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

Note 1: Corporate information

Oracle Financial Services Software Limited (the 'Company') was incorporated in India with limited liability on September 27, 1989. The Company is domiciled in India and has its registered office at Mumbai, Maharashtra, India. The Company is a subsidiary of Oracle Global (Mauritius) Limited holding 73.42% (March 31, 2019 - 73.50%) ownership interest in the Company as at March 31, 2020.

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 transaction processing and compliance needs of corporate, retail, investment banking, treasury operations and data warehousing.

The standalone financial statements for the year ended March 31, 2020 were approved by the Company's Board of Directors and authorized for issue on May 14, 2020.

Note 2: Summary significant accounting policies

2.1 Basis of preparation

These standalone financial statements comprising of balance sheet as at March 31, 2020, statement of profit and loss, statement of changes in equity and statement of cash flows for the year then ended have been prepared in accordance with Ind AS as prescribed under Section 133 of the Companies Act, 2013 (the 'Act') read with relevant rules of the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

The standalone financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- certain financial assets and liabilities, including derivative instruments, that are measured at fair value
- assets held for sale
- defined benefit plan
- share-based payments

Previous year's comparative numbers in the standalone financial statements have been reclassified wherever necessary, to conform to current year's presentation.

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

Freehold land is stated at cost. All other 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 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:

Asset description	Asset life (in years)
Improvement to leasehold premises	Lesser of 7 years or lease term
Buildings	20
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 property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The management has estimated, supported by an independent assessment by professionals, the useful lives of buildings as 20 years. These lives are lower than those indicated in schedule II to the Act.

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 unit's ('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.

(c) Foreign currencies

The standalone financial statements are presented in Indian Rupees ('INR'), which is the functional currency of the Company. For each branch, the Company determines the functional currency and items included in the financial statements of each branch are measured using that functional currency.

Foreign currency balances

Transactions in foreign currencies are initially recorded by the Company's branches at their respective functional currency using spot rates on the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the relevant functional currency at exchange rates at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss.

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

The assets and liabilities of foreign branches are translated into INR at the rate of exchange prevailing at the reporting date and their 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 for branch consolidation are recognized in Other Comprehensive Income ('OCI').

In accordance with Appendix B to Ind AS 21 "Foreign Currency Transactions and Advance Considerations", the date of the transaction for the purpose of determining the exchange rate to be used on initial recognition of the related asset or liability, expense or income, is when the Company has received or paid advance consideration in foreign currency.

(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 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 standalone 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 labor hours incurred to date as a percentage of total estimated labor 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 and its branches 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, including provision required for uncertain tax treatment.

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.

Income tax consequence of dividends are linked more directly to past transactions or events that generates distributable profit. Therefore, the Company recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Company originally recognizes those past transactions or events.

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.

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.

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

The interpretation in Appendix C to Ind AS 12 Uncertainty over Income Tax Treatments addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12. It 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

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on the approach that better predicts the resolution of the uncertainty. In determining the approach that better predicts the resolution of the uncertainty, the Company has considered, (a) how it prepares its income tax filings and supports tax treatments; or (b) how the Company expects the taxation authority to make its examination and resolve issues that might arise from that examination.

This interpretation is effective from April 1, 2019. The Company has evaluated the requirements of the amendment and concluded that there is no impact on the retained earnings of the Company as at April 1, 2019 as a result of this interpretation. For impact of uncertain tax positions for the year ended March 31, 2020, refer note 16.

(g) Investment properties

Investment properties are measured initially and subsequently at cost. Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed annually in the notes which form an integral part of the financial statements. Fair values are determined based on an evaluation performed by an accredited external independent valuer applying a valuation technique as per the international norms and standards. Investment properties are derecognized either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from such disposal. The difference between the net sale proceeds and the carrying amount of asset is recognized in statement of profit and loss in the period of derecognition.

(h) 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.

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

(i) 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 standalone financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

For assets and liabilities that are recognized in the standalone 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.

(j) Financial instruments - initial recognition and subsequent measurement

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

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets measured at amortized cost, fair value through other comprehensive income or fair value through statement of profit or loss as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through statement of profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Investments in subsidiaries and associate are carried at cost as per Ind AS 27 - Separate Financial Statements.

Subsequent measurement

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

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

Debt instruments measured at amortized cost

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

The Company applies expected credit loss ('ECL') model for measurement and recognition of impairment loss on the financial assets and credit risk exposure. For trade receivables the Company follows 'simplified approach' for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

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

The Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. Further, the trade receivables have customer concentration 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	181-360 days	More than 360 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.

Dividend income

Dividends are recognized in statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be measured reliably.

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.

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 though 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.

(k) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation

The Company enters into foreign currency forward contracts that is used to hedge risk of exposure of changes in the fair value of trade receivables on account of foreign currency rate movement. These derivative contracts are not designated as hedges and accounted for at fair value through statement of profit or loss and are included in other income, net.

(l) 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 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 ₹ 916.21 million and a lease liability of ₹ 806.68 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 ₹ 293.11 million along with interest on lease liability of ₹ 63.70 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.

The weighted average incremental borrowing rate applied to lease liabilities recognized in the balance sheet at the date of initial application is 9.08 % with maturity between 2021 to 2025.

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.

(m) Share based payments

Selected employees of the Company also receive remuneration in the form of share-based payments under stock option program of the Company.

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, together with a corresponding increase in 'employee stock options outstanding' in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

The statement of profit and loss, expense or credit recognized in employee benefit expense represents the movement in cumulative expense recognized as at the beginning and end of the year.

Oracle Corporation, The Ultimate Holding Company of Oracle Financial Services Software Limited has extended its stock option program to selected employees of OFSS's overseas subsidiaries and branches. 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.

(n) 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.

(o) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Certain eligible employees of the Company on Indian payroll are entitled to Superannuation, a defined contribution plan. The Company makes monthly contributions until retirement or resignation of the employee which are recognized as an expense when incurred. The Company has no further obligations beyond its monthly contributions, the corpus of which is invested with the Life Insurance Corporation of India.

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.

The Company operates a defined benefit gratuity plan in India, under which the Company makes contributions to a fund administered and managed by the Life Insurance Corporation of India ('LIC') to fund the gratuity liability. Under this scheme, the obligation to pay gratuity remains with the Company, although LIC administers the scheme.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

(p) Cash dividend to equity shareholders of the company

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

(q) Earnings per share

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

(r) 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.

Note 3: Property, plant and equipment

Year ended March 31, 2020

(Amounts in ₹ million)

Particulars	Gross carrying value					Depreciation					Net carrying value
	As at April 01, 2019	Additions	Sale/ deletions	Translation gain (loss)	As at March 31, 2020	As at April 01, 2019	Additions	Sale/ deletions	Translation (gain) loss	As at March 31, 2020	As at March 31, 2020
Freehold land	436.31	–	–	–	436.31	–	–	–	–	–	436.31
Improvement to leasehold premises	260.30	–	–	–	260.30	248.50	6.66	–	–	255.16	5.14
Buildings	2,089.95	–	–	–	2,089.95	1,063.96	104.06	–	–	1,168.02	921.93
Computer equipments	2,532.08	290.38	129.78	1.29	2,693.97	1,860.27	357.71	129.78	1.23	2,089.43	604.54
Office equipments	253.27	2.56	15.55	0.06	240.34	235.51	8.08	15.55	0.04	228.08	12.26
Electricals and other installations	925.44	0.06	0.15	–	925.35	891.21	10.53	0.15	–	901.59	23.76
Furniture and fixtures	955.33	73.48	9.76	0.36	1,019.41	767.56	51.57	9.76	0.04	809.41	210.00
Total	7,452.68	366.48	155.24	1.71	7,665.63	5,067.01	538.61	155.24	1.31	5,451.69	2,213.94
										Capital work-in-progress	0.16
											2,214.10

Year ended March 31, 2019

(Amounts in ₹ million)

Particulars	Gross carrying value					Depreciation					Net carrying value
	As at April 01, 2018	Additions	Sale/ deletions	Translation gain (loss)	As at March 31, 2019	As at April 01, 2018	Additions	Sale/ deletions	Translation (gain) loss	As at March 31, 2019	As at March 31, 2019
Freehold land	436.31	–	–	–	436.31	–	–	–	–	–	436.31
Improvement to leasehold premises	269.04	–	8.74	–	260.30	224.17	33.06	8.73	–	248.50	11.80
Buildings	2,077.87	14.48	2.40	–	2,089.95	961.03	104.11	1.18	–	1,063.96	1,025.99
Computer equipments	1,946.57	652.76	68.03	0.78	2,532.08	1,690.05	236.76	67.12	0.58	1,860.27	671.81
Office equipments	245.28	20.62	12.74	0.11	253.27	233.64	14.55	12.74	0.06	235.51	17.76
Electricals and other installations	925.08	0.66	0.30	–	925.44	840.69	50.82	0.30	–	891.21	34.23
Furniture and fixtures	875.64	91.21	11.62	0.10	955.33	716.40	62.68	11.62	0.10	767.56	187.77
Total	6,775.79	779.73	103.83	0.99	7,452.68	4,665.98	501.98	101.69	0.74	5,067.01	2,385.67
										Capital work-in-progress	4.05
											2,389.72

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	Additions	Sale/ deletions	Translation (gain) loss	As at March 31, 2020	As at March 31, 2020
Right-of-use asset	–	916.21	–	9.05	11.00	918.16	–	293.11	2.41	4.89	295.59	622.57
Total	–	916.21	–	9.05	11.00	918.16	–	293.11	2.41	4.89	295.59	622.57

Note 5: Investment property

Year ended March 31, 2020

(Amounts in ₹ million)

Particulars	Gross carrying value					Depreciation					Net carrying value
	As at April 01, 2019	Additions	Sale/ deletions	Translation gain (loss)	As at March 31, 2020	As at April 01, 2019	Additions	Sale/ deletions	Translation (gain) loss	As at March 31, 2020	As at March 31, 2020
Freehold land	102.00	–	–	–	102.00	–	–	–	–	–	102.00
Total	102.00	–	–	–	102.00	–	–	–	–	–	102.00

Year ended March 31, 2019

(Amounts in ₹ million)

Particulars	Gross carrying value					Depreciation					Net carrying value
	As at April 01, 2018	Additions	Sale/ deletions	Translation gain (loss) Translation gain (loss)	As at March 31, 2019	As at April 01, 2018	Additions	Sale/ deletions	Translation (gain) loss	As at March 31, 2019	As at March 31, 2019
Freehold land	102.00	–	–	–	102.00	–	–	–	–	–	102.00
Total	102.00	–	–	–	102.00	–	–	–	–	–	102.00

The Company's investment property consists of a portion of land at Pune, India.

