

Oracle Financial Services Software Limited

Unaudited Condensed Consolidated Balance Sheet as at September 30, 2017

	(Amounts in ₹ million)	
	September 30, 2017	March 31, 2017
<u>ASSETS</u>		
Non-current assets		
Property, Plant and Equipment	2,322.89	2,509.24
Capital work-in-progress	14.11	8.16
Investment property	102.00	102.00
Goodwill	6,086.63	6,086.63
Investment in an associate	-	-
Financial assets	581.06	577.02
Deferred tax assets (net)	1,369.63	1,346.28
Income tax assets (net)	5,440.45	5,858.54
Other non-current assets	689.66	714.59
	16,606.43	17,202.46
Current assets		
Financial Assets		
Trade receivables	10,749.67	7,180.14
Cash and cash equivalents	9,214.44	25,914.71
Other bank balances	9,107.00	4,402.24
Other current financials assets	6,101.95	4,916.81
Income tax assets (net)	-	78.03
Other current assets	766.22	513.97
	35,939.28	43,005.90
TOTAL	52,545.71	60,208.36
<u>EQUITY AND LIABILITIES</u>		
Equity		
Equity share capital	425.84	424.70
Other equity	40,472.62	32,221.16
Total equity	40,898.46	32,645.86
Non-current liabilities		
Financial liabilities	27.38	23.90
Other non-current liabilities	216.84	244.77
Employee benefit obligations	832.47	784.21
Deferred tax liability (net)	8.39	6.57
Income tax liabilities (net)	294.76	261.33
	1,379.84	1,320.78
Current liabilities		
Financial liabilities		
Trade payables	149.58	108.37
Other current financial liabilities	3,394.16	19,733.03
Other current liabilities	4,467.66	4,136.93
Employee benefit obligations	1,349.78	1,317.73
Income tax liabilities (net)	906.23	945.66
	10,267.41	26,241.72
TOTAL	52,545.71	60,208.36

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

Oracle Financial Services Software Limited

Unaudited Condensed Consolidated Statement of Profit and Loss for three and six month period ended September 30, 2017

(Amounts in ₹ million, except share data)

	Three month period ended September 30,		Six month period ended September 30,	
	2017	2016	2017	2016
Revenue from operations	11,895.27	10,652.85	23,932.84	22,424.19
Finance income	114.71	384.80	293.24	799.85
Other income, net	(30.15)	(100.09)	(40.51)	20.00
Total income	11,979.83	10,937.56	24,185.57	23,244.04
EXPENSES				
Employee benefit expenses	5,248.76	5,169.71	10,576.18	10,665.05
Travel related expenses	620.33	653.53	1,161.53	1,259.01
Professional fees	393.10	448.04	777.88	885.66
Other operating expenses	496.97	549.70	1,030.56	1,030.86
Depreciation and amortization	157.89	181.65	321.33	373.46
Total expenses	6,917.05	7,002.63	13,867.48	14,214.04
Profit before Share of (loss) of an associate and tax	5,062.78	3,934.93	10,318.09	9,030.00
Share in (loss) of associate	-	(1.11)	-	(2.72)
Profit before tax	5,062.78	3,933.82	10,318.09	9,027.28
Tax expenses				
Current tax	1,684.81	1,239.27	3,223.36	2,939.38
Deferred tax	(41.14)	(223.93)	(20.86)	(292.81)
Total tax expenses	1,643.67	1,015.34	3,202.50	2,646.57
Profit for the period	3,419.11	2,918.48	7,115.59	6,380.71
Other comprehensive income				
Items that will not be reclassified to profit and loss				
Actuarial gain (loss) on gratuity fund	8.38	(16.04)	2.55	(29.84)
Deferred tax	(2.90)	5.55	(0.88)	10.33
Items that will be reclassified subsequently to profit and loss				
Exchange differences on translation of foreign operations	241.70	69.06	356.31	205.14
Total other comprehensive income for the period, net of tax	247.18	58.57	357.98	185.63
Total comprehensive income for the period	3,666.29	2,977.05	7,473.57	6,566.34
Profit attributable to:				
Equity holders of the Company	3,419.11	2,918.48	7,115.59	6,380.71
Non-controlling interests	-	-	-	-
	3,419.11	2,918.48	7,115.59	6,380.71
Total comprehensive income attributable to:				
Equity holders of the Company	3,666.29	2,977.05	7,473.57	6,566.34
Non-controlling interests	-	-	-	-
	3,666.29	2,977.05	7,473.57	6,566.34
Earnings per equity share of par value of ₹ 5 each (in ₹)				
Basic	40.15	34.42	83.58	75.29
Diluted	40.01	34.31	83.26	75.04
Weighted average number of shares used in computing earnings per share				
Basic	85,156,500	84,787,542	85,137,581	84,751,200
Diluted	85,464,253	85,073,576	85,466,993	85,033,229

