

Oracle Financial Services Software Limited

Consolidated balance sheet as at March 31, 2018

	(Amounts in ₹ million)	
	March 31, 2018	March 31, 2017
<u>ASSETS</u>		
Non-current assets		
Property, Plant and Equipment	2,180.07	2,509.24
Capital work-in-progress	25.86	8.16
Investment property	102.00	102.00
Goodwill	6,086.63	6,086.63
Investment in an associate	-	-
Financial assets	525.96	577.02
Deferred tax assets (net)	1,227.65	1,346.28
Income tax assets (net)	5,968.95	5,858.54
Other non-current assets	672.82	714.59
	16,789.94	17,202.46
Current assets		
Financial Assets		
Trade receivables	10,074.80	7,180.14
Cash and cash equivalents	8,060.99	25,914.71
Other bank balances	18,399.68	4,402.24
Other current financials assets	5,388.90	4,916.81
Income tax assets (net)	72.22	78.03
Other current assets	545.08	513.97
	42,541.67	43,005.90
TOTAL	59,331.61	60,208.36
<u>EQUITY AND LIABILITIES</u>		
Equity		
Equity Share capital	426.73	424.70
Other Equity	46,647.20	32,221.16
Total equity	47,073.93	32,645.86
Non-current liabilities		
Financial liabilities	35.45	23.90
Other non-current liabilities	190.53	244.77
Employee benefit obligations	926.34	784.21
Deferred tax liability (net)	5.30	6.57
Income tax liabilities (net)	144.34	261.33
	1,301.96	1,320.78
Current liabilities		
Financial liabilities		
Trade payables	646.43	108.37
Other current financial liabilities	3,230.23	19,733.03
Other current liabilities	4,838.40	4,136.93
Employee benefit obligations	1,378.29	1,317.73
Income tax liabilities (net)	862.37	945.66
	10,955.72	26,241.72
TOTAL	59,331.61	60,208.36

Oracle Financial Services Software Limited

Consolidated Statement of Profit and Loss for the year ended March 31, 2018

	(Amounts in ₹ million, except share data)	
	Year ended March 31,	
	2018	2017
Revenue from operations	45,274.72	44,265.33
Finance income	794.84	1,491.16
Other income, net	112.06	72.53
Total income	46,181.62	45,829.02
<u>EXPENSES</u>		
Employee benefit expenses	20,991.71	20,702.67
Travel related expenses	2,334.18	2,354.24
Professional fees	1,549.26	1,652.98
Other operating expenses	2,287.43	2,216.46
Depreciation and amortization	614.63	701.92
Total expenses	27,777.21	27,628.27
Profit before Share of (loss) of an associate, exceptional item and tax	18,404.41	18,200.75
Share in (loss) of associate	-	(2.72)
Profit before exceptional item and tax	18,404.41	18,198.03
Exceptional item	-	(628.25)
Profit before tax	18,404.41	17,569.78
Tax expenses		
Current tax	5,933.26	6,078.91
Deferred tax	100.74	(362.98)
Total tax expenses	6,034.00	5,715.93
Profit for the year	12,370.41	11,853.85
Other comprehensive income		
Items that will not be reclassified to profit and loss		
Actuarial gain (loss) on gratuity fund	49.83	(48.50)
Deferred tax	(15.92)	16.79
Items that will be reclassified subsequently to profit and loss		
Exchange differences on translation of foreign operations	427.71	(176.45)
Total other comprehensive income for the year, net of tax	461.62	(208.16)
Total comprehensive income for the year	12,832.03	11,645.69
Profit attributable to:		
Equity holders of the Company	12,370.41	11,853.85
Non-controlling interests	-	-
	12,370.41	11,853.85
Total comprehensive income attributable to:		
Equity holders of the Company	12,832.03	11,645.69
Non-controlling interests	-	-
	12,832.03	11,645.69
Earnings per equity share of par value of ₹ 5 each (in ₹)		
Basic	145.22	139.76
Diluted	144.37	139.29

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Consolidated Statements of Changes in Equity for the year ended March 31, 2018

