

Oracle Financial Services Software Limited

Consolidated balance sheet as at March 31, 2019

(Amounts in ₹ million)

March 31, 2019 **March 31, 2018**

ASSETS

Non-current assets

Property, plant and equipment	2,450.09	2,180.07
Capital work-in-progress	4.53	25.86
Investment property	102.00	102.00
Goodwill	6,086.63	6,086.63
Investment in an associate	-	-
Financial assets	649.80	525.96
Deferred tax assets (net)	617.03	1,227.65
Income tax assets (net)	7,486.56	5,968.95
Other non-current assets	711.88	672.82
	18,108.52	16,789.94

Current assets

Financial Assets		
Trade receivables	9,474.76	10,074.80
Cash and cash equivalents	11,562.69	8,060.99
Other bank balances	16,716.93	18,399.68
Other current financial assets	3,357.06	5,388.90
Income tax assets (net)	28.45	72.22
Other current assets	2,066.01	545.08
	43,205.90	42,541.67

TOTAL

61,314.42 **59,331.61**

EQUITY AND LIABILITIES

Equity

Equity Share capital	428.76	426.73
Other Equity	48,936.63	46,647.20
Total equity	49,365.39	47,073.93

Non-current liabilities

Financial liabilities	32.38	35.45
Other non-current liabilities	160.62	190.53
Employee benefit obligations	1,005.21	926.34
Deferred tax liability (net)	29.80	5.30
Income tax liabilities (net)	106.84	144.34
	1,334.85	1,301.96

Current liabilities

Financial liabilities		
Trade payables		
Payable to micro and small enterprises	3.17	-
Payable to others	564.48	646.43
Other current financial liabilities	2,723.47	3,230.23
Other current liabilities	5,064.67	4,838.40
Employee benefit obligations	1,290.03	1,378.29
Income tax liabilities (net)	968.36	862.37
	10,614.18	10,955.72

TOTAL

61,314.42 **59,331.61**

Oracle Financial Services Software Limited

Consolidated statement of profit and loss for the year ended March 31, 2019

	(Amounts in ₹ million, except share data)	
	Year ended March 31,	
	2019	2018
Revenue from operations	49,589.03	45,274.72
Finance income	1,319.73	794.84
Other income, net	441.19	112.06
Total income	51,349.95	46,181.62
<u>EXPENSES</u>		
Employee benefit expenses	21,958.10	20,991.71
Travel related expenses	2,466.95	2,334.18
Professional fees	1,492.07	1,549.26
Other operating expenses	2,225.79	2,287.43
Depreciation and amortization	537.17	614.63
Total expenses	28,680.08	27,777.21
Profit before tax	22,669.87	18,404.41
Tax expenses		
Current tax	8,206.10	5,933.26
Deferred tax	604.79	100.74
Total tax expenses	8,810.89	6,034.00
Profit for the year	13,858.98	12,370.41
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Actuarial gain (loss) on gratuity fund	46.51	49.83
Deferred tax	(14.07)	(15.92)
<i>Items that will be reclassified subsequently to profit and loss</i>		
Exchange differences on translation of foreign operations	194.05	427.71
Total other comprehensive income for the year, net of tax	226.49	461.62
Total comprehensive income for the year	14,085.47	12,832.03
Profit attributable to:		
Equity holders of the Company	13,858.98	12,370.41
Non-controlling interests	-	-
	13,858.98	12,370.41
Total comprehensive income attributable to:		
Equity holders of the Company	14,085.47	12,832.03
Non-controlling interests	-	-
	14,085.47	12,832.03
Earnings per equity share of par value of ₹ 5 each (in ₹)		
Basic	161.94	145.22
Diluted	161.11	144.37

