

**Oracle Financial Services Software Inc.**

**Unaudited Balance sheet as at March 31, 2018**

	Notes	(Amounts in USD)	
		March 31, 2018	March 31, 2017
<b><u>ASSETS</u></b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	97,827	205,704
Capital work-in-progress	3	561	3,992
Financial assets			
Other non-current financial assets	4	7,920,761	7,787,870
Deferred tax assets (net)		2,541,621	3,199,451
Income tax assets (net)		1,053,161	1,191,450
		<b>11,613,931</b>	<b>12,388,467</b>
<b>Current assets</b>			
Financial assets			
Trade receivables	5	19,675,345	27,087,553
Cash and cash equivalents	6	47,409,904	23,284,735
Other current financial assets	4	38,282,789	30,659,832
Other current assets	7	107,199	30,393
		<b>105,475,237</b>	<b>81,062,513</b>
<b>TOTAL</b>		<b>117,089,168</b>	<b>93,450,980</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Equity</b>			
Equity share capital	8	896,650	760,719
Other equity	9	95,869,013	76,170,857
<b>Total equity</b>		<b>96,765,663</b>	<b>76,931,576</b>
<b>Current liabilities</b>			
Financial liabilities			
Trade payables	10(a)	685,826	264,851
Other current financial liabilities	10(b)	841,132	1,068,185
Other current liabilities	11	17,634,643	14,033,691
Employee benefit obligations	12	609,223	599,996
Income tax liabilities (net)		552,681	552,681
		<b>20,323,505</b>	<b>16,519,404</b>
<b>TOTAL</b>		<b>117,089,168</b>	<b>93,450,980</b>
Summary of significant accounting policies	2		
The accompanying notes form an integral part of the financial statements.			

**Oracle Financial Services Software Inc.**

**Unaudited Statement of profit and loss for the year ended March 31, 2018**

		(Amounts in USD, except share data)	
		<b>Year ended March 31,</b>	
<b>Notes</b>		<b>2018</b>	<b>2017</b>
		<hr/>	<hr/>
Revenue from operations	13	224,963,465	228,383,279
Finance income	14	285,886	102,221
Other income, net	15	943,556	1,625,593
<b>Total income</b>		<b>226,192,907</b>	<b>230,111,093</b>
<b>Expenses</b>			
Employee benefit expenses	16	9,745,942	10,918,688
Travel related expenses		562,803	875,857
Professional fees		181,342,636	183,143,597
Other operating expenses	17	2,158,127	5,976,232
Depreciation and amortization	3	175,327	105,264
<b>Total expenses</b>		<b>193,984,835</b>	<b>201,019,638</b>
Profit before exceptional item and tax		32,208,072	29,091,455
<b>Profit before tax</b>		<b>32,208,072</b>	<b>29,091,455</b>
<b>Tax expenses</b>			
Current tax		11,904,246	8,213,468
Deferred tax		657,830	1,650,351
<b>Total tax expenses</b>		<b>12,562,076</b>	<b>9,863,819</b>
<b>Profit for the year</b>		<b>19,645,996</b>	<b>19,227,636</b>
Earnings per equity share of par value of USD 0.01 (March 31, 2017 USD 0.01)		196,459.96	192,276.36
Weighted average number of shares used in computing earnings per share		100	100
Summary of significant accounting policies		2	
The accompanying notes form an integral part of the financial statements.			

## Oracle Financial Services Software Inc.

### Notes annexed to and forming part of unaudited Financial statements for the year ended March 31, 2018

#### **Note 1: Corporate information**

Oracle Financial Services Software Inc (“the Company”) was incorporated in United States of America with limited liability on December 4, 2001. The company is a subsidiary of Oracle Financial Services Software America, Inc. (“OAI”) holding 100% ownership interest in the Company as at March 31, 2018. Effective January 2, 2004, Oracle Financials Services Software Limited acquired all shares in OAI.

The Company is principally engaged in the business of providing information technology solutions to the financial services industry worldwide. The Company has a suite of banking products, which caters to the needs of corporate, retail, investment banking, treasury operations and data warehousing.

#### **Note 2: Summary of significant accounting policies**

##### **(a) Basis of preparation**

These financial statements comprising of balance sheet, statement of profit and loss and statement of cash flows as at March 31, 2018 have been prepared in accordance with accounting principles generally accepted in India.

##### **(b) Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates.

##### **(c) Plant and equipment including intangibles and capital work-in-progress, depreciation and amortization**

###### *Plant and equipment including intangibles and capital work-in-progress*

All plant and equipment and capital work in progress, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in the statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. All additions during the reported year are considered at cost.

The Company purchases certain specific-use application software, which is in ready to use condition, for internal use. It is estimated that such software has a relatively short useful life, usually less than one year. The Company, therefore, charges to the statement of profit and loss the cost of acquiring such software.

