

Oracle Financial Services Software Inc.

Unaudited Balance sheet as at March 31, 2019

	Notes	(Amounts in USD)	
		<u>March 31, 2019</u>	<u>March 31, 2018</u>
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	3	86,609	97,827
Capital work-in-progress	3	326	561
Financial assets			
Other non-current financial assets	4	2,990,623	7,920,761
Deferred tax assets (net)		2,753,989	2,541,621
Income tax assets (net)		-	1,053,161
Other non-current assets	7	168,860	-
		<u>6,000,407</u>	<u>11,613,931</u>
Current assets			
Financial assets			
Trade receivables	5	31,806,602	30,021,358
Cash and cash equivalents	6	79,648,539	47,409,904
Other current financial assets	4	17,720,372	38,282,789
Other current assets	7	323,030	107,199
		<u>129,498,543</u>	<u>115,821,250</u>
TOTAL		<u><u>135,498,950</u></u>	<u><u>127,435,181</u></u>
<u>EQUITY AND LIABILITIES</u>			
Equity			
Equity share capital	8	1,059,863	896,650
Other equity	9	101,825,345	95,869,013
Total equity		<u>102,885,208</u>	<u>96,765,663</u>
Non-current liabilities			
Other non-current liabilities	11	192,420	-
		<u>192,420</u>	-
Current liabilities			
Financial liabilities			
Trade payables	10(a)	2,012,013	11,031,839
Other current financial liabilities	10(b)	8,971,360	841,132
Other current liabilities	11	17,172,013	17,634,643
Employee benefit obligations	12	2,148,760	609,223
Income tax liabilities (net)		2,117,176	552,681
		<u>32,421,322</u>	<u>30,669,518</u>
TOTAL		<u><u>135,498,950</u></u>	<u><u>127,435,181</u></u>
Summary of significant accounting policies	2		

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

Oracle Financial Services Software Inc.

Unaudited Statement of profit and loss for the year ended March 31, 2019

		(Amounts in USD, except share data)	
		Year ended March 31,	
	Notes	<u>2019</u>	<u>2018</u>
Revenue from operations	13	236,030,336	224,963,465
Finance income	14	966,934	285,886
Other income, net	15	447,985	943,556
Total income		237,445,255	226,192,907
Expenses			
Employee benefit expenses	16	70,361,337	9,746,942
Travel related expenses		4,446,909	562,803
Professional fees		135,934,473	181,341,636
Other operating expenses	17	7,880,351	2,158,127
Depreciation and amortization	3	88,650	175,327
Total expenses		218,711,720	193,984,835
Profit before exceptional item and tax		18,733,535	32,208,072
Profit before tax		18,733,535	32,208,072
Tax expenses			
Current tax		13,696,871	11,904,246
Deferred tax		(293,970)	657,830
Total tax expenses		13,402,901	12,562,076
Profit for the year		5,330,634	19,645,996
Earnings per equity share of par value of USD 0.01 (March 31, 2018 USD 0.01)		53,306.34	196,459.96
Weighted average number of shares used in computing earnings per share		100	100
Summary of significant accounting policies	2		

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

Oracle Financial Services Software Inc.

**Notes annexed to and forming part of unaudited
Financial statements for the year ended March 31, 2019**

Note 1: Corporate information

Oracle Financial Services Software Inc. ("the Company") was incorporated in United States of America with limited liability on December 4, 2001. The company is a subsidiary of Oracle Financial Services Software America, Inc. ("OAI") holding 100% ownership interest in the Company as at March 31, 2019. Effective January 2, 2004, Oracle Financials Services Software Limited acquired all shares in OAI.

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

Note 2: Summary of significant accounting policies

(a) Basis of preparation

These financial statements comprising of balance sheet, statement of profit and loss and statement of cash flows as at March 31, 2019 have been prepared in accordance with accounting principles generally accepted in India.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Plant and equipment including intangibles and capital work-in-progress, depreciation and amortization

Plant and equipment including intangibles and capital work-in-progress

All 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 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.

Oracle Financial Services Software Inc.

**Notes annexed to and forming part of unaudited
Financial statements for the year ended March 31, 2019**

Depreciation

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

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

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

(d) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made by the customer. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to credit risks.

(e) Income tax

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with income tax act and tax laws prevailing in the respective jurisdiction where the Company operates. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid and income tax provisions.

(f) 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.

(g) Provisions

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

Oracle Financial Services Software Inc.

**Notes annexed to and forming part of unaudited
Financial statements for the year ended March 31, 2019**

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.

