

Oracle Financial Services Software, Inc.

Financial Statements

for the year ended March 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Oracle Financial Services Software, Inc.

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

Opinion

We have audited the accompanying special purpose Ind AS financial statements of Oracle Financial Services Software, Inc. (the "Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose Ind AS financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Responsibility of Management for the special purpose Ind AS financial statements

The Company's Board of Directors is responsible for the preparation of these standalone special purpose Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgement and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the special purpose Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the special purpose Ind AS financial statements, 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 special purpose Ind AS financial statements

Our objectives are to obtain reasonable assurance about whether the special purpose Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the special purpose Ind AS financial statements, including the disclosures, and whether the special purpose Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Other Matter

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

We refer to note 2.1 of the financial statements related to corresponding financial information of the Company for the year ended March 31, 2019. Corresponding financial information as disclosed in these special purpose Ind AS financial statements are based on the special purpose financial information prepared by the Company to enable Oracle Financial Services Software Limited ('the Holding Company') to prepare its consolidated financial statements. The said special purpose financial information for the year ended March 31, 2019, which was not a complete set of financial statements in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), was audited by us as per reporting instructions received by us from the statutory auditors of the Holding Company for the purpose of their audit of consolidated financial statements of the Holding company.

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

per Govind Ahuja

Partner

Membership Number:

Membership Number: 048966

UDIN: 20048966AAAAAT3009

Place of Signature: Mumbai

Date: May 13, 2020

Oracle Financial Services Software, Inc.

Balance sheet as at March 31, 2020

		(Amounts in ₹ million)	
	Notes	March 31, 2020	March 31, 2019
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	3	8.74	5.98
Capital work-in-progress	3	0.32	0.02
Right-of-use Assets	4	132.67	-
Financial assets			
Loan to fellow subsidiary	5	221.33	202.58
Other non-current financial assets	5	45.85	3.88
Deferred tax assets (net)	13	175.27	190.10
Other non-current assets	8	10.78	11.66
		594.96	414.22
Current assets			
Financial Assets			
Trade receivables	6	1,828.77	2,503.70
Cash and cash equivalents	7	7,227.69	5,498.54
Other current financial assets	5	977.08	1,185.75
Income tax assets (net)		806.09	-
Other current assets	8	658.94	436.00
		11,498.57	9,623.99
TOTAL		12,093.53	10,038.21
<u>EQUITY AND LIABILITIES</u>			
Equity			
Equity Share capital	9	0.00 #	0.00
Other Equity	10	8,632.41	7,102.69
Total equity		8,632.41	7,102.69
Non-current liabilities			
Financial liabilities			
Lease liability	26	146.31	-
Other non-current liabilities	12	-	13.28
Income tax liabilities (net)		662.33	38.83
		808.64	52.11
Current liabilities			
Financial liabilities			
Lease liability	26	55.93	-
Trade payables	11	311.60	428.11
Other current financial liabilities	11	1,068.24	1,014.16
Other current liabilities	12	1,130.33	1,185.47
Provisions for compensated absence		86.38	148.34
Income tax liabilities (net)		-	107.33
		2,652.48	2,883.41
TOTAL		12,093.53	10,038.21

Amount less than ₹ 0.01 million

Summary of significant accounting policies 2

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

As per our report of even date

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

For and on behalf of the Board of Directors of
Oracle Financial Services Software, Inc.

Govind Ahuja
Partner
Membership No. 048966

Bala Hari
Director

Mumbai, India
May 13, 2020

New Jersey
May 13, 2020

Oracle Financial Services Software, Inc.

Statement of profit and loss for the year ended March 31, 2020

	Notes	(Amounts in ₹ million, except share data)	
		Year ended March 31,	
		2020	2019
Revenue from operations	14	15,528.36	16,546.68
Finance income	15	65.31	68.03
Other income, net	16	(5.53)	30.77
Total income		15,588.14	16,645.48
EXPENSES			
Cost of services		8,644.23	9,134.97
Employee benefit expenses	17	4,545.56	4,924.06
Travel related expenses		271.24	311.15
Professional fees		363.44	401.70
Finance cost	18	29.38	-
Other operating expenses	19	67.72	185.16
Depreciation and amortization	3 & 4	53.84	6.21
Total expenses		13,975.41	14,963.25
Profit before exceptional item and tax		1,612.73	1,682.23
Exceptional item	20	-	(358.30)
Profit before tax		1,612.73	1,323.93
Tax expenses	13		
Current tax		834.87	951.91
Deferred tax		29.65	(20.16)
Total tax expenses		864.52	931.75
Profit for the year		748.21	392.18
Other comprehensive income			
<i>Items that will be reclassified subsequently to profit and loss</i>			
Exchange differences on translation of foreign operations		746.01	376.12
Total other comprehensive income for the year, net of tax		746.01	376.12
Total comprehensive income for the year		1,494.22	768.30
Profit attributable to:			
Equity holders of the Company		748.21	392.18
Non-controlling interests		-	-
		748.21	392.18
Total comprehensive income attributable to:			
Equity holders of the Company		1,494.22	768.30
Non-controlling interests		-	-
		1,494.22	768.30
Earnings per equity share of par value of \$ 0.01 each (March 31, 2019 \$ 0.01) (in ₹)	21		
Basic		7,482,065	3,921,800
Diluted		7,482,065	3,921,800
Summary of significant accounting policies	2		

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

As per our report of even date

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

For and on behalf of the Board of Directors of
Oracle Financial Services Software, Inc.

Govind Ahuja
Partner
Membership No. 048966

Bala Hari
Director

Mumbai, India
May 13, 2020

New Jersey
May 13, 2020

Oracle Financial Services Software, Inc.

Statement of changes in equity for the year ended March 31, 2020

Year ended March 31, 2020

(Amounts in ₹ million, except share data)

Particulars	Equity share capital		Securities premium	Contribution from Ultimate Holding Company	Contribution from Parent	Retained earnings	Other Foreign currency translation reserve	Total equity attributable to equity holders of the Company
	No of shares	Share capital						
Balance as of April 1, 2019	100	-	639.36	30.13	69.58	5,852.12	511.50	7,102.69
<i>Changes in equity for year ended March 31, 2020</i>								
Stock compensation charge	-	-	-	34.01	1.49	-	-	35.50
Profit for the year	-	-	-	-	-	748.21	-	748.21
Exchange differences on translation of foreign operations	-	-	-	-	-	-	746.01	746.01
Balance as of March 31, 2020	100	-	639.36	64.14	71.07	6,600.33	1,257.51	8,632.41

Year ended March 31, 2019

(Amounts in ₹ million, except share data)

Particulars	Equity share capital		Securities premium	Contribution from Ultimate Holding Company	Contribution from Parent	Retained earnings	Other Foreign currency translation reserve	Total equity attributable to equity holders of the Company
	No of shares	Share capital						
Balance as of April 1, 2018	100	-	639.36	3.36	58.30	5,444.04	135.38	6,280.44
<i>Changes in equity for year ended March 31, 2019</i>								
Adjustment on adoption of Ind AS 115 'Revenue from Contracts with Customers'	-	-	-	-	-	15.90	-	15.90
Stock compensation charge	-	-	-	26.77	11.28	-	-	38.05
Profit for the year	-	-	-	-	-	392.18	-	392.18
Exchange differences on translation of foreign operations	-	-	-	-	-	-	376.12	376.12
Balance as of March 31, 2019	100	-	639.36	30.13	69.58	5,852.12	511.50	7,102.69

Summary of significant accounting policies [Refer note 2]

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

As per our report of even date

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

For and on behalf of the Board of Directors of
Oracle Financial Services Software, Inc.