The fair value of the investment property as at March 31, 2020 and March 31, 2019 is based on valuations performed by Rakesh Narula & Co; an accredited independent valuer. Rakesh Narula & Co. is one of the senior most and reputed valuer in the field of asset valuation. Rakesh Narula & Co. has been carrying out valuation as per the international norms and standards. The fair value of the above investment property as at March 31, 2020 and March 31, 2019 is ₹ 204.30 million and ₹ 245.00 million respectively.

The direct operating expenses incurred in relation to investment property are ₹ 4.13 million for the financial year ended March 31, 2020 as well as March 31, 2019. These expenses are included in repairs and maintenance under note 21: other operating expenses.

The Company has no restrictions on the realizability of its investment properties and has no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements. Fair value hierarchy disclosures for investment properties have been provided in note 24 on fair value measurement.

Reconciliation of fair value:	(Amounts in ₹ million)
Fair Value of Investment Property as on April 1, 2018	237.50
Adjustment towards Fair Values for the financial year ended March 31, 2019	7.50
Fair Value of Investment Property as on March 31, 2019	245.00
Adjustment towards Fair Values for the financial year ended March 31, 2020	(40.70)
Fair Value of Investment Property as on March 31, 2020	204.30

Description of valuation techniques used and key inputs to valuation on investment properties (Amounts in ₹)

Investment property	Valuation technique	Significant unobservable inputs	Range (weighted average)	
			March 31, 2020	March 31, 2019
Freehold land	Market approach	Estimated market rate per sq. mt. of freehold land	₹ 17,045 to ₹ 23,333	₹ 15,909 to ₹ 23,620
	(Sale Comparison Method)	Negotiation, discount, location and physical adjustments	-20% to 0%	-15% to 0%
		Final adjusted price per sq. mt.	₹ 15,238 to ₹ 18,667	₹ 15,909 to ₹ 17,007

The fair market value of the portion of land is computed using the market approach (Sale Comparison Method). The prevalent market rates of comparable property in the vicinity are considered to estimate the market value of the investment property. To estimate the market rate of land, a local enquiry as well as a market survey has been conducted with property dealers, brokers, owners of similar property in the surrounding areas and the rates from Joint Sub-Registrars' Office for actual transactions and the ready reckoner rates have also been considered. Weightages to additional factors like shape, size, location, frontage, access to main road and the demand and supply of similar properties have been considered while computing the market value of the investment property.

Note 6: Investments in subsidiaries (unquoted) (at cost, unless otherwise stated)

(Amounts in ₹ million)

	March 31, 2020	March 31, 2019
(i) In wholly owned subsidiaries		
Oracle (OFSS) ASP Private Limited		
5,170,000 (March 31, 2019 - 5,170,000) equity shares of ₹ 10 each, fully paid-up	46.10	46.10
Provision for diminution in value of investment	(5.40)	(5.40)
	40.70	40.70
Oracle Financial Services Software B.V.		
140,000 (March 31, 2019 - 140,000) equity shares of EUR 100 each, fully paid-up	776.31	776.31
Equity contribution for stock options / OSUs	33.06	31.91
	809.37	808.22
Oracle Financial Services Software Pte. Ltd.		
250,000 (March 31, 2019 - 250,000) equity shares of SGD 1 each, fully paid-up	6.63	6.63
Equity contribution for stock options / OSUs	124.86	122.00
	131.49	128.63
Oracle Financial Services Software America, Inc.		
1 (March 31, 2019 - 1) equity share of USD 0.01 each, fully paid-up	3,452.26	3,452.26
100 (March 31, 2019 - 100) Series A Convertible Participating Preference Shares of USD 0.01 each, fully paid-up	2,839.49	2,839.49
Fair valuation of loan	52.88	52.88
Equity contribution for stock options / OSUs	71.06	69.57
	6,415.69	6,414.20
Oracle Financial Services Software (Shanghai) Limited		
100% (March 31, 2019 - 100%) subscription to the registered capital	45.51	45.51
Equity contribution for stock options / OSUs	0.53	0.58
	46.04	46.09
Oracle Financial Services Software Chile Limitada		
100% (March 31, 2019 - 100%) subscription to the registered capital	70.49	70.49
Equity contribution for stock options / OSUs	10.27	9.91
	80.76	80.40
ISP Internet Mauritius Company		
30,000 (March 31, 2019 - 30,000) equity shares of no par value	192.12	192.12
Fair valuation of loan	113.70	113.70
Equity contribution for stock options / OSUs	27.93	22.69
Provision for diminution in value of investment and fair valuation of loan	(209.47)	(209.47)
	124.28	119.04
Oracle (OFSS) Processing Services Limited		
1,300,000 (March 31, 2019 - 1,300,000) equity shares of ₹ 10 each, fully paid-up	13.00	13.00
Mantas India Private Limited		
1,499,940 (March 31, 2019 - Nil) equity shares of ₹ 10 each, fully paid-up	20.28	–
Aggregate amount of unquoted investments	7,681.61	7,650.28
Aggregate amount of impairment of unquoted investments	214.87	214.87

Note 7: Financial assets

(Amounts in ₹ million)

	March 31, 2020	March 31, 2019
Non-current		
Other financial assets at fair value through profit or loss		
Investment in Sarvatra Technologies Private Limited (unquoted) *		
242,240 (March 31, 2019 - 242,240) equity shares of ₹ 10 each, fully paid-up	–	–
Other financial assets measured at amortized cost		
Deposits for premises and others	567.37	622.17
Tax deducted at source paid under protest	809.22	–
	1,376.59	622.17
	1,376.59	622.17
Current		
Derivative instruments at fair value through profit or loss		
Derivatives not designated as hedges		
Foreign exchange forward contract, net **	–	20.37
	–	20.37
Other financial assets measured at amortized cost		
Unbilled revenue	1,412.19	1,957.79
Amount receivable from subsidiaries	13.72	11.05
Deposits for premises and others	139.52	40.31
Other receivables and advances	68.38	207.81
Investment in sublease of right-of-use asset	22.21	–
	1,656.02	2,216.96
	1,656.02	2,237.33

** The Company had made an investment of ₹ 45 million and the same has been fair valued as at the balance sheet date.*

*** The Company entered into foreign exchange forward contracts with the intention of reducing the foreign exchange risk of trade receivables; these contracts are not designated in hedge relationships and are measured at fair value through profit or loss.*

Breakup of financial assets measured at amortized cost:

(Amounts in ₹ million)

	March 31, 2020	March 31, 2019
Deposits for premises and others	706.89	662.48
Tax deducted at source paid under protest	809.22	–
Unbilled revenue	1,412.19	1,957.79
Amount receivable from subsidiaries	13.72	11.05
Other receivables and advances	68.38	207.81
Investment in sublease of right-of-use asset	22.21	–
Trade receivables [note 8]	4,154.31	4,866.30
Cash and bank balances [note 9]	32,539.21	17,064.75
	39,726.13	24,770.18

Note 8: Trade receivables

(Amounts in ₹ million)

	March 31, 2020	March 31, 2019
Secured, considered good	–	–
Unsecured, considered good	4,423.35	5,156.26
Credit impaired	23.73	124.97
	4,447.08	5,281.23
Impairment allowance		
Unsecured, considered good	(269.04)	(289.96)
Credit impaired	(23.73)	(124.97)
	(292.77)	(414.93)
	4,154.31	4,866.30

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.

Note 9: Cash and bank balances

(Amounts in ₹ million)

		March 31, 2020	March 31, 2019
(a)	Cash and cash equivalents		
	Balances with banks:		
	In current accounts	1,693.25	910.88
	In deposit accounts with original maturity of less than 3 months	220.04	1,686.14
	In unclaimed dividend accounts	80.55	116.63
		1,993.84	2,713.65
(b)	Other bank balances		
	Balances with banks:		
	In deposit accounts with original maturity of more than 3 months but less than 12 months	30,543.75	14,349.51
	In margin money deposit accounts	1.62	1.59
		30,545.37	14,351.10
		32,539.21	17,064.75

Cash at banks earns interest at floating rates based on the daily bank deposit rates and the daily balances. Time deposits are placed for varying periods ranging from 7 days to 364 days, depending on the immediate cash requirements of the Company. The time deposits earn interest at the respective deposit rates.

Changes in liabilities are arising from financing activities is primarily due to repayment of lease liabilities [Refer note 28 - Leases].

Note 10: Other assets

(Amounts in ₹ million)

	March 31, 2020	March 31, 2019
Non-current		
GST, VAT, service tax and other indirect taxes	301.15	460.57
Prepaid expenses	24.91	182.04
Deferred contract cost	19.19	18.69
	345.25	661.30
Current		
Unbilled revenue	1,165.28	702.08
GST, VAT, service tax and other indirect taxes	79.89	265.64
Prepaid expenses	162.49	235.64
Deferred contract cost	16.34	15.36
	1,424.00	1,218.72

Note 11: Equity share capital

(Amounts in ₹ million)

	March 31, 2020	March 31, 2019
Authorized:		
100,000,000 (March 31, 2019 - 100,000,000) equity shares of ₹ 5 each	500.00	500.00
Issued, subscribed and fully paid-up:		
85,879,298 (March 31, 2019 - 85,779,147) equity shares of ₹ 5 each	429.40	428.90

(a) The Company has only one class of equity shares having a par value of ₹ 5 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:	March 31, 2020	March 31, 2019
Oracle Global (Mauritius) Limited, holding company		
Number of equity shares	63,051,197	63,051,197
% of equity shares	73.42%	73.50%

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

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

	No. of equity shares	Amounts in ₹ million
Outstanding as at April 1, 2018	85,416,893	427.08
Issued during the year ended March 31, 2019 under the employee stock option plan (ESOP)	362,254	1.82
Outstanding as at March 31, 2019	85,779,147	428.90
Issued during the year ended March 31, 2020 under the employee stock option plan (ESOP)	100,151	0.50
Outstanding as at March 31, 2020	85,879,298	429.40

(d) Refer note 29 (b) for details of shares reserved for issue under the employee stock option plan (ESOP) of the Company.