(h) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(i) 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 unaudited financial statements as at March 31, 2019

Note 3: Property, plant and equipment

(a) Year ended March 31, 2019

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2018	Additions	Sale/deletions	As at March 31, 2019	As at April 01, 2018	Additions	Sale/deletions	As at March 31, 2019	As at March 31, 2019	As at March 31, 2019
Improvement to leasehold premises	3,975,765	-	1,943,560	2,032,205	3,970,936	4,614	1,943,560	2,031,990	215	215
Computer equipments	470,736	74,326	124,747	420,315	379,181	82,459	123,918	337,722	82,593	82,593
Office equipments	8,496	4,150	4,308	8,338	7,647	984	4,093	4,538	3,800	3,800
Furniture and fixtures	1,420,874	-	475,852	945,022	1,420,280	593	475,852	945,021	1	1
Total	5,875,871	78,476	2,548,467	3,405,880	5,778,044	88,650	2,547,423	3,319,271	86,609	86,609
							Capital work-in-progress		326	326
									86,935	86,935

(b) Year ended March 31, 2018

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2017	Additions	Sale/deletions	As at March 31, 2018	As at April 01, 2017	Additions	Sale/deletions	As at March 31, 2018	As at March 31, 2018	As at March 31, 2018
Improvement to leasehold premises	3,985,966	-	10,201	3,975,765	3,949,466	31,671	10,201	3,970,936	4,829	4,829
Computer equipments	496,853	67,079	93,196	470,736	377,215	95,162	93,196	379,181	91,555	91,555
Office equipments	350,111	371	341,986	8,496	348,720	913	341,986	7,647	849	849
Furniture and fixtures	1,466,050	-	45,176	1,420,874	1,417,875	47,581	45,176	1,420,280	594	594
Total	6,298,980	67,450	490,559	5,875,871	6,093,276	175,327	490,559	5,778,044	97,827	97,827
								Capital work-in-progress	561	561
									98,388	98,388

Oracle Financial Services Software Inc.

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

(Amounts in USD)

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Note 4: Financial assets		
Non-current		
Other financial assets measured at amortized cost		
Loan to subsidiaries	2,500,000	7,700,000
Interest on: Loan to subsidiaries	434,456	220,761
Deposits for premises and others	56,167	-
	<u>2,990,623</u>	<u>7,920,761</u>
Current		
Other financial assets measured at amortized cost		
Amount Due from OFSS Group Companies	-	9,379,130
Unbilled revenue	17,632,028	28,467,592
Deposits for premises and others	-	281,559
Other receivables and advances	88,344	154,508
	<u>17,720,372</u>	<u>38,282,789</u>
Note 5: Trade receivables		
Break-up for security details:		
Unsecured, considered good	32,220,262	30,476,999
Considered doubtful	376,492	7,274
	<u>32,596,754</u>	<u>30,484,273</u>
Impairment allowance		
Unsecured, considered good	(413,660)	(455,641)
Considered doubtful	(376,492)	(7,274)
	<u>31,806,602</u>	<u>30,021,358</u>
Note 6: Cash and bank balance		
Cash and cash equivalents		
Balances with banks:		
In current accounts	79,648,539	47,409,904
	<u>79,648,539</u>	<u>47,409,904</u>
Cash at banks earns interest at floating rates based on the daily bank deposit rates and the daily balances.		
Note 7: Other assets		
Non-current		
Deferred contract cost	168,860	-
	<u>168,860</u>	<u>-</u>
Current		
VAT, service tax and other indirect taxes	90,279	-
Prepaid expenses	83,711	107,199
Deferred contract cost	149,040	-
	<u>323,030</u>	<u>107,199</u>

Oracle Financial Services Software Inc.

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

(Amounts in USD)

	March 31, 2019	March 31, 2018
Note 8: Equity share capital		
Authorized:		
3,000 (March 31, 2018 - 3,000) equity shares of USD 0.01 each	30	30
Issued, subscribed and fully paid-up:		
100 (March 31, 2018 - 100) equity shares of USD 0.01 each	1	1
Equity contribution for stock option by OFSSL	1,059,862	896,649
	1,059,863	896,650

(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

	March 31, 2019	March 31, 2018
Name and relationship of shareholder :		
Oracle Financial Services Software America Inc.		
Number of equity shares	100	100
% of equity shares	100%	100%

As per records of the Company, including its register of shareholders the above shareholding represents both legal and beneficial ownerships of equity shares.

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

	No. of equity shares	Amounts in USD
Outstanding as at April 1, 2017	100	760,719
Equity contribution for stock option by OFSSL	-	135,930
Outstanding as at March 31, 2018	100	896,649
Equity contribution for stock option by OFSSL	-	163,213
Outstanding as at March 31, 2019	100	1,059,862

Oracle Financial Services Software Inc.