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

Oracle Financial Services Software Limited

Unaudited Condensed Consolidated Statements of Changes in Equity for six month period ended September 30, 2017

Six month period ended September 30, 2017

(Amounts in ₹ million, except share data)

Particulars	Equity share capital		Other equity							Other comprehensive income		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	Gain on Treasury shares	Retained earnings	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 six month period ended September 30, 2017</i>												
Application money received for exercised options	-	-	376.57	-	-	-	-	-	-	-	376.57	
Shares issued for exercised options	202,642	1.02	(399.96)	398.94	-	-	-	-	-	-	-	
Stock compensation charge	-	-	-	-	-	345.39	-	-	-	-	345.39	
Forfeiture of options	-	-	-	-	-	(16.72)	-	16.72	-	-	-	
Stock compensation related to options exercised	-	-	-	336.30	-	(336.30)	-	-	-	-	-	
Sale of treasury shares	25,142	0.12	-	-	-	-	89.81	-	-	-	89.93	
Profit for the period	-	-	-	-	-	-	-	7,115.59	-	-	7,115.59	
Final equity dividend including dividend distribution tax thereon	-	-	-	-	-	-	-	(32.86)	-	-	(32.86)	
Interim equity dividend including dividend distribution tax thereon	-	-	-	-	-	-	-	-	-	-	-	
Actuarial gain / (loss) on gratuity fund including deferred tax thereon	-	-	-	-	-	-	-	-	-	1.67	1.67	
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	356.31	-	356.31	
Actuarial gain / loss on gratuity fund including deferred tax thereon transferred to retained earnings	-	-	-	-	-	-	-	1.67	-	(1.67)	-	
Balance as of September 30, 2017	85,168,048	425.84	2.77	13,264.10	10,145.19	1,827.42	89.81	14,401.89	741.44	-	40,898.46	

Six month period ended September 30, 2016

(Amounts in ₹ million, except share data)

Particulars	Equity share capital		Other equity							Other comprehensive income		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	Gain on Treasury shares	Retained earnings	Foreign currency translation reserve	Remeasurement of defined benefit obligation		
Balance as of April 1, 2016	84,690,036	423.45	3.00	11,690.40	10,145.19	1,345.71	-	22,569.41	561.58	-	46,738.74	
<i>Changes in equity for six month period ended September 30, 2016</i>												
Application money received for exercised options	-	-	392.97	-	-	-	-	-	-	-	392.97	
Shares issued for exercised options	160,823	0.80	(388.45)	387.65	-	-	-	-	-	-	-	
Stock compensation charge	-	-	-	-	-	406.78	-	-	-	-	406.78	
Stock compensation related to options exercised	-	-	-	153.75	-	(153.75)	-	-	-	-	-	
Profit for the period	-	-	-	-	-	-	-	6,380.71	-	-	6,380.71	
Final equity dividend including dividend distribution tax thereon	-	-	-	-	-	-	-	(9,826.81)	-	-	(9,826.81)	
Actuarial gain / (loss) on gratuity fund including deferred tax thereon	-	-	-	-	-	-	-	-	-	(19.51)	(19.51)	
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	205.14	-	205.14	
Actuarial gain / loss on gratuity fund including deferred tax thereon transferred to retained earnings	-	-	-	-	-	-	-	(19.51)	-	19.51	-	
Balance as of September 30, 2016	84,850,859	424.25	7.52	12,231.80	10,145.19	1,598.74	-	19,103.80	766.72	-	44,278.02	

