e)	8,659.50	5,742.57
Other financial assets	5f)	221.40	525.44
Other assets	7b)	551.37	117.15
Total current assets		12,376.31	11,763.59
TOTAL ASSETS		13,688.08	12,538.06
II. EQUITY AND LIABILITIES			
Equity			
Share capital	5m)	100.00	100.00
Other equity	8	9,773.28	9,301.83
Total Equity		9,873.28	9,401.83
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities		583.23	-
Employee benefit obligations	11	53.17	19.02
Other liabilities	7c)	-	35.99
Total non-current liabilities		636.40	55.01
Current liabilities			
Financial liabilities			
Lease liabilities		48.55	-
Trade payables			
Dues to creditors other than micro enterprises and small enterprises	5h)	317.83	340.31
Other financial liabilities	5i)	1,926.69	1,797.32
Unearned and deferred revenue		2.41	10.23
Employee benefit obligations	11	6.36	24.49
Income tax liabilities (net)		31.65	87.49
Other liabilities	7c)	844.91	821.38
Total current liabilities		3,178.40	3,081.22
TOTAL EQUITY AND LIABILITIES		13,688.08	12,538.06

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1-20

As per our report of even date attached

For and on behalf of the Board of MPOnline Limited

For **B S R & Co. LLP**

Chartered Accountants

Firm's registration number : 101248W/W-100022

BALAJIRAO
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Balajirao Pothana
Partner

Membership no. 122632
Mumbai, 14, May, 2020

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Lakshminarayanan G S
Director

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Tej Bhatla
Director

Mumbai, 14, May, 2020

MPONLINE LIMITED
Statement of Profit and Loss

			(₹ in lakhs)
	Note	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations	9	7,047.55	7,669.37
Other Income	10	750.94	643.92
TOTAL INCOME		7,798.49	8,313.29
Expenses			
Employee benefit expenses	11	1,003.23	914.33
Other expenses	12(a)	4,211.52	4,375.60
Depreciation and amortisation expense	6, 7a)	125.03	74.48
Finance cost	13	56.14	-
TOTAL EXPENSES		5,395.92	5,364.41
PROFIT BEFORE TAX		2,402.57	2,948.88
Tax expense			
Current tax	14	617.41	917.61
Deferred tax	14	(11.46)	(30.70)
TOTAL TAX EXPENSE		605.95	886.91
PROFIT FOR THE YEAR		1,796.62	2,061.97
OTHER COMPREHENSIVE INCOME /(LOSS)			
Items that will not be reclassified subsequently to profit and loss			
Remeasurement of defined employee benefit plans		(8.06)	(6.59)
Income tax on items that will not be reclassified subsequently to profit and loss		2.03	1.92
TOTAL OTHER COMPREHENSIVE INCOME /(LOSS)		(6.03)	(4.67)
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		1,790.59	2,057.30
Earnings per equity share- Basic and diluted (₹)	15	179.66	206.20
Weighted average number of equity shares		10,00,000	10,00,000
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1-20		

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Partner

Membership no. 122632

Mumbai, 14, May, 2020

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Lakshminarayanan G S

Director

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Tej Bhatla

Director

Mumbai, 14, May, 2020

MPONLINE LIMITED
Statement of changes in equity

A) EQUITY SHARE CAPITAL

(₹ in lakhs)

Balance as at April 1, 2018	Changes in equity share capital during the year	Balance as at March 31, 2019
100	-	100

Balance as at April 1, 2019	Changes in equity share capital during the year	Balance as at March 31, 2020
100	-	100

* Refer note 5(m)

B) OTHER EQUITY

(₹ in lakhs)

	General reserve	Retained earnings	Total equity
Balance as at April 1, 2018	519.00	8,027.53	8,546.53
Profit for the year		2,061.97	2,061.97
Other comprehensive income		(4.67)	(4.67)
Total comprehensive income	519.00	10,084.83	10,603.83
Dividend		(1,080.00)	(1,080.00)
Tax on dividend		(222.00)	(222.00)
Balance as at March 31, 2019	519.00	8,782.83	9,301.83
Balance as at April 01, 2019	519.00	8,782.83	9,301.83
Transition impact of Ind AS 116 (net of tax)		(17.14)	(17.14)
Restated balance as at April 1, 2019	519.00	8,765.69	9,284.69
Profit for the year		1,796.62	1,796.62
Other comprehensive income		(6.03)	(6.03)
Total comprehensive income	519.00	10,556.28	11,075.28
Dividend		(1,080.00)	(1,080.00)
Tax on dividend		(222.00)	(222.00)
Balance as at March 31, 2020	519.00	9,254.28	9,773.28

Nature and purpose of reserves

General reserve

The general reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to statement of profit and loss.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-20

As per our report of even date attached

For and on behalf of the Board of MPOnline Limited

For **B S R & Co. LLP**

Chartered Accountants

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Balajirao Pothana
Partner
Membership no. 122632
Mumbai, 14, May, 2020

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Lakshminarayanan G S
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Tej Bhatla
Director

