

Independent Auditor's Report

To the Members of Oracle Financial Services Software Limited

Report on the Audit of Standalone Ind AS Financial Statements

1. Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total other comprehensive income, changes in equity and its cash flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Companies Act, 2013 ("the Act") and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on standalone Ind AS financial statements.

3. Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of the current year. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	Evaluation of income tax provision	Principal Audit Procedures:
	<p>The Company has uncertain income tax positions which includes matters under dispute involving significant judgment to determine the possible outcome of these disputes.</p> <p>Management is required to ensure compliance with tax laws, including transfer pricing mechanism and appropriately determine the tax expense and its consequential impact on adequacy of provision for income tax and deferred tax.</p>	<p>a) Evaluated the design and tested the operating effectiveness of the relevant controls, through combination of procedures involving inquiry and observation, reperformance and inspection of evidence in respect of operation of these controls to assess how the Company monitors income tax and related developments and their assessment of the potential impact on the Company.</p> <p>b) For uncertain tax positions, obtained details of income tax assessments, appeal orders and income tax demands from management.</p>

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Sr. No.	Key Audit Matter	Auditor's Response
	<p>From April 1, 2019, pursuant to the introduction of Appendix C "Uncertainty over Income tax Treatments" in Ind AS 12 "Income taxes", the Company has during the year ended March 31, 2020, reviewed the uncertain tax positions in respect of all matters and wherever considered appropriate recognised income tax provisions relating to uncertain income tax treatments and the related interest expense thereon.</p> <p>Refer note 2.2(f), 16, 26 (v), 27(b) and 39 of the Standalone Ind AS Financial Statements.</p>	<p>c) Evaluated the management's underlying assumptions of the validity and adequacy of provisions for uncertain income tax positions and evaluated the basis of determination of the possible outcome of the disputes. Also considered legal precedence and other rulings and read, where applicable, external advice sought by the Company for these uncertain income tax positions and reviewed related correspondence in evaluating management's position on these uncertain income tax matters. We discussed with management and understood the rationale for recording the provision for uncertain tax positions.</p> <p>d) Tested current income tax and deferred tax computation provided by the management and checked the arithmetical accuracy of the amounts reported for current and deferred tax, including assessment of effective tax rate reconciliation to evaluate the Company's total income tax expense for the year.</p>
2.	Revenue Recognition	Principal Audit Procedures:
	<p>The Company's revenue streams consist of license fees, maintenance fees and consulting fees – fixed price and time & material contracts.</p> <p>Revenue from contracts with customers is recognized in accordance with the requirements of Ind AS 115, Revenue from Contracts with Customers ("Ind AS 115").</p> <p>The application of Ind AS 115 involves certain key judgements relating to identification of distinct performance obligations, determination of the transaction price, allocation of transaction price to the identified performance obligations especially to license fees, the appropriateness of the basis used to measure revenue recognised over time or at a point in time, including relevant cut-off at period end dates.</p> <p>Refer note 2.2.(e), 17, 26 (viii) and 43 of the standalone Ind AS Financial Statements.</p>	<p>a) Evaluated whether the revenue recognition of the Company is in accordance with the accounting policies and principles of Ind AS 115.</p> <p>b) Obtained an understanding of management's internal controls over the revenue process and evaluated whether these were designed in line with the Ind AS 115. Tested relevant internal controls, including information technology (IT) controls, over revenue process. Carried out a combination of procedures involving inquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.</p> <p>c) Performed following procedures on a sample of revenue contracts entered into by Company, selected on a test check basis as deemed appropriate:</p> <p>i) Read and identified the distinct performance obligations in these contracts and compared these performance obligations with those identified and recorded in the books of accounts.</p> <p>ii) Read the terms of the contracts and checked determination of the transaction price including any variable consideration. Also, checked management's evaluation of the stand-alone selling price for each performance obligation.</p> <p>iii) Tested the basis used by the management to measure revenue recognised over time or at a point in time as per the requirements of Ind AS 115.</p> <p>d) Performed cut-off testing procedures (by selecting a sample of contracts either side of year-end) to test that revenue has been recognised in the appropriate accounting period.</p>

4. Information other than the standalone Ind AS financial statements and Auditor's report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Directors Report, Corporate Governance Report and Management Discussion and Analysis, but does not include the standalone Ind AS financial statements and our auditor's report thereon. These reports are expected to be made available to us after the date of our auditor's report.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we will not express any form of assurance thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information included in the above reports, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance and determine the actions under the applicable laws and regulations.

5. Management's responsibility for the standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, Company's Board of Directors 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

6. Auditor's Responsibilities for the Audit of the standalone Ind AS Financial Statements

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

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

- i) Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii) Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv) 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 ability of the Company 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 standalone Ind AS 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.
- v) Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of standalone Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

7. Report on Other Legal and Regulatory Requirements

- i) As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- ii) As required by section 143 (3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of standalone Ind AS Financial Statements.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Ind AS specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on the financial position in its standalone Ind AS financial statements – Refer Note 27 (b) and Note 39 to the standalone Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Mukund M. Chitale & Co.