Year ended March 31, 2018

(Amounts in ₹ million, except share data)

Particulars	Equity share capital		Other equity								Total equity attributable to equity holders of the Company	
	No of shares	Share capital	Share application money pending allotment	Securities premium	General reserve	Employee stock options outstanding	Contribution from Ultimate Holding Company	Gain on Treasury shares	Retained earnings	Other comprehensive income		
										Foreign currency translation reserve	Remeasurement of defined benefit obligation	
Balance as of April 1, 2017	84,940,264	424.70	26.16	12,528.86	10,145.19	1,835.05	-	-	7,300.77	385.13	-	32,645.86
<i>Changes in equity for year ended March 31, 2018</i>												
Application money received for exercised options	-	-	587.91	-	-	-	-	-	-	-	-	587.91
Shares issued for exercised options	310,487	1.55	(612.16)	610.61	-	-	-	-	-	-	-	-
Stock compensation charge	-	-	-	-	-	635.18	48.17	-	-	-	-	683.35
Forfeiture of options	-	-	-	-	-	(46.80)	-	-	46.80	-	-	-
Stock compensation related to options exercised	-	-	-	524.37	-	(524.37)	-	-	-	-	-	-
Sale of treasury shares	95,542	0.48	-	-	-	-	-	357.16	-	-	-	357.64
Profit for the year	-	-	-	-	-	-	-	-	12,370.41	-	-	12,370.41
Interim equity dividend including dividend distribution tax thereon	-	-	-	-	-	-	-	-	(32.86)	-	-	(32.86)
Actuarial gain (loss) on gratuity fund including deferred tax thereon	-	-	-	-	-	-	-	-	-	-	33.91	33.91
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	427.71	-	427.71
Actuarial gain (loss) on gratuity fund including deferred tax thereon transferred to retained earnings	-	-	-	-	-	-	-	-	33.91	-	(33.91)	-
Balance as of March 31, 2018	85,346,293	426.73	1.91	13,663.84	10,145.19	1,899.06	48.17	357.16	19,719.03	812.84	-	47,073.93

Year ended March 31, 2017

(Amounts in ₹ million, except share data)

Particulars	Equity share capital		Other equity								Total equity attributable to equity holders of the Company	
	No of shares	Share capital	Share application money pending allotment	Securities premium	General reserve	Employee stock options outstanding	Contribution from Ultimate Holding Company	Gain on Treasury shares	Retained earnings	Other comprehensive income		
										Foreign currency translation reserve	Remeasurement of defined benefit obligation	
Balance as of April 1, 2016	84,690,036	423.45	3.00	11,690.40	10,145.19	1,345.71	-	-	22,569.41	561.58	-	46,738.74
<i>Changes in equity for year ended March 31, 2017</i>												
Application money received for exercised options	-	-	589.42	-	-	-	-	-	-	-	-	589.42
Shares issued for exercised options	250,228	1.25	(566.26)	565.01	-	-	-	-	-	-	-	(0.00)
Stock compensation charge	-	-	-	-	-	780.44	-	-	-	-	-	780.44
Forfeiture of options	-	-	-	-	-	(17.65)	-	-	17.65	-	-	-
Stock compensation related to options exercised	-	-	-	273.45	-	(273.45)	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	11,853.85	-	-	11,853.85
Final equity dividend including dividend distribution tax thereon	-	-	-	-	-	-	-	-	(9,902.95)	-	-	(9,902.95)
Interim equity dividend including dividend distribution tax thereon	-	-	-	-	-	-	-	-	(17,205.48)	-	-	(17,205.48)
Actuarial gain (loss) on gratuity fund including deferred tax thereon	-	-	-	-	-	-	-	-	-	-	(31.71)	(31.71)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	(176.45)	-	(176.45)
Actuarial gain (loss) on gratuity fund including deferred tax thereon transferred to retained earnings	-	-	-	-	-	-	-	-	(31.71)	-	31.71	-
Balance as of March 31, 2017	84,940,264	424.70	26.16	12,528.86	10,145.19	1,835.05	-	-	7,300.77	385.13	-	32,645.86