Mumbai, 14, May, 2020

MPONLINE LIMITED
Statement of Cash Flows

	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
I CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	2,402.57	2,948.88
Adjustments to reconcile profit and loss to net cash provided by operating activities		
Depreciation and amortisation expense	125.03	74.48
Net gain on investments	(66.68)	(62.34)
Interest income	(635.64)	(540.85)
Unrealised gain on investments	(7.08)	(40.73)
Finance costs	56.14	-
Operating profit before working capital changes	1,874.34	2,379.44
Net change in		
Trade receivables	434.84	(488.98)
Unbilled receivables	-	13.61
Loans and other financial assets	(2.39)	579.24
Other assets	(484.69)	41.24
Trade payables	(22.48)	(51.03)
Unearned and deferred revenue	(7.82)	(54.12)
Employee benefit obligations	7.96	17.54
Other liabilities and provisions	153.08	-
Cash generated from operations	1,952.84	2,436.94
Taxes paid (net of refunds)	(583.30)	(890.82)
Net cash provided by/operating activities	1,369.54	1,546.12
II CASH FLOWS FROM INVESTING ACTIVITIES		
Bank deposits placed	(8.62)	(3,990.92)
Inter-corporate deposits placed	(8,656.76)	(1,000.00)
Purchase of investments	(1,800.00)	(437.66)
Payment for purchase of property, plant and equipment	(89.89)	(197.96)
Proceeds from bank deposits	2,005.00	2,000.00
Proceeds from inter-corporate deposits	5,742.22	-
Proceeds from disposal / redemption of investments	1,488.03	3,837.66
Interest received	939.68	119.11
Net cash (used in)/provided by investing activities	(380.34)	330.23
III CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend	(1,080.00)	(1,080.00)
Tax on dividend	(222.00)	(222.00)
Interest paid	(43.20)	-
Repayment of lease liabilities	(32.90)	-
Net cash (used in) financing activities	(1,378.10)	(1,302.00)
Net change in cash and cash equivalents	(388.90)	574.35
Cash and cash equivalents at the beginning of the year	1,174.79	600.44
Cash and cash equivalents at the end of the year (Refer Note 5c)	785.89	1,174.79

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1-20

Note: The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'

As per our report of even date attached

For and on behalf of the Board of MPOnline Limited

For **B S R & Co. LLP**

Chartered Accountants

Firm's registration number : 101248W/W-100022

BALAJIRAO Digitally signed by
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Balajirao Pothana

Partner

Membership no. 122632

Mumbai, 14, May, 2020

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Lakshminarayanan G S
Director

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Tej Bhatla
Director
Mumbai, 14, May, 2020

MPONLINE LIMITED
Notes forming part of the financial statements

1 Corporate information

MPOnline Limited (herein referred to as 'the Company') is a subsidiary of Tata Consultancy Services Limited ('TCS' or 'Holding Company') The Company primarily operates an e-commerce portal allowing payments and money transfer to be made through the Internet, enabling citizens and businesses to make payment of dues to various departments of state governments, educational institutions, public utilities and insurance companies.

The Company, is a public company incorporated and domiciled in India. The address of its registered office and principal place of business is 2nd Floor, Nirupam Shopping Mall , Hoshangabad Road, Ahmedpur, Bhopal 462026. As of March 31 , 2020 Tata Consultancy Services Limited, the holding company owned 89% of the Company's equity share capital. Tata Sons Private Limited is the ultimate parent.

The Company is a venture between Tata Consultancy Services Limited and Madhya Pradesh State Electronics Development Corporation Limited ('Significant Shareholder'). The shareholding agreement between parties is valid until March 31,2027.

The financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorised for issue on May 14, 2020.

2 Statement of compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time.

3 Basis of preparation

These financial statements have been prepared in Indian Rupee which is the functional currency of the Company.

These financial statements have been prepared on the historical cost basis, except for financial instruments which are measured at fair values at the end of each reporting period and employee retirement obligations as explained in the accounting policies below. Historical cost is generally based on fair value of consideration given in exchange of goods and services. 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.

All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria as set out in division II of Schedule III to the Company's Act, 2013. Based on the nature of services rendered to customer and time elapsed between deployment of resources and realisation in cash and cash equivalents of the consideration for such a services rendered, the Company has considered an operating cycle of 12 months.

4 Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expenses for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its financial statements :

a) Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

b) Fair value measurement of financial instruments

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

MPONLINE LIMITED
Notes forming part of the financial statements

c) Provision for income tax and deferred tax assets

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

d) Provisions and contingent liabilities

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

e) Employee benefits

The accounting of employee benefit plans in the nature of defined benefit requires the Company to use assumptions. These assumptions have been explained under employee benefits note.

f) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

5 Financial assets, financial liabilities and equity instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

MPONLINE LIMITED
Notes forming part of the financial statements

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in statement of profit and loss.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of direct issue cost.

Impairment of financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a Group of financial assets is impaired.

Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

a) Investments

Investments consist of the following:

	As at March 31, 2020	As at March 31, 2019
Investments - current		
Investments carried at fair value through profit or loss		
Mutual funds units (quoted)	1,458.44	1,072.71
	1,458.44	1,072.71

Aggregate value of quoted investments is as follows:

	As at March 31, 2020	As at March 31, 2019
Aggregate value of quoted investments	1,458.44	1,072.71
Aggregate market value of quoted investments	1,458.44	1,072.71

b) Trade Receivables

Trade receivables (unsecured) consist of the following:

	As at March 31, 2020	As at March 31, 2019
Trade receivables - Current		
Trade receivables - Considered good	656.09	1,090.93
	656.09	1,090.93

Above balances of trade receivables include balances with related parties (Refer note 19).