Govind Ahuja
Partner
Membership No. 048966

Bala Hari
Director

Mumbai, India
May 13, 2020

New Jersey
May 13, 2020

Oracle Financial Services Software, Inc.

Notes annexed to and forming part of financial statements for the year ended March 31, 2020

Note 1: Corporate information

Oracle Financial Services Software, Inc. (“the Company”) was incorporated as a corporation registered in Delaware, United States of America on December 4, 2001. The Company is a subsidiary of Oracle Financial Services Software America, Inc. (“OAI”) holding 100% (March 31, 2019 – 100%) ownership interest in the Company as at March 31, 2020.

The Company is principally engaged in the business of providing information technology solutions and business processing services to the financial services industry worldwide. The Company has a suite of banking products, which caters to the transaction processing and compliance needs of corporate, retail, investment banking, treasury operations and data warehousing.

The financial statements for the year ended March 31, 2020 were approved for issue in accordance with a resolution of the Board of Director on May 13, 2020.

Note 2: Summary of significant accounting policies

2.1 Basis of preparation

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

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

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

Previous year numbers as disclosed in these Ind AS financial statements are based on the special purpose financial information prepared by the Company to enable Oracle Financial Services Software Limited (the “Holding Company”) to prepare its consolidated financial statements. The special purpose financial information for the year ended and as at March 31, 2019 were prepared for the sole purpose of consolidation and accordingly was not a complete set of financial statements in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

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

2.2 Summary of significant accounting policies

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

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

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

All items of property, plant and equipment and capital work in progress, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment, if the recognition criteria are met. When significant parts of

Oracle Financial Services Software, Inc.

Notes annexed to and forming part of financial statements for the year ended March 31, 2020

plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in the statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. All additions during the reported year are considered at cost.

The Company purchases certain specific-use application software, which is in ready to use condition, for internal use. It is estimated that such software has a relatively short useful life, usually less than one year. The Company, therefore, charges to the statement of profit and loss the cost of acquiring such software.

Depreciation

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

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

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

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

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

(b) Impairment of non-financial assets

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

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

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is

Oracle Financial Services Software, Inc.

Notes annexed to and forming part of financial statements for the year ended March 31, 2020

limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

(c) Foreign currencies

The financial statements are presented in Indian Rupees (‘₹’). The functional currency of the Company is US Dollar.

Transactions and balances

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

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

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

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

(d) Research and development expenses for software products

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

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

(e) Revenue recognition

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

In arrangements for software development and related services along with maintenance services, the Company has applied the guidance as per Ind AS 115, ‘Revenue from Contracts with Customers’, by applying revenue recognition criteria for each distinct performance obligations. For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. For software licenses, the Company is using a residual approach for estimating the standalone selling price of software license as the pricing is highly variable. For software development and related services, the performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

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

Oracle Financial Services Software, Inc.

Notes annexed to and forming part of financial statements for the year ended March 31, 2020

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.

Performance obligation

Revenue from licenses where the customer obtains a “right to use” the licenses is recognized at the time the license is made available to the customer. Where the license is required to be substantially customized as part of the implementation service the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue is recognized using the percentage-of-completion method as the implementation is performed.

Product maintenance revenue is recognized rateably over the period of the contract.

Revenue from fixed price contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized by reference to the stage of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

Revenue from contracts on time and material basis is recognized as services are performed.

Contract balances

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

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

(f) Income tax

Current income tax

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

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

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

Deferred tax

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

Oracle Financial Services Software, Inc.

Notes annexed to and forming part of financial statements for the year ended March 31, 2020

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

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

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

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

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

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

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

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

Transition

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatments was introduced under Ind AS 12 with effect from April 01, 2019.

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

Oracle Financial Services Software, Inc.

Notes annexed to and forming part of financial statements for the year ended March 31, 2020

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

The Company has evaluated the effect of Appendix C to Ind AS 12 on the financial statements and concluded that there is no impact on transition by adopting Appendix C and hence no impact on its retained earnings. For impact of uncertain tax positions for the year ended March 31, 2020, refer note 13.

(g) Non-current assets held for sale

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

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

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

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

(h) Fair value measurement

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

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

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

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

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

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

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

Oracle Financial Services Software, Inc.

Notes annexed to and forming part of financial statements for the year ended March 31, 2020

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

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

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

(i) Financial instruments

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

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets measured at amortized cost, fair value through other comprehensive income or fair value through statement of profit or loss as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through statement of profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

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

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

Debt instruments measured at amortized cost

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

Oracle Financial Services Software, Inc.

Notes annexed to and forming part of financial statements for the year ended March 31, 2020

Debt instruments at fair value through OCI

Debt instruments are measured at fair value through other comprehensive income if the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has not designated any financial assets at fair value through OCI.

Debt instruments at fair value through profit or loss

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

Derecognition

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

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

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

Oracle Financial Services Software, Inc.

Notes annexed to and forming part of financial statements for the year ended March 31, 2020

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

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

On that basis, the Company estimates the following provision matrix at the reporting date:

Ageing	0-30 days	31-60 days	61-90 days	91-180 days	181-365 days	> 365 days
Africa	3.38%	14.68%	1.49%	7.89%	37.03%	48.65%
Asia Pacific	0.01%	0.27%	0.05%	1.29%	4.61%	27.29%
Europe & Middle East	0.01%	0.04%	0.06%	2.10%	2.10%	35.01%
United States of America & Latin America	0.07%	0.02%	0.11%	0.80%	13.41%	66.29%

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

Impairment of investments

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

Interest income

Interest income is recognized using the effective interest method.

Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

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

Oracle Financial Services Software, Inc.

Notes annexed to and forming part of financial statements for the year ended March 31, 2020

Derecognition

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

Embedded derivatives

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

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

(j) Leases

Company as a Lessee

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

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

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

The right-of-use asset are recognized at the inception of the lease arrangement at the amount of the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date of lease arrangement reduced by any lease incentives received, added by initial direct costs incurred and an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Estimated useful life of right-of-use assets is determined on the basis

Oracle Financial Services Software, Inc.

Notes annexed to and forming part of financial statements for the year ended March 31, 2020

of useful life of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is an indication that their carrying value may not be recoverable. Impairment loss, if any is recognized in the statement of profit and loss account.

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

Company as a Lessor

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

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

Transition

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

The Company has selected practical expedient for the following:

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

Accordingly, the Company has recognized right-of-use asset of ₹ 179.15 million, an investment in sublease of Right-of-use assets of ₹ 52.63 million and a lease liability of ₹ 246.59 million in the financial statements on the date of initial application. There is no impact on the retained earnings. Due to adoption of Ind AS 116, the nature of expenses have changed from rent in previous periods to depreciation cost on right-of-use asset and finance cost for interest on lease liability. During the year ended March 31, 2020, the Company has recognized depreciation on right-of-use asset ₹ 48.48 million along with interest on lease liability of ₹ 11.99 million respectively. The effect of this standard is not significant on the profit for the year of the Company. Further as per Ind AS 116, the principal portion of lease payments and interest on lease liability has been disclosed under the cash outflow from financing activities. Operating lease payments as per Ind AS 17 – Leases were disclosed under the cash outflow from operating activities.