Note 12: Other equity

(Amounts in ₹ million)

	March 31, 2020	March 31, 2019
Share application money pending allotment#	0.00	0.48
Securities premium	15,500.49	15,140.91
General reserve	10,145.19	10,145.19
Employee stock options outstanding	1,726.79	1,647.37
Contribution from Ultimate Holding Company	60.27	41.86
Retained earnings	27,175.94	11,389.67
Other comprehensive income	44.93	9.36
	54,653.61	38,374.84

#March 31, 2020 - represents amount less than ₹ 0.01 million.

Share application money pending allotment

Share application money pending allotment represents the amount received on exercise of stock options by the eligible employees under the prevailing ESOP schemes of the Company, on which allotment is yet to be made.

Note: Share application money pending allotment for the year ended March 31, 2020 represents the money received from employees of the Company towards exercise of 81 OFSS Stock Units ("OSUs") at the exercise price of ₹ 5 under Oracle Financial Services Software Limited Stock Plan 2014 ("OFSS Stock Plan 2014"). Each OSUs will entitle one equity share of ₹ 5 each of the Company.

Share application money pending allotment for the year ended March 31, 2019 represents the money received from employees of the Company towards exercise of 250 stock options at the exercise price of ₹ 1,930 under Employee Stock Option Plan 2011 Scheme ("Scheme 2011") and 299 OFSS Stock Units ("OSUs") at the exercise price of ₹ 5 under Oracle Financial Services Software Limited Stock Plan 2014 ("OFSS Stock Plan 2014"). Each stock option and OSUs will entitle one equity share of ₹ 5 each of the Company.

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.

General reserve

General reserve represents the amount of profits appropriated by the Company.

Employee stock options outstanding

Selected employees of the Company also receive remuneration in the form of share-based payments under stock option program of the Company. Employee stock options outstanding 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.

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 the Company's overseas branches. 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 the Company. 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; if any.

Note: The Board of Directors have declared an interim dividend on May 8, 2020 of ₹ 180 per equity share for the year ended March 31, 2020. This would result in a cash outflow of approximately ₹ 15,458.97 million.

Other comprehensive income

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

Note 13: Financial liabilities

(Amounts in ₹ million)

		March 31, 2020	March 31, 2019
(a)	Trade Payables measured at amortized cost		
	Current		
	- Payable to micro and small enterprises*	2.58	3.04
	- Payable to others	263.00	420.05
		265.58	423.09
(b)	Other financial liabilities		
	Current		
	Derivative instruments at fair value through profit or loss		
	Derivatives not designated as hedges		
	Foreign exchange forward contract, net**	62.44	–
		62.44	–
	Other financial liabilities measured at amortized cost		
	Amount due to subsidiaries	245.96	275.62
	Accrued expenses	768.06	814.65
	Accrued compensation to employees	384.27	504.27
	Capital creditors	35.82	144.70
	Unpaid dividends***	80.55	116.63
		1,514.66	1,855.87
		1,577.10	1,855.87

**The identification of Micro and Small Enterprises is based on Management's knowledge of their status.*

Dues to micro and small enterprises - As per Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED' Act)

(Amounts in ₹ million)

		March 31, 2020	March 31, 2019
-	Principal amount remaining unpaid to any supplier as at the end of the year.	2.58	3.04
-	Amount of interest due remaining unpaid to any supplier as at the end of the year.	–	–
-	Amount of interest paid under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year.	–	–
-	Amount of interest due and payable for the period of delay in making payment (where the principal has been paid but interest under the MSMED Act, 2006 not paid).	–	–
-	Amount of interest accrued and remaining unpaid at the end of year.	–	–
-	Amount of further interest remaining due and payable even in the succeeding year.	–	–
		2.58	3.04

***The Company entered into foreign exchange forward contracts with the intention of reducing the foreign exchange risk of trade receivables; these contracts are not designated in hedge relationships and are measured at fair value through profit or loss.*

****There is no amount due and outstanding as at balance sheet date to be credited to the Investor Education and Protection Fund.*

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 14: Other liabilities

(Amounts in ₹ million)

	March 31, 2020	March 31, 2019
Non-current		
Deferred Rent	–	123.46
	–	123.46
Current		
Deferred revenues	823.14	854.55
Withholding and other taxes	142.97	61.84
Other statutory dues	93.96	78.41
Deferred rent	–	9.74
	1,060.07	1,004.54

Note 15: Provisions

(Amounts in ₹ million)

	March 31, 2020	March 31, 2019
Non-current		
For gratuity [Refer note 30]	1,150.97	965.71
	1,150.97	965.71
Current		
For gratuity [Refer note 30]	135.52	119.39
For compensated absence	816.31	769.91
	951.83	889.30

Note 16: Income taxes

(a) The major components of income tax expense for the year ended March 31, 2020 and March 31, 2019 are:

(Amounts in ₹ million)

		Year ended March 31, 2020	Year ended March 31, 2019
(i)	Profit or loss section		
	Current taxes	4,560.70	6,428.91
	Deferred tax	(301.47)	610.54
	Income tax expense reported in the statement of profit and loss	4,259.23	7,039.45
(ii)	Other Comprehensive Income section		
	Deferred tax on actuarial gain (loss) on gratuity fund	(23.25)	13.93
	Income tax expense charge reported in Other Comprehensive Income	(23.25)	13.93

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 ended March 31, 2020 and March 31, 2019:

(Amounts in ₹ million)

	Year ended March 31, 2020	Year ended March 31, 2019
Profit before tax	20,085.79	19,864.15
Enacted tax rates in India	25.168%	34.944%
Computed expected tax expenses	5,055.19	6,941.33
Tax effect		
of earlier years	(627.04)	45.34
on undistributed profits	(542.92)	124.98
on non-deductible expenses for tax purpose	54.14	194.20
on weighted deduction for tax purpose	–	(454.48)
overseas taxes	145.38	179.42
effect of rate change	268.18	–
others	(93.70)	8.66
Income tax expense reported in statement of profit and loss	4,259.23	7,039.45

The Company has exercised the option permitted under Section 115BAA of the Indian Income Tax Act, 1961 as introduced by The Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognized provision for income tax and re-measured its deferred tax asset at the rate prescribed in the said section. Impact of this change has been recognized in the statement of profit and loss account for the year ended March 31, 2020.

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

(Amounts in ₹ million)

	March 31, 2020	March 31, 2019
Deferred tax assets		
Difference between book and tax depreciation	87.86	69.79
Provision for compensated absence	183.26	247.49
Provision for gratuity	306.17	379.18
Impairment loss on financial assets	75.71	154.91
Tax on undistributed profits	–	(542.92)
Other timing differences	87.39	107.22
	740.39	415.67

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

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

(Amounts in ₹ million)

	March 31, 2020	March 31, 2019
Balance, beginning of year	415.67	1,053.11
Tax (expense) on adoption of Ind AS 115 'Revenue from Contracts with Customers'	–	(12.97)
Tax (expense) during the year recognized in statement of profit or loss	301.47	(610.54)
Tax (expense) during the year recognized in other comprehensive income	23.25	(13.93)
Balance, end of the year	740.39	415.67

Upon adoption of the Appendix C on “Uncertainty over Income-tax Treatments” of Ind AS 12, Income Taxes, the Company has reassessed during the year ended March 31, 2020 its estimate of uncertain income-tax position. Based on its reassessment, during the year ended March 31, 2020, the Company has recorded net tax expense of ₹ 57.46 million, which includes charge of ₹ 103.90 million pertaining to earlier years and credit of ₹ 46.44 million for the current year. Consequent to the tax expense, during the year ended March 31, 2020, the Company has recognized the related interest expense of ₹ 16.48 million, including ₹ 8.24 million pertaining to earlier years, which has been disclosed as part of finance cost in the statement of profit and loss.

Further, the Company during the year ended March 31, 2020, has reversed income tax provisions pertaining to earlier years of ₹ 720.27 million arising out of adjudication of certain disputed matters in favour of the Company and its reassessment of existing income tax position.

The current tax expense for the year ended March 31, 2020 of ₹ 4,560.70 million includes the income tax expense of ₹ 57.46 million and reversals of income tax provisions of ₹ 720.27 million arising on account of reassessment as mentioned above, thereby having a resultant impact of net tax credit of ₹ 662.81 million in the year ended March 31, 2020.

Note 17: Revenue from operations

(Amounts in ₹ million)

	Year ended March 31, 2020	Year ended March 31, 2019
Product licenses and related activities	31,668.22	31,886.35
IT solutions and consulting services	3,586.86	3,922.62
	35,255.08	35,808.97

Note 18: Finance income

(Amounts in ₹ million)

	Year ended March 31, 2020	Year ended March 31, 2019
Interest on financial assets measured at amortized cost:		
Balance with banks in current and deposit accounts	1,448.26	1,126.00
Deposits for premises and others	50.92	47.47
Investment in sublease	3.27	–
Loan to subsidiary	6.20	–
Others	0.08	–
	1,508.73	1,173.47

Note 19: Other income, net

(Amounts in ₹ million)

	Year ended March 31, 2020	Year ended March 31, 2019
Fair value (loss) on derivatives not designated as hedges	(119.10)	(56.89)
Foreign exchange gain, net	222.74	167.20
Profit on sale of property, plant and equipment, net	0.23	0.69
Miscellaneous income	78.99	105.03
	182.86	216.03

Note 20: Employee benefit expenses

(Amounts in ₹ million)

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and bonus	10,488.47	10,520.10
Contribution to provident and other funds	698.10	648.37
Stock compensation expense	432.01	488.71
Staff welfare expenses	290.65	238.91
	11,909.23	11,896.09

Note 21: Finance cost

(Amounts in ₹ million)

	Year ended March 31, 2020	Year ended March 31, 2019
Interest on lease liability	63.70	–
Interest on income tax	16.48	–
	80.18	–

Note 22: Other operating expenses

(Amounts in ₹ million)

	Year ended March 31, 2020	Year ended March 31, 2019
Application software	21.73	26.82
Communication expenses	34.11	49.21
Rent	57.78	385.15
Power	194.82	197.89
Insurance	23.47	21.69
Repairs and maintenance:		
Buildings and leasehold premises	45.79	35.89
Computer equipments	12.98	7.73
Others	71.99	126.15
Rates and taxes	26.05	30.32
Provision for diminution in value of investment in subsidiary companies	–	168.77
Impairment loss (reversed) on contract assets	(147.86)	(629.89)
Impairment loss on other financial assets	6.90	3.47
Bad debts	193.11	844.82
Corporate Social Responsibility [Refer note below]	357.68	323.30
Auditors' remuneration	14.37	11.04
Miscellaneous expenses	221.58	225.44
	1,134.50	1,827.80

Note: As per the requirements of Section 135 of the Companies Act, 2013 the Company was required to spend an amount of ₹ 357.37 million (March 31, 2019 - ₹ 323.23 million) on Corporate Social Responsibility expenditure based on the average net profits of the three immediately preceding financial years. The Company has spent an amount of ₹ 357.68 million (March 31, 2019 - ₹ 323.30 million) against Corporate Social Responsibility expenditure.