MPONLINE LIMITED
Notes forming part of the financial statements

c) Cash and cash equivalents

Cash and cash equivalents consist of the following:

	(₹ in lakhs)	
	As at	As at
	March 31, 2020	March 31, 2019
Balances with banks		
In current accounts	785.89	1,174.79
	785.89	1,174.79

d) Other balances with banks

Other balances with banks consist of the following:

	(₹ in lakhs)	
	As at	As at
	March 31, 2020	March 31, 2019
Earmarked balances with banks *	43.62	40.00
Short-term bank deposits	-	2,000.00
	43.62	2,040.00

*Earmarked balances includes balances held as margin money against guarantees.

e) Loans receivables

Loans receivables (unsecured) consist of the following:

	(₹ in lakhs)	
Loans receivables - Current	As at	As at
	March 31, 2020	March 31, 2019
Unsecured, considered good		
Loans and advances to employee	2.74	0.35
Inter-corporate deposits*	8,656.76	5,742.22
	8,659.50	5,742.57

*Inter-corporate deposits placed with financial institutions yield fixed interest rate.

f) Other financial assets

Other financial assets consist of the following:

	(₹ in lakhs)	
Other financial assets - Non-current	As at	As at
	March 31, 2020	March 31, 2019
Security deposits	21.37	21.37
	21.37	21.37
Other financial assets - Current	As at	As at
	March 31, 2020	March 31, 2019
Interest receivable	221.40	525.44
	221.40	525.44

g) Micro and small enterprises

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. The Company has not received any memorandum (as required to be filed by the suppliers with notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) from vendor claiming the status as micro or small enterprises, hence no disclosures have been made.

h) Trade payables

	(₹ in lakhs)	
	As at	As at
	March 31, 2020	March 31, 2019
Others	317.83	340.31
	317.83	340.31

MPONLINE LIMITED
Notes forming part of the financial statements

i) Other financial liabilities

Other financial liabilities consist of the following:

Other financial liabilities - Current

	(₹ in lakhs)
	As at
	March 31, 2020
	As at
	March 31, 2019
Amount collected on behalf of customers	1,914.55
Security deposits received	11.11
Accrued payroll	1.03
	1,926.69
	1,797.32

j) Financial instruments by category

The carrying value of financial instruments by categories as of March 31, 2020 is as follows:

	(₹ in lakhs)
	Fair value through profit or loss
	Amortised cost
	Total carrying value
Financial assets	
Cash and cash equivalents	-
Earmarked bank balances	-
Investments	1,458.44
Trade receivables	-
Loans receivables*	-
Other financial assets	-
Total	1,458.44
Financial liabilities	
Trade payables	-
Lease liabilities	-
Other financial liabilities	-
Total	-
	2,876.30
	11,846.31

* Loans include inter-corporate deposits of ₹ 8,656.76 lakhs, with original maturity period within 12 months.

The carrying value of financial instruments by categories as of March 31, 2019 is as follows:

	(₹ in lakhs)
	Fair value through profit or loss
	Amortised cost
	Total carrying value
Financial assets	
Cash and cash equivalents	-
Bank deposits	-
Earmarked bank balances	-
Investments	1,072.71
Trade receivables	-
Loans receivables*	-
Other financial assets	-
Total	1,072.71
Financial liabilities	
Trade payables	-
Other financial liabilities	-
Total	-
	340.31
	1,797.32
	2,137.63

* Loans include inter-corporate deposits of ₹ 5,742.22 lakhs, with original maturity within 12 months.

Measurement of fair value

The management assessed the fair values of cash and cash equivalents, trade receivables, unbilled revenue, loan receivables, other financial assets, trade payable and other financial liabilities at their carrying amounts due to short term maturities of these investments.

k) Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

- Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

MPONLINE LIMITED
Notes forming part of the financial statements

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required):

	(₹ in lakhs)			
	Level 1	Level 2	Level 3	Total
As at March 31, 2020				
Financial assets				
Mutual fund units	1,458.44	-	-	1,458.44
Total	1,458.44	-	-	1,458.44
As at March 31, 2019				
Financial assets				
Mutual fund units	1,072.71	-	-	1,072.71
Total	1,072.71	-	-	1,072.71

I) Financial risk management

The Company is exposed primarily to credit and liquidity risk which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The focus of the Board is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

Foreign currency exchange rate risk

The Company has no exposure to foreign currency risk.

Interest rate risk

The Company investments are primarily in fixed rate interest bearing investments. Hence the company is not significantly exposed to interest rate risk.

Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, Unbilled receivables, investments, cash and cash equivalents, bank deposits and other financial assets. Inter-corporate deposits of ₹ 8,656.76 lakhs and ₹ 5,742.22 lakhs as of March 31, 2020 and 2019, respectively, are with a financial institution having a high credit-rating assigned by credit-rating agencies. None of the other financial instruments of the Company result in material concentration of credit risk.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 11,846.31 lakhs and ₹ 11,667.81 lakhs as of March 31, 2020 and 2019, respectively, being the total of the Carrying amount of balances with banks, bank deposits, investments, trade receivables and other financial assets.

Of the trade receivables balance as at March 31, 2020 is due from following three largest customers of the Company. There are no other customers who represent more than 10% of the total trade receivables and unbilled receivables.

	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Customer A	-	158.64
Customer B	324.45	490.89
Customer C	191.76	191.76
Customer D	90.41	101.30
	606.62	942.59

Geographic concentration of credit risk

The Company has a geographic concentration of trade receivables, net of allowances and Unbilled receivables in India.

Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as of:

	(₹ in lakhs)				
	Due in 1st Year	Due in 2nd Year	Due in 3rd to 5th Year	Due after 5th Year	Total
March 31, 2020					
Trade and other payables	317.83	-	-	-	317.83
Lease liabilities	76.95	82.33	182.67	1,535.81	1,877.76
Other financial liabilities	1,926.69	-	-	-	1,926.69
Total	2,321.47	82.33	182.67	1,535.81	4,122.28
March 31, 2019					
Trade and other payables	340.31	-	-	-	340.31
Other financial liabilities	1,797.32	-	-	-	1,797.32
Total	2,137.63	-	-	-	2,137.63

Other risk – Impact of COVID-19

Financial instruments carried at fair value as at March 31, 2020 is ₹11,846.31 lakhs and financial instruments carried at amortised cost as at March 31, 2020 is ₹10,387.87 lakhs. A significant part of the financial assets are classified as Level 1 having fair value of ₹1,458.44 lakhs. The fair value of these assets is marked to an active market which factors the uncertainties arising out of COVID-19. The financial assets carried at fair value by the Company are mainly investments in liquid debt securities and accordingly, no material volatility is expected.

Financial assets of ₹ 829.51 lakhs carried at amortised cost is in the form of cash and cash equivalents, bank deposits and earmarked balances with banks where the Company has assessed the counterparty credit risk. Trade receivables of ₹ 656.09 lakhs forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering and the financial strength of the customers in respect of whom amounts are receivable.

MPONLINE LIMITED
Notes forming part of the financial statements

m) Equity instruments

The authorised, issued, subscribed and fully paid-up share capital comprises of the following:

(₹ in lakhs)

	As at March 31, 2020	As at March 31, 2019
Authorised 1,000,000 equity shares of ₹ 10 each (March 31, 2019 : 1,000,000 Equity shares of ₹ 10 each)	100.00	100.00
Issued, Subscribed and Fully paid up 1,000,000 equity shares of ₹ 10 each (March 31, 2019 : 1,000,000 Equity shares of ₹ 10 each)	100.00	100.00
Total	100.00	100.00

a. Reconciliation of the number of shares

	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount (₹ in lakhs)	Number of shares	Amount (₹ in lakhs)
Equity shares				
Opening balance	10,00,000	100.00	10,00,000	100.00
Issued during the year	-	-	-	-
Closing balance	10,00,000	100.00	10,00,000	100.00

b. Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held and carry a right to dividend. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of the interim dividend. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c. Shares held by holding company

	Number of shares	
	As at March 31, 2020	As at March 31, 2019
Equity shares Holding Company 8,90,000 equity shares (March 31, 2019: 8,90,000) are held by Tata Consultancy Services Limited	8,90,000	8,90,000

d. Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Class of shares / Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares				
Madhya Pradesh State Electronics Development Corporation	1,10,000	11%	1,10,000	11%
Tata Consultancy Services Limited	8,90,000	89%	8,90,000	89%

e. The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

MPONLINE LIMITED
Notes forming part of the financial statements

6 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

Refer note 2(f) – Significant accounting policies – Leases in the Annual report of the Company for the year ended March 31, 2019, for the policy as per Ind AS 17.

Company as a lessee

Operating leases

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of ₹ 604.34 lakhs and a corresponding lease liability of ₹ 651.74 lakhs has been recognized. The cumulative effect on transition in retained earnings net off taxes is ₹ 17.14 lakhs (including a deferred tax of ₹7.04 lakhs). The principal portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 8.61% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

The details of the right-of-use asset held by the Company is as follows:

	(₹ in lakhs)	
	Additions for the year ended	Net carrying amount as at
	March 31, 2020	March 31, 2020
Leasehold Building	-	554.28
	-	554.28
	(₹ in lakhs)	
	Year ended	
	March 31, 2020	
Depreciation		
Leasehold Building	50.06	
	50.06	

Interest on lease liabilities is ₹56.14 lakhs for the year year ended March 31, 2020.

The total cash outflow for leases is ₹76.10 lakhs for the year ended March 31, 2020.

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

Impact of COVID-19

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used as delivery centers / sales offices are long term in nature and no changes in terms of those leases are expected due to the COVID-19.

MPONLINE LIMITED
Notes forming part of the financial statements

7 Non-financial assets and non-financial liabilities

a) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment loss, if any. Cost of an item of property, plant and equipment comprises of its purchases price including non refundable taxes, after deducting trade discount and any directly attributable cost of bringing the item to its working condition for its intended use.

Depreciation is provided for property, plant and equipment on straight line basis so as to expense the cost less residual value over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

Type of asset	Useful lives
Leasehold improvements	Lease term
Computer equipment	4 years
Vehicles	4 years
Office equipment	5 years
Electrical installations	10 years
Furniture and fixtures	5 years

Based on technical evaluation, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Property, plant and equipment with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

MPONLINE LIMITED
Notes forming part of the Financial Statements

Property, plant and equipment consist of the following:

Description	Leasehold improvements	Computer equipment	Vehicles	Office equipment	Electrical installations	Furniture and fixtures	Total
Cost as at April 1, 2019	204.00	471.31	9.04	109.19	16.28	52.69	862.51
Additions	-	89.65	-	0.24	-	-	89.89
Disposals	-	-	-	-	-	-	-
Cost as at March 31, 2020	204.00	560.96	9.04	109.43	16.28	52.69	952.40
Accumulated depreciation as at April 1, 2019	(30.71)	(427.35)	(9.04)	(50.85)	(15.15)	(48.76)	(581.86)
Disposals	-	-	-	-	-	-	-
Depreciation for the year	(11.87)	(40.24)	-	(18.47)	(0.46)	(3.93)	(74.97)
Accumulated depreciation as at March 31, 2020	(42.58)	(467.59)	(9.04)	(69.32)	(15.61)	(52.69)	(656.83)
Net carrying amount as at March 31, 2020	161.42	93.37	-	40.11	0.67	-	295.57
Description	Leasehold improvements	Computer equipment	Vehicles	Office equipment	Electrical installations	Furniture and fixtures	Total
Cost as at April 1, 2018	117.35	512.25	9.04	87.69	58.75	99.53	884.61
Additions	143.30	-	-	54.63	-	-	197.93
Disposals	(56.65)	(40.94)	-	(33.13)	(42.47)	(46.84)	(220.03)
Cost as at March 31, 2019	204.00	471.31	9.04	109.19	16.28	52.69	862.51
Accumulated depreciation as at April 1, 2018	(77.91)	(422.53)	(9.04)	(69.66)	(57.10)	(91.17)	(727.41)
Disposals	56.65	40.94	-	33.13	42.47	46.84	220.03
Depreciation for the year	(9.45)	(45.76)	-	(14.32)	(0.52)	(4.43)	(74.48)
Accumulated depreciation as at March 31, 2019	(30.71)	(427.35)	(9.04)	(50.85)	(15.15)	(48.76)	(581.86)
Net carrying amount as at March 31, 2019	173.29	43.96	-	58.34	1.13	3.93	280.65