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

(Amounts in USD)

Note 9: Other equity	March 31, 2019	March 31, 2018
Securities premium	999,999	999,999
Retained earnings	100,392,166	94,816,854
Contribution from Ultimate Holding Company	433,180	52,160
	101,825,345	95,869,013
Securities premium		
Balance, beginning of the year	999,999	999,999
Balance, end of the year	999,999	999,999
Retained earnings		
Balance, beginning of the year	94,816,854	75,170,858
Adjustment on adoption of Ind AS 115 'Revenue from Contracts with Customers'	244,678	-
Profit for the year	5,330,634	19,645,996
Balance, end of the year	100,392,166	94,816,854
Contribution from Ultimate Holding Company		
ESOP charge from Ultimate Holding Company		
Balance, beginning of the year	52,160	-
Charge for the year	381,020	52,160
Balance, end of the year	433,180	52,160

Oracle Financial Services Software Inc.

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

	(Amounts in USD)	
	March 31, 2019	March 31, 2018
Note 10: Financial liabilities		
(a) Trade Payables measured at amortized cost		
Current		
- Payable to others	1,422,435	685,826
- Payable to OFSS Group companies	589,578	10,346,013
	2,012,013	11,031,839
(b) Other financial liabilities measured at amortized cost		
Current		
Amount due to OFSS Group companies	1,841,185	-
Accrued expenses	2,521,352	460,237
Accrued compensation to employees	4,608,823	380,895
	8,971,360	841,132
Note 11: Other liabilities		
Non-current		
Deferred rent	192,420	-
	192,420	-
Current		
Deferred revenues	16,803,058	17,112,276
Withholding and other taxes	2,220	242,074
Other statutory dues	339,680	233,612
Deferred rent	27,055	46,681
	17,172,013	17,634,643
Note 12: Employee benefit obligations		
Current		
Compensated absence	2,148,760	609,223
	2,148,760	609,223

Oracle Financial Services Software Inc.

Notes annexed to and forming part of unaudited financial statements for the year ended March 31, 2019

	(Amounts in USD)	
	Year ended March 31,	
	2019	2018
Note 13: Revenue from operations	236,030,336	224,963,465
Note 14: Finance income		
Interest on:		
Bank deposits	743,245	132,981
Deposits for premises and others	9,994	20,013
Loan to subsidiaries	213,695	132,892
	<u>966,934</u>	<u>285,886</u>
Note 15: Other income, net		
Foreign exchange gain (loss), net	(275,843)	(18,041)
Profit on sale of fixed assets, net	(1,044)	-
Miscellaneous income	724,872	961,597
	<u>447,985</u>	<u>943,556</u>
Note 16: Employee benefit expenses		
Salaries and bonus	62,855,140	7,537,596
Contribution to provident and other funds	1,830,035	1,624,199
Stock compensation expense	544,233	188,090
Staff welfare expenses	5,131,929	397,057
	<u>70,361,337</u>	<u>9,746,942</u>
Note 17: Other operating expenses		
Application software	116,569	-
Communication expenses	324,027	55,478
Rent	1,326,452	1,955,766
Power	21,324	110
Insurance	1,230	3,350
Repairs and maintenance:		
Buildings and leasehold premises	2,538	13,684
Computer equipments	9,102	4,667
Others	350,894	(3,523)
Rates and taxes	38,373	18,725
Impairment loss on loan to subsidiary	5,200,000	-
Impairment loss (reversed) on financial assets	89,282	10,961
Bad debts	60,774	(148,608)
Auditors' remuneration	123,542	123,893
Miscellaneous expenses	216,244	123,624
	<u>7,880,351</u>	<u>2,158,127</u>

Oracle Financial Services Software Inc.

**Notes annexed to and forming part of unaudited
Financial statements for the year ended March 31, 2019**

Note 18: Capital commitments and contingent liabilities

Particulars	(Amounts in USD)	
	March 31, 2019	March 31, 2018
(a) Capital commitments	67,028	Nil
(b) Contingent liabilities	Nil	Nil

Note 19: Leases

Operating lease

The Company has taken certain office premises under operating lease, which expire on December 2023. Some of the lease agreements have a price escalation clause. Gross rental expenses for the year ended March 31, 2019 aggregated to USD 1,326,452 (March 31, 2018 - USD 1,955,766). The minimum rental payments to be made in future in respect of these leases are as follows:

Particulars	(Amounts in USD)	
	March 31, 2019	March 31, 2018
Not later than one year	701,299	626,148
Later than one year but not later than five years	2,720,835	-
Later than five years	-	-
	<u>3,422,134</u>	<u>626,148</u>

