

Oracle Financial Services Software Limited

Balance sheet as at March 31, 2018

(Amounts in ₹ million)

	March 31, 2018	March 31, 2017
ASSETS		
Non-current assets		
Property, plant and equipment	2,109.81	2,428.13
Capital work-in-progress	24.48	6.55
Investment property	102.00	102.00
Financial assets		
Investments in subsidiaries and associate	7,780.49	7,549.57
Other non-current financial assets	523.17	550.17
Deferred tax assets (net)	1,053.11	1,102.19
Income tax assets (net)	5,794.41	5,680.53
Other non-current assets	672.81	713.52
	18,060.28	18,132.66
Current assets		
Financial assets		
Trade receivables	6,317.93	5,075.12
Cash and cash equivalents	2,111.89	20,990.75
Other bank balances	16,689.01	3,385.97
Other current financial assets	2,971.79	3,069.48
Other current assets	356.09	369.22
	28,446.71	32,890.54
TOTAL	46,506.99	51,023.20
EQUITY AND LIABILITIES		
Equity		
Equity share capital	427.08	425.53
Other equity	37,643.95	26,333.67
Total equity	38,071.03	26,759.20
Non-current liabilities		
Financial liabilities	31.74	21.14
Other non-current liabilities	133.20	136.86
Employee benefit obligations	888.17	744.83
	1,053.11	902.83
Current liabilities		
Financial liabilities		
Trade payables	555.40	75.49
Other current financial liabilities	4,319.65	20,574.82
Other current liabilities	906.58	1,090.85
Employee benefit obligations	1,228.95	1,153.48
Income tax liabilities (net)	372.27	466.53
	7,382.85	23,361.17
TOTAL	46,506.99	51,023.20

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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	38,617.27	37,363.12
Finance income	722.62	1,420.83
Other income, net	163.65	215.76
Total income	39,503.54	38,999.71
Expenses		
Employee benefit expenses	18,586.73	18,108.63
Travel related expenses	2,091.45	2,048.80
Professional fees	1,739.71	1,850.38
Other operating expenses	1,642.98	1,660.57
Depreciation and amortization	573.53	667.99
Total expenses	24,634.40	24,336.37
Profit before exceptional item and tax	14,869.14	14,663.34
Exceptional item	-	2,162.59
Profit before tax	14,869.14	16,825.93
Tax expenses		
Current tax	4,775.76	4,383.88
Deferred tax	33.48	(438.92)
Total tax expenses	4,809.24	3,944.96
Profit for the year	10,059.90	12,880.97
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Actuarial gain (loss) on gratuity fund	44.61	(48.38)
Deferred tax	(15.59)	16.74
<i>Items that will be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	3.77	44.62
Total other comprehensive income for the year, net of tax	32.79	12.98
Total comprehensive income for the year	10,092.69	12,893.95
Earnings per equity share of par value of ₹ 5 (March 31, 2017 ₹ 5) each (in ₹)		
Basic	117.91	151.57
Diluted	117.21	151.06

Statement of changes in equity for the year ended March 31, 2018

(a) Year ended March 31, 2018

(Amounts in ₹ million, except share data)

Particulars	Equity share capital		Other equity							Total equity attributable to equity share holders of the Company	
	Number of shares	Share Capital	Share application money pending allotment	Securities premium	General reserve	Employee stock options outstanding	Contribution from Ultimate Holding Company	Retained earnings	Other comprehensive income		
									Foreign currency translation reserve		Remeasurmnt of defined benefit obligation
Balance as of April 1, 2017	85,106,406	425.53	26.16	12,528.56	10,145.19	1,835.05	-	1,793.01	5.70	-	26,759.20
<i>Changes in equity for the 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	28.91	-	-	-	664.09
Forfeiture of options	-	-	-	-	-	(46.80)	-	46.80	-	-	-
Stock compensation related to options exercised	-	-	-	524.37	-	(524.37)	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	10,059.90	-	-	10,059.90
Interim equity dividend including dividend distribution tax thereon	-	-	-	-	-	-	-	(32.86)	-	-	(32.86)
Actuarial gain (loss) on gratuity fund including deferred tax thereon	-	-	-	-	-	-	-	-	-	29.02	29.02
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	3.77	-	3.77
Actuarial gain (loss) on gratuity fund including deferred tax thereon transferred to retained earnings	-	-	-	-	-	-	-	29.02	-	(29.02)	-
Balance as of March 31, 2018	85,416,893	427.08	1.91	13,663.54	10,145.19	1,899.06	28.91	11,895.87	9.47	-	38,071.03