(₹ in lakhs)

(₹ in lakhs)

MPONLINE LIMITED
Notes forming part of the financial statements

b) Other assets

Other assets consist of the following:

Other assets - Non - current

	(₹ in lakhs)	
	As at	As at
	March 31, 2020	March 31, 2019
Unsecured, considered good		
Prepaid expenses	14.57	45.04
Balance with Government authorities	275.80	207.81
	290.37	252.85

Other assets - Current

	As at	As at
	March 31, 2020	March 31, 2019
Unsecured, considered good		
Prepaid expenses	50.30	52.62
Advance to suppliers	501.07	64.53
	551.37	117.15

Prepaid rent of ₹12.95 has been reclassified to right-to-use asset pursuant to transition to Ind AS 116.

c) Other liabilities

Other liabilities consist of the following:

Other liabilities - Non-current

	(₹ in lakhs)	
	As at	As at
	March 31, 2020	March 31, 2019
Operating lease liabilities	-	35.99
	-	35.99

Other liabilities - Current

	As at	As at
	March 31, 2020	March 31, 2019
Advance received from collection agents	813.26	735.75
Indirect tax payable and other statutory liabilities	31.65	85.45
Operating lease liabilities	-	0.18
	844.91	821.38

Operating lease liability of ₹36.17 lakhs has been reclassified to retained earnings pursuant to transition to Ind AS 116.

MPONLINE LIMITED
Notes forming part of the financial statements

8) Other Equity

	(₹ in lakhs)	
	As at	As at
	March 31, 2020	March 31, 2019
General reserve		
Opening balance and closing balance	519.00	519.00
	519.00	519.00
Retained earnings		
Opening balance	8,782.83	8,027.53
Profit for the year	1,796.62	2,061.97
Other comprehensive income	(6.03)	(4.67)
Transition impact of Ind AS 116 (net of tax)	(17.14)	-
Total comprehensive income	10,556.28	10,084.83
Dividend	(1,080.00)	(1,080.00)
Tax on dividend	(222.00)	(222.00)
	9,254.28	8,782.83
	9,773.28	9,301.83

MPONLINE LIMITED
Notes forming part of the financial statements

9) Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

Revenue from time and material is recognised on output basis measured by number of transactions processed.

Revenue is measured based on the transaction price, which is the consideration as specified in the contract with the customer. Revenue excludes taxes collected from customers.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The Company disaggregates revenue from contracts with customers by nature of services.

Revenue disaggregation by nature is as follows:

	(₹ in lakhs)	
	Year ended	Year ended
	March 31, 2020	March 31, 2019
Transaction revenue	7,001.01	7,579.01
Adhar authentication	-	2.06
Franchisee fees	38.47	37.78
Manpower supply	8.07	49.11
Other income	-	1.41
	7,047.55	7,669.37

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient aligning Ind AS 115. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

The Company does not have any contract assets.

	(₹ in lakhs)
Movement in contract liabilities is given below:	Amount
Opening balance as on April 1, 2019	10.23
Less : Revenue recognised that was included in the contract liability balance at the beginning of the period.	9.10
Add : Increase due to invoicing during the year, excluding amounts recognised as revenue during the year.	1.28
Closing balance as on March 31, 2020	2.41

For the current year, the revenue recognised in the statement of profit and loss equals to the contracted price. All the revenue is derived in the state of Madhya Pradesh in India

Impact of COVID-19

Majority of the Company's business is with the states of Madhya Pradesh. Business is diversified into different streams like 1). Educational services - Entrance examinations and provisioning of related services like pre and post exam process works (61% of total revenue). 2). Utility services - Providing web based services (Government to citizens, Government to business) and other portfolio services of Government (22% of total revenue). 3). Recruitment services - Conducting of recruitment examinations for PEB and other Government departments, entrance examinations (17% of total revenue)

As the business is carried out with state governments, Company is not expecting any downfall in revenue except citizen services. No impact is seen in FY 2019-20 revenue.

MPONLINE LIMITED
Notes forming part of the financial statements

10) Other Income

Dividend income is recorded when the right to receive payment is established. Interest income is recognised using the effective interest method.