Oracle Financial Services Software Limited

Consolidated Statements of Changes in Equity for the year ended March 31, 2017

Year ended March 31, 2017

(Amounts in ₹ million, except share data)

Particulars	Equity share capital		Other equity							Other comprehensive income		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	Gain on Treasury shares	Retained earnings	Foreign currency translation reserve	Remeasurement of defined benefit obligation		
Balance as of April 1, 2016	84,690,036	423.45	3.00	11,690.40	10,145.19	1,345.71	-	22,569.41	561.58	-	46,738.74	
<i>Changes in equity for 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	-	-	-	-	-	780.44	-	-	-	-	780.44	
Forfeiture of options	-	-	-	-	-	(17.65)	-	17.65	-	-	-	
Stock compensation related to options exercised	-	-	-	273.45	-	(273.45)	-	-	-	-	-	
Profit for the year	-	-	-	-	-	-	-	11,853.85	-	-	11,853.85	
Final equity dividend including dividend distribution tax thereon	-	-	-	-	-	-	-	(9,902.95)	-	-	(9,902.95)	
Interim equity dividend including dividend distribution tax thereon	-	-	-	-	-	-	-	(17,205.48)	-	-	(17,205.48)	
Actuarial loss on gratuity fund including deferred tax thereon	-	-	-	-	-	-	-	-	-	(31.71)	(31.71)	
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(176.45)	-	(176.45)	
Actuarial loss on gratuity fund including deferred tax thereon transferred to retained earnings	-	-	-	-	-	-	-	(31.71)	-	31.71	-	
Balance as of March 31, 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	

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

Oracle Financial Services Software Limited

Notes annexed to and forming part of the unaudited condensed consolidated financial statements for three and six month period ended September 30, 2017

Note 1: Corporate information

Oracle Financial Services Software Limited (the “Company”) was incorporated in India with limited liability on September 27, 1989. The Company is domiciled in India and has its registered office at Mumbai, Maharashtra, India. The Company is a subsidiary of Oracle Global (Mauritius) Limited holding 74.03% (March 31, 2017 - 74.23%) ownership interest in the Company as at September 30, 2017.

The Company along with its subsidiaries and associate is principally engaged in the business of providing information technology solutions and business processing services to the financial services industry worldwide. The Company has a suite of banking products, which caters to the transaction processing and compliance needs of corporate, retail and investment banks across the world.

The unaudited condensed consolidated financial statements for the three and six month period ended September 30, 2017 were approved by the Company’s Board of Directors and authorized for issue on November 10, 2017.

The Company has following subsidiaries, associate and controlled entities (hereinafter collectively referred as the “OFSS group”):