(k) Share based payments

Selected employees of the Company receive remuneration in the form of share-based payments of its Holding Company, Oracle Financial Services Software Limited. Since the Company has no obligation

Oracle Financial Services Software, Inc.

Notes annexed to and forming part of financial statements for the year ended March 31, 2020

to settle the share based payment transaction, the transaction has been recognized as Equity settled share based payment transaction. The Holding Company determines the cost of equity-settled transactions by the fair value at the date when the grant is made using an appropriate valuation model. The cost to the Company is recognized, together with a corresponding increase in 'Contribution from Holding Company' shown in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expenses. The expense or credit recognized in the statement of profit and loss under the head employee benefit expense represents the movement in cumulative expense recognized as at beginning or end of the year.

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

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

(l) Provisions

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

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

(m) Retirement and other employee benefits

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

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

(n) Earnings per share

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

Oracle Financial Services Software, Inc.

**Notes annexed to and forming part of financial statements for the year ended
March 31, 2020**

diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(o) Cash and cash equivalents

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

Oracle Financial Services Software Inc.

Notes annexed to and forming part of the financial statements as at March 31, 2020

Note 4: Right-of-use asset

Year ended March 31, 2020

(Amounts in ₹ million)

Particulars	Gross carrying value						Depreciation					Net carrying value
	As at April 01, 2019	Adjustment on adoption of Ind AS 116 'Leases'	Additions	Sale/ deletions	Translation gain (loss)	As at March 31, 2020	As at April 01, 2019	For the year	Sale/ deletions	Translation (gain) loss	As at March 31, 2020	As at March 31, 2020
Right-of-use asset	-	179.15	3.30	18.09	19.90	184.26	-	48.48	3.22	6.33	51.59	132.67
	-	179.15	3.30	18.09	19.90	184.26	-	48.48	3.22	6.33	51.59	132.67

Notes annexed to and forming part of the financial statements as at March 31, 2020

	(Amounts in ₹ million)	
	March 31, 2020	March 31, 2019
Note 5: Financial assets		
Non-current		
Loan to fellow subsidiary	613.54	561.56
Impairment Allowance	(392.21)	(358.98)
	221.33	202.58
Other financial assets measured at amortized cost		
Deposits for premises and others	4.20	3.88
Investment in sublease of right-of-use asset	41.65	-
	45.85	3.88
Current		
Other financial assets measured at amortized cost		
Unbilled revenue	831.85	1,062.45
Amount due from related parties	63.55	117.20
Other receivables and advances	68.18	6.10
Investment in sublease of right-of-use asset	13.50	-
	977.08	1,185.75
Breakup of financial assets carried at amortized cost		
Trade receivables [Refer note 6]	1,828.77	2,503.70
Cash and bank balances [Refer note 7]	7,227.69	5,498.54
Deposits for premises and others [Refer above]	4.20	3.88
Investment in sublease of right-of-use asset [Refer above]	55.16	-
Amount due from related parties [Refer above]	63.55	117.20
Unbilled revenue [Refer above]	831.85	1,062.45
Other receivables and advances [Refer above]	68.18	6.10
	10,079.40	9,191.87

Notes annexed to and forming part of the financial statements as at March 31, 2020

	(Amounts in ₹ million)	
	March 31, 2020	March 31, 2019
Note 6: Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	1,876.63	2,532.26
Credit impaired	-	25.99
	<u>1,876.63</u>	<u>2,558.25</u>
Impairment Allowance		
Unsecured, considered good	(47.86)	(28.56)
Credit impaired	-	(25.99)
	<u>(47.86)</u>	<u>(54.55)</u>
	<u>1,828.77</u>	<u>2,503.70</u>

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

Refer note 30 for trade receivable from related party.

Note 7: Cash and bank balances**Cash and cash equivalents**

Balances with banks in current accounts	7,227.69	5,498.54
	<u>7,227.69</u>	<u>5,498.54</u>

Changes in liabilities arising from financing activity is due to repayment made for lease liabilities, refer note 26 Leases.

Note 8: Other assets**Non-current**

Deferred contract cost	10.78	11.66
	<u>10.78</u>	<u>11.66</u>

Current

Unbilled revenue	578.66	413.70
GST, VAT, service tax and other indirect taxes	62.94	6.23
Prepaid expenses	8.69	5.78
Deferred contract cost	8.65	10.29
	<u>658.94</u>	<u>436.00</u>

Oracle Financial Services Software, Inc.

Notes annexed to and forming part of the financial statements as at March 31, 2020

(Amounts in ₹ million)

March 31, 2020 **March 31, 2019**

Note 9: Equity Share capital

Authorized:

3,000 (March 31, 2019 - 3,000) equity shares of USD 0.01 each

30 30

Issued, subscribed and fully paid-up:

100 (March 31, 2019 - 100) equity shares of USD 0.01 each

0.00 0.00

(a) The Company has only one class of equity shares having a par value of USD 0.01 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name and relationship of shareholder :

Oracle Financial Services Software America, Inc., holding company

Number of equity shares

% of equity shares

March 31, 2020 **March 31, 2019**

100 100

100% 100%

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.

Notes annexed to and forming part of the financial statements as at March 31, 2020

(Amounts in ₹ million)

	March 31, 2020	March 31, 2019
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Note 10: Other Equity

Securities premium	639.36	639.36
Retained earnings	6,600.33	5,852.12
Contribution from Parent Company (Refer note 27)	71.07	69.58
Contribution from Ultimate Holding Company	64.14	30.13
Other comprehensive income	1,257.51	511.50
	8,632.41	7,102.69

Securities premium

Securities premium represents amount received in excess of face value on issue of shares by the Company. It also includes transfer of stock compensation related to options exercised from employee stock options outstanding (other equity). The securities premium will be utilized in accordance with the provisions of the Act.

Contribution from Ultimate Holding Company

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

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

Retained earnings

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

Other comprehensive income

Other comprehensive income represents the exchange differences arising on translation of foreign subsidiaries and branches for consolidation and the remeasurements of the defined benefit gratuity plan; comprising of actuarial gains and losses on it's net liabilities / assets.

Oracle Financial Services Software, Inc.

Notes annexed to and forming part of the financial statements as at March 31, 2020

(Amounts in ₹ million)

Note 11: Financial liabilities

(a) Trade payable measured at amortized cost

Trade payable measured at amortized cost

- Payable to Parent Company
- Payable to others

	March 31, 2020	March 31, 2019
	311.60	428.11
	263.32	329.92
	48.29	98.20
	311.60	428.11

(b) Other financial liabilities

Other financial liabilities measured at amortized cost

- Accrued compensation to employees
- Accrued Expenses
- Amount due to related parties
- Advance from customers

	163.76	318.17
	667.51	496.67
	223.12	180.61
	13.85	18.71
	1,068.24	1,014.16

Terms and conditions of financial liabilities:

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

Note 12: Other liabilities

Non-current

Deferred Rent

	-	13.28
	-	13.28

Current

- Deferred Revenue
- Withholding and other taxes
- Other statutory dues
- Deferred Rent

	1,075.01	1,160.00
	8.22	0.15
	47.10	23.45
	-	1.87
	1,130.33	1,185.47

Oracle Financial Services Software, Inc.

Notes annexed to and forming part of the financial statements as at March 31, 2020

Note 13: Income taxes

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

	(Amounts in ₹ million)	
	March 31, 2020	March 31, 2019
Current taxes	834.87	951.91
Deferred taxes	29.65	(20.16)
Income tax expense reported in the statement of profit and loss	864.52	931.75

Deferred tax charge for the year ended March 31, 2020 and March 31, 2019 relates to origination and reversal of temporary differences.

