

Oracle Financial Services Software Limited

Consolidated balance sheet as at March 31, 2016

(Amounts in ₹ million)

March 31, 2016 **March 31, 2015**

EQUITY AND LIABILITIES

Shareholders' funds

Share capital	424.28	423.07
Reserves and surplus	36,326.80	34,017.61
	36,751.08	34,440.68

Share application money pending allotment

3.00 **0.63**

Non- current liabilities

Deferred tax liability	5.00	19.11
Other Long-term liabilities	189.54	220.99
Long-term provisions	1,141.91	840.84
	1,336.45	1,080.94

Current liabilities

Trade payables	376.82	361.76
Other current liabilities	6,129.13	6,932.87
Short-term provisions	12,173.13	19,890.09
	18,679.08	27,184.72

TOTAL

56,769.61 **62,706.97**

ASSETS

Non-current assets

Fixed assets		
Tangible assets	2,651.88	3,024.40
Intangible assets	6,086.63	6,086.63
Capital work-in-progress	47.74	3.33
Non-current investments	-	-
Deferred tax assets	1,096.50	1,006.09
Long-term loans and advances	6,001.49	5,865.65
	15,884.24	15,986.10

Current assets

Trade receivables	8,258.53	6,016.21
Cash and bank balances	27,307.39	35,638.25
Short-term loans and advances	1,178.00	793.39
Other current assets	4,141.45	4,273.02
	40,885.37	46,720.87

TOTAL

56,769.61 **62,706.97**

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

Oracle Financial Services Software Limited

Consolidated statement of profit and loss for year ended March 31, 2016

(Amounts in ₹ million, except share data)

Year ended March 31,

	2016	2015
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INCOME

Revenue from operations	40,928.02	39,049.05
Other income, net	2,559.65	3,481.34
Total income	43,487.67	42,530.39

EXPENSES

Employee costs	19,209.01	18,479.02
Travel related expenses (net of recoveries)	1,618.67	1,343.44
Professional fees	1,453.37	1,718.66
Other expenses	1,839.98	1,999.98
Depreciation and amortisation	529.27	680.92
Total expenses	24,650.30	24,222.02
Profit before exceptional item and tax	18,837.37	18,308.37
Exceptional item	(219.33)	-
Profit before tax	18,618.04	18,308.37
Tax expenses		
Current tax	7,059.84	6,577.75
Deferred tax	(99.56)	(192.58)
Total tax expenses	6,960.28	6,385.17
Profit for the year	11,657.76	11,923.20

Earnings per equity share of par value of ₹ 5

(March 31, 2015 ₹ 5) each (in ₹)

Basic	137.58	141.30
Diluted	136.84	140.71

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 year ended March 31, 2016

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, 2016	(Amounts in ₹ million)			
Particulars	Products	Services	BPO - Services	Total
Revenue	34,319.99	5,460.68	1,147.35	40,928.02
Segment result	16,388.49	700.34	184.71	17,273.54
Unallocable expenses				(1,215.15)
Other income, net				2,559.65
Profit before tax				18,618.04
Tax expenses				(6,960.28)
Net profit				<u>11,657.76</u>

Year ended March 31, 2015	(Amounts in ₹ million)			
Particulars	Products	Services	BPO - Services	Total
Revenue	31,814.78	6,192.38	1,041.89	39,049.05
Segment result	14,503.82	1,008.94	321.30	15,834.06
Unallocable expenses				(1,007.03)
Other income, net				3,481.34
Profit before tax				18,308.37
Tax expenses				(6,385.17)
Net profit				<u>11,923.20</u>

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Notes annexed to and forming part of consolidated financial statements for year ended March 31, 2016

Other information

Year ended March 31, 2016

(Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Unallocable	Total
Capital expenditure by segment					
Tangible assets	174.70	31.45	1.00	18.78	225.93
Depreciation and amortisation	384.82	96.66	26.40	21.39	529.27
Other non cash expenses	16.61	5.74	15.60	-	37.95
Segment assets	17,517.51	2,615.51	302.10	36,334.49	56,769.61
Segment liabilities	6,722.66	861.07	121.87	12,309.93	20,015.53
Share application money pending allotment				3.00	3.00
Shareholders' funds				36,751.08	36,751.08

Year ended March 31, 2015

(Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Unallocable	Total
Capital expenditure by segment					
Tangible assets	174.77	68.52	3.43	26.61	273.33
Depreciation and amortization	473.31	138.67	37.05	31.89	680.92
Other non cash expenses	111.14	51.23	-	-	162.37
Segment assets	15,306.06	3,078.18	259.48	44,063.25	62,706.97
Segment liabilities	7,044.97	1,059.41	146.63	20,014.65	28,265.66
Share application money pending allotment				0.63	0.63
Shareholders' funds				34,440.68	34,440.68