Other income (net) consist of the following :

	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest income	635.64	540.85
Net gain on investments carried at fair value through profit or loss	7.08	40.73
Net gain on sale of investments carried at amortised cost	66.68	62.34
Interest income on income tax refunds	41.54	-
	750.94	643.92
Interest income comprises :		
Interest on bank deposits	121.55	134.74
Interest income on corporate deposit	514.09	406.11

11) Employee benefits

Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Past service cost, both vested and unvested, is recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligations recognised in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

Defined contribution plans

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognized in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Compensated absences

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as undiscounted liability at the balance sheet date. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

MPONLINE LIMITED
Notes forming part of the financial statements

Employee benefit expenses consist of the following:

	(₹ in lakhs)	
	Year ended	Year ended
	March 31, 2020	March 31, 2019
Salaries, incentives and allowances	910.09	832.15
Contribution to provident and other funds	39.40	37.81
Staff welfare expenses	53.74	44.37
	1,003.23	914.33

Employee benefit obligations consist of the following:

Employee benefit obligation - Non-Current

	(₹ in lakhs)	
	As at	As at
	March 31, 2020	March 31, 2019
Gratuity	25.96	10.54
Compensated absences	27.21	8.48
	53.17	19.02

Employee benefit obligation - Current

	(₹ in lakhs)	
	As at	As at
	March 31, 2020	March 31, 2019
Compensated absences	6.36	24.49
	6.36	24.49

Employee benefit plans consist of the following:

Gratuity

In accordance with law, the Company operates a scheme of Gratuity which is a defined benefit plan. The gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days' salary payable for each completed year of service. Vesting occurs upon completion of five continuous years of service.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.

The following table sets out the details of the defined benefit retirement plans and the amounts recognised in the financial statements:

	(₹ in lakhs)	
Particulars	Year ended	Year ended
	March 31, 2020	March 31, 2019
Change in benefit obligations		
Benefit obligations, beginning of the year	46.91	32.51
Service cost	7.46	6.00
Interest cost	3.52	2.52
Actuarial losses on obligations for the year	7.58	5.88
Benefit paid	(0.91)	-
Benefit obligations, end of the year	64.56	46.91
Change in plan assets		
Fair value of plan assets, beginning of the year	36.36	33.54
Interest income	2.73	2.59
Employers' contributions	-	0.93
Return on plan assets, excluding interest income	(0.47)	(0.71)
Fair value of plan assets, end of the year	38.62	36.36

MPONLINE LIMITED
Notes forming part of the financial statements

	(₹ in lakhs)	
	As at	As at
	March 31, 2020	March 31, 2019
Net obligation:		
(Deficit) of plan assets over obligations	(25.94)	(10.55)
	(25.94)	(10.55)

	(₹ in lakhs)	
	As at	As at
	March 31, 2020	March 31, 2019
Category of assets:		
Insurer managed funds	38.62	36.36
	38.62	36.36

Net periodic gratuity included in employee cost consists of the following components: (₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Service cost	7.46	6.00
Net interest on net defined benefit liability / (asset)	0.79	(0.07)
Net periodic gratuity / pension cost	8.25	5.92
Actual return on plan assets	2.73	2.59

Remeasurement of the net defined benefit liability / (asset): (₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Actuarial (gains) arising from changes in demographic assumptions	(1.75)	(1.33)
Actuarial losses arising from changes in financial assumptions	7.28	5.39
Actuarial losses arising from changes in experience adjustments	2.06	1.82
Return on plan assets, excluding interest income	0.47	0.71
Remeasurement of the net defined benefit liability / (assets)	8.06	6.59

The assumptions used in according for the defined benefit plan are set out below: (₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Discount rate	6.75%	7.50%
Salary escalation rate	7%	7%
Attrition rate		
i) If Services < = 5 years	18.21%	17.00%
ii) If Services > 5 years	1.88%	6.00%
Mortality rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

MPONLINE LIMITED
Notes forming part of the financial statements

The Company is expected to contribute ₹ 3.39 lakhs to the defined benefit plan obligation for the year ending March 31, 2020.

Remeasurement (gain) / loss of defined employee benefit plan in other comprehensive income for the fiscals 2020 and 2019 are ₹ 8.06 lakhs and ₹ 6.59 lakhs respectively.

The significant actuarial assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate increases / decreases by 0.50%, the defined benefit obligations would increase / (decrease) as follows:

	(₹ in lakhs)	
	Year ended	Year ended
	March 31, 2020	March 31, 2019
Increase of 0.50%	(4.98)	(2.27)
Decrease of 0.50%	5.56	2.48

If the expected salary growth increases / decreases by 0.50%, the defined benefit obligations would increase / (decrease) as follows:

	(₹ in lakhs)	
	Year ended	Year ended
	March 31, 2020	March 31, 2019
Increase of 0.50%	5.52	2.48
Decrease of 0.50%	(4.99)	(2.29)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumption may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Balance sheet.

The defined benefit obligations shall mature after year ended March 31, 2020 as follows:

	(₹ in lakhs)
Year ending March 31,	Defined benefit obligations
2021	3.39
2022	1.55
2023	1.70
2024	1.60
2025	1.52
2026 to 2030	10.83

Provident Fund

In accordance with law, the employees of the Company are entitled to receive benefits under the provident fund plan in which both the employee and employer (at a determined rate) contribute monthly.

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. The Company offers its employees defined contribution plan in the form of provident fund and family pension fund. Provident fund and family pension fund covers substantially all regular employees. While both, the employee and the Company pay predetermined contributions into the provident fund, contribution into the family pension fund are made by only the Company. The contribution is based on certain proportion of employee's salary. Contributions to Provident Fund are made to The Regional Provident Fund Commissioner for qualifying employees.

The Company contributed ₹ 27.72 lakhs (March 31, 2019: ₹ 27.31 lakhs) for provident fund during the year ended March 31, 2020.

MPONLINE LIMITED
Notes forming part of the financial statements

12) Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their nature.