(b) Reconciliation of tax expense and accounting profit for the year end March 31, 2020 and March 31, 2019

	(Amounts in ₹ million)	
	March 31, 2020	March 31, 2019
Accounting profit before income tax	1,612.73	1,323.93
Enacted tax rates in USA	21%	21%
Computed expected tax expenses	338.67	278.03
Tax effect		
of earlier years	(148.16)	(56.04)
on account of BEAT Tax *	494.00	438.89
on account of overseas taxes	100.00	240.74
Others	80.01	30.13
At the effective income tax rate	864.52	931.75
Income tax expense reported in statement of profit and loss	864.52	931.75

*BEAT charge of ₹ 494 million for the year ended March 31, 2020 includes ₹ 187 million towards uncertain tax provision.

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

	(Amounts in ₹ million)	
	March 31, 2020	March 31, 2019
Deferred tax asset		
Difference between book and tax depreciation	22.39	44.73
Provision for compensated absence	20.33	31.88
Impairment loss on financial assets	13.96	17.14
Net operating loss	72.07	87.96
Other timing differences	46.52	8.39
	175.27	190.10

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

	(Amounts in ₹ million)	
	March 31, 2020	March 31, 2019
Balance, beginning of year	190.10	164.94
Tax (expense) on adoption of Ind AS 115 'Revenue from Contracts with Customers'	-	(5.30)
Tax (expense) income during the year recognized in profit or loss	(29.65)	20.16
Translation differences	14.82	10.30
Balance, end of the year	175.27	190.10

(e) Note on Uncertain Tax Positions

Upon adoption of the Appendix C on "Uncertainty over Income-tax Treatments" of Ind AS 12, Income Taxes, the Company has reassessed its estimate of uncertain income-tax treatments. Based on its reassessment during the year ended March 31, 2020, the Company has recorded net tax expense of ₹ 508.48 million including net charge of ₹ 206.05 million pertaining to earlier years. Consequent to the tax expense, during the year ended March 31, 2020, the Company has recognised the related interest expense of ₹ 17.40 million (including ₹ 6.95 million pertaining to earlier years, which has been disclosed as finance cost in the Statement of Profit and Loss.

The tax expense for the year ended March 31, 2020 includes reversal of tax expenses of ₹ 354.21 million, which was recognised in the previous year, resulting from the remeasurement of the tax liability pursuant to changes in the US tax legislation during the current year.

Oracle Financial Services Software Inc

Notes annexed to and forming part of the financial statements as at March 31, 2020

(Amounts in ₹ million)

Year ended March 31,

	2020	2019
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Note 14: Revenue from operations

Product licenses and related activities	11,753.27	12,501.94
IT solutions and consulting services	2,783.38	3,119.91
Business process outsourcing services	991.71	924.83
	15,528.36	16,546.68

Note 15: Finance income

Interest on financial assets measured at amortized cost :

Loan to fellow subsidiary	-	14.98
Balances with banks in current accounts	62.61	52.35
Deposits for premises and others	-	0.70
Investment in sublease	2.70	-
	65.31	68.03

Note 16: Other income, net

Foreign exchange gain/(loss), net	(25.16)	(19.04)
Profit/(Loss) on sale of fixed assets, net	-	(0.07)
Miscellaneous income	19.63	49.88
	(5.53)	30.77

Note 17: Employee benefit expenses

Salaries and bonus	4,069.36	4,398.89
Contribution to provident and other funds	125.16	128.29
Stock compensation expense	35.50	38.05
Staff welfare expenses	315.54	358.83
	4,545.56	4,924.06

Note 18: Finance cost

Interest on lease liability	11.99	-
Interest on tax payments	17.39	-
	29.38	-

Oracle Financial Services Software Inc

Notes annexed to and forming part of the financial statements as at March 31, 2020

(Amounts in ₹ million)

Year ended March 31,

	2020	2019
Note 19: Other operating expenses		
Application software	12.42	7.88
Communication expenses	19.18	22.30
Rent	0.09	91.81
Power	2.75	-
Insurance	0.21	0.09
Repairs and maintenance:		
Buildings and leasehold premises	0.14	0.18
Computer equipments	0.45	0.66
Others	1.92	24.45
Rates and taxes	3.34	2.50
Impairment loss recognized on contract assets	12.65	6.56
Bad debts	2.88	3.65
Impairment loss recognised\reversed on other financial assets	0.03	(0.43)
Miscellaneous expenses	11.66	25.51
	67.72	185.16

Note 20: Exceptional item

During year ended March 31, 2019, Oracle Financial Services Software Inc has provided an impairment allowance on loan given to fellow subsidiary amounting to ₹ 358.30 million.

Note 21: Reconciliation of basic and diluted shares used in computing earnings per share

(Number of equity shares)

Year ended March 31,

	2020	2019
Weighted average shares outstanding for basic earnings per share	100	100
Add: Effect of dilutive stock options	-	-
Weighted average shares outstanding for diluted earnings per share	100	100

Oracle Financial Services Software, Inc.

Notes annexed to and forming part of the financial statements as at March 31, 2020

Note 22: Disclosure on revenue from operations

(a) Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers by geography, streams and type of contract for each of our business segments.

Year ended March 31, 2020 (Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Total
Revenue by Geography				
India	97.18	-	-	97.18
Outside India				
Americas				
United States of America	8,432.98	2,713.36	991.71	12,138.05
Rest of America	2,366.52	45.54	-	2,412.06
Europe	453.97	24.48	-	478.45
Asia Pacific	399.97	-	-	399.97
Middle East and Africa	2.65	-	-	2.65
	11,753.27	2,783.38	991.71	15,528.36

Revenue by Streams and type of Contract

License Fees	879.54	-	-	879.54
Maintenance Fees	3,879.68	-	-	3,879.68
Consulting fees				
Fixed Price	3,169.89	339.80	-	3,509.69
Time & Material Basis	3,824.16	2,443.58	991.71	7,259.45
	11,753.27	2,783.38	991.71	15,528.36

Year ended March 31, 2019 (Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Total
Revenue by Geography				
India	193.85	-	-	193.85
Outside India				
Americas				
United States of America	9,184.85	2,958.93	924.83	13,068.61
Rest of America	2,249.77	89.62	-	2,339.39
Europe	548.20	71.36	-	619.56
Asia Pacific	324.10	-	-	324.10
Middle East and Africa	1.17	-	-	1.17
	12,501.94	3,119.91	924.83	16,546.68

Revenue by Streams and type of Contract

License Fees	1,456.09	-	-	1,456.09
Maintenance Fees	3,639.64	-	-	3,639.64
Consulting fees				
Fixed Price	3,511.11	559.69	-	4,070.80
Time & Material Basis	3,895.10	2,560.22	924.83	7,380.15
	12,501.94	3,119.91	924.83	16,546.68

(b) During the year ended March 31, 2020, the Company recognized revenue of ₹ 1,114.73 million from opening deferred revenue as of April 1, 2019 (March 31, 2019 ₹ 1,057.47 million from opening deferred revenue as of April 1, 2018).

(c) During the year ended March 31, 2020, the Company has not recognized revenue from performance obligations satisfied prior to April 1, 2019. During the year ended March 31, 2019, the Company has not recognised revenue from performance obligations satisfied prior to April 1, 2018.

