

Oracle Financial Services Software Limited

Consolidated balance sheet as at March 31, 2013

| | (Amounts in ₹ million) | |
|--|------------------------|------------------|
| | March 31, 2013 | March 31, 2012 |
| <u>EQUITY AND LIABILITIES</u> | | |
| Shareholders' funds | | |
| Share capital | 420.33 | 419.87 |
| Reserves and surplus | 73,644.04 | 62,753.79 |
| | 74,064.37 | 63,173.66 |
| Share application money pending allotment | - | 1.24 |
| Non- current liabilities | | |
| Deferred tax liability | 39.56 | 92.58 |
| Other Long-term liabilities | 276.98 | 228.54 |
| Long-term provisions | 601.09 | 563.58 |
| | 917.63 | 884.70 |
| Current liabilities | | |
| Trade payables | 236.93 | 272.15 |
| Other current liabilities | 7,704.10 | 6,917.97 |
| Short-term provisions | 1,245.20 | 929.99 |
| | 9,186.23 | 8,120.11 |
| TOTAL | 84,168.23 | 72,179.71 |
| <u>ASSETS</u> | | |
| Non-current assets | | |
| Fixed assets | | |
| Tangible assets | 3,858.39 | 3,726.89 |
| Intangible assets | 6,086.63 | 6,086.63 |
| Capital work-in-progress | 132.70 | 544.47 |
| Non-current investments | - | - |
| Deferred tax assets | 711.75 | 707.33 |
| Long-term loans and advances | 6,127.92 | 4,962.84 |
| Other non-current assets | 1.25 | 2.85 |
| | 16,918.64 | 16,031.01 |
| Current assets | | |
| Current investments | 9.98 | 9.98 |
| Trade receivables | 7,279.58 | 8,972.14 |
| Cash and bank balances | 54,710.29 | 39,475.91 |
| Short-term loans and advances | 789.60 | 2,939.08 |
| Other current assets | 4,460.14 | 4,751.59 |
| | 67,249.59 | 56,148.70 |
| TOTAL | 84,168.23 | 72,179.71 |

Summary of significant accounting policies

The accompanying notes form an integral part of the consolidated financial statements.

Oracle Financial Services Software Limited

Consolidated statement of profit and loss for the year ended March 31, 2013

(Amounts in ₹ million, except share data)

Year ended March 31,

2013

2012

INCOME

| | | |
|-------------------------|------------------|------------------|
| Revenue from operations | 34,739.99 | 31,466.76 |
| Other income, net | 4,595.44 | 4,217.49 |
| Total income | 39,335.43 | 35,684.25 |

EXPENSES

| | | |
|---|------------------|------------------|
| Employee costs | 17,243.55 | 15,186.98 |
| Travel related expenses (net of recoveries) | 1,645.75 | 1,445.10 |
| Professional fees | 1,810.51 | 2,005.03 |
| Other expenses | 1,848.59 | 1,718.63 |
| Depreciation and amortisation | 655.02 | 466.17 |
| Total expenses | 23,203.42 | 20,821.91 |
| Profit before exceptional item and tax | 16,132.01 | 14,862.34 |
| Exceptional item | - | 693.32 |
| Profit before tax | 16,132.01 | 14,169.02 |
| Tax expenses | | |
| Current tax | 5,441.83 | 5,030.25 |
| Deferred tax | (61.25) | 46.04 |
| Total tax expenses | 5,380.58 | 5,076.29 |
| Profit for the year | 10,751.43 | 9,092.73 |

Earnings per equity share of par value of ₹ 5 (March 31, 2012 ₹ 5) each (in ₹)

| | | |
|---------|--------|--------|
| Basic | 127.98 | 108.34 |
| Diluted | 127.40 | 108.23 |

Summary of significant accounting policies

The accompanying notes form an integral part of the consolidated financial statements.

Oracle Financial Services Software Limited

Notes annexed to and forming part of consolidated financial statements for the year ended March 31, 2013

Note 28: 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 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, Capital Markets industry.