Note 23: Reconciliation of basic and diluted equity shares used in computing earnings per share

(Number of equity shares)

	Year ended March 31, 2020	Year ended March 31, 2019
Weighted average shares outstanding for basic earnings per share	85,831,129	85,631,940
Add: Effect of dilutive component of stock options	362,046	436,875
Weighted average shares outstanding for diluted earnings per share	86,193,175	86,068,815

Note 24: Fair values

The management has assessed that fair value of financial instruments approximates their carrying amounts largely due to the short term maturities of these instruments.

Fair value hierarchy:

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Fair value measurement hierarchy for assets and liabilities as at March 31, 2020:

(Amounts in ₹ million)

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Investment property [Refer note 5]	March 31, 2020	204.30	–	204.30	–
Liabilities measured at fair value:					
Foreign exchange forward contract, net [Refer note 13]	March 31, 2020	62.44	–	62.44	–

Fair value measurement hierarchy for assets and liabilities as at March 31, 2019:

(Amounts in ₹ million)

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Investment property [Refer note 5]	March 31, 2019	245.00	–	245.00	–
Assets measured at fair value:					
Foreign exchange forward contract, net [Ref note 7]	March 31, 2019	20.37	–	20.37	–

The following methods and assumptions are used to estimate the fair values:

The Company enters into derivative financial instruments with various banks. Foreign exchange forward contracts are valued using valuation techniques, which employ the use market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies.

There have been no transfers between Level 1 and Level 2 during the periods March 31, 2020 and March 31, 2019.

Note 25: 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, contract assets and investment in subsidiaries, which are not significant to the standalone 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 standalone 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 standalone financial statements. The Company will continue to monitor any material impact due to changes in future economic conditions.

Note 26: Significant accounting judgements, estimates and assumptions

The preparation of the Company's standalone 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 standalone 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) Leases

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) Fair value of investment property

As per the Ind AS, the Company is required to disclose the fair value of the investment property.

Accordingly, the Company has engaged an independent valuation specialist to assess the fair values of investment property as at March 31, 2020 and March 31, 2019. The investment property was valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the investment property. The key assumptions used to determine fair value of the investment property and sensitivity analysis are provided in note 5.

(iii) 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.

(iv) 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. The assumptions and model used for estimating fair value for share-based payment transactions are disclosed in note 29 (b).

(v) Taxes

Income tax expense comprises current tax expense and the net changes in the deferred tax asset or liability during the year. Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions, including disclosures thereof. Also refer note 2.3 (f), note 16 and note 39.

(vi) Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment retirement benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date annually. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. For plans operated outside India, the management considers the interest rates of high quality corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases is based on expected future inflation rates for the respective countries. Further details about gratuity obligations are given in note 30.

(vii) 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. See note 24 for further disclosures.

(viii) 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 standalone 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 27: Capital commitments and contingent liabilities

(Amounts in ₹ million)

Particulars			March 31, 2020	March 31, 2019
a)	Capital commitments towards			
	i)	property, plant and equipment		
		contracts remaining to be executed on capital account not provided for (net of advances)	124.68	231.90
	ii)	acquisition of shares of step-down subsidiary companies	120.00	145.00
	iii)	unsecured loan to step-down subsidiary company	144.00	250.00
b)	Contingent liabilities (Refer note 39 for tax litigations)		Nil	Nil

Note 28: 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 labilities and the movement during the year ended March 31, 2020:

(Amounts in ₹ million)

Particulars	
As at April 01, 2019	–
Adjustment on adoption of Ind AS 116 'Leases'	806.68
Modifications	(6.64)
Interest on lease liability	63.70
Repayments	(325.21)
Exchange impact	14.07
As at March 31, 2020	552.60
Current	269.35
Non-Current	283.25
Total	552.60

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

(Amounts in ₹ million)

Particulars	
Less than 1 year	308.84
1 to 5 years	342.13
More than 5 years	–
Total	650.97

The following amounts are recognized in the statement of profit and loss for the year ended March 31, 2020:

(Amounts in ₹ million)

Particulars	
Depreciation expenses on right-of-use asset	293.11
Interest expense on lease liability	63.70
Expense relating to short-term leases and other service charges (included in other operating expenses as rent)	57.78
Total	414.59
Interest income from subleasing right-of-use asset	(3.27)
Total	411.32

The Company had total cash outflows for leases of ₹ 261.51 million (excluding interest) for the year ended March 31, 2020. The Company did not have any non-cash additions to right-of-use assets and lease liabilities for the year ended March 31, 2020. Further, there are no future cash outflows relating to leases that have not yet commenced.

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

(Amounts in ₹ million)

Particulars	
Less than 1 year	22.89
1 to 5 years	–
More than 5 years	–
Total	22.89
Unearned finance income	(0.68)
Investment in sublease of right-of-use asset	22.21

The minimum rental payments to be made in future in respect of leases to which the Company has chosen to apply the practical expedient as per the standard as of March 31, 2020 are as follows:

(Amounts in ₹ million)

Particulars	
Less than 1 year	1.74
1 to 5 years	–
More than 5 years	–
Total	1.74

Note 29: Share based compensation / payments

(a) Employee Stock Purchase Scheme ("ESPS")

The Company had adopted the ESPS administered through a Trust with the name i-flex Employee Stock Option Trust ("the Trust") to provide equity based incentives to key employees of the Company. i-flex Solution Trustee Company Ltd. is the Trustee of this Trust.

No allocation of shares to the employees have been made through the Trust since 2005 and all selected employees under the Trust have exercised their right of purchase of shares prior to March 31, 2014. In this regard, the Trustee Company had filed a petition in the Honorable Bombay High Court to seek directions for utilization of the remaining unallocated shares along with the other assets held by the Trust for the benefit of the employees of the Company. As per the order of the Honorable Bombay High Court dated August 1, 2016, the trust funds would be utilized for the benefit of the employees. Accordingly, during the year ended March 31, 2020 the trust has incurred an expenditure of ₹ 48.59 million (March 31, 2019 - ₹ 10.89 million) towards welfare of employees of the Company.

As at March 31, 2020, the Trust is not holding any equity shares (March 31, 2019 - 27,160 equity shares) of the Company.

(b) Employee Stock Option Plan ("ESOP")

The Members at their Annual General Meeting held on August 14, 2001 approved grant of ESOPs to the employees / directors of the Company and its subsidiaries up to 7.5% of the issued and paid-up capital of the Company from time to time. This said limit was enhanced and approved up to 12.5% of the issued and paid-up capital of the Company from time to time, by the Members at their Annual General Meeting held on August 18, 2011. This extended limit is an all inclusive limit applicable for stock options ("options") granted in the past and in force and those that will be granted by the Company under this authorization.

Pursuant to ESOP scheme approved by the shareholders of the Company on August 14, 2001, the Board of Directors, on March 4, 2002 approved the 2002 Employees Stock Option Scheme ("Scheme 2002") for issue of 4,753,600 options to the employees and directors of the Company and its subsidiaries. According to the Scheme 2002, the Company has granted 4,548,920 options prior to the IPO and 619,000 options at various dates after IPO (including the grants of options out of options forfeited earlier). On August 25, 2010, the Board of Directors approved the Employees Stock Option Plan 2010 Scheme ("Scheme 2010") for issue of 618,000 options to the employees and directors of the Company and its subsidiaries. According to the Scheme 2010, the Company has granted 638,000 options (including the grants of options out of options forfeited earlier).

Pursuant to ESOP scheme approved by the shareholders of the Company in their meeting held on August 18, 2011, the Board of Directors approved the Employees Stock Option Plan 2011 Scheme ("Scheme 2011"). Accordingly, the Company has granted 1,950,500 options under the Scheme 2011. Nomination and Remuneration Committee in their meeting held on August 7, 2014 approved Oracle Financial Services Software Limited Stock Plan 2014 ("OFSS Stock Plan 2014"). Accordingly, the Company granted 178,245 Stock Options and 854,453 OFSS Stock Units ("OSUs") under OFSS Stock Plan 2014. The issuance terms of OSUs are the same as for Stock Options, employees may elect to receive 1 OSU in lieu of 4 awarded Stock Options at their respective exercise price.

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 / OSUs granted 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.

A summary of the activity in the Company's ESOP (Scheme 2010) is as follows:

	Year ended March 31, 2020		Year ended March 31, 2019	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	37,065	2,050	41,485	2,050
Granted	–	–	–	–
Exercised	(3,230)	2,050	(3,120)	2,050
Forfeited	–	–	(1,300)	2,050
Outstanding at end of the year	33,835	2,050	37,065	2,050
Vested options	33,835		37,065	
Unvested options	–		–	

A summary of the activity in the Company's ESOP (Scheme 2011) is as follows:

	Year ended March 31, 2020		Year ended March 31, 2019	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	382,224	2,924	635,882	2,966
Granted	–	–	–	–
Exercised	(14,082)	2,545	(241,558)	3,034
Forfeited	(13,200)	3,112	(12,100)	2,949
Outstanding at end of the year	354,942	2,932	382,224	2,924
Vested options	354,942		382,224	
Unvested options	–		–	

A summary of the activity in the Company's ESOP (OFSS Stock Plan 2014) is as follows:

	Year ended March 31, 2020		Year ended 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	554,572	878	560,669	863
Granted	142,250	5	137,669	381
Exercised	(82,839)	15	(117,576)	103
Forfeited	(18,809)	609	(26,190)	1,412
Outstanding at end of the year	595,174	798	554,572	878
Vested options and OSUs	252,203		192,454	
Unvested options and OSUs	342,971		362,118	

During the year ended March 31, 2020, the Company has granted 142,250 OSUs at an exercise price of ₹ 5 (March 31, 2019 -12,450 stock options and 125,219 OSUs at an exercise price of ₹ 4,158 and ₹ 5 respectively) under OFSS Stock Plan 2014.