(d) Reconciliation of revenue recognized with contract price

	(Amounts in ₹ million)	
	Year ended March 31,	
	2020	2019
Revenue as per contracted price	15,600.68	16,701.68
Adjustments		
Discount	(72.32)	(155.00)
Revenue from operations	15,528.36	16,546.68

(e) 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 and contracts with expected original duration of less than one year.

Remaining performance obligation estimates are subject to change and are affected by several factors such as terminations, changes in the scope of contracts, periodic revaluations of estimates and other macro economic factors.

The aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as at March 31, 2020, after considering the practical expedient mentioned above is ₹ 3,150.75 million (March 31, 2019 ₹ 3,889.46 million), out of which 65% (March 31, 2019 55%) is expected to be recognised as revenue within the next one year and the balance thereafter.

(f) Asset recognized from the costs to obtain a contract

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

The Company has amortized deferred contract cost of ₹ 11.73 million for the year ended March 31, 2020 (March 31, 2019 ₹ 13.19 million) and has closing balance of deferred contract cost asset of ₹ 19.43 million as at March 31, 2020 (March 31, 2019 ₹ 21.95 million).

Oracle Financial Services Software, Inc.

Notes annexed to and forming part of financial statements for the year ended March 31, 2020

Note 23: Estimation of uncertainties relating to the global health pandemic from COVID-19

The Company has considered the possible effects that may result from the pandemic relating to Covid-19 on the carrying value of Trade receivables, Unbilled receivables and Contract assets which is not significant to the financial statements for the year ended March 31, 2020. In assessing the recoverability of these assets, the Company has used internal and external sources of information up to the date of approval of these financial statements, and based on current estimates, expects the net carrying amount of these assets will be recovered. The impact on account of Covid-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements. The Company will continue to monitor any material impact due to changes in future economic conditions.

Note 24: Significant accounting judgements, estimates and assumptions

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

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

(i) Operating lease

The Company has entered into commercial property leases for its offices. Further, the Company has also adopted Ind AS 116 'Leases' with effect from April 1, 2019 using the modified retrospective method.

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 and the applicable discount rate. The Company has lease contracts which include extension and termination option and this requires exercise of judgement by the Company in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. The discount rate is generally based on the incremental borrowing rate specific to the lease period.

(ii) Share based payments

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

(iii) 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.

Oracle Financial Services Software, Inc.

Notes annexed to and forming part of financial statements for the year ended March 31, 2020

(iv) Impairment of non-financial assets

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

(v) Fair value measurement of financial instruments

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

(vi) Revenue recognition

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

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

Contract fulfilment costs are generally expensed as incurred except for certain contract costs which meet the criteria for capitalization. Such costs are amortized over the benefit period. The assessment of this criteria requires the application of judgement.

Note 25: Capital commitments and contingent liabilities

Particulars	(Amounts in ₹ million)	
	March 31, 2020	March 31, 2019
a) Capital commitments towards		
i) property, plant and equipment	6.77	4.27
b) Contingent liabilities	Nil	Nil

Oracle Financial Services Software, Inc.

**Notes annexed to and forming part of financial statements for the year ended
March 31, 2020**

Note 26: Leases

Where Company is lessee

The changes in the carrying values of right-of-use asset for the year ended March 31, 2020 are given in note 4.

Set out below are the carrying amounts of lease liabilities and the movements during the year ended March 31, 2020:

Particulars	(Amounts in ₹ million)
As at April 01, 2019	
Adjustment on adoption of Ind AS 116 'Leases'	246.59
Modifications	(0.91)
Accretion of interest	11.99
Repayments	(63.55)
Revaluation	8.12
As at March 31, 2020	202.24

Particulars	(Amounts in ₹ million)
Current	55.93
Non-Current	146.31
Total	202.24

The maturity analysis of undiscounted lease liabilities as at March 31, 2020 are as follows:

Particulars	(Amounts in ₹ million)
Less than 1 year	65.20
1 to 5 years	157.02
> 5 years	0.19
Total	222.41

The weighted average incremental borrowing rate applied to lease liabilities recognized in the balance sheet at the date of initial application is 5.5% with maturity between 2020 to 2028.

The following amounts are recognised in Statement of Profit and Loss for the year ended March 31, 2020:

Particulars	(Amounts in ₹ million)
Depreciation expense of right-of-use assets	48.48
Interest expense on lease liabilities	11.99
Expense relating to short-term leases (included in other operating expenses as rent)	0.09
Total	60.56
Income from subleasing right-of-use asset	(2.70)
Total	57.86

The Company had total cash outflows for leases of ₹ 63.55 million for the year ended March 31, 2020. The Company does not have non-cash additions to right-of-use assets and lease liabilities for the year ended March 31, 2020. There are no future cash outflows relating to leases that have not yet commenced.

Oracle Financial Services Software, Inc.

Notes annexed to and forming part of financial statements for the year ended March 31, 2020

The difference between the future minimum lease commitments under Ind AS 17 – Leases reported as of March 31, 2019 and the value of lease liability recorded as on April 1, 2019 on adoption of Ind AS 116 – Leases is primarily on account of discounting of the lease liability to its present value in accordance with Ind AS 116 and the exclusion of commitments for leases to which the Company has chosen to apply the practical expedient as per the standard.

Where Company is lessor

Future income receivable from subleasing of right-of-use asset as at 31st March 2020 is as follows:

Particulars	(Amounts in ₹ million)
Less than 1 year	16.28
1 to 5 years	44.77
More than 5 years	-
Total	61.05
Unearned finance income	(5.89)
Investment in sublease of right-of-use asset	55.16

Note 27: Share based compensation / payments

Employee Stock Option Plan ('ESOP')

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

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

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

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

Oracle Financial Services Software, Inc.

**Notes annexed to and forming part of financial statements for the year ended
March 31, 2020**

A summary of the activity in the OFSSL's ESOP (Scheme 2010) related to OFSS Inc. employees is as follows:

	Year ended			
	March 31, 2020		March 31, 2019	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	12,875	2,050	13,675	2,050
Granted/transferred in	-	-	-	-
Exercised	-	-	-	-
Forfeited/ transferred out	-	-	(800)	2,050
Outstanding at end of the year	12,875	2,050	12,875	2,050
Vested options	12,875		12,875	
Unvested options	-		-	

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

	Year ended			
	March 31, 2020		March 31, 2019	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	39,951	2,825	46,601	2,786
Granted/transferred in	-	-	520	-
Exercised	(3,250)	1,930	(1,670)	1,978
Forfeited/ transferred out	(1,450)	3,077	(5,500)	2,773
Outstanding at end of the year	35,251	2,897	39,951	2,825
Vested options	35,251		39,951	
Unvested options	-		-	

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

	Year ended			
	March 31, 2020		March 31, 2019	
	Shares arising from Stock Options and OSUs	Weighted average exercise price (₹)	Shares arising from Stock Options and OSUs	Weighted average exercise price (₹)
Outstanding at beginning of year	47,035	2,894	52,234	2,795
Granted/transferred in	-	-	1,288	623
Exercised	(1,542)	5	(2,172)	117
Forfeited/transferred out	(2,099)	384	(4,315)	2,417
Outstanding at end of the year	43,394	3,119	47,035	2,894
Vested options and OSUs	34,241		26,300	
Unvested options and OSUs	9,153		20,735	

Oracle Financial Services Software, Inc.

