

Oracle Financial Services Software Limited

Balance sheet as at March 31, 2019

(Amounts in ₹ million)

	March 31, 2019	March 31, 2018
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	2,385.67	2,109.81
Capital work-in-progress	4.05	24.48
Investment property	102.00	102.00
Financial assets		
Investments in subsidiaries	7,650.28	7,780.49
Other non-current financial assets	622.17	523.17
Deferred tax assets (net)	415.67	1,053.11
Income tax assets (net)	7,225.51	5,794.41
Other non-current assets	661.30	672.81
	19,066.65	18,060.28
Current assets		
Financial assets		
Trade receivables	4,866.30	6,317.93
Cash and cash equivalents	2,713.65	2,111.89
Other bank balances	14,351.10	16,689.01
Other current financial assets	2,237.33	2,971.79
Other current assets	1,218.72	356.09
	25,387.10	28,446.71
TOTAL	44,453.75	46,506.99
<u>EQUITY AND LIABILITIES</u>		
Equity		
Equity share capital	428.90	427.08
Other equity	38,374.84	37,643.95
Total equity	38,803.74	38,071.03
Non-current liabilities		
Financial liabilities	-	31.74
Other non-current liabilities	123.46	133.20
Employee benefit obligations	965.71	888.17
	1,089.17	1,053.11
Current liabilities		
Financial liabilities		
Trade payables		
Payable to micro and small enterprises	3.04	-
Payable to others	420.05	555.40
Other current financial liabilities	1,855.87	4,319.65
Other current liabilities	1,004.54	906.58
Employee benefit obligations	889.30	1,228.95
Income tax liabilities (net)	388.04	372.27
	4,560.84	7,382.85
TOTAL	44,453.75	46,506.99

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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	35,808.97	38,617.27
Finance income	1,173.47	722.62
Other income, net	216.03	163.65
Total income	37,198.47	39,503.54
Expenses		
Employee benefit expenses	11,896.09	18,586.73
Travel related expenses	1,741.70	2,091.45
Professional fees	1,366.75	1,739.71
Other operating expenses	1,827.80	1,642.98
Depreciation and amortization	501.98	573.53
Total expenses	17,334.32	24,634.40
Profit before tax	19,864.15	14,869.14
Tax expenses		
Current tax	6,428.91	4,775.76
Deferred tax	610.54	33.48
Total tax expenses	7,039.45	4,809.24
Profit for the year	12,824.70	10,059.90
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Actuarial gain (loss) on gratuity fund	39.87	44.61
Deferred tax	(13.93)	(15.59)
<i>Items that will be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	(0.11)	3.77
Total other comprehensive income for the year, net of tax	25.83	32.79
Total comprehensive income for the year	12,850.53	10,092.69
Earnings per equity share of par value of ₹ 5 (March 31, 2018 ₹ 5) each (in ₹)		
Basic	149.77	117.91
Diluted	149.01	117.21

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

(a) Year ended March 31, 2019 (Amounts in ₹ million, except share data)

Particulars	Equity share capital		Other equity								Total equity attributable to equity share holders of the Company
	Number of shares	Share Capital	Share application money pending allotment	Securities premium	General reserve	Employee stock options outstanding	Contribution from Ultimate Holding Company	Retained earnings	Other comprehensive income		
									Foreign currency translation reserve	Remeasurement of defined benefit obligation	
Balance as of April 1, 2018	85,416,893	427.08	1.91	13,663.54	10,145.19	1,899.06	28.91	11,895.87	9.47	-	38,071.03
<i>Changes in equity for the year ended March 31, 2019</i>											
Adjustment on adoption of Ind AS 115 'Revenue from Contracts with Customers'	-	-	-	-	-	-	-	26.26	-	-	26.26
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	12.95	-	-	-	527.27
Forfeiture of options	-	-	-	-	-	(38.16)	-	38.16	-	-	-
Stock compensation related to options exercised	-	-	-	727.85	-	(727.85)	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	12,824.70	-	-	12,824.70
Final equity dividend	-	-	-	-	-	-	-	(11,132.87)	-	-	(11,132.87)
Dividend distribution tax	-	-	-	-	-	-	-	(2,288.39)	-	-	(2,288.39)
Actuarial gain (loss) on gratuity fund including deferred tax thereon	-	-	-	-	-	-	-	-	-	25.94	25.94
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(0.11)	-	(0.11)
Actuarial gain (loss) on gratuity fund including deferred tax thereon transferred to retained earnings	-	-	-	-	-	-	-	25.94	-	(25.94)	-
Balance as of March 31, 2019	85,779,147	428.90	0.48	15,140.91	10,145.19	1,647.37	41.86	11,389.67	9.36	-	38,803.74