The weighted average share price for the year over which stock options / OSUs were exercised was ₹ 3,001 (March 31, 2019 - ₹ 3,960).

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	318,339	5	8.3
	3,393	12,155	3,393	6.2
	3,579	4,300	3,579	7.2
	4,158	8,177	4,158	8.2
Options / OSUs vested and exercisable	5	143,147	5	6.3
	1,930	50,889	1,930	1.7
	2,050	33,835	2,050	0.4
	3,077	167,983	3,077	3.5
	3,127	136,070	3,127	2.8
	3,241	41,033	3,241	5.0
	3,393	35,045	3,393	6.2
	3,579	4,205	3,579	7.2
	3,987	26,050	3,987	5.6
	4,158	2,723	4,158	8.2
		983,951	1,611	5.5

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

	Exercise prices (₹)	Number of Options	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Options / OSUs unvested	5	312,876	5	8.3
	3,393	25,100	3,393	7.2
	3,579	6,450	3,579	8.2
	3,987	6,792	3,987	6.6
	4,158	10,900	4,158	9.2
Options / OSUs vested and exercisable	5	104,601	5	6.6
	1,930	57,541	1,930	2.7
	2,050	37,065	2,050	1.4
	3,077	176,683	3,077	4.5
	3,127	148,000	3,127	3.8
	3,241	41,578	3,241	6.0
	3,393	23,712	3,393	7.2
	3,579	2,155	3,579	8.2
	3,987	20,408	3,987	6.6
		973,861	1,726	5.9

Stock Options / OSUs granted during the financial year ended March 31, 2020:

The weighted average fair value of stock options / OSUs granted during the year was ₹ 3,168 (March 31, 2019 - ₹ 3,868).

The Black Scholes valuation model has been used for computing the above weighted average fair value of Stock Options / OSUs granted considering the following inputs:

	Year Ended March 31, 2020 OFSS Stock Plan 2014 (OSU)				
	May, 2019	June, 2019	Sept, 2019	Sept, 2019	Oct, 2019
Weighted average share price (in ₹)	3,389	3,178	3,077	2,874	3,106
Exercise Price (in ₹)	5/-	5/-	5/-	5/-	5/-
Expected Volatility	23%	22%	23%	23%	24%
Weighted average life (in years)	2.61	2.61	2.61	2.60	2.60
Expected dividend rate	Nil	Nil	Nil	Nil	Nil
Average risk-free interest rate	6.79%	6.38%	5.76%	5.78%	5.61%

	Year Ended March 31, 2019	
	OFSS Stock Plan 2014 (Stock Option)	OFSS Stock Plan 2014 (OSU)
	June, 2018	June, 2018
Weighted average share price (in ₹)	991	4,154
Exercise Price (in ₹)	4,158	5
Expected Volatility	22%	22%
Weighted average life (in years)	2.93	2.60
Expected dividend rate	Nil	Nil
Average risk-free interest rate	7.61%	7.48%

The expected volatility was determined based on historical volatility data; historical volatility includes early years of the Company's life; the Company expects the volatility of its share price to reduce as it matures.

Note 30: Employee benefit obligation

Defined contribution plans

During year ended March 31, 2020 and 2019, the Company contributed following amounts to defined contributions plans:

(Amounts in ₹ million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Provident fund	372.92	331.70
Superannuation fund	114.15	114.65
	487.07	446.35

Defined benefit plan – gratuity

The amounts recognized in the statement of profit and loss for the year ended March 31, 2020 and 2019 are as follows:

(Amounts in ₹ million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost	136.29	132.45
Past service cost	–	–
Interest cost, net	74.74	69.56
Total included in employee benefit expenses	211.03	202.01

Remeasurements recognized in other comprehensive income are as follows:

(Amounts in ₹ million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Due to change in demographic assumptions	6.64	–
Due to change in financial assumptions	101.99	(6.48)
Due to change in experience adjustments	(16.35)	(35.71)
(Return) on plan assets (excl. interest income)	0.08	2.32
Total remeasurements in other comprehensive income	92.36	(39.87)

The amounts recognized in the balance sheet are as follows:

(Amounts in ₹ million)

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of partially funded obligations	1,059.04	938.13
Present value of unfunded obligations	230.43	148.35
Fair value of plan assets	(2.98)	(1.38)
Net liability	1,286.49	1,085.10

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

(Amounts in ₹ million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Defined benefit obligation at beginning of the year	1,086.48	1,003.39
Current service cost	136.29	132.45
Past service cost	–	–
Interest cost	74.78	69.89
Effect of exchange rate changes	17.73	–
Benefits paid	(118.09)	(77.06)
Re-measurements		
- Due to change in demographic assumptions	6.64	–
- Due to changes in financial assumptions	101.99	(6.48)
- Due to change in experience adjustments	(16.35)	(35.71)
Defined benefit obligation at end of the year	1,289.47	1,086.48

Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

(Amounts in ₹ million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Fair value of plan assets at beginning of the year	1.38	5.16
Interest income	0.04	0.33
(Return) on plan assets (excl. interest income)	(0.08)	(2.32)
Contribution by employer	104.50	66.67
Benefits paid	(102.86)	(68.46)
Fair value of plan assets at end of the year	2.98	1.38

Plan assets are administered by LIC of India.

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

Particulars	March 31, 2020	March 31, 2019
Discount rate	3.05% - 6.70%	3.90% - 7.80%
Expected return on plan assets	6.70%	7.80%
Salary escalation rate	2.00% - 8.00%	2.00% - 8.00%
Weighted average duration (years)	8 – 12	8 – 15

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

The Company evaluates these assumptions annually based on its long-term plans of growth and industry standards. The discount rates are based on current market yields on government bonds consistent with the currency and estimated term of the post employment benefits obligations. Plan assets are administered by LIC. The expected rate of return on plan assets is based on the expected average long term rate of return on investments of the fund during the terms of the obligation.

The Company's contribution to the fund for the year ending March 31, 2021 is expected to be ₹ 122.92 million (March 31, 2020 - ₹ 113.25 million).

A quantitative sensitivity analysis for significant assumptions on defined benefit obligation as at March 31, 2020 and March 31, 2019 is as shown below:

(Amounts in ₹ million)

Particulars	Sensitivity level	Year ended March 31, 2020	Year ended March 31, 2019
Financial assumptions			
Discount rate	- 0.5%	1,342.32	1,129.39
	+ 0.5%	1,240.14	1,046.37
Salary escalation rate	- 0.5%	1,246.36	1,049.21
	+ 0.5%	1,334.64	1,125.41
Demographic assumptions			
Withdrawal rate	- 1%	1,293.57	1,083.37
	+ 1%	1,285.68	1,089.11

Note 31: Investment in subsidiary company

The Board of Directors of Mantas India Private Limited at its meeting held on May 29, 2019 have approved transfer of shares held in it by Sotas Inc. to the Company. Accordingly, the Company acquired all the equity shares of Mantas India Private Limited from Sotas Inc. for a total consideration of ₹ 20.28 million (equivalent USD 0.29 million). Subsequent to the acquisition, Mantas India Private Limited has become a direct subsidiary of the Company.

Note 32: 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 INR that is not hedged is ₹ 1,674.93 million (March 31, 2019 - ₹ 2,750.14 million).

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:

(Amounts in ₹ million)

Currency	March 31, 2020	March 31, 2019
USD	1,191.63	809.02
CNY	65.75	1,071.42
JPY	165.21	375.70
EUR	265.74	58.68
AUD	108.09	356.76

The Company manages its foreign currency risk by hedging the receivables in the major currencies (USD, EUR, AUD, GBP and JPY) using hedging instrument as forward contracts. The period of the forward contracts is determined by the expected collection period for invoices which currently ranges between 30 to 120 days.

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:

(Amounts in ₹ million)

Currency	March 31, 2020		March 31, 2019	
	+1%	-1%	+1%	-1%
USD	30.27	(30.27)	22.04	(22.04)
CNY	0.49	(0.49)	6.92	(6.92)
JPY	3.07	(3.07)	3.58	(3.58)
EUR	5.60	(5.60)	1.25	(1.25)
AUD	3.01	(3.01)	3.53	(3.53)

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.

(Amounts in ₹ million)

Particulars	Less than 1 year	More than 1 year	Total
As at March 31, 2020			
Lease liability	269.35	283.25	552.60
Trade payables	265.58	–	265.58
Foreign exchange forward contract, net	62.44	–	62.44
Amount due to subsidiaries	245.96	–	245.96
Accrued expenses	768.06	–	768.06
Accrued compensation to employees	384.27	–	384.27
Capital creditors	35.82	–	35.82
Unpaid dividends	80.55	–	80.55
	2,112.03	283.25	2,395.28

(Amounts in ₹ million)

Particulars	Less than 1 year	More than 1 year	Total
As at March 31, 2019			
Trade payables	423.09	–	423.09
Amount due to subsidiaries	275.62	–	275.62
Accrued expenses	814.65	–	814.65
Accrued compensation to employees	504.27	–	504.27
Capital creditors	144.70	–	144.70
Unpaid dividends	116.63	–	116.63
	2,278.96	–	2,278.96

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 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 7.

(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 only with existing Bankers and within credit limits assigned to each banker.

Company follows a conservative philosophy and aims to invest surplus funds in India only in time deposits with well-known and highly rated banks. The duration of such time deposits will not exceed 364 days. The Company, on quarterly basis, monitors the credit ratings and total deposit balances of each of its bankers. Further limits are set to minimize the concentration of risks and therefore mitigate financial loss of any potential failure to repay deposits.