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,			
	2016		2015	
	Amounts in ₹ million	%	Amounts in ₹ million	%
United States of America	13,703.50	34%	12,167.14	31%
Europe	7,093.59	17%	7,468.05	19%
Asia Pacific	10,277.98	25%	10,250.23	26%
Middle East, India and Africa	8,866.49	22%	8,174.87	21%
Latin America and Caribbean	986.46	2%	988.76	3%
	40,928.02	100%	39,049.05	100%

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Notes annexed to and forming part of consolidated financial statements for year ended March 31, 2016

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

Regions	Year ended March 31,			
	2016		2015	
	Amounts in ₹ million	%	Amounts in ₹ million	%
United States of America	9,305.64	16%	8,714.72	14%
Europe	5,137.54	9%	4,367.06	7%
Asia Pacific	5,779.72	10%	6,442.91	10%
Middle East, India and Africa	35,801.06	64%	42,579.50	68%
Latin America and Caribbean	745.65	1%	602.79	1%
	56,769.61	100%	62,706.97	100%

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

Regions	Year ended March 31,			
	2016		2015	
	Amounts in ₹ million	%	Amounts in ₹ million	%
United States of America	5.82	3%	6.15	2%
Europe	2.34	1%	4.32	2%
Asia Pacific	6.58	3%	7.02	3%
Middle East, India and Africa	210.75	93%	254.71	93%
Latin America and Caribbean	0.44	0%	1.13	0%
	225.93	100%	273.33	100%

Previous year's figures have been reclassified, where necessary to conform with current period's presentation.

Oracle Financial Services Software Limited

Consolidated statement of cash flow for year ended March 31, 2016

	(Amounts in ₹ million)	
	Year ended March 31,	
	2016	2015
Cash flows from operating activities		
Profit before tax	18,618.04	18,308.37
Adjustments to reconcile profit before tax to cash (used in) provided by operating activities :		
Depreciation and amortization	529.27	680.92
Loss on sale/write off of fixed assets, net	62.46	10.23
Provision for doubtful debts, net	(141.51)	(43.25)
Bad debts	179.46	205.62
Interest income	(2,035.97)	(4,104.03)
Employee stock compensation expense	369.95	-
Effect of exchange rate changes in cash and cash equivalent	(377.00)	249.13
Unrealised exchange (gain) loss, net	(762.03)	612.51
Deferred rent	(46.86)	(8.15)
Finance charge on leased assets	0.04	0.08
Operating Profit before Working Capital changes	16,395.85	15,911.43
Changes in assets and liabilities, net of effect of acquisition		
Increase (decrease) in trade payables	10.84	(110.82)
(Decrease) in other long term liabilities	(32.82)	(39.60)
(Decrease) increase in current liabilities	(652.33)	498.22
Increase in long-term provisions	58.99	133.83
Increase in short-term provisions	153.84	163.94
(Increase) decrease in trade receivables	(1,951.48)	280.32
Decrease (increase) in long-term loans and advances	88.60	(89.70)
(Increase) decrease in short-term loans and advances	(246.87)	230.67
Decrease in other current assets	338.94	1,033.33
Cash from operating activities	14,163.56	18,011.62
Payment of domestic and foreign taxes	(7,020.75)	(7,407.71)
Net cash provided by operating activities	7,142.81	10,603.91
Cash flows from investing activities		
Additions to fixed assets including capital work in progress	(270.35)	(151.45)
Refund of deposits for premises and others	170.40	6.22
Proceeds from sale of fixed assets	9.61	18.66
Bank fixed deposits having maturity of more than three months matured	33,713.79	69,255.85
Bank fixed deposits having maturity of more than three months booked	(25,881.78)	(37,447.69)
Interest received	2,045.43	5,579.77
Net cash provided by investing activities	9,787.10	37,261.36
Cash flows from financing activities		
Issue of shares under ESOP scheme	575.18	1,094.59
Payment of lease obligations	(1.06)	(1.62)
Equity dividend paid	(15,259.35)	(41,017.77)
Tax on equity dividend paid	(3,106.50)	(6,970.97)
Net cash (used in) financing activities	(17,791.73)	(46,895.77)
Net increase in cash and cash equivalents	(861.82)	969.50
Cash and cash equivalents at beginning of the year	5,914.49	5,194.12
Effect of exchange rate changes in cash and cash equivalents	377.00	(249.13)
Cash and cash equivalents at end of the year	5,429.67	5,914.49

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Consolidated statement of cash flow for year ended March 31, 2016 (continued)

Component of cash and cash equivalents	(Amounts in ₹ million)	
	Year ended March 31, 2016	2015
Balances with banks:		
Current accounts	5,023.42	5,776.09
Deposit accounts with original maturity of less than 3 months	271.00	36.00
Unclaimed dividend account*	135.25	102.40
Total cash and cash equivalents	5,429.67	5,914.49

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