**Notes annexed to and forming part of financial statements for the year ended
March 31, 2020**

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

	Exercise prices (₹)	Number of Options	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Options /OSUs unvested	5	1164	5	7.2
	3,393	7,989	3,393	6.2
Options /OSUs vested and exercisable	5	2,580	5	5.6
	1,930	5,951	1,930	1.7
	2,050	12,875	2,050	0.4
	3,077	19,700	3,077	3.5
	3,127	9,600	3,127	2.8
	3,241	5,625	3,241	5.0
	3,393	23,286	3,393	6.2
	3,987	2,750	3,987	5.6
	91,520	2,883	2,883	4.1

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

	Exercise prices (₹)	Number of Options	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Options /OSUs unvested	5	4,022	5	7.5
	3,393	15,975	3,393	7.2
	3,987	738	3,987	6.6
Options /OSUs vested and exercisable	5	3,163	5	6.2
	1,930	9,201	1,930	2.7
	2,050	12,875	2,050	1.4
	3,077	21,150	3,077	4.5
		99,861	2,758	2,758

Note 28: Financial risk management objectives and policies

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

(a) Market risk

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

• **Foreign currency risk**

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

As at the balance sheet date, the Company's net foreign currency exposure expressed in ₹ that is not hedged is ₹ 224.17 million (March 31, 2019 ₹ 304.03 million).

Oracle Financial Services Software, Inc.

Notes annexed to and forming part of financial statements for the year ended March 31, 2020

Following are the carrying amounts of foreign currency denominated monetary items (net) of the Company where it has significant exposure as at the balance sheet date:

Currency	(Amounts in ₹ million)	
	March 31, 2020	March 31, 2019
EUR	18.48	151.68
SGD	72.60	21.82
BRL	60.48	82.97
ZAR	25.15	22.91
GBP	19.96	12.02

- **Foreign currency sensitivity**

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

Currency	(Amounts in ₹ million)			
	March 31, 2020		March 31, 2019	
	+1%	-1%	+1%	-1%
SGD	0.57	(0.57)	0.17	(0.17)
EUR	0.14	(0.14)	1.20	(1.20)
BRL	0.47	(0.47)	0.65	(0.65)
ZAR	0.20	(0.20)	0.18	(0.18)
GBP	0.16	(0.16)	0.09	(0.09)

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 entities with functional currency as above respective currency where transactions are in foreign currencies. The Company's exposure to foreign currency changes for all other currencies is not material.

(b) Liquidity risk

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

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

Particulars	(Amounts in ₹ million)		
	Less than 1 year	More than 1 year	Total
As at March 31, 2020			
Lease liability	55.93	146.31	202.24
Trade payables	311.60	-	311.60
Advance from customers	13.85	-	13.85
Amount due to subsidiaries	223.12	-	223.12
Accrued expenses	667.51	-	667.51
Accrued compensation to employees	163.76	-	163.76
	1,435.77	146.31	1,582.08

Oracle Financial Services Software, Inc.

Notes annexed to and forming part of financial statements for the year ended March 31, 2020

Particulars	(Amounts in ₹ million)		Total
	Less than 1 year	More than 1 year	
As at March 31, 2019			
Trade payables	428.11	-	428.11
Advance from customers	18.71	-	18.71
Amount due to subsidiaries	180.61	-	180.61
Accrued expenses	496.68	-	496.68
Accrued compensation to employees	318.17	-	318.17
	1,442.28	-	1,442.28

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

(c) Credit risk

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

(i) Trade receivables

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

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.

(ii) Cash and Bank balances

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

Note 29: Capital management

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

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

Oracle Financial Services Software, Inc.

Notes annexed to and forming part of the financial statements as at March 31, 2020

Note 30: Names of Related Parties and description of relationship:

Relationship	Names of related parties
(i) Related parties where control exists	
Ultimate Holding Company	Oracle Corporation
Holding Company	Oracle Financial Services Software America, Inc.
Parent Company	Oracle Financial Services Software Limited
(ii) Related parties with whom transactions have taken place during the year	
Fellow Subsidiaries	Oracle America, Inc. Oracle Canada ULC Oracle Caribbean, Inc. Oracle Colombia Limitada Oracle Corporation Australia Pty. Limited Oracle Corporation UK Limited Oracle Corporation (South Africa)(Pty) Limited Oracle de Centroamerica, S.A. Oracle de Mexico, S.A. de C.V. Oracle de Venezuela, C.A. Oracle Do Brasil Sistemas Limitada Oracle Egypt Limited Oracle Financial Services Software B.V. Oracle (OFSS) BPO Services Limited Oracle (OFSS) Processing Services Limited Oracle (OFSS) BPO Services Inc Oracle Financial Services Software Pte. Ltd. Oracle Iberica, S.R.L. Oracle India Private Limited Oracle Systems Pakistan (Private) Limited Sistemas Oracle de Chile, S.A. Sistemas Oracle del Peru, S.A.

Oracle Financial Services Software, Inc.
Notes annexed to and forming part of the financial statements as at March 31, 2020

Transactions and balances outstanding with these parties are described below:

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended		As at	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Revenue				
<i>Parent</i>				
Oracle Financial Services Software Limited	97.18	193.85	38.03	83.20
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	2,650.39	3,291.77	461.25	914.24
Oracle Canada ULC	951.65	982.18	143.83	165.40
Oracle Caribbean, Inc.	212.04	164.30	34.53	16.93
Oracle Colombia Limitada	174.43	225.69	31.76	1.92
Oracle Corporation (South Africa)(Pty) Limited	2.65	-	-	-
Oracle de Centroamerica, S.A.	94.62	35.81	7.51	2.82
Oracle de Mexico, S.A. de C.V.	41.18	40.74	7.12	5.27
Oracle de Venezuela, C.A.	0.01	-	-	-
Oracle Do Brasil Sistemas Limitada	87.37	57.99	81.36	101.00
Oracle Egypt Limited	-	1.15	-	-
Oracle India Private Limited	0.95	-	-	-
Sistemas Oracle de Chile, S.A.	63.10	74.02	7.21	20.48
Sistemas Oracle del Peru, S.A.	44.93	66.58	3.44	2.94
Oracle Financial Services Software B.V.	438.09	528.57	44.83	140.43
Oracle (OFSS) BPO Services Limited	-	-	-	21.09
Oracle Financial Services Software Pte. Ltd.	399.97	324.10	88.27	44.50
Impairment allowance charge / (reversal)				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	0.53	0.62	(1.80)	(1.27)
Oracle Canada ULC	(0.15)	(1.26)	(0.06)	(0.21)
Oracle Caribbean, Inc.	(0.01)	(2.57)	(0.02)	(0.03)
Oracle Colombia Limitada	0.01	(0.92)	(0.01)	-
Oracle Corporation (South Africa)(Pty) Limited	-	(0.11)	-	-
Oracle de Centroamerica, S.A.	-	(0.02)	-	-
Oracle de Mexico, S.A. de C.V.	-	(1.38)	-	-
Oracle Do Brasil Sistemas Limitada	(2.35)	12.77	(10.86)	(13.21)
Oracle Egypt Limited	-	(0.25)	-	-
Oracle India Private Limited	-	(0.23)	-	-
Sistemas Oracle de Chile, S.A.	(0.01)	(0.35)	-	(0.01)
Sistemas Oracle del Peru, S.A.	-	(0.05)	-	-
Bad debts				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	-	0.49	-	-
Oracle Canada ULC	-	0.04	-	-
Oracle Caribbean, Inc.	-	0.02	-	-
Oracle Corporation Australia Pty. Limited	-	0.01	-	-
Oracle de Mexico, S.A. de C.V.	-	0.56	-	-
Oracle de Venezuela, C.A.	-	0.01	-	-
Oracle Do Brasil Sistemas Limitada	-	0.14	-	-
Oracle Egypt Limited	-	0.07	-	-
Oracle India Private Limited	-	0.09	-	-
Oracle Systems Pakistan (Private) Limited	-	0.21	-	-
Sistemas Oracle de Chile, S.A.	-	0.37	-	-
Sistemas Oracle del Peru, S.A.	-	0.07	-	-
Advance from Customers (refunded) / received				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	6.20	(394.23)	(6.20)	-
Oracle de Venezuela, C.A.	-	(0.01)	-	-
Oracle Colombia Limitada	-	(13.04)	-	-

Oracle Financial Services Software, Inc.