Note 33: 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.

Note 34: Derivative instruments

The Company enters into forward foreign exchange contracts where the counter party is a bank. The Company purchases forward foreign exchange contracts to mitigate the risks of change in foreign exchange rate on receivables denominated in certain foreign currencies. The Company considers the risk of non-performance by the counter party as non-material. As at March 31, 2020 the Company has following outstanding derivative instrument:

(Amounts in million)

Particulars	March 31, 2020	March 31, 2019
Forward contracts - Sell in US Dollar	USD 37.76	USD 37.76
Forward contracts - Sell in AU Dollar	AUD 6.30	AUD 3.87
Forward contracts - Sell in Euro	EUR 5.80	EUR 1.75
Forward contracts - Sell in JPY	JPY 339.00	JPY 287.00
Forward contracts - Sell in GBP	GBP 0.70	Nil

Note 35: 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 Global (Mauritius) Limited
Direct Subsidiaries	Oracle Financial Services Software B.V.
	Oracle Financial Services Software Pte. Ltd.
	Oracle Financial Services Software Chile Limitada
	Oracle Financial Services Software (Shanghai) Limited
	Oracle Financial Services Software America, Inc.
	ISP Internet Mauritius Company
	Oracle (OFSS) Processing Services Limited
	Oracle (OFSS) ASP Private Limited
	Mantas India Private Limited (from May 29, 2019)
Subsidiaries of Subsidiaries	Subsidiary of Oracle Financial Services Software B.V.
	- Oracle Financial Services Software SA
	Subsidiary of Oracle Financial Services Software Pte. Ltd.
	- Oracle Financial Services Consulting Pte. Ltd.
	Subsidiaries of Oracle Financial Services Software America, Inc.
	- Oracle Financial Services Software, Inc.
	- Mantas Inc.
	Subsidiaries of Mantas Inc.
	- Sotas Inc.
	Subsidiary of Sotas Inc.
	- Mantas India Private Limited (till May 28, 2019)
	Subsidiaries of ISP Internet Mauritius Company
	- Oracle (OFSS) BPO Services Inc.
	- Oracle (OFSS) BPO Services Limited
(ii) Related parties with whom transactions have taken place during the year	
Fellow Subsidiaries	Oracle Egypt Ltd.
	Oracle Canada ULC
	Oracle Taiwan LLC
	Oracle Romania SRL
	Oracle Hungary Kft.
	Oracle EMEA Limited
	Oracle Czech s.r.o.
	Oracle America, Inc.
	Oracle Nederland B.V.
	Oracle Vietnam Pte. Ltd
	Oracle Italia S.R.L.
	Oracle Polska, Sp.z.o.o.

Relationship		Names of related parties
	Fellow Subsidiaries (continued)	Oracle India Private Limited
		Oracle East Central Europe Limited
		Oracle Systems Hong Kong Limited
		Oracle Corporation UK Limited
		Oracle (Philippines) Corporation
		Oracle do Brasil Sistemas Limitada
		Oracle Corporation Malaysia Sdn. Bhd.
		Oracle Systems Limited
		Oracle Corporation Singapore Pte. Ltd.
		Oracle East Central Europe Services BV
		Oracle Corporation Australia Pty. Limited
		Oracle Solution Services (India) Private Ltd.
		Oracle Corporation (Thailand) Company Limited
		Oracle Portugal - Sistemas de Informação Lda.
		Oracle Corporation (South Africa) (Pty) Limited
		Oracle Research & Development Center, Beijing, Ltd.
		Oracle Research & Development Center, Shenzhen, Ltd.
		Oracle Technology Systems (Kenya) Limited
		Oracle de Mexico, S.A. de C.V.
		Oracle New Zealand
		PT Oracle Indonesia
		Oracle (China) Software Systems Co. Ltd.
		Oracle Colombia Limitada
		Oracle Belgium B.V.B.A/SPRL
		Systemas Oracle de Chile, SA
		Oracle Korea Ltd.
		Oracle Slovensko Spor s.r.o.
(iii)	Controlled Trust	i-flex ESOP Stock Option Trust
(iv)	Key Managerial Personnel ('KMP')	Chaitanya Kamat - Managing Director and Chief Executive Officer
		Makarand Padalkar - Whole-time Director & Chief Financial Officer (Whole-time Director from May 9, 2019)
		Onkarnath Banerjee - Company Secretary & Compliance Officer
(v)	Independent Directors	S Venkatachalam
		Richard Jackson
		Sridhar Srinivasan
		Jane Murphy (from February 13, 2019)

Transactions and balances outstanding with these parties are described below:

(Amounts in ₹ million)

Particulars	Transaction		Amount receivable (payable)	
	Year ended March 31, 2020	Year ended March 31, 2019	As at March 31, 2020	As at March 31, 2019
Revenue				
Fellow subsidiaries				
Oracle America, Inc.	630.32	559.25	121.46	83.48
Oracle Corporation (South Africa) (Pty) Limited	537.25	700.93	62.99	18.54
Oracle India Private Limited	419.01	478.63	50.87	202.56
Oracle Egypt Ltd.	482.62	1,291.06	96.53	322.08
Oracle Systems Limited	6.69	224.04	(0.05)	5.87
Oracle Portugal - Sistemas de Informação Lda.	(8.76)	8.84	(9.37)	–
Oracle do Brasil Sistemas Limitada	(0.39)	39.60	(5.34)	41.47
Subsidiaries				
Oracle Financial Services Software B.V.	10,872.86	9,574.13	432.16	85.92
Oracle Financial Services Software, Inc.	8,568.36	9,099.24	279.13	364.84
Oracle Financial Services Software Pte. Ltd.	8,216.20	8,587.28	1,929.65	1,450.82
Oracle Financial Services Software (Shanghai) Limited	79.00	111.14	34.91	1,214.16
Oracle Financial Services Software Chile Limitada	248.62	191.32	135.63	112.42
Oracle (OFSS) Processing Services Limited	33.40	11.30	2.40	–
Advance from customers				
Fellow Subsidiaries				
Oracle Corporation (South Africa) (Pty) Limited	–	137.87	–	–
Oracle America, Inc.	–	0.61	–	–
Oracle Systems Limited	–	0.04	–	–
Unbilled revenue				
Fellow Subsidiaries				
Oracle America, Inc.	–	–	51.46	36.02
Oracle Corporation (South Africa) (Pty) Limited	–	–	42.01	63.40
Oracle do Brasil Sistemas Limitada	–	–	0.61	1.30
Oracle India Private Limited	–	–	10.72	102.64
Oracle Systems Limited	–	–	–	(1.42)
Oracle Egypt Ltd.	–	–	19.99	195.21
Subsidiaries				
Oracle Financial Services Software B.V.	–	–	736.13	594.77
Oracle Financial Services Software, Inc.	–	–	497.41	248.50
Oracle Financial Services Software Pte. Ltd.	–	–	577.26	783.61
Oracle Financial Services Software (Shanghai) Limited	–	–	23.81	26.79
Oracle Financial Services Software Chile Limitada	–	–	(1.62)	(8.01)
Oracle (OFSS) Processing Services Limited	–	–	7.82	11.24

(Amounts in ₹ million)

Particulars	Transaction		Amount receivable (payable)	
	Year ended March 31, 2020	Year ended March 31, 2019	As at March 31, 2020	As at March 31, 2019
Deferred revenue				
Fellow Subsidiaries				
Oracle India Private Limited	–	–	–	(0.41)
Oracle Systems Limited	–	–	(20.21)	–
Oracle Egypt Ltd.	–	–	–	(20.19)
Bad debts				
Fellow Subsidiaries				
Oracle Corporation (South Africa) (Pty) Limited	–	0.88	–	–
Oracle America, Inc.	–	0.01	–	–
Oracle India Private Limited	–	(1.90)	–	–
Oracle Egypt Ltd.	–	715.30	–	–
Oracle Technology Systems (Kenya) Limited	–	(2.64)	–	–
Oracle Systems Limited	–	(7.22)	–	–
Oracle Portugal - Sistemas de Informação Lda.	–	0.05	–	–
Subsidiaries				
Oracle Financial Services Software, Inc.	23.57	30.27	–	–
Oracle Financial Services Software Pte. Ltd.	1.15	3.76	–	–
Oracle Financial Services Software B.V.	35.41	80.15	–	–
Oracle Financial Services Software (Shanghai) Limited	–	(1.52)	–	–
Impairment allowance				
Fellow Subsidiaries				
Oracle America, Inc.	(0.01)	(0.15)	(0.05)	(0.06)
Oracle Egypt Ltd.	(50.76)	(620.38)	(5.66)	(56.42)
Oracle Corporation (South Africa) (Pty) Limited	(0.83)	(7.35)	(5.99)	(6.82)
Oracle Systems Limited	(0.01)	0.08	–	(0.01)
Oracle India Private Limited	(1.17)	2.90	–	(1.17)
Oracle do Brasil Sistemas Limitada	(4.94)	4.94	–	(4.94)
Oracle Technology Systems (Kenya) Limited	–	1.02	–	–
Subsidiaries				
Oracle Financial Services Software B.V.	49.51	(20.67)	(147.07)	(97.56)
Oracle Financial Services Software, Inc.	(13.67)	17.95	(31.04)	(44.71)
Oracle Financial Services Software Pte. Ltd.	27.08	9.22	(59.84)	(32.76)
Oracle Financial Services Software (Shanghai) Limited	(2.57)	(0.33)	(0.00)	(2.57)
Oracle Financial Services Software Chile Limitada	6.34	0.63	(10.16)	(3.82)

(Amounts in ₹ million)