The costs of the Company are broadly categorised in employee benefit expenses, depreciation and amortisation expense and other expenses. Other expenses mainly include fees to external consultants, facility expenses, travel expenses, cost of equipment and software licences, communication expenses, commission, bad debts and advances written off, allowance for doubtful trade receivable and advances (net) and other expenses. Other expenses is an aggregation of costs which are individually not material such as commission and brokerage, recruitment and training, entertainment, etc.

a) Other expenses

Other expenses consist of the following:

	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Fees to external consultants	541.54	884.47
Facility expenses	305.91	394.11
Cost of equipment and software licences	22.11	36.86
Communication expenses	249.26	225.93
Commission	2,889.50	2,705.29
Expenditure on Corporate Social Responsibility	62.89	58.43
Others (includes auditors remuneration)	140.31	70.51
	4,211.52	4,375.60

b) Corporate Social Responsibility (CSR) expenditure

The Company has contributed an amount of ₹ 32.85 Lakhs to Arushi Society (welfare of children with disabilities) and ₹ 30.04 lakhs to Madhuri Aayaam Education and Welfare Society (welfare of children with disabilities) for the year ended March 31, 2020 and ₹ 40 Lakhs to Arushi Society (welfare of children with disabilities) and ₹ 18.43 lakhs to MP Gopalan Board (Protection of flora and fauna and animal welfare) for the year ended March 31, 2019.

Computed at 2% of its average net profit for the immediately preceding three financial years, on Corporate Social Responsibility (CSR). The Company has spent an amount of ₹ 62.89 lakhs and ₹ 58.42 lakhs during the year ended March 31, 2020 and 2019, respectively, towards CSR expenditure for purposes other than construction / acquisition of any asset.

13) Finance costs

Finance costs consist of the following:

	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest on lease liabilities	56.14	-
	56.14	-

Notes forming part of the financial statements

14) Income Tax

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current income taxes

Current tax is measured based on taxable profit for the year and is computed in accordance with the Income Tax Act, 1961 using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Advance taxes and provisions for current income taxes are presented in the Balance Sheet after offsetting advance taxes paid and income tax provisions arising in the same tax jurisdictions.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income 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 income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Change in tax rate

During the year the Company has opted for the lower Corporate Tax Rate as per the Taxation Laws (Amendment) Bill, 2019. Domestic tax rate of 22% i.e. effective tax rate of 25.17% (including of surcharge and cess) is applicable from April 1, 2019 onwards without claiming tax incentives. Accordingly, the company has recognized provision for income tax and deferred tax assets on the basis of rate prescribed in the said section. The impact on deferred tax asset as on April 01, 2019 will be reduced by ₹ 2.21 lakhs, calculated as per new rate of 25.17%.

The income tax expense consists of the following:

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Current tax		
Current tax expenses for current year	617.41	917.61
	617.41	917.61
Deferred tax expenses/(benefit)	(11.46)	(30.70)
	(11.46)	(30.70)
Total income tax expense recognised in current year	605.95	886.91
Income tax expense recognised in OCI		
Deferred tax on remeasurement of defined employee benefit plan	2.03	1.92

The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in statement of profit and loss

	Year ended March 31, 2020	Year ended March 31, 2019
Profit before income taxes	2,402.57	2,948.88
Indian statutory income tax rate	25.17%	29.12%
Expected income tax expense	604.73	858.71
Tax effect of adjustments to reconcile expected income tax expense		
Disallowance of CSR expenses	7.91	8.51
Difference due to tax rate change	2.21	
Others (net)	(8.90)	19.69
Total income tax expense	605.95	886.91

MPONLINE LIMITED
Notes forming part of the Financial Statements

Deferred tax balance

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2020 are as follows:

(₹ in lakhs)

	Opening balance	Recognised in profit and loss	Recognised through OCI	Recognised through Retained earning	Closing balance
Deferred tax assets / (liabilities) in relation to					
Property, plant and equipment	40.17	(10.70)		-	29.47
Provision for employee benefits	13.06	0.15	2.03	-	15.24
Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income	(13.60)	0.06		-	(13.54)
Operating lease liabilities	10.53	1.93		7.04	19.50
Others	(28.44)	20.02		-	(8.42)
Net deferred tax assets / (liabilities)	21.72	11.46	2.03	7.04	42.25

Gross deferred tax assets and liabilities are as follows:

(₹ in lakhs)

As at March 31, 2020	Assets	Liabilities	Net
Deferred tax assets / (liabilities) in relation to			
Property, plant and equipment	29.47		29.47
Provision for employee benefits	15.24		15.24
Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income		13.54	(13.54)
Operating lease liabilities	19.50		19.50
Others	-	8.42	(8.42)
Total deferred tax assets / (liabilities)	64.21	21.96	42.25

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2019 are as follows:

(₹ in lakhs)

	Opening balance	Recognised in profit and loss	Recognised through OCI	Recognised through Retained earning	Closing balance
Deferred tax assets / (liabilities) in relation to					
Property, plant and equipment	44.50	(4.33)		-	40.17
Provision for employee benefits	9.39	1.75	1.92	-	13.06
Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income	(48.08)	34.48		-	(13.60)
Operating lease liabilities	5.41	5.12		-	10.53
Others	(22.12)	(6.32)		-	(28.44)
Net deferred tax assets / (liabilities)	(10.90)	30.70	1.92	-	21.72

Gross deferred tax assets and liabilities are as follows:

(₹ in lakhs)

As at March 31, 2019	Assets	Liabilities	Net
Deferred tax assets / (liabilities) in relation to			
Property, plant and equipment	40.17	-	40.17
Provision for employee benefits	13.06	-	13.06
Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income	-	13.60	(13.60)
Operating lease liabilities	10.53	-	10.53
Others	-	28.44	(28.44)
Total deferred tax assets / (liabilities)	63.76	42.04	21.72

MPONLINE LIMITED
Notes forming part of the Financial Statements

15) Earnings per share

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive securities in any of the years presented.