Notes annexed to and forming part of the financial statements as at March 31, 2020

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended		As at	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Deferred Revenue				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	-	-	-	(12.17)
Oracle Canada ULC	-	-	-	(5.73)
Oracle Caribbean, Inc.	-	-	-	(4.78)
Oracle de Mexico, S.A. de C.V.	-	-	-	(0.59)
Sistemas Oracle del Peru, S.A.	-	-	(0.20)	-
Sistemas Oracle de Chile, S.A.	-	-	-	(0.31)
Unbilled revenue				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	-	-	165.17	306.60
Oracle Canada ULC	-	-	53.14	66.08
Oracle Caribbean, Inc.	-	-	14.09	27.11
Oracle Colombia Limitada	-	-	18.56	19.86
Oracle de Centroamerica, S.A.	-	-	-	1.48
Oracle de Mexico, S.A. de C.V.	-	-	2.22	2.53
Oracle Do Brasil Sistemas Limitada	-	-	11.60	21.17
Sistemas Oracle de Chile, S.A.	-	-	4.41	4.61
Sistemas Oracle del Peru, S.A.	-	-	1.41	4.03
Oracle Financial Services Software B.V.	-	-	79.62	122.56
Oracle Financial Services Software Pte. Ltd.	-	-	27.12	68.75
<i>Parent</i>				
Oracle Financial Services Software Ltd	-	-	61.07	67.61
Cost of Services				
<i>Parent</i>				
Oracle Financial Services Software Ltd	8,568.18	9,066.74	(745.57)	(639.63)
<i>Fellow subsidiaries</i>				
Oracle (OFSS) Processing Services Limited	76.05	68.23	(18.68)	(12.93)
Rent expenses				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	19.33	19.41	(1.24)	(1.68)
Professional fee expenses				
<i>Ultimate Holding Company</i>				
Oracle Corporation	0.02	-	(0.42)	-
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	106.39	120.86	(0.16)	(109.08)
Oracle Canada ULC	16.46	7.99	(6.96)	(7.98)
Oracle de Mexico, S.A. de C.V.	-	13.71	21.79	11.94
Oracle India Private Limited	1.05	2.50	-	(2.46)
Oracle Iberica, S.R.L.	-	3.40	(1.82)	(4.89)
Oracle Do Brasil Sistemas Limitada	-	-	0.35	-
Oracle de Venezuela, C.A.	-	0.00	-	-
Oracle Solution Services (India) Private Ltd.	7.69	-	(0.57)	-
Sistemas Oracle de Chile, S.A.	-	-	(0.20)	-
Reimbursement of expenses incurred on behalf of Oracle Financial Services Software, Inc. by				
Professional fee expenses				
<i>Ultimate Holding Company</i>				
Oracle Corporation	-	0.39	-	(0.39)
<i>Fellow subsidiaries</i>				
Oracle Canada ULC	-	7.22	-	-
Oracle de Mexico, S.A. de C.V.	-	0.52	-	-
Non trade expenses				
<i>Parent</i>				
Oracle Financial Services Software Ltd	7.66	-	-	-
<i>Fellow subsidiaries</i>				
Oracle Canada ULC	17.65	-	(17.65)	-
Oracle America, Inc.	2.06	67.58	-	(0.85)
Oracle Financial Services Software B.V.	0.07	6.48	-	(4.46)
Oracle (OFSS) Mantas USA	-	-	(217.92)	(195.15)
Oracle (OFSS) America Inc	-	-	(5.70)	15.35

Oracle Financial Services Software, Inc.
Notes annexed to and forming part of the financial statements as at March 31, 2020

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended		As at	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Recovery of expenses incurred by Oracle Financial Services Software, Inc. on behalf of				
<i>Parent</i>				
Oracle Financial Services Software Ltd	-	405.10	-	-
<i>Fellow subsidiaries</i>				
Oracle Financial Services Software Chile Limitada	-	-	44.51	39.62
Oracle (OFSS) BPO Services Inc	-	-	23.33	82.68
Sotas Inc	-	-	0.48	-
Staff welfare expenses				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	0.85	1.79	(2.83)	(1.94)
Oracle Nederland B.V.	(0.18)	-	0.19	-
Oracle Corporation UK Limited	(1.24)	0.32	1.30	-
Other expenses				
<i>Ultimate Holding Company</i>				
Oracle Corporation	-	-	9.82	2.55
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	-	-	(2.98)	(3.59)
Oracle Canada ULC	-	-	(1.43)	-
Interest on loan				
<i>Fellow subsidiaries</i>				
Oracle (OFSS) BPO Services Inc	-	14.98	32.77	29.99
Impairment Allowance on loan				
<i>Fellow subsidiaries</i>				
Oracle (OFSS) BPO Services Inc	-	358.30	(392.21)	(358.98)
Other advances (Loan)				
<i>Fellow subsidiaries</i>				
Oracle (OFSS) BPO Services Inc	-	-	613.54	561.56
Employee Stock Purchase Plan				
<i>Ultimate Holding Company</i>				
Oracle Corporation	-	-	(11.62)	(10.58)
Stock compensation expense				
<i>Ultimate Holding Company</i>				
Oracle Corporation	34.01	26.77	-	-
<i>Parent</i>				
Oracle Financial Services Software Ltd	1.49	11.28	-	-
Key Managerial personnel				
Short-tem employment benefits	12.23	11.89	-	-
Post-employment retiral benefits	0.46	0.45	-	-
Share based payments	0.08	0.12	-	-

Note 31: Litigations

Aggregate provisions against litigations

March 31, 2020

March 31, 2019

Nil

Nil

Oracle Financial Services Software Inc

Notes annexed to and forming part of the financial statements as at March 31, 2020

Note 32: Segment information

Business segments are defined as a distinguishable component of an enterprise that is engaged in providing a group of related products or services and that is subject to differing risks and returns and about which separate financial information is available. This information is reviewed and evaluated regularly by the management in deciding how to allocate resources and in assessing the performance.

The Company is organized by business segment and geographically. For management purposes the Company is primarily organized on a worldwide basis into three business segments:

- a) Product licenses and related activities ('Products')
- b) IT solutions and consulting services ('Services') and
- c) Business Process Outsourcing services ('BPO - Services')

The business segments are the basis on which the Company reports its primary operational information to management.

Product licenses and related activities segment deals with various banking software products. The related activities include enhancements, implementation and maintenance activities.

IT solutions and consulting services segment offers services spanning the entire lifecycle of applications used by financial service institutions. The division's portfolio includes Consulting, Application, Support and Technology Services that help institutions improve efficiency, optimize costs, meet risk and compliance mandates and implement IT solutions finely attuned to their business needs.