Particulars	Transaction		Amount receivable (payable)	
	Year ended March 31, 2020	Year ended March 31, 2019	As at March 31, 2020	As at March 31, 2019
Application software expenses				
Fellow Subsidiary				
Oracle India Private Limited	–	3.64	–	–
Rent expenses (including lease payments)				
Fellow Subsidiaries				
Oracle Nederland B.V.	5.42	5.88	(5.53)	(5.52)
Oracle Systems Limited	46.30	43.54	–	–
Oracle India Private Limited	0.86	1.33	(3.08)	(2.31)
Miscellaneous income (including sub-lease receipts)				
Fellow Subsidiaries				
Oracle India Private Limited	71.55	52.74	–	3.42
Oracle Solution Services (India) Private Ltd.	24.83	16.54	–	6.77
Subsidiaries				
Oracle Financial Services Software (Shanghai) Limited	8.19	–	–	–
Oracle (OFSS) Processing Services Limited	0.40	0.38	–	0.07
Payment of equity dividend				
Holding Company				
Oracle Global (Mauritius) Limited	–	8,196.66	–	–
Key managerial personnel	–	17.37	–	–
Controlled Trust	–	7.27	–	–
Independent Directors	–	0.78	–	–
Professional fee expenses				
Fellow Subsidiaries				
Oracle India Private Limited	336.08	378.88	(154.14)	(259.50)
Oracle Research & Development Center, Shenzhen, Ltd.	35.03	36.75	(5.16)	(10.82)
Oracle Research & Development Center, Beijing, Ltd.	–	(0.13)	–	–
Oracle EMEA Limited	40.32	9.76	(12.54)	(42.94)
Oracle Systems Limited	10.82	10.02	(23.80)	(13.05)
Oracle Portugal - Sistemas de Informação Lda.	–	0.10	(2.26)	(2.30)
Oracle Corporation (South Africa) (Pty) Limited	0.61	(4.02)	(0.43)	(3.30)
Oracle Egypt Ltd.	–	0.49	–	–
Oracle Technology Systems (Kenya) Limited	(0.28)	(3.08)	–	(0.28)
Oracle Nederland B.V.	0.97	0.20	(1.16)	(0.27)
Oracle Colombia Limitada	–	(4.19)	–	–

(Amounts in ₹ million)

Particulars	Transaction		Amount receivable (payable)	
	Year ended March 31, 2020	Year ended March 31, 2019	As at March 31, 2020	As at March 31, 2019
Oracle de Mexico, S.A. de C.V.	–	31.75	–	(26.87)
Oracle Canada ULC	–	0.25	–	(0.26)
Oracle Corporation UK Limited	–	2.31	(2.29)	(2.35)
Oracle America, Inc.	91.55	145.06	(117.92)	(144.92)
Oracle do Brasil Sistemas Limitada	0.13	1.38	(1.50)	(1.38)
Oracle East Central Europe Services BV	0.04	0.43	(0.47)	(0.43)
Oracle Taiwan LLC	1.67	–	–	–
Oracle Corporation Australia Pty. Limited	0.34	–	(0.29)	–
Subsidiaries				
Oracle Financial Services Software B.V.	19.95	29.51	(4.51)	(22.15)
Oracle Financial Services Software, Inc.	97.18	193.01	(99.11)	(83.18)
Oracle Financial Services Software Pte. Ltd.	35.11	51.16	(4.61)	(37.79)
Oracle (OFSS) Processing Services Limited	306.25	295.12	(164.88)	(51.93)
Oracle (OFSS) BPO Services Limited	35.38	–	(12.44)	–
Oracle Financial Services Software (Shanghai) Limited	0.01	–	–	–
Reimbursement (recovery) of expenses				
Subsidiaries				
Oracle Financial Services Software B.V.	105.91	272.91	(13.36)	(47.56)
Oracle Financial Services Software, Inc.	(7.66)	551.65	–	–
Oracle Financial Services Software Pte. Ltd.	140.93	641.11	(16.11)	(33.01)
Oracle Financial Services Software Chile Limitada	–	–	0.31	0.34
Oracle Financial Services Software (Shanghai) Limited	(2.07)	10.33	12.95	9.84
Oracle (OFSS) Processing Services Limited	1.70	(0.07)	0.46	0.60
Oracle (OFSS) BPO Services Limited	(0.13)	0.05	(0.01)	0.22
i-flex ESOP Stock Option Trust	(0.67)	(0.34)	–	0.05
Directors	3.07	3.05	–	–
Key managerial personnel [Refer note (i)]				
Short-term employment benefits	62.11	50.16	–	–
Post-employment retiral benefits	0.60	0.78	–	–
Share based payments	138.21	148.43	–	–
Commission				
Independent Directors	15.65	10.14	(1.49)	(0.32)
Other expenses				
Fellow Subsidiaries				
Oracle America, Inc.	3.70	(0.82)	(3.79)	–
Oracle Corporation UK Limited	0.14	(4.36)	(0.15)	–
Oracle India Private Limited	13.85	(2.06)	(2.71)	(12.00)
Oracle Corporation Singapore Pte. Ltd.	0.72	(0.28)	(0.67)	–

(Amounts in ₹ million)

Particulars	Transaction		Amount receivable (payable)	
	Year ended March 31, 2020	Year ended March 31, 2019	As at March 31, 2020	As at March 31, 2019
Oracle (China) Software Systems Co. Ltd.	–	(0.01)	–	–
Oracle Corporation Australia Pty. Limited	0.21	–	(0.18)	–
Oracle Corporation (South Africa) (Pty) Limited	15.43	12.40	(22.14)	(60.56)
Oracle Portugal - Sistemas de Informação Lda.	1.26	(3.81)	(1.26)	–
Oracle Polska, Sp.z.o.o.	0.04	0.12	(3.59)	(4.51)
Oracle Vietnam Pte. Ltd	1.82	(11.51)	(2.95)	(2.37)
Oracle Canada ULC	35.90	0.88	(38.17)	(2.27)
Oracle Corporation Malaysia Sdn. Bhd.	6.79	4.18	(5.34)	(10.87)
Oracle Corporation (Thailand) Company Limited	6.30	1.31	(11.61)	(11.54)
Oracle (Philippines) Corporation	2.78	2.76	(8.27)	(8.87)
Oracle Italia S.R.L.	12.35	7.35	(5.98)	(11.97)
Oracle Taiwan LLC	0.99	(4.95)	(1.11)	(2.16)
Oracle Czech s.r.o.	–	(0.35)	–	(0.05)
Oracle Egypt Ltd.	2.87	4.91	(2.20)	(18.07)
Oracle East Central Europe Limited	5.63	0.20	(7.80)	(2.83)
Oracle de Mexico, S.A. de C.V.	–	(0.58)	–	–
Oracle Technology Systems (Kenya) Limited	(0.31)	(0.25)	–	(2.60)
Oracle East Central Europe Services BV	0.91	0.96	(5.58)	(4.67)
Oracle New Zealand	0.66	(1.50)	(3.72)	(13.63)
PT Oracle Indonesia	4.14	3.99	(13.19)	(9.05)
Oracle Hungary Kft.	3.91	(0.55)	(5.58)	(1.67)
Oracle Belgium B.V.B.A/SPRL	–	(8.83)	–	–
Oracle Systems Hong Kong Limited	0.32	–	(0.33)	–
Oracle Korea Ltd.	0.30	–	(0.30)	–
Oracle do Brasil Sistemas Limitada	0.18	–	(0.18)	–
Systemas Oracle de Chile, SA	0.23	–	(0.23)	–
Oracle Slovensko Spor s.r.o.	1.57	–	(1.57)	–
Subsidiary				
Oracle Financial Services Software (Shanghai) Limited	(0.59)	–	–	–
Procurement / (sale) of fixed assets, net				
Fellow Subsidiary				
Oracle India Private Limited	2.18	504.57	–	(108.88)
Investments				
Subsidiaries				
Oracle Financial Services Software B.V.	1.15	5.72	809.37	808.22
Oracle Financial Services Software Pte. Ltd.	2.86	14.54	131.49	128.63
Oracle Financial Services Software America, Inc.	1.49	11.28	6,415.69	6,414.20
Oracle Financial Services Software (Shanghai) Limited	(0.05)	0.24	46.04	46.09

(Amounts in ₹ million)

Particulars	Transaction		Amount receivable (payable)	
	Year ended March 31, 2020	Year ended March 31, 2019	As at March 31, 2020	As at March 31, 2019
Oracle Financial Services Software Chile Limitada	0.36	0.62	80.76	80.40
ISP Internet Mauritius Company	5.24	6.16	333.75	328.51
Sotas Inc.	20.28	–	–	–
Mantas India Private Limited	–	–	20.28	–
Oracle (OFSS) ASP Private Limited	–	–	46.10	46.10
Oracle (OFSS) Processing Services Limited	–	–	13.00	13.00
Stock compensation charge				
Ultimate Holding Company				
Oracle Corporation	17.85	12.19	–	–
Oracle Employee Stock Purchase Plan				
Ultimate Holding Company				
Oracle Corporation	0.56	0.76	(2.77)	(14.16)
Loan to step-down subsidiary company				
Oracle (OFSS) BPO Services Limited	106.00	–	106.00	–
Interest on loan to step-down subsidiary company				
Oracle (OFSS) BPO Services Limited	6.20	–	–	–
Provision for diminution in investment				
Subsidiaries				
ISP Internet Mauritius Company	–	209.47	(209.47)	(209.47)
Oracle (OFSS) ASP Private Limited	–	(40.70)	(5.40)	(5.40)

Note (i): Remuneration includes salary, bonus and perquisites. During the year, 52,250 OSUs under OFSS Stock Plan 2014 (March 31, 2019 - 31,750 OSUs under OFSS Stock Plan 2014) were granted to KMP.

Note (ii): Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year end are unsecured and interest free (except loan to step-down subsidiary company) and settlement occurs in cash.