Oracle Financial Services Software Limited

Notes annexed to and forming part of consolidated financial statements for the year ended March 31, 2018

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

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

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

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

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

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

Year ended March 31, 2018

(Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Total
Revenue	39,378.60	4,770.92	1,125.20	45,274.72
Segment result	18,586.26	321.82	332.35	19,240.43
Unallocable expenses				(1,742.92)
Finance income				794.84
Other income, net				112.06
Share in (loss) of associate				-
Profit before tax				18,404.41
Tax expenses				(6,034.00)
Net profit				12,370.41

Year ended March 31, 2017

(Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Total
Revenue	37,613.50	5,437.54	1,214.29	44,265.33
Segment result	16,285.90	682.16	415.25	17,383.31
Unallocable expenses				(1,374.50)
Finance income				1,491.16
Other income, net				72.53
Share in (loss) of associate				(2.72)
Profit before tax				17,569.78
Tax expenses				(5,715.93)
Net profit				11,853.85

Oracle Financial Services Software Limited

Notes annexed to and forming part of consolidated financial statements for the year ended March 31, 2018

Other information

Year ended March 31, 2018

(Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Unallocable	Total
Capital expenditure by segment					
Property, Plant and Equipment	201.80	44.31	12.09	26.88	285.08
Depreciation and amortisation	469.80	79.53	37.40	27.90	614.63
Other non cash expenses	2.87	3.25	(6.28)	0.12	(0.04)
Segment assets	20,884.53	2,623.65	490.74	35,332.69	59,331.61
Segment liabilities	9,010.82	909.79	124.77	2,212.30	12,257.68
Equity				47,073.93	47,073.93

Year ended March 31, 2017

(Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Unallocable	Total
Capital expenditure by segment					
Property, Plant and Equipment	439.53	123.63	49.23	39.92	652.31
Depreciation and amortization	562.59	87.63	30.87	20.83	701.92
Other non cash expenses	846.30	4.72	0.05	0.13	851.20
Segment assets	17,710.60	2,684.22	687.12	39,126.42	60,208.36
Segment liabilities	7,076.01	804.02	109.02	19,573.45	27,562.50
Equity				32,645.86	32,645.86

Segment revenue and expense:

Revenue is generated through licensing of software products as well as by providing software solutions to the customers including consulting services and business process outsourcing services. The expenses which are not directly attributable to a business segment are classified as unallocable 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 and property, plant and equipment. Segment liabilities primarily includes trade payables, deferred revenues, advance from customer, employee benefit obligations and other current 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.

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Notes annexed to and forming part of consolidated financial statements for the year ended March 31, 2018

Geographical segments

The following table shows the distribution of the OFSS group's consolidated sales by geographical market :

Regions	Year ended March 31,			
	2018		2017	
	Amounts in ₹ million	%	Amounts in ₹ million	%
India	2,832.60	6%	2,460.36	6%
Outside India				
Americas				
United States of America	12,823.19	28%	13,619.72	30%
Rest of America	2,912.42	6%	3,131.61	7%
Europe	7,210.46	16%	7,495.51	17%
Asia Pacific	12,067.54	27%	11,080.88	25%
Middle East and Africa	7,428.51	17%	6,477.25	15%
	45,274.72	100%	44,265.33	100%

Revenue of ₹ 21,015.77 million (March 31, 2017 ₹ 19,756.84 million) is derived from a single customer in 'Products', 'Services' and 'BPO - Services' segment.

The following table shows the OFSS group's consolidated non current assets by geographical market :

Regions	As at March 31, 2018		As at March 31, 2017	
	Amounts in ₹ million	%	Amounts in ₹ million	%
	India	8,486.92	56%	8,713.29
Outside India				
Americas				
United States of America	5,128.12	34%	5,135.99	34%
Rest of America	6.35	0%	0.91	0%
Europe	980.47	7%	936.03	6%
Asia Pacific	428.98	3%	485.17	3%
Middle East and Africa	5.49	0%	7.77	0%
	15,036.33	100%	15,279.16	100%

Non current assets for this purpose consist of Property, Plant and Equipment, Intangible assets, Investment property, non-current income tax asset and other non-current assets.

