

Oracle Financial Services Software Limited

Balance sheet as at March 31, 2016

(Amounts in ₹ million)

<u>EQUITY AND LIABILITIES</u>	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Shareholders' funds		
Share capital	424.28	423.07
Reserves and surplus	29,466.04	29,483.64
	29,890.32	29,906.71
Share application money pending allotment	3.00	0.63
Non-current liabilities		
Other long-term liabilities	155.57	176.57
Long-term provisions	633.90	576.77
	789.47	753.34
Current liabilities		
Trade payables	265.65	242.65
Other current liabilities	7,800.81	7,604.68
Short-term provisions	11,719.30	19,524.47
	19,785.76	27,371.80
TOTAL	50,468.55	58,032.47
<u>ASSETS</u>		
Non-current assets		
Fixed assets		
Tangible assets	2,615.33	2,972.71
Intangible assets	-	-
Capital work-in-progress	24.31	2.96
Non-current investments	7,210.28	7,282.40
Deferred tax assets	1,007.03	919.81
Long-term loans and advances	6,193.42	6,471.62
Other non-current assets	191.71	196.16
	17,242.08	17,845.66
Current assets		
Trade receivables	8,004.33	6,910.80
Cash and bank balances	21,736.83	30,154.06
Short-term loans and advances	770.91	478.92
Other current assets	2,714.40	2,643.03
	33,226.47	40,186.81
TOTAL	50,468.55	58,032.47

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

Oracle Financial Services Software Limited

Statement of profit and loss for the year ended March 31, 2016

(Amounts in ₹ million, except share data)

	Year ended March 31,	
	2016	2015
<u>INCOME</u>		
Revenue from operations	34,868.09	33,410.95
Other income, net	1,864.92	3,758.99
Total income	36,733.01	37,169.94
<u>EXPENSES</u>		
Employee costs	16,668.65	15,973.70
Travel related expenses (net of recoveries)	1,334.26	1,073.84
Professional fees	1,638.94	1,867.07
Other expenses	1,582.49	1,484.67
Depreciation and amortization	497.72	634.37
Total expenses	21,722.06	21,033.65
Profit before tax	15,010.95	16,136.29
Tax expenses		
Current tax	5,809.67	5,682.85
Deferred tax	(87.22)	(126.76)
Total tax expenses	5,722.45	5,556.09
Profit for the year	9,288.50	10,580.20
Earnings per equity share of par value of ₹ 5 (March 31, 2015 ₹ 5) each (in ₹)		
Basic	109.62	125.38
Diluted	109.03	124.86

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

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

Note : 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 organised by business segment and geographically. For management purposes the Company is primarily organised 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, 2016		(Amounts in ₹ million)		
Particulars	Products	Services	Total	
Revenue	29,163.76	5,704.33	34,868.09	
Segment result	13,407.48	792.26	14,199.74	
Unallocable expenses			(1,053.71)	
Other income, net			1,864.92	
Profit before tax			15,010.95	
Tax expenses			5,722.45	
Net profit			9,288.50	

Year ended March 31, 2015		(Amounts in ₹ million)		
Particulars	Products	Services	Total	
Revenue	27,084.10	6,326.85	33,410.95	
Segment result	11,963.43	1,112.92	13,076.35	
Unallocable expenses			(699.05)	
Other income, net			3,758.99	
Profit before tax			16,136.29	
Tax expenses			5,556.09	
Net profit			10,580.20	

Other information

Year ended March 31, 2016		(Amounts in ₹ million)			
Particulars	Products	Services	Unallocable	Total	
Capital expenditure by segment					
Tangible assets	174.70	31.45	4.91	211.06	
Depreciation and amortisation	362.79	116.65	18.28	497.72	
Other non cash expenses	49.94	(18.54)	-	31.40	
Segment assets	11,626.02	2,142.12	36,700.41	50,468.55	
Segment liabilities	8,055.91	1,585.64	10,933.68	20,575.23	
Share application money pending allotment	-	-	3.00	3.00	
Shareholders' funds	-	-	29,890.32	29,890.32	

Year ended March 31, 2015		(Amounts in ₹ million)			
Particulars	Products	Services	Unallocable	Total	
Capital expenditure by segment					
Tangible assets	174.77	68.52	7.64	250.93	
Depreciation and amortisation	444.73	165.11	24.53	634.37	
Other non cash expenses	101.14	25.40	-	126.54	
Segment assets	9,860.03	3,099.40	45,073.04	58,032.47	
Segment liabilities	7,260.85	1,893.94	18,970.35	28,125.14	
Share application money pending allotment	-	-	0.63	0.63	
Shareholders' funds	-	-	29,906.70	29,906.70	

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.