Oracle Financial Services Software Limited

Consolidated statement of changes in equity for the year ended March 31, 2019

Year ended March 31, 2019

(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, 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
<i>Changes in equity for year ended March 31, 2019</i>												
Adjustment on adoption of Ind AS 115 'Revenue from Contracts with Customers'	-	-	-	-	-	-	-	-	93.64	-	-	93.64
Application money received for exercised options	-	-	749.91	-	-	-	-	-	-	-	-	749.91
Shares issued for exercised options	362,254	1.82	(751.34)	749.52	-	-	-	-	-	-	-	-
Stock compensation charge	-	-	-	-	-	514.32	96.35	-	-	-	-	610.67
Forfeiture of options	-	-	-	-	-	(38.16)	-	-	38.16	-	-	-
Stock compensation related to options exercised	-	-	-	727.85	-	(727.85)	-	-	-	-	-	-
Sale of treasury shares	43,440	0.21	-	-	-	-	-	165.54	-	-	-	165.75
Profit for the year	-	-	-	-	-	-	-	-	13,858.98	-	-	13,858.98
Final equity dividend	-	-	-	-	-	-	-	-	(11,125.59)	-	-	(11,125.59)
Dividend distribution tax	-	-	-	-	-	-	-	-	(2,288.39)	-	-	(2,288.39)
Actuarial gain (loss) on gratuity fund including deferred tax thereon	-	-	-	-	-	-	-	-	-	-	32.44	32.44
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	194.05	-	194.05
Actuarial gain (loss) on gratuity fund including deferred tax thereon transferred to retained earnings	-	-	-	-	-	-	-	-	32.44	-	(32.44)	-
Balance as of March 31, 2019	85,751,987	428.76	0.48	15,141.21	10,145.19	1,647.37	144.52	522.70	20,328.27	1,006.89	-	49,365.39

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	-	-	-	-	-	-	-	-	(27.30)	-	-	(27.30)
Dividend distribution tax	-	-	-	-	-	-	-	-	(5.56)	-	-	(5.56)
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

Oracle Financial Services Software Limited

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

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 Process 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, 2019

(Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Total
Revenue	43,527.29	4,945.07	1,116.67	49,589.03
Segment result	21,465.57	635.61	323.37	22,424.55
Unallocable expenses				(1,515.60)
Finance income				1,319.73
Other income, net				441.19
Profit before tax				22,669.87
Tax expenses				(8,810.89)
Net profit				<u>13,858.98</u>

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
Profit before tax				18,404.41
Tax expenses				(6,034.00)
Net profit				<u>12,370.41</u>

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

Other information

Year ended March 31, 2019

(Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Unallocable	Total
Capital expenditure by segment					
Property, Plant and Equipment	613.85	151.33	8.33	35.50	809.01
Depreciation and amortisation	430.04	51.11	34.69	21.33	537.17
Other non cash expenses	210.53	29.47	0.78	0.03	240.81
Segment assets	20,650.04	2,198.82	447.13	38,018.43	61,314.42
Segment liabilities	8,807.22	845.94	117.43	2,178.44	11,949.03
Equity				49,365.39	49,365.39

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 amortization	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

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 and business process outsourcing services. The income and expenses which are not directly attributable to a business segment are classified 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 and property, plant and equipment. Segment liabilities primarily includes trade payables, deferred revenues, advance from customer, employee benefit obligations 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.

Oracle Financial Services Software Limited

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

Geographical segments

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

Regions	Year ended March 31,			
	2019		2018	
	Amounts in ₹ million	%	Amounts in ₹ million	%
India	2,758.83	6%	2,832.60	6%
Outside India				
Americas				
United States of America	13,860.50	28%	12,823.19	28%
Rest of America	3,081.22	6%	2,912.42	6%
Europe	7,841.02	16%	7,210.46	16%
Asia Pacific	12,870.22	26%	12,067.54	27%
Middle East and Africa	9,177.24	18%	7,428.51	17%
	49,589.03	100%	45,274.72	100%

Revenue of ₹ 23,142.29 million (March 31, 2018 ₹ 21,015.77 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, 2019		As at March 31, 2018	
	Amounts in ₹ million	%	Amounts in ₹ million	%
	India	10,186.07	60%	8,486.92
Outside India				
Americas				
United States of America	5,139.38	31%	5,128.12	34%
Rest of America	22.38	0%	6.35	0%
Europe	967.49	6%	980.47	7%
Asia Pacific	505.75	3%	428.98	3%
Middle East and Africa	20.62	0%	5.49	0%
	16,841.69	100%	15,036.33	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.