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Consolidated statement of cash flow for the year ended March 31, 2018

(Amounts in ₹ million)

Year ended March 31,

2018 2017

	2018	2017
Cash flows from operating activities		
Profit before tax	18,404.41	17,569.78
Adjustments to reconcile profit before tax to cash (used in) provided by operating activities :		
Depreciation and amortization	614.63	701.92
(Profit) on sale of fixed assets, net	(2.07)	(38.53)
(Profit) on sale of investment in associate	(16.91)	-
Impairment loss (reversed)/recognised on financial assets	(70.13)	593.73
Bad debts	70.09	257.47
Finance income	(794.84)	(1,491.16)
Employee stock compensation expense	683.35	780.44
Share of loss of an associate	-	2.72
Effect of exchange rate changes in cash and cash equivalent	(396.56)	259.15
Unrealised exchange loss/(gain), net	206.24	(41.97)
Deferred rent	(7.92)	(0.60)
Operating Profit before Working Capital changes	18,690.29	18,592.95
Movements in working capital		
Decrease in other non current assets	41.78	18.86
(Increase) decrease in trade receivables	(2,399.77)	43.72
(Increase) in other financial assets	(242.64)	(1,030.79)
(Increase) decrease in other current assets	(21.77)	194.83
Increase (decrease) in non current financial liabilities	11.06	(2.66)
(Decrease) increase in other non-current liabilities	(62.62)	57.99
Increase in non current employee benefit obligations	191.96	118.56
Increase (decrease) in trade payables	537.51	(269.61)
Increase in other current financial liabilities	595.28	710.71
Increase (decrease) in current liabilities	429.36	(150.41)
Increase in current employee benefit obligations	55.30	102.92
Cash from operating activities	17,825.74	18,387.07
Payment of domestic and foreign taxes	(6,251.58)	(7,175.74)
Net cash provided by operating activities	11,574.16	11,211.33
Cash flows from investing activities		
Additions to fixed assets including capital work in progress	(305.17)	(612.53)
Refund of deposits for premises and others	6.70	50.04
Proceeds from sale of fixed assets	3.43	38.64
Proceeds from sale of associate	16.91	-
Bank fixed deposits having maturity of more than three months matured	10,706.71	24,969.58
Bank fixed deposits having maturity of more than three months booked	(24,438.83)	(7,524.06)
Proceeds from maturity of margin money	-	3.72
Interest received	482.45	1,561.01
Net cash (used in)/provided by investing activities	(13,527.80)	18,486.40
Cash flows from financing activities		
Issue of shares under employee stock option plan	587.91	589.42
Sale of treasury shares	357.64	-
Final dividend paid on equity shares	(14,470.99)	(8,484.59)
Tax on final equity dividend paid	(2,771.20)	(1,418.36)
Net cash (used in) financing activities	(16,296.64)	(9,313.53)
Net (decrease) increase in cash and cash equivalents	(18,250.28)	20,384.20
Cash and cash equivalents at beginning of the year	25,914.71	5,789.66
Effect of exchange rate changes in cash and cash equivalents	396.56	(259.15)
Cash and cash equivalents at end of the year	8,060.99	25,914.71

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Consolidated statement of cash flow for the year ended March 31, 2018 (continued)

(Amounts in ₹ million)

Year ended March 31,

Component of cash and cash equivalents	2018	2017
Balances with banks:		
In current accounts*	6,352.67	5,707.33
In deposit accounts with original maturity of less than 3 months	1,593.05	5,494.34
In unpaid dividend account**	-	14,593.93
In unclaimed dividend account***	115.27	119.11
Total cash and cash equivalents	8,060.99	25,914.71

* Current account includes ₹ 39.03 million (March 31, 2017 ₹ 0.92 million) on account of restricted cash and bank balances held by i-flex Employee Stock Option Trust controlled by the Company.

** These balances includes amount earmarked towards dividend declared on March 29, 2017.

***These balances will be utilized only towards the respective unclaimed dividend.