(b) Year ended March 31, 2017

(Amounts in ₹ million, except share data)

Particulars	Equity share capital		Other equity							Total equity attributable to equity share holders of the Company	
	Number of shares	Share Capital	Share application money pending allotment	Securities premium	General reserve	Employee stock options outstanding	Contribution from Ultimate Holding Company	Retained earnings	Other comprehensive income		
									Foreign currency translation reserve		Remeasurmnt of defined benefit obligation
Balance as of April 1, 2016	84,856,178	424.28	3.00	11,690.10	10,145.19	1,345.71	-	16,003.25	(38.92)	-	39,572.61
<i>Changes in equity for the 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	-	-	-	-	-	-	-
Stock compensation charge	-	-	-	-	-	780.37	-	-	-	-	780.37
Forfeiture of options	-	-	-	-	-	(17.58)	-	17.58	-	-	-
Stock compensation related to options exercised	-	-	-	273.45	-	(273.45)	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	12,880.97	-	-	12,880.97
Final equity dividend including dividend distribution tax thereon	-	-	-	-	-	-	-	(9,843.42)	-	-	(9,843.42)
Interim equity dividend including dividend distribution tax thereon	-	-	-	-	-	-	-	(17,233.73)	-	-	(17,233.73)
Actuarial gain (loss) on gratuity fund including deferred tax thereon	-	-	-	-	-	-	-	-	-	(31.64)	(31.64)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	44.62	-	44.62
Actuarial gain (loss) on gratuity fund including deferred tax thereon transferred to retained earnings	-	-	-	-	-	-	-	(31.64)	-	31.64	-
Balance as of March 31, 2017	85,106,406	425.53	26.16	12,528.56	10,145.19	1,835.05	-	1,793.01	5.70	-	26,759.20

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Notes annexed to and forming part of the 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 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.

Year ended March 31, 2018				(Amounts in ₹ million)
Particulars	Products	Services	Total	
Revenue from operations	33,509.25	5,108.02	38,617.27	
Segment result	14,741.71	408.22	15,149.93	
Unallocable expenses			(1,167.06)	
Finance income			722.62	
Other income, net			163.65	
Profit before tax			14,869.14	
Tax expenses			(4,809.24)	
Profit for the year			10,059.90	

Year ended March 31, 2017				(Amounts in ₹ million)
Particulars	Products	Services	Total	
Revenue from operations	31,678.70	5,684.42	37,363.12	
Segment result	12,666.81	721.94	13,388.75	
Unallocable expenses			(990.25)	
Finance income			1,420.83	
Other income, net			215.76	
Profit before exceptional item and tax			14,035.09	
Exceptional item			2,790.84	
Profit before tax			16,825.93	
Tax expenses			(3,944.96)	
Profit for the year			12,880.97	

Other information

Year ended March 31, 2018					(Amounts in ₹ million)
Particulars	Products	Services	Unallocable	Total	
Capital expenditure by segment					
Property, plant and equipment	201.80	44.31	9.46	255.57	
Depreciation and amortization	452.76	102.76	18.01	573.53	
Other non cash expenses	(9.27)	4.54	(196.64)	(201.37)	
Segment assets	9,438.73	2,335.93	34,732.33	46,506.99	
Segment liabilities	6,654.15	1,139.82	641.99	8,435.96	
Equity	-	-	38,071.03	38,071.03	

Year ended March 31, 2017					(Amounts in ₹ million)
Particulars	Products	Services	Unallocable	Total	
Capital expenditure by segment					
Property, plant and equipment	439.53	123.63	19.15	582.31	
Depreciation and amortization	542.97	107.70	17.32	667.99	
Other non cash expenses	803.99	6.49	(82.63)	727.85	
Segment assets	9,054.47	1,973.51	39,995.22	51,023.20	
Segment liabilities	5,300.61	1,005.66	17,957.73	24,264.00	
Equity	-	-	26,759.20	26,759.20	

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

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. 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.