Note 36: Earnings in foreign currency (on accrual basis)*

(Amounts in ₹ million)

	Year ended March 31, 2020	Year ended March 31, 2019
Product licenses and related activities	28,347.56	28,942.18
IT solutions and consulting services	3,576.72	3,900.84
Miscellaneous income	8.19	2.48
	31,932.47	32,845.50

**Excludes revenue from operations of foreign branches.*

Note 37: Expenditure in foreign currency (on accrual basis)

(Amounts in ₹ million)

	Year ended March 31, 2020	Year ended March 31, 2019
Employee benefit expenses	1,068.95	1,177.71
Travel related expenses	107.18	130.59
Professional fees	771.71	798.12
Other operating expenses	20.68	85.24
Foreign taxes	105.87	470.38
	2,074.39	2,662.04

Note 38: Net equity dividend remitted in foreign exchange

	Year ended March 31, 2020	Year ended March 31, 2019
Year of remittance (ending on)	–	March 31, 2019
Period to which it relates	–	March 31, 2018
Number of non resident shareholders	–	1
Number of equity shares on which dividend was due	–	63,051,197
Amount remitted (in US$ million)	–	114.05
Amount remitted (in ₹ million)	–	8,196.66

Note 39: Tax litigations

As at March 31, 2020, the Company has certain litigations with respect to tax matters for various assessment years amounting to ₹ 11,388.20 million (March 31, 2019 - ₹ 9,602.47 million), which are pending before various appellate / tax authorities. The management expects that its position will be upheld on ultimate resolution and the possibility of any outflow of resources is remote. Demand of tax payable after adjusting taxes paid under protest and refunds amounts to ₹ 5,476.48 million (March 31, 2019 - ₹ 3,549.47 million) as at March 31, 2020. Further for certain litigations the Company has aggregate provisions of ₹ 886.21 million (March 31, 2019 - ₹ 1,030.66 million) as at March 31, 2020.

Note 40: Auditors remuneration (including GST)

(Amounts in ₹ million)

	Year ended March 31, 2020	Year ended March 31, 2019
As auditor		
Audit fees	8.20	5.78
Limited review	6.02	4.96
Tax audit	1.36	0.65
Certifications	1.07	1.52
Out-of-pocket expenses	0.31	0.12
	16.96	13.03

Note 41: Other operating expenses for the year ended March 31, 2019 include ₹ 209.47 million towards provision for diminution in value of investment along with provision for loss in fair value of loan given to ISP Internet Mauritius Company and reversal of provision for diminution in value of investment in Oracle (OFSS) ASP Private Limited for ₹ 40.70 million.

Note 42: Loan

The Company has entered into a loan agreement with its step-down subsidiary company, Oracle (OFSS) BPO Services Limited (the 'borrower') on March 1, 2019 ('effective date') whereby the Company has agreed to lend to the borrower; a loan in principal sum of not greater than ₹ 250 million for the purpose of working capital requirements of the borrower. The disbursement of the loan amount can be partial or in full depending on the requirement of the borrower. Simple interest at an annual fixed rate of 9.50% shall be calculated on the unpaid principal amount of the loan drawn by the borrower. As per the terms of the loan agreement, fixed interest rate is to be reviewed and adjusted annually. The interest accrued shall be due and payable annually to the extent of loan drawn. The borrower may at its option prepay the unpaid principal balance together with interest on the portion so prepaid accrued up to and including the date of prepayment; without any premium or penalty. The unpaid principal shall be due and payable in full on or before two years from the effective date ('maturity date'). An extension of the loan agreement can be done three months before the maturity date based on terms and conditions as may be agreed between the parties.

During the year ended March 31, 2020, the Company has disbursed an amount of ₹ 106.00 million under the said loan agreement. The interest accrued to the extent of loan drawn has been paid by the borrower. The maximum amount of loan outstanding during the year ended March 31, 2020 is ₹ 106.00 million.

Note 43: 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	Total
Revenues by geography			
India	2,852.92	1.00	2,853.92
Outside India			
Americas			
United States of America	5,246.16	2,489.96	7,736.12
Rest of America	1,896.98	22.53	1,919.51
Europe	5,363.95	528.24	5,892.19
Asia Pacific	8,093.30	414.93	8,508.23
Middle East and Africa	8,214.91	130.20	8,345.11
	31,668.22	3,586.86	35,255.08
Revenues by streams and type of contract			
License fees	4,585.80	–	4,585.80
Maintenance fees	11,406.47	–	11,406.47
Consulting fees			
Fixed price	9,239.52	1,030.24	10,269.76
Time and material basis	6,436.43	2,556.62	8,993.05
	31,668.22	3,586.86	35,255.08

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

Particulars	Products	Services	Total
Revenues by geography			
India	2,713.55	24.50	2,738.05
Outside India			
Americas			
United States of America	5,523.78	2,559.89	8,083.67
Rest of America	1,820.98	67.23	1,888.21
Europe	4,910.52	714.23	5,624.75
Asia Pacific	8,604.49	390.47	8,994.96
Middle East and Africa	8,313.03	166.30	8,479.33
	31,886.35	3,922.62	35,808.97
Revenues by streams and type of contract			
License fees	4,296.86	–	4,296.86
Maintenance fees	11,094.64	–	11,094.64
Consulting fees			
Fixed price	9,856.73	1,122.01	10,978.74
Time and material basis	6,638.12	2,800.61	9,438.73
	31,886.35	3,922.62	35,808.97

(b) During the year ended March 31, 2020, the Company recognized revenue of ₹ 818.84 million (March 31, 2019 - ₹ 613.54 million) from opening deferred revenue as of April 1, 2018.

(c) During the year ended March 31, 2020, the Company recognized revenue of ₹ 67.20 million (March 31, 2019 - ₹ 725.31 million) from performance obligations satisfied prior to April 1, 2018.

(d) Change in contract assets and contract liabilities are on account of transactions undertaken in the normal course of business. In accordance with Ind AS 115, unbilled revenue of ₹ 1,165.28 million as at March 31, 2020 (March 31, 2019 - ₹ 702.08 million) has been classified as other current asset.

(e) Reconciliation of revenue recognized with contract price for the year

(Amounts in ₹ million)

	March 31, 2020	March 31, 2019
Revenue as per contracted price	35,290.13	35,951.64
Reduction towards discounts	(35.05)	(142.67)
Revenue from operations	35,255.08	35,808.97

(f) 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

i. contracts where the original expected duration is one year or less

ii. contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date. Typically this involves those contracts where invoicing is on time and material basis.

Remaining performance obligation estimates are subject to change and are affected by several factors such as terminations, changes in the scope of contracts, periodic revalidations 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 ₹ 10,921.80 million (March 31, 2019 - ₹ 10,560.45 million), out of which 69% (March 31, 2019 - 66%) is expected to be recognized as revenue within the next one year and the balance thereafter.

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

The Company recognizes incremental costs of obtaining a contract with customers as an asset and discloses them under "other assets" as deferred contract costs in the Standalone financial statements. 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 ₹ 17.52 million for the year ended March 31, 2020 (March 31, 2019 - ₹ 18.71 million) and has closing balance of deferred contract cost asset of ₹ 35.53 million as at March 31, 2020 (March 31, 2019 - ₹ 34.05 million).

(h) Effective April 1, 2018, the Company had adopted Ind AS 115 "Revenue from Contracts with Customers" retrospectively with the cumulative effect recognized at the date of initial application. The cumulative effect of applying Ind AS 115 primarily related to capitalization of incremental cost associated with contracts and has been adjusted to the opening balance of retained earnings resulting in an increase of ₹ 26.26 million, net of tax.

Note 44: 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 two business segments:

a) Product licenses and related activities ('Products') and

b) IT solutions and consulting services ('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.

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. 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	Total
Revenue from operations	31,668.22	3,586.86	35,255.08
Segment result	18,079.34	1,403.85	19,483.19
Unallocable expenses			(1,088.99)
Finance income			1,508.73
Other income, net			182.86
Profit before tax			20,085.79
Tax expenses			(4,259.23)
Profit for the year			15,826.56

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

Particulars	Products	Services	Total
Revenue from operations	31,886.35	3,922.62	35,808.97
Segment result	18,423.89	1,347.84	19,771.73
Unallocable expenses			(1,297.08)
Finance income			1,173.47
Other income, net			216.03
Profit before tax			19,864.15
Tax expenses			(7,039.45)
Profit for the year			12,824.70

Other information

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

Particulars	Products	Services	Unallocable	Total
Capital expenditure by segment				
Property, plant and equipment	309.42	47.81	9.25	366.48
Depreciation and amortization	697.04	103.41	31.27	831.72
Other non cash expenses	42.68	9.30	0.17	52.15
Segment assets	8,298.18	1,722.75	50,646.71	60,667.64
Segment liabilities	4,628.65	719.59	236.39	5,584.63
Equity	–	–	55,083.01	55,083.01

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

Particulars	Products	Services	Unallocable	Total
Capital expenditure by segment				
Property, plant and equipment	613.85	151.33	14.55	779.73
Depreciation and amortization	414.07	70.56	17.35	501.98
Other non cash expenses	194.18	24.14	168.85	387.17
Segment assets	8,889.18	1,783.53	33,781.04	44,453.75
Segment liabilities	4,342.68	582.11	725.22	5,650.01
Equity	–	–	38,803.74	38,803.74

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

	Year ended March 31, 2020		Year ended March 31, 2019	
Regions	Amounts in ₹ million	%	Amounts in ₹ million	%
India	2,853.92	8%	2,738.05	8%
Outside India				
Americas				
United States of America	7,736.12	22%	8,083.67	23%
Rest of America	1,919.51	5%	1,888.21	5%
Europe	5,892.19	17%	5,624.75	16%
Asia Pacific	8,508.23	24%	8,994.96	25%
Middle East and Africa	8,345.11	24%	8,479.33	23%
	35,255.08	100%	35,808.97	100%

Revenue of ₹ 28,018.43 million (March 31, 2019 - ₹ 27,574.41 million) is derived from a single customer in 'Products' and 'Services' segment.

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

	As at March 31, 2020		As at March 31, 2019	
Regions	Amounts in ₹ million	%	Amounts in ₹ million	%
India	10,601.39	96%	10,004.04	96%
Outside India				
Europe	272.79	3%	249.17	3%
Asia Pacific	52.78	0%	104.70	1%
Middle East and Africa	62.55	1%	20.62	0%
	10,989.51	100%	10,378.53	100%

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

As per our report of even date

For Mukund M. Chitale & Co.
Chartered Accountants
ICAI Firm Registration No. 106655W

S. M. Chitale
Partner
Membership No. 111383

Mumbai, India
May 14, 2020

For and on behalf of the Board of Directors of
Oracle Financial Services Software Limited

S Venkatachalam
Chairperson
DIN: 00257819

Chaitanya Kamat
Managing Director
& Chief Executive Officer
DIN: 00969094

Makarand Padalkar
Whole-time Director
& Chief Financial Officer
DIN: 02115514

Onkarnath Banerjee
Company Secretary
& Compliance Officer
ACS: 8547

Mumbai, India
May 14, 2020