Oracle Financial Services Software Limited

Consolidated statement of cash flow for the year ended March 31, 2019

(Amounts in ₹ million)

Year ended March 31,

2019 2018

	2019	2018
Cash flows from operating activities		
Profit before tax	22,669.87	18,404.41
Adjustments to reconcile profit before tax to cash (used in) provided by operating activities :		
Depreciation and amortization	537.17	614.63
(Profit) on sale of fixed assets, net	(0.51)	(2.07)
(Profit) on sale of investment in associate	-	(16.91)
Impairment loss (reversed) on contract assets	(628.50)	(74.36)
Impairment loss recognised on other financial assets	3.42	4.23
Bad debts	865.89	70.09
Finance income	(1,319.73)	(794.84)
Employee stock compensation expense	610.67	683.35
Effect of exchange rate changes in cash and cash equivalent	5.75	(396.56)
Unrealised exchange (gain)/loss, net	(205.99)	206.24
Deferred rent	2.73	(7.92)
Operating Profit before Working Capital changes	22,540.77	18,690.28
Movements in working capital		
Decrease in other non current assets	21.99	41.78
Decrease (increase) in trade receivables	616.44	(2,399.77)
Decrease (increase) in other financial assets	2,117.45	(242.64)
(Increase) in other current assets	(1,483.53)	(21.77)
(Decrease) increase in non current financial liabilities	(1.71)	11.06
(Decrease) in other non-current liabilities	(28.35)	(62.62)
Increase in non current employee benefit obligations	125.38	191.96
Increase in trade payables	44.29	537.51
(Decrease) increase in other current financial liabilities	(615.23)	595.28
Increase in current liabilities	191.03	429.36
(Decrease) increase in current employee benefit obligations	(89.51)	55.30
Cash from operating activities	23,439.02	17,825.74
Payment of domestic and foreign taxes	(9,642.90)	(6,251.58)
Net cash provided by operating activities	13,796.12	11,574.16
Cash flows from investing activities		
Fixed assets including capital work in progress	(767.41)	(305.17)
Refund of deposits for premises and others	28.18	6.70
Proceeds from sale of fixed assets	2.82	3.43
Proceeds from sale of associate	-	16.91
Bank fixed deposits having maturity of more than three months matured	25,063.29	10,706.71
Bank fixed deposits having maturity of more than three months booked	(23,232.79)	(24,438.83)
Interest received	1,114.20	482.45
Net cash provided by/(used in) investing activities	2,208.29	(13,527.80)
Cash flows from financing activities		
Proceeds from issue of shares under employee stock option plan	749.91	587.91
Sale of treasury shares	165.75	357.64
Equity dividend paid	(11,124.23)	(14,470.99)
Tax on equity dividend paid	(2,288.39)	(2,771.20)
Net cash (used in) financing activities	(12,496.96)	(16,296.64)
Net increase (decrease) in cash and cash equivalents	3,507.45	(18,250.28)
Cash and cash equivalents at beginning of the year	8,060.99	25,914.71
Effect of exchange rate changes in cash and cash equivalents	(5.75)	396.56
Cash and cash equivalents at end of the year	11,562.69	8,060.99

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Consolidated statement of cash flow for the year ended March 31, 2019 (continued)

(Amounts in ₹ million)

Year ended March 31,

Component of cash and cash equivalents	2019	2018
Balances with banks:		
In current accounts*	9,734.89	6,352.67
In deposit accounts with original maturity of less than 3 months	1,711.17	1,593.05
In unclaimed dividend account**	116.63	115.27
Total cash and cash equivalents	11,562.69	8,060.99

* Current account includes ₹ 0.08 million (March 31, 2018 ₹ 39.03 million) on account of restricted cash and bank balances held by i-flex Employee Stock Option Trust controlled by the Company.

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