BPO - Services comprises of business process outsourcing services to the Lending, Collections, Customer Service and Capital Markets industry.

Segment revenue and expense:

Revenue is generated through licensing of software products, maintenance fees as well as by providing software solutions to the customers including consulting services and business process outsourcing services. The income and expenses which are not directly attributable to a business segment are shown as unallocable income and expenses.

Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consist principally of trade receivables net of allowances, unbilled revenue, deposits for premises, property, plant and equipment and right-of-use asset. Segment liabilities primarily includes trade payables, deferred revenues, advance from customer, employee benefit obligations, lease liability and other liabilities. While most of such assets and liabilities can be directly attributed to individual segments, the carrying amount of certain assets and liabilities used jointly by two or more segments is allocated to the segment on a reasonable basis. Assets and liabilities that cannot be allocated between the segments are shown as part of unallocable assets and liabilities.

Year ended March 31, 2020 (Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Total
Revenue	11,753.27	2,783.38	991.71	15,528.36
Segment result	1,961.31	(320.37)	45.88	1,686.82
Unallocable expenses				(133.87)
Finance income				65.31
Other income, net				(5.53)
Profit before tax				1,612.73
Tax expenses				(864.52)
Net profit				748.21

Year ended March 31, 2019 (Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Total
Revenue	12,501.94	3,119.91	924.83	16,546.68
Segment result	2,092.63	(424.92)	23.38	1,691.09
Unallocable expenses				(107.66)
Impairment loss on loan to fellow Subsidiary [Refer note 20]				(358.30)
Finance income				68.03
Other income, net				30.77
Profit before tax				1,323.93
Tax expenses				(931.75)
Net profit				392.18

Oracle Financial Services Software Inc

Notes annexed to and forming part of the financial statements as at March 31, 2020

Other information

Year ended March 31, 2020 (Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Unallocable	Total
Capital expenditure by segment					
Property, Plant and Equipment	-	-	-	7.44	7.44
Depreciation and amortization	37.78	5.87	0.03	10.16	53.84
Other non cash expenses	14.97	0.60	(0.01)	-	15.56
Segment assets	3,060.90	269.29	176.98	8,586.36	12,093.53
Segment liabilities	2,334.41	305.74	45.44	775.53	3,461.12
Equity				8,632.41	8,632.41

Year ended March 31, 2019 (Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Unallocable	Total
Capital expenditure by segment					
Property, Plant and Equipment	-	-	-	5.52	5.52
Depreciation and amortization	5.67	0.30	-	0.24	6.21
Other non cash expenses	5.40	4.41	0.01	358.26	368.08
Segment assets	3,498.73	448.05	172.22	5,919.21	10,038.21
Segment liabilities	2,367.75	254.68	22.31	290.78	2,935.52
Equity				7,102.69	7,102.69

Oracle Financial Services Software Inc

Notes annexed to and forming part of the financial statements as at March 31, 2020

Geographical segments

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

Regions	Year ended March 31,			
	2020		2019	
	Amounts in ₹ million	%	Amounts in ₹ million	%
India	97.18	1%	193.85	1%
Outside India				
Americas				
United States of America	12,138.05	77%	13,068.61	79%
Rest of America	2,412.06	16%	2,339.39	14%
Europe	478.45	3%	619.56	4%
Asia Pacific	399.97	3%	324.10	2%
Middle East and Africa	2.65	0%	1.17	0%
	15,528.36	100%	16,546.68	100%

(Amounts in ₹ million)

Particulars	March 31, 2020	March 31, 2019
Revenue derived from two customer in 'Products' and 'Services' segment	7,451.31	7,981.53

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

Regions	As at March 31, 2020		As at March 31, 2019	
	Amounts in ₹ million	%	Amounts in ₹ million	%
	Outside India			
Americas				
United States of America	152.51	100%	17.66	100%
	152.51	100%	17.66	100%

Non current assets for this purpose consist of property, plant and equipment, capital work-in-progress, right-of-use assets, non-current income tax asset and other non-current assets.

As per our report of even date

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

For and on behalf of the Board of Directors of
Oracle Financial Services Software, Inc.

Govind Ahuja
Partner
Membership No. 048966

Bala Hari
Director

Mumbai, India
May 13, 2020

New Jersey
May 13, 2020

Oracle Financial Services Software, Inc.

Statement of cash flow for the year ended March 31, 2020

(Amounts in ₹ million)

Year ended March 31,

	2020	2019
Cash flows from operating activities		
Profit before tax	1,612.73	1,323.93
Adjustments to reconcile profit before tax to cash (used in) provided by operating activities :		
Depreciation and amortization	53.84	6.21
Loss on sale/disposal of fixed assets, net	-	0.07
Impairment loss recognized on contract assets	12.65	6.56
Impairment loss recognized/(reversed) on other financial assets	0.03	(0.43)
Impairment loss on loan to fellow Subsidiary	-	358.30
Bad debts	2.88	3.65
Finance income	(65.31)	(68.03)
Employee stock compensation expense	35.50	38.05
Effect of exchange rate changes in cash and cash equivalent	(578.56)	(93.54)
Effect of exchange rate changes in assets and liabilities	633.83	175.39
Finance cost	29.38	-
Deferred rent	-	12.12
Operating Profit before Working Capital changes	1,736.97	1,762.28
Movements in working capital		
(Increase) in Loan to fellow subsidiary	-	(14.96)
Decrease (increase) in other non-current assets	1.84	(1.43)
Decrease in trade receivables	818.62	101.81
Decrease in other current financial assets	312.06	2,183.99
(Increase) in other current assets	(171.79)	(423.83)
(Decrease) in other non-current liabilities	-	(4.30)
(Decrease) in trade payables	(149.19)	(446.76)
(Decrease) in other current financial liabilities	(40.68)	(204.75)
(Decrease) in current liabilities	(153.23)	(26.71)
(Decrease) increase in current provisions	(71.23)	107.79
Cash from operating activities	2,283.37	3,033.13
Payment of domestic and foreign taxes	(1,137.79)	(768.64)
Net cash provided by operating activities	1,145.58	2,264.49
Cash flows from investing activities		
Additions to fixed assets including capital work in progress	(7.14)	(5.50)
Proceeds from sale of property, plant and equipment	-	0.01
Refund of deposits for premises and others	-	16.91
Interest received	62.61	52.35
Income from investment in sublease	13.09	-
Net cash (used in)/provided by investing activities	68.56	63.77
Cash flows from financing activities		
Repayment of lease liability	(51.56)	-
Interest paid on lease liability	(11.99)	-
Net cash (used in) financing activities	(63.55)	-
Net increase in cash and cash equivalents	1,150.59	2,328.26
Cash and cash equivalents at beginning of the year	5,498.54	3,076.74
Effect of exchange rate changes in cash and cash equivalents	578.56	93.54
Cash and cash equivalents at end of the year	7,227.69	5,498.54

Oracle Financial Services Software, Inc.

Statement of cash flow for the year ended March 31, 2020 (continued)

Component of cash and cash equivalents	(Amounts in ₹ million)	
	Year ended March 31,	
	2020	2019
Balances with banks:		
In current accounts	7,227.69	5,498.54
Total cash and cash equivalents [Refer note 7]	7,227.69	5,498.54

As per our report of even date

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

For and on behalf of the Board of Directors of
Oracle Financial Services Software, Inc.

Govind Ahuja
Partner
Membership No. 048966

Bala Hari
Director

Mumbai, India
May 13, 2020

New Jersey
May 13, 2020