Year ended March 31, 2013 (Amounts in ₹ million)

| Particulars | Products | Services | BPO - Services | Total |
|----------------------|-----------|----------|----------------|------------|
| Revenue | 26,011.00 | 7,737.45 | 991.54 | 34,739.99 |
| Segment result | 10,621.12 | 1,586.00 | 393.77 | 12,600.89 |
| Unallocable expenses | | | | (1,064.32) |
| Other income, net | | | | 4,595.44 |
| Profit before tax | | | | 16,132.01 |
| Tax expenses | | | | (5,380.58) |
| Net profit | | | | 10,751.43 |

Year ended March 31, 2012 (Amounts in ₹ million)

| Particulars | Products | Services | BPO - Services | Total |
|--|-----------|----------|----------------|------------|
| Revenue | 22,822.81 | 7,821.55 | 822.40 | 31,466.76 |
| Segment result | 9,744.61 | 1,954.75 | 285.24 | 11,984.60 |
| Unallocable expenses | | | | (1,339.75) |
| Other income, net | | | | 4,217.49 |
| Profit before exceptional item and tax | | | | 14,862.34 |
| Exceptional item | | | | (693.32) |
| Profit before tax | | | | 14,169.02 |
| Tax expenses | | | | (5,076.29) |
| Net profit | | | | 9,092.73 |

Oracle Financial Services Software Limited

Notes annexed to and forming part of consolidated financial statements for the year ended March 31, 2013

Year ended March 31, 2013 (Amounts in ₹ million)

| Particulars | Other information | | | | Total |
|--------------------------------|-------------------|----------|----------------|-------------|-----------|
| | Products | Services | BPO - Services | Unallocable | |
| Capital expenditure by segment | | | | | |
| Tangible assets | 659.31 | 98.12 | 2.37 | 33.25 | 793.05 |
| Depreciation and amortisation | 349.27 | 208.73 | 13.03 | 83.99 | 655.02 |
| Other non cash expenses | 71.11 | 22.90 | (0.98) | - | 93.03 |
| Segment assets | 16,663.71 | 4,485.05 | 242.86 | 62,776.61 | 84,168.23 |
| Segment liabilities | 7,606.14 | 2,177.00 | 153.45 | 167.27 | 10,103.86 |
| Shareholders' funds | | | | 74,064.37 | 74,064.37 |

Year ended March 31, 2012 (Amounts in ₹ million)

| Particulars | Other information | | | | Total |
|---|-------------------|----------|----------------|-------------|-----------|
| | Products | Services | BPO - Services | Unallocable | |
| Capital expenditure by segment | | | | | |
| Tangible assets | 469.81 | 361.51 | 9.59 | 131.56 | 972.47 |
| Depreciation and amortization | 195.71 | 163.69 | 21.99 | 84.78 | 466.17 |
| Other non cash expenses | (80.00) | (31.63) | (1.75) | - | (113.38) |
| Segment assets | 18,402.49 | 4,173.98 | 245.72 | 49,357.52 | 72,179.71 |
| Segment liabilities | 6,190.42 | 2,096.91 | 136.07 | 581.41 | 9,004.81 |
| Share application money pending allotment | | | | 1.24 | 1.24 |
| Shareholders' funds | | | | 63,173.66 | 63,173.66 |

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 fixed assets. Segment liabilities primarily includes deferred revenues, advance from customer, Accrued employee cost and other current liabilities. While most 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 OFSS group's consolidated sales by geographical market :

| Regions | Year ended March 31, | | | |
|-------------------------------|-------------------------|-------------|-------------------------|-------------|
| | 2013 | | 2012 | |
| | Amounts in ₹ million | % | Amounts in ₹ million | % |
| United States of America | 10,609.38 | 31% | 10,670.58 | 34% |
| Europe | 6,704.28 | 19% | 6,238.09 | 20% |
| Asia Pacific | 10,707.85 | 31% | 9,342.97 | 30% |
| Middle East, India and Africa | 5,837.87 | 17% | 4,528.60 | 14% |
| Latin America and Caribbean | 880.61 | 3% | 686.52 | 2% |
| | 34,739.99 | 100% | 31,466.76 | 100% |

Oracle Financial Services Software Limited

Notes annexed to and forming part of consolidated financial statements for the year ended March 31, 2013

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

| Regions | Year ended March 31, | | | |
|-------------------------------|-----------------------------|-------------|-------------------------|-------------|
| | 2013 | | 2012 | |
| | Amounts in ₹ million | % | Amounts in ₹ million | % |
| United States of America | 8,227.02 | 10% | 9,078.88 | 13% |
| Europe | 4,519.13 | 5% | 5,028.98 | 7% |
| Asia Pacific | 7,193.02 | 9% | 9,055.63 | 13% |
| Middle East, India and Africa | 63,661.48 | 75% | 48,658.29 | 66% |
| Latin America and Caribbean | 567.58 | 1% | 357.93 | 1% |
| | 84,168.23 | 100% | 72,179.71 | 100% |