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

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 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,			
	2016		2015	
	Amounts in ₹ million	%	Amounts in ₹ million	%
United States of America	11,522.67	33%	10,443.49	31%
Europe	6,034.48	17%	6,197.18	19%
Asia Pacific	8,188.70	23%	8,450.90	25%
Middle East, India and Africa	8,550.45	25%	7,799.83	23%
Latin America and Caribbean	571.79	2%	519.55	2%
	34,868.09	100%	33,410.95	100%

The following table shows the Company's assets by geographical market :

Regions	Year ended March 31,			
	2016		2015	
	Amounts in ₹ million	%	Amounts in ₹ million	%
United States of America	9,602.88	19%	9,914.47	17%
Europe	2,285.44	5%	1,926.93	3%
Asia Pacific	3,984.38	8%	4,654.91	8%
Middle East, India and Africa	34,390.39	68%	41,317.42	71%
Latin America and Caribbean	205.46	1%	218.74	1%
	50,468.55	100%	58,032.47	100%

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

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Statement of cash flow for the year ended March 31, 2016

	(Amounts in ₹ million)	
	Year ended March 31,	
	2016	2015
Cash flows from operating activities		
Profit before tax	15,010.95	16,136.29
Adjustments to reconcile profit before tax to cash (used in) provided by operating activities :		
Depreciation and amortization	497.72	634.37
Loss (profit) on sale of fixed assets, net	68.66	7.56
Interest income	(1,985.70)	(4,048.08)
Effect of exchange rate changes in cash and cash equivalent	13.41	(6.32)
Unrealised exchange (gain) loss, net	(284.22)	(252.70)
Employee stock compensation expense	369.95	-
Finance charge on leased assets	0.04	0.08
Deferred rent	(25.75)	12.67
Provision for diminution in value of investments in subsidiary company	154.49	-
Provision for doubtful debts, net	(99.69)	(59.51)
Bad debts	131.09	186.05
Operating Profit before Working Capital changes	13,850.95	12,610.41
Movements in working capital		
(Increase) decrease in trade receivables	(1,128.25)	4,429.86
(Increase) decrease in other current assets	(86.62)	1,878.42
Decrease in short-term loans and advances	123.84	276.75
Decrease (increase) in long-term loans and advances	88.43	(89.32)
Increase (decrease) in trade payables	23.00	(118.30)
Increase (decrease) in other current liabilities	53.86	(3,095.96)
(Decrease) increase in other long-term liabilities	(21.00)	2.19
Increase in other short-term provisions	140.99	164.18
Increase in other long-term provisions	57.13	127.56
Cash from operating activities	13,102.33	16,185.79
Payment of domestic and foreign taxes	(5,717.91)	(6,442.26)
Net cash provided by operating activities	7,384.42	9,743.53
Cash flows from investing activities		
Additions to fixed assets including capital work-in-progress and advances	(232.41)	(135.27)
Refund of deposits for premises and others	170.40	5.27
Proceeds from sale of fixed assets	2.05	17.63
Repayment of current loan by subsidiary company	80.00	30.00
Bank fixed deposits having maturity of more than three months matured	32,549.77	68,403.52
Bank fixed deposits having maturity of more than three months booked	(23,683.23)	(36,513.78)
Interest received	1,983.45	5,516.09
Net cash provided by investing activities	10,870.03	37,323.46
Cash flows from financing activities		
Issue of shares under employee stock option 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 decrease in cash and cash equivalents	462.72	171.22
Cash and cash equivalents at beginning of the year	908.92	731.38
Effect of exchange rate changes	(13.41)	6.32
Cash and cash equivalents at end of the year	1,358.23	908.92

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Statement of cash flow for the year ended March 31, 2016 (continued)

(Amounts in ₹ million)

	Year ended March 31,	
	2016	2015
Component of cash and cash equivalents		
Balances with banks:		
Current accounts	1,052.95	806.52
Deposit accounts with original maturity of less than 3 months	170.03	-
Unclaimed dividend account *	135.25	102.40
Total cash and cash equivalents [Refer note 13(a)]	1,358.23	908.92

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