	(₹ in lakhs)	
	Year ended	Year ended
	March 31, 2020	March 31, 2019
Profit for the year (₹ in lakhs)	1,796.62	2,061.97
Weighted average number of equity shares	10,00,000	10,00,000
Earnings per share basic and diluted (₹)	179.66	206.20
Face value per equity share (₹)	10	10

16) Auditors remuneration

	(₹ in lakhs)	
	Year ended	Year ended
	March 31, 2020	March 31, 2019
Services as statutory auditors	4.10	4.10
	4.10	4.10

17) Segment information

The Company has been operating largely in one business segment viz. development, maintenance and management of the MPOOnline portal for providing web based services and the other activities of the Company are incidental to the portal. These activities conducted only in one geographic segment viz India. Therefore, the disclosure requirements of the Ind AS 108 on "Segment Reporting" are not applicable.

For the year ended March 31, 2020 there are three customers that contribute more than 10% each of total revenue.

	(₹ in lakhs)	
	Year ended	Year ended
	March 31, 2020	March 31, 2019
Customer A	381.80	779.38
Customer B	913.26	920.99
Customer C	808.72	372.15

18) Commitments and Contingencies

Indirect tax matters

The Company has ongoing disputes with tax authorities mainly relating to treatment of characterisation and classification of certain items. As at March 31, 2020, the Company has demands amounting to ₹ 5265.76 lakhs (March 31, 2019: ₹ 4,268.44 lakhs) from various indirect tax authorities which are being contested by the Company.

Bank guarantees

The Company has provided guarantees to third parties aggregating ₹43.62 lakhs (March 31, 2019: ₹40 lakhs). The Company does not expect any outflow of resources in respect of the above.

MPONLINE LIMITED
Notes forming part of the financial statements

19) Related Party transactions

MPOnline Limited's principal related parties consist of its Holding Company Tata Consultancy Services Limited, Madhya Pradesh State Electronics Development Corporation Limited and key managerial personnel. The Company's material related party transactions and outstanding balances are with related parties with whom the Company routinely enter into transactions in the ordinary course of business.

Ultimate Holding Company

Tata Sons Limited

Holding Company

Tata Consultancy Services Limited

Significant shareholder

Madhya Pradesh State Electronics Development Corporation Limited

Key Management Personnel (KMP)

Rajeev Sisaudia - Chief Executive Officer*

Sankar Ramamurthy - Company Secretary**

Transactions with related parties are as follows:

(₹ in lakhs)

	Year ended March 31, 2020			
	Holding Company	Significant shareholder	Key Management Personnel*	Total
Purchases of goods and services	448.79	28.61	-	477.40
Managerial remuneration	-	-	57.12	57.12
Reimbursement of expenses	-	20.21	-	20.21
Dividend paid	961.20	118.80	-	1,080.00

(₹ in lakhs)

	Year ended March 31, 2019			
	Holding Company	Significant shareholder	Key Management Personnel*	Total
Revenue from operations	40.25	2.06	-	42.31
Purchases of goods and services	799.26	16.69	-	815.95
Managerial remuneration	-	-	55.20	55.20
Reimbursement of expenses	12.01	0.23	-	12.24
Dividend paid	961.20	118.80	-	1,080.00
Security deposit placed	-	8.15	-	8.15

The key management personnel of the Company are on deputation and draw remuneration from Tata Consultancy Services Limited.

Service charges are payable by the Company to Tata Consultancy Services Limited

* The Company Secretary of the Company is on deputation and draws remuneration from Tata Consultancy Services Limited. Service charges are not payable by the Company to Tata Consultancy Services Limited.

	As at March 31, 2020		
	Holding Company	Significant shareholder	Total
Trade receivables and unbilled receivables	-	191.76	191.76
Security deposit	-	8.15	8.15
Total	-	199.91	199.91

(₹ in lakhs)

	As at March 31, 2019		
	Holding Company	Significant shareholder	Total
Trade receivables and unbilled receivables	20.36	191.76	212.12
Security deposit	-	8.15	8.15
Total	20.36	199.91	220.27

MPONLINE LIMITED
Notes forming part of the financial statements

Balances payable to related parties are as follows:

(₹ in lakhs)

	As at March 31, 2020		
	Holding Company	Significant shareholder	Total
Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities	33.45	-	33.45
Total	33.45	-	33.45

(₹ in lakhs)

	As at March 31, 2019		
	Holding Company	Significant shareholder	Total
Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities	20.63	-	20.63
Total	20.63	-	20.63

20) Subsequent event:

Dividend paid during the year ended March 31, 2020 pertains to final dividend for the year ended March 31, 2019.

The dividends declared by the Company are based on the profits available for distribution as reported in the financial statements of the Company. Accordingly the Retained Earnings reported in these financial statements may not be fully distributable. As at March 31, 2020, income (net of dividend tax) available for distribution were ₹ 9254.28 lakhs. On May 14, 2020 the Board of Directors of the Company have proposed a final dividend of ₹ 108.00 per equity share in respect of the year ended March 31, 2020 subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 1080.00 lakhs.

As per our report of even date attached

For and on behalf of the Board of MPOnline Limited

For **B S R & Co. LLP**

Chartered Accountants

Firm's registration number : 101248W/W-100022

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Balajirao Pothana
Partner
Membership no. 122632
Mumbai, 14, May, 2020

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Lakshminarayanan G S
Director

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Tej Bhatla
Director

Mumbai, 14, May, 2020