Companies	Country of Incorporation	Holding %	Relationship
Direct holding			
Oracle Financial Services Software B.V.	The Netherlands	100%	Subsidiary
Oracle Financial Services Software Pte. Ltd.	Singapore	100%	Subsidiary
Oracle Financial Services Software America, Inc.	United States of America	100%	Subsidiary
ISP Internet Mauritius Company	Republic of Mauritius	100%	Subsidiary
Oracle (OFSS) Processing Services Limited	India	100%	Subsidiary
Oracle (OFSS) ASP Private Limited	India	100%	Subsidiary
Oracle Financial Services Software Chile Limitada	Chile	100%	Subsidiary
Oracle Financial Services Software (Shanghai) Limited	Republic of China	100%	Subsidiary
i-flex Employee Stock Option Trust	India	–	Controlled trust
Login SA (till July 4, 2017)	France	33%	Associate
Subsidiaries of Oracle Financial Services Software America, Inc.			
Oracle Financial Services Software, Inc.	United States of America	100%	Subsidiary
Mantas Inc.	United States of America	100%	Subsidiary
Subsidiaries of Mantas Inc.			
Sotas Inc.	United States of America	100%	Subsidiary
Subsidiaries of Sotas Inc.			
Mantas India Private Limited	India	100%	Subsidiary
Subsidiary of Oracle Financial Services Software B.V.			
Oracle Financial Services Software SA	Greece	100%	Subsidiary
Subsidiary of Oracle Financial Services Software Pte. Ltd.			
Oracle Financial Services Consulting Pte. Ltd.	Singapore	100%	Subsidiary
Subsidiaries of ISP Internet Mauritius Company			
Oracle (OFSS) BPO Services Inc.	United States of America	100%	Subsidiary
Oracle (OFSS) BPO Services Limited	India	100%	Subsidiary

Oracle Financial Services Software Limited

Notes annexed to and forming part of the unaudited condensed consolidated financial statements for three and six month period ended September 30, 2017

2. Accounting policies

The OFSS Group adopted Indian Accounting Standards (Ind AS) from April 1, 2016. These interim consolidated financial statements have been prepared in accordance with Ind AS 34 - Interim Financial Reporting as prescribed under Section 133 of the Companies Act, 2013 (the 'Act') read with relevant rules of the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

The OFSS Group has followed the same accounting policies and methods of computation in preparing the interim financial statements as were followed for the year ended March 31, 2017.

3. Capital Commitments

	(Amounts in ₹ million)	
Particulars	September 30, 2017	March 31, 2017
Contracts remaining to be executed on capital account not provided for (net of advances)	207.51	224.42

4. SEGMENT INFORMATION

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')

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 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.

Three month period ended September 30, 2017 (Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Total
Revenue	10,373.28	1,229.23	292.76	11,895.27
Segment result	5,107.52	114.01	128.28	5,349.81
Unallocable expenses				(371.59)
Finance income				114.71
Other income, net				(30.15)
Share in (loss) of associate				-
Profit before tax				5,062.78
Tax expenses				(1,643.67)
Profit for the period				3,419.11

Three month period ended September 30, 2016 (Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Total
Revenue from operations	8,966.46	1,363.61	322.78	10,652.85
Segment result	3,643.02	171.63	122.92	3,937.57
Unallocable expenses				(287.35)
Finance income				384.80
Other income, net				(100.09)
Share in (loss) of associate				(1.11)
Profit before tax				3,933.82
Tax expenses				(1,015.34)
Profit for the period				2,918.48

Oracle Financial Services Software Limited

Notes annexed to and forming part of the unaudited condensed consolidated financial statements for three and six month period ended September 30, 2017

Six month period ended September 30, 2017

(Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Total
Revenue from operations	20,898.03	2,458.63	576.18	23,932.84
Segment result	10,443.34	201.77	219.18	10,864.29
Unallocable expenses				(798.93)
Finance income				293.24
Other income, net				(40.51)
Share in (loss) of associate				-
Profit before tax				10,318.09
Tax expenses				(3,202.50)
Profit for the period				7,115.59

Six month period ended September 30, 2016

(Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Total
Revenue from operations	18,948.48	2,860.97	614.74	22,424.19
Segment result	8,183.05	361.52	212.11	8,756.68
Unallocable expenses				(546.53)
Finance income				799.85
Other income, net				20.00
Share in (loss) of associate				(2.72)
Profit before tax				9,027.28
Tax expenses				(2,646.57)
Profit for the period				6,380.71