(b) Year ended March 31, 2018 (Amounts in ₹ million, except share data)

Particulars	Equity share capital		Other equity								Total equity attributable to equity share holders of the Company
	Number of shares	Share Capital	Share application money pending allotment	Securities premium	General reserve	Employee stock options outstanding	Contribution from Ultimate Holding Company	Retained earnings	Other comprehensive income		
									Foreign currency translation reserve	Remeasurement of defined benefit obligation	
Balance as of April 1, 2017	85,106,406	425.53	26.16	12,528.56	10,145.19	1,835.05	-	1,793.01	5.70	-	26,759.20
<i>Changes in equity for the 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	28.91	-	-	-	664.09
Forfeiture of options	-	-	-	-	-	(46.80)	-	46.80	-	-	-
Stock compensation related to options exercised	-	-	-	524.37	-	(524.37)	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	10,059.90	-	-	10,059.90
Interim equity dividend	-	-	-	-	-	-	-	(27.30)	-	-	(27.30)
Dividend distribution tax	-	-	-	-	-	-	-	(5.56)	-	-	(5.56)
Actuarial gain (loss) on gratuity fund including deferred tax thereon	-	-	-	-	-	-	-	-	-	29.02	29.02
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	3.77	-	3.77
Actuarial gain (loss) on gratuity fund including deferred tax thereon transferred to retained earnings	-	-	-	-	-	-	-	29.02	-	(29.02)	-
Balance as of March 31, 2018	85,416,893	427.08	1.91	13,663.54	10,145.19	1,899.06	28.91	11,895.87	9.47	-	38,071.03

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Notes annexed to and forming part of the 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 Company is organized by business segment and geographically. For management purposes the Company is primarily organized on a worldwide basis into two business segments:

- Product licenses and related activities ('Products') and
- 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, 2019		(Amounts in ₹ million)		
Particulars	Products	Services	Total	
Revenue from operations	31,886.35	3,922.62	35,808.97	
Segment result	18,423.89	1,347.84	19,771.73	
Unallocable expenses			(1,297.08)	
Finance income			1,173.47	
Other income, net			216.03	
Profit before tax			19,864.15	
Tax expenses			(7,039.45)	
Profit for the year			12,824.70	

Year ended March 31, 2018		(Amounts in ₹ million)		
Particulars	Products	Services	Total	
Revenue from operations	33,509.25	5,108.02	38,617.27	
Segment result	14,741.71	408.22	15,149.93	
Unallocable expenses			(1,167.06)	
Finance income			722.62	
Other income, net			163.65	
Profit before tax			14,869.14	
Tax expenses			(4,809.24)	
Profit for the year			10,059.90	

Other information

Year ended March 31, 2019		(Amounts in ₹ million)			
Particulars	Products	Services	Unallocable	Total	
Capital expenditure by segment					
Property, plant and equipment	613.85	151.33	14.55	779.73	
Depreciation and amortization	414.07	70.56	17.35	501.98	
Other non cash expenses	194.18	24.14	168.85	387.17	
Segment assets	8,889.18	1,783.53	33,781.04	44,453.75	
Segment liabilities	4,342.68	582.11	725.22	5,650.01	
Equity	-	-	38,803.74	38,803.74	

Year ended March 31, 2018		(Amounts in ₹ million)			
Particulars	Products	Services	Unallocable	Total	
Capital expenditure by segment					
Property, plant and equipment	201.80	44.31	9.46	255.57	
Depreciation and amortization	452.76	102.76	18.01	573.53	
Other non cash expenses	(9.27)	4.54	(196.64)	(201.37)	
Segment assets	9,438.73	2,335.93	34,732.33	46,506.99	
Segment liabilities	6,654.15	1,139.82	641.99	8,435.96	
Equity	-	-	38,071.03	38,071.03	

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

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. The income and expenses which are not directly attributable to a business segment are shown 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.