Geographical segments

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

Regions	Year ended March 31,			
	2018		2017	
	Amounts in ₹ million	%	Amounts in ₹ million	%
India	2,804.51	7%	2,438.04	7%
Outside India				
Americas				
United States of America	10,683.86	28%	11,226.45	30%
Rest of America	2,159.36	6%	2,284.52	6%
Europe	6,325.21	16%	6,419.37	17%
Asia Pacific	9,765.70	25%	8,966.27	24%
Middle East and Africa	6,878.63	18%	6,028.47	16%
	<u>38,617.27</u>	<u>100%</u>	<u>37,363.12</u>	<u>100%</u>

Revenue of ₹ 31,321.29 million (March 31, 2017 ₹ 30,217.48 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 :

Regions	As at			
	March 31, 2018		March 31, 2017	
	Amounts in ₹ million	%	Amounts in ₹ million	%
India	8,313.54	96%	8,582.69	97%
Outside India				
Europe	258.19	3%	221.99	2%
Asia Pacific	126.28	1%	118.28	1%
Middle East and Africa	5.50	0%	7.77	0%
	<u>8,703.51</u>	<u>100%</u>	<u>8,930.73</u>	<u>100%</u>

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

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Statement of cash flow for the year ended March 31, 2018

(Amounts in ₹ million)

	2018	2017
Cash flows from operating activities		
Profit before tax	14,869.14	16,825.93
Adjustments to reconcile profit before tax to cash (used in) provided by operating activities :		
Depreciation and amortization	573.53	667.99
Profit on sale of fixed assets, net	(2.08)	(35.15)
Profit on sale of investment in associate	(10.31)	-
Employee stock compensation expense	623.33	714.10
(Reversal) for diminution in investment in subsidiary company	(196.75)	-
(Reversal) for loss in fair value of loan	-	(82.72)
Dividend received from subsidiary companies	-	(2,790.84)
Finance income	(722.62)	(1,420.83)
Effect of exchange rate changes in cash and cash equivalents	(43.62)	(24.09)
Unrealised exchange (gain), net	(104.59)	(322.93)
Deferred rent	0.22	0.56
Impairment loss (reversed) recognized on financial assets	(67.18)	610.30
Bad debts	62.56	200.27
Operating Profit before Working Capital changes	14,981.63	14,342.59
Movements in working capital		
Decrease in other non-current assets	40.71	16.89
(Increase) decrease in trade receivables	(1,072.39)	2,429.35
Decrease (increase) in other current financial assets	168.03	(467.12)
Decrease in other current assets	13.46	118.11
Increase (decrease) in non-current financial liabilities	10.60	(1.89)
(Decrease) in other non-current liabilities	-	(28.92)
Increase in non-current employee benefit obligations	187.95	62.75
Increase (decrease) in trade payables	441.10	(167.79)
Increase (decrease) in other current financial liabilities	982.39	(3,631.40)
(Decrease) increase in other current liabilities	(234.84)	86.59
Increase in current employee benefit obligations	75.48	78.23
Cash from operating activities	15,594.12	12,837.39
Payment of domestic and foreign taxes	(4,925.03)	(5,791.60)
Net cash provided by operating activities	10,669.09	7,045.79
Cash flows from investing activities		
Additions to fixed assets including capital work-in-progress	(275.88)	(564.33)
Proceeds from sale of fixed assets	2.43	35.23
Proceeds from sale of investment in associate	16.90	-
(Placement) refund of deposits for premises and others	(0.60)	52.08
Repayment of loan by subsidiary companies	-	972.28
Bank fixed deposits having maturity of more than three months matured	8,940.00	20,847.78
Bank fixed deposits having maturity of more than three months booked	(22,007.53)	(3,801.50)
Refund of margin money deposit	-	3.72
Dividend received from subsidiaries	-	2,790.84
Interest received	415.62	1,480.54
Net cash (used in) provided by investing activities	(12,909.06)	21,816.64
Cash flows from financing activities		
Issue of shares under employee stock option plan	587.91	589.42
Final equity dividend paid	(14,499.22)	(8,501.20)
Tax on final equity dividend paid	(2,771.20)	(1,342.22)
Net cash (used in) financing activities	(16,682.51)	(9,254.00)
Net (decrease) increase in cash and cash equivalents	(18,922.48)	19,608.43
Cash and cash equivalents at beginning of the year	20,990.75	1,358.23
Effect of exchange rate changes in cash and cash equivalents	43.62	24.09
Cash and cash equivalents at end of the year	2,111.89	20,990.75

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

(Amounts in ₹ million)

Year ended March 31,

	2018	2017
Component of cash and cash equivalents		
Balances with banks:		
In current accounts	492.79	828.45
In deposit accounts with original maturity of less than three months	1,503.83	5,449.27
In unpaid dividend account*	-	14,593.93
In unclaimed dividend account**	115.27	119.10
Total cash and cash equivalents	2,111.89	20,990.75

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

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