Three month period ended September 30, 2017

(Amounts in ₹ million)

Particulars	Other information				Total
	Products	Services	BPO - Services	Unallocable	
Capital expenditure by segment					
Property, Plant and Equipment	46.41	7.80	6.07	5.05	65.33
Depreciation and amortisation	120.00	21.92	8.91	7.06	157.89
Other non cash expenses	(5.96)	0.01	(6.55)	-	(12.50)
Segment assets	22,807.32	2,437.93	431.13	26,869.33	52,545.71
Segment liabilities	8,186.94	851.44	122.63	2,486.24	11,647.25
Equity	-	-	-	40,898.46	40,898.46

Three month period ended September 30, 2016

(Amounts in ₹ million)

Particulars	Other information				Total
	Products	Services	BPO - Services	Unallocable	
Capital expenditure by segment					
Property, Plant and Equipment	75.73	16.95	46.46	(59.96)	79.18
Depreciation and amortisation	158.87	21.44	(3.96)	5.30	181.65
Other non cash expenses	144.63	(0.04)	0.06	0.06	144.71
Segment assets	18,358.02	2,917.31	322.23	32,987.21	54,584.77
Segment liabilities	7,592.41	882.38	121.09	1,710.87	10,306.75
Equity	-	-	-	44,278.02	44,278.02

Oracle Financial Services Software Limited

Notes annexed to and forming part of the unaudited condensed consolidated financial statements for three and six month period ended September 30, 2017

Six month period ended September 30, 2017

(Amounts in ₹ million)

Particulars	Other information				Total
	Products	Services	BPO - Services	Unallocable	
Capital expenditure by segment					
Property, Plant and Equipment	95.34	18.78	8.49	11.35	133.96
Depreciation and amortisation	244.67	43.59	17.09	15.98	321.33
Other non cash expenses	(38.10)	(5.77)	(6.43)	0.06	(50.24)
Segment assets	22,807.32	2,437.93	431.13	26,869.33	52,545.71
Segment liabilities	8,186.94	851.44	122.63	2,486.24	11,647.25
Equity	-	-	-	40,898.46	40,898.46

Six month period ended September 30, 2016

(Amounts in ₹ million)

Particulars	Other information				Total
	Products	Services	BPO - Services	Unallocable	
Capital expenditure by segment					
Property, Plant and Equipment	381.09	111.08	46.46	26.31	564.94
Depreciation and amortisation	301.60	45.32	15.59	10.95	373.46
Other non cash expenses	174.84	(0.15)	0.12	0.14	174.95
Segment assets	18,358.02	2,917.31	322.23	32,987.21	54,584.77
Segment liabilities	7,592.41	882.38	121.09	1,710.87	10,306.75
Equity	-	-	-	44,278.02	44,278.02

Oracle Financial Services Software Limited

Unaudited Condensed Consolidated Statement of Cash Flow for the six month period ended September 30, 2017

(Amounts in ₹ million)

Six month period ended September 30,

	2017	2016
Net cash provided by operating activities	4,328.80	5,707.61
Net cash (used in) provided by investing activities	(4,548.38)	6,726.61
Net cash (used in) financing activities	(16,771.84)	(9,433.84)
Net (decrease) increase in cash and cash equivalents	(16,991.42)	3,000.38
Cash and cash equivalents at beginning of the period	25,914.71	5,789.66
Effect of exchange difference on cash and bank balances	291.15	116.26
Cash and cash equivalents at end of the period	9,214.44	8,906.30

Component of cash and cash equivalents

Balances with banks:

In current accounts*	8,228.61	7,589.15
In deposit accounts with original maturity of less than three months	860.27	1,197.48
In unclaimed dividend account**	125.56	119.67
Total cash and cash equivalents	9,214.44	8,906.30

*Current account includes ₹ 2.29 (September 30, 2016 ₹ 2.51) 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 unpaid dividend.