**Notes annexed to and forming part of unaudited  
Financial statements for the year ended March 31, 2018**

*Depreciation*

Depreciation and amortization are computed as per the straight-line method using the rates arrived at based on the useful lives estimated by the management. The estimated useful life considered for depreciation of fixed assets is as follows:

<u>Asset description</u>	<u>Asset life (in years)</u>
<b>Tangible assets</b>	
Improvement of leasehold premises	Lesser of 7 years or lease term
Computer equipments	3
Office equipments	2-5
Electricals and other installations	2-7
Furniture and fixtures	2-7

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**(d) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made by the customer. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to credit risks.

**(e) Income tax**

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with income tax act and tax laws prevailing in the respective jurisdiction where the Company operates. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid and income tax provisions.

**(f) Earnings per share**

The earnings considered in ascertaining the Company's earnings per share comprise the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year.

**(g) Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

**Oracle Financial Services Software Inc.**

**Notes annexed to and forming part of unaudited  
Financial statements for the year ended March 31, 2018**

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

**(h) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**(i) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and short term investments with an original maturity of three months or less.



**Oracle Financial Services Software Inc.**

**Notes annexed to and forming part of the unaudited financial statements as at March 31, 2018**

(Amounts in USD)

March 31, 2018                      March 31, 2017

**Note 4: Financial assets**

**Non-current**

**Other financial assets measured at amortized cost**

Loan to subsidiaries	7,700,000	7,700,000
Interest on: Loan to subsidiaries	220,761	87,870
	<u>7,920,761</u>	<u>7,787,870</u>

**Current**

**Other financial assets measured at amortized cost**

Amount Due from OFSS Group Companies	14,356,364	9,378,164
Deposits for premises and others	281,559	282,039
Unbilled revenue	23,490,358	20,853,537
Other receivables and advances	154,508	146,092
	<u>38,282,789</u>	<u>30,659,832</u>

**Note 5: Trade receivables**

**Break-up for security details:**

Unsecured, considered good	20,138,260	27,463,465
<b>Impairment allowance</b>		
Unsecured, considered good	(462,915)	(375,912)
	<u>19,675,345</u>	<u>27,087,553</u>

**Note 6: Cash and bank balance**

**Cash and cash equivalents**

Balances with banks:

In current accounts	47,409,904	23,284,735
	<u>47,409,904</u>	<u>23,284,735</u>

Cash at banks earns interest at floating rates based on the daily bank deposit rates and the daily balances.

**Note 7: Other assets**

**Current**

Prepaid expenses	107,199	30,393
	<u>107,199</u>	<u>30,393</u>

**Oracle Financial Services Software Inc.**

**Notes annexed to and forming part of the unaudited financial statements as at March 31, 2018**

(Amounts in USD)

**Note 8: Equity share capital**

**Authorized:**

3,000 (March 31, 2017 - 3,000) equity shares of USD 0.01 each

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
	<b>30</b>	<b>30</b>

**Issued, subscribed and fully paid-up:**

100 (March 31, 2017 - 100) equity shares of USD 0.01 each

Equity contribution for stock option by OFSSL

	<b>1</b>	<b>1</b>
	<b>896,649</b>	<b>760,718</b>
	<b>896,650</b>	<b>760,719</b>

(a) The Company has only one class of equity shares having a par value of USD 0.01 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Details of shareholders holding more than 5% equity shares in the Company

Name and relationship of shareholder :

Oracle Financial Services Software America Inc.

Number of equity shares

% of equity shares

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
	100	100
	100%	100%

As per records of the Company, including its register of shareholders the above shareholding represents both legal and beneficial ownerships of equity shares.

(c) Reconciliation of equity outstanding at the beginning and at the end of the year

	<b>No. of equity shares</b>	<b>Amounts in USD</b>
Outstanding as at April 1, 2016	100	493,405
Equity contribution for stock option by OFSSL	-	267,314
Outstanding as at March 31, 2017	100	760,719
Equity contribution for stock option by OFSSL	-	135,931
Outstanding as at March 31, 2018	100	896,650



**Oracle Financial Services Software Inc.**

**Notes annexed to and forming part of the unaudited financial statements as at March 31, 2018**

	(Amounts in USD)	
<b>Note 9: Other equity</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Securities premium	999,999	999,999
Retained earnings	94,816,854	75,170,858
Contribution from Ultimate Holding Company	52,160	-
	<b>95,869,013</b>	<b>76,170,857</b>
<b>Securities premium</b>		
Balance, beginning of the year	999,999	999,999
Balance, end of the year	<b>999,999</b>	<b>999,999</b>
<b>Retained earnings</b>		
Balance, beginning of the year	75,170,858	70,143,222
Profit for the year	19,645,996	19,227,636
Balance, end of the year	94,816,854	89,370,858
Less :Dividends on equity shares		
Equity dividend	-	(14,200,000)
Balance, end of the year	<b>94,816,854</b>	<b>75,170,858</b>
<b>Contribution from Ultimate Holding Company</b>		
ESOP charge from Ultimate Holding Company		
Balance, beginning of the year	-	-
Charge for the year	52,160	-
Balance, end of the year	<b>52,160</b>	-

**Oracle Financial Services Software Inc.**

**Notes annexed to and forming part of the unaudited financial statements as at March 31, 2018**

	(Amounts in USD)	
	March 31, 2018	March 31, 2017
<b>Note 10: Financial liabilities</b>		
<b>