Geographical segments

The following table shows the distribution of the Company's sales by geographical market :

Regions	Year ended March 31,			
	2019		2018	
	Amounts in ₹ million	%	Amounts in ₹ million	%
India	2,738.05	8%	2,804.51	7%
Outside India				
Americas				
United States of America	8,083.67	23%	10,683.86	28%
Rest of America	1,888.21	5%	2,159.36	6%
Europe	5,624.75	16%	6,325.21	16%
Asia Pacific	8,994.96	25%	9,765.70	25%
Middle East and Africa	8,479.33	23%	6,878.63	18%
	35,808.97	100%	38,617.27	100%

Revenue of ₹ 27,574.41 million (March 31, 2018 ₹ 31,321.29 million) is derived from a single customer in 'Products' and 'Services' segment.

The following table shows the Company's non-current operating assets by geographical market :

Regions	As at		As at	
	March 31, 2019		March 31, 2018	
	Amounts in ₹ million	%	Amounts in ₹ million	%
India	10,004.04	96%	8,313.54	96%
Outside India				
Europe	249.17	3%	258.19	3%
Asia Pacific	104.70	1%	126.28	1%
Middle East and Africa	20.62	0%	5.50	0%
	10,378.53	100%	8,703.51	100%

Non-current assets for this purpose consist of property, plant and equipment, capital work-in-progress, investment property, income tax assets (net) and other non-current assets.

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Statement of cash flow for the year ended March 31, 2019

(Amounts in ₹ million)

Year ended March 31,

	2019	2018
Cash flows from operating activities		
Profit before tax	19,864.15	14,869.14
Adjustments to reconcile profit before tax to cash (used in) provided by operating activities :		
Depreciation and amortization	501.98	573.53
Profit on sale of fixed assets, net	(0.69)	(2.08)
Profit on sale of investment in associate	-	(10.31)
Employee stock compensation expense	488.71	623.33
Provision / (reversal) for diminution in investment in subsidiary company	168.77	(196.75)
Finance income	(1,173.47)	(722.62)
Effect of exchange rate changes in cash and cash equivalents	1.78	(43.62)
Unrealised exchange (gain), net	(111.21)	(104.59)
Deferred rent	(4.76)	0.22
Impairment loss (reversed) on financial assets	(629.89)	(71.34)
Impairment loss recognized on other financial assets	3.47	4.16
Bad debts	844.82	62.56
Operating Profit before Working Capital changes	19,953.66	14,981.63
Movements in working capital		
Decrease in other non-current assets	33.61	40.71
Decrease (increase) in trade receivables	1,255.50	(1,072.39)
Decrease in other current financial assets	793.99	168.03
(Increase) decrease in other current assets	(842.40)	13.46
(Decrease) increase in non-current financial liabilities	(31.74)	10.60
Increase in non-current employee benefit obligations	117.41	187.95
(Decrease) increase in trade payables	(8.05)	441.10
(Decrease) increase in other current financial liabilities	(2,642.01)	982.39
Increase (decrease) in other current liabilities	89.88	(234.84)
(Decrease) increase in current employee benefit obligations	(345.26)	75.48
Cash from operating activities	18,374.59	15,594.12
Payment of domestic and foreign taxes	(7,847.82)	(4,925.03)
Net cash provided by operating activities	10,526.77	10,669.09
Cash flows from investing activities		
Fixed assets including capital work-in-progress	(739.04)	(275.88)
Proceeds from sale of fixed assets	2.83	2.43
Proceeds from sale of investment in associate	-	16.90
Refund (placement) of deposits for premises and others	19.09	(0.60)
Bank fixed deposits having maturity of more than three months matured	22,290.54	8,940.00
Bank fixed deposits having maturity of more than three months booked	(19,823.00)	(22,007.53)
Interest received	996.34	415.62
Net cash provided by (used in) investing activities	2,746.76	(12,909.06)
Cash flows from financing activities		
Proceeds from issue of shares under employee stock option plan	749.91	587.91
Equity dividend paid	(11,131.51)	(14,499.22)
Tax on equity dividend paid	(2,288.39)	(2,771.20)
Net cash (used in) financing activities	(12,669.99)	(16,682.51)
Net increase (decrease) in cash and cash equivalents	603.54	(18,922.48)
Cash and cash equivalents at beginning of the year	2,111.89	20,990.75
Effect of exchange rate changes in cash and cash equivalents	(1.78)	43.62
Cash and cash equivalents at end of the year	2,713.65	2,111.89

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

	(Amounts in ₹ million)	
	Year ended March 31,	
	2019	2018
Component of cash and cash equivalents		
Balances with banks:		
In current accounts	910.88	492.79
In deposit accounts with original maturity of less than three months	1,686.14	1,503.83
In unclaimed dividend account*	116.63	115.27
Total cash and cash equivalents	2,713.65	2,111.89

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