The following table shows the OFSS group's consolidated additions to fixed assets and intangible assets by geographical market :

| Regions | Year ended March 31, | | | |
|-------------------------------|-----------------------------|-------------|-------------------------|-------------|
| | 2013 | | 2012 | |
| | Amounts in ₹ million | % | Amounts in ₹ million | % |
| United States of America | 5.45 | 1% | 12.36 | 1% |
| Europe | 3.10 | 0% | 49.57 | 5% |
| Asia Pacific | 5.84 | 1% | 8.82 | 1% |
| Middle East, India and Africa | 777.84 | 98% | 901.06 | 93% |
| Latin America and Caribbean | 0.82 | 0% | 0.66 | 0% |
| | 793.05 | 100% | 972.47 | 100% |

Oracle Financial Services Software Limited

Consolidated statement of cash flow for the year ended March 31, 2013

| | (Amounts in ₹ million) | |
|---|-----------------------------|-------------------|
| | Year ended March 31, | |
| | 2013 | 2012 |
| Cash flows from operating activities | | |
| Profit before tax | 16,132.01 | 14,169.02 |
| Adjustments to reconcile profit before tax to cash (used in) provided by operating activities : | | |
| Depreciation and amortization | 655.02 | 466.17 |
| (Profit) loss on sale/write off of fixed assets, net | (2.93) | 28.22 |
| Provision for doubtful debts, net | (351.28) | (182.47) |
| Bad debts | 444.31 | 69.09 |
| Interest income | (4,034.62) | (2,741.09) |
| Effect of exchange rate changes in cash and cash equivalent | (139.40) | (493.08) |
| Unrealised exchange (gain), net | (418.35) | (990.60) |
| Deferred rent | 26.25 | 5.01 |
| Finance charge on leased assets | 1.46 | 1.92 |
| Operating Profit before Working Capital changes | 12,312.47 | 10,332.19 |
| Changes in assets and liabilities, net of effect of acquisition | | |
| Decrease (increase) in trade payables | (33.80) | 109.68 |
| Increase (decrease) in other long term liabilities | 45.76 | (42.11) |
| Increase in current liabilities | 862.85 | 1,392.78 |
| Increase in long-term provisions | 100.84 | 24.08 |
| Increase (decrease) in short-term provisions | 95.16 | (4.33) |
| Decrease (increase) in trade receivables | 1,870.53 | (56.22) |
| Increase in long-term loans and advances | (95.75) | (34.51) |
| Increase in short-term loans and advances | 155.45 | (134.13) |
| Decrease (increase) in other current assets | 776.57 | (101.46) |
| Cash from operating activities | 16,090.08 | 11,485.97 |
| Payment of domestic and foreign taxes | (4,818.01) | (3,771.88) |
| Net cash provided by operating activities | 11,272.07 | 7,714.09 |
| Cash flows from investing activities | | |
| Additions to fixed assets including capital work in progress | (428.71) | (895.90) |
| Refund of short-term office deposits | 335.59 | 433.13 |
| Proceeds from sale of fixed assets | 8.81 | 8.33 |
| Bank fixed deposits having maturity of more than three months matured | 74,202.38 | 55,862.12 |
| Bank fixed deposits having maturity of more than three months booked | (89,520.50) | (64,400.19) |
| Proceeds from maturity of margin money | 0.26 | (0.04) |
| Interest received | 3,731.39 | 2,554.76 |
| Net cash used in investing activities | (11,670.78) | (6,437.79) |
| Cash flows from financing activities | | |
| Issue of shares against ESOP scheme | 160.44 | 74.78 |
| Payment of lease obligations | (8.47) | (10.41) |
| Net cash provided by financing activities | 151.97 | 64.37 |
| Net increase (decrease) in cash and cash equivalents | (246.74) | 1,340.67 |
| Cash and cash equivalents at beginning of the year | 5,152.33 | 3,318.58 |
| Effect of exchange rate changes in cash and cash equivalents | 139.40 | 493.08 |
| Cash and cash equivalents at end of the year | 5,044.99 | 5,152.33 |

Oracle Financial Services Software Limited

Consolidated statement of cash flow for the year ended March 31, 2013 (continued)

| Component of cash and cash equivalents | (Amounts in ₹ million) | |
|---|------------------------|-----------------|
| | 2013 | 2012 |
| Cash on hand | 1.82 | 2.14 |
| Cheques on hand | - | 0.55 |
| Balances with banks: | | |
| Current accounts | 4,988.63 | 4,580.70 |
| Deposit accounts with original maturity of less than 3 months | 53.00 | 566.73 |
| Unclaimed dividend accounts | 1.54 | 2.21 |
| Total cash and cash equivalents | 5,044.99 | 5,152.33 |