Chartered Accountants
Firm Regn. No. 106655W

(S.M.Chitale)

Partner
M. No. 111383
UDIN: 20111383AAAACX1528

Date: May 14, 2020
Place: Mumbai

Annexure 1 to the Independent Auditor's Report of even date on the standalone Ind AS financial statements of Oracle Financial Services Software Limited

Referred to in paragraph [7(i)] under Report on Other Legal and Regulatory Requirements of our report of even date

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Companies (Auditor's report) Order, 2016 ("the Order") are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act"). Accordingly, the provisions of paragraph 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 186 of the Act in respect of investments made have been complied with by the Company. In our opinion and according to the information and explanations given to us, there are no loans, guarantees and securities granted in respect of which provisions of section 185 and section 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.
- (vi) According to the information and explanations given to us, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, for the products/services of the Company.
- (vii) a) Undisputed statutory dues including provident fund, income-tax, sales tax, service tax, duty of customs, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there have been considerable delays in few cases of foreign withholding tax. As explained to us, the Company did not have any dues of excise duty.
- b) According to the information and explanations given to us, there were no undisputed dues in respect of provident fund, income-tax, service tax, sales-tax, duty of customs, value added tax, cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable.
- c) According to the records of the Company, the dues outstanding of income-tax, sales tax, service tax, duty of customs, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	18,764	April 2007 to March 2008	Income Tax Appellate Tribunal
	Tax Deducted at Source	32,15,88,447	April 2011 to March 2012	Commissioner of Appeal (Income-tax)
	Tax Deducted at Source	22,09,69,504	April 2012 to March 2013	Commissioner of Appeal (Income-tax)
	Tax Deducted at Source	34,38,77,767	April 2013 to March 2014	Commissioner of Appeal (Income-tax)
	Income Tax	202,54,47,376	April 2014 to March 2015	Commissioner of Appeal (Income-tax)
	Tax Deducted at Source	29,32,50,728	April 2014 to March 2015	Commissioner of Appeal (Income-tax)
	Income Tax	1,57,93,04,913	April 2015 to March 2016	Commissioner of Appeal (Income-tax)
	Tax Deducted at Source	25,41,56,280	April 2015 to March 2016	Commissioner of Appeal (Income-tax)
	Income Tax	21,74,35,490	April 2017 to March 2018	Assistant Director of Income Tax, CPC
	Tax Deducted at Source	12,29,08,694	April 2017 to March 2018	Commissioner of Appeal (Income-tax)

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Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Maharashtra Value Added Tax Act, 2002	Sales Tax (MVAT)	2,89,43,706	April 2012 to March 2013	Joint Commissioner of Sales Tax (Appeals)
	Sales Tax (MVAT)	2,60,63,769	April 2013 to March 2014	Joint Commissioner of Sales Tax (Appeals)
	Sales Tax (MVAT)	1,98,90,239	April 2014 to March 2015	Joint Commissioner of Sales Tax (Appeals)
	Sales Tax (MVAT)	2,21,69,469	April 2015 to March 2016	Joint Commissioner of Sales Tax (Appeals)
Central Sales Tax Act, 2002	Sales Tax (CST)	4,57,394	April 2013 to March 2014	Joint Commissioner of Sales Tax (Appeals)

Note 1: The demand of Income Tax as reported above is net of demand paid under protest and refunds adjusted against said demand of Rs. 172,55,08,153.

Note 2: The demand of Sales Tax as reported above is net of demand paid under protest against said demand of Rs. 99,30,690.

- (viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer or debt instruments and term loans, hence reporting under paragraph 3 (ix) is not applicable to the Company.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone Ind AS financial statements and according to the information and explanations given by the management, we report that no material fraud by the company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year. As explained to us by the management, instances involving non-compliances with Code of Ethics and Business Conduct of the Company by few employees were noticed during the year on the basis of internal investigation carried out by the Company, wherein suitable action has been taken and the Company is evaluating future course of action, if any.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of paragraph 3(xii) of the Order are not applicable to the Company.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the standalone Ind AS financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under paragraph 3(xiv) are not applicable to the Company.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For Mukund M. Chitale & Co.

Chartered Accountants
Firm Regn. No. 106655W

(S.M.Chitale)

Partner
M. No. 111383
UDIN: 20111383AAAACX1528

Date: May 14, 2020
Place: Mumbai

Annexure 2 to the Independent Auditor's Report of even date on the standalone Ind AS financial statements of Oracle Financial Services Software Limited**Referred to in paragraph [7(ii)(f)] under Report on Other Legal and Regulatory Requirements of our report of even date****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

1. We have audited the internal financial controls over financial reporting of Oracle Financial Services Software Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

4. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

5. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

6. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Mukund M. Chitale & Co.

Chartered Accountants
Firm Regn. No. 106655W

(S.M.Chitale)

Partner
M. No. 111383
UDIN: 20111383AAAACX1528

Date: May 14, 2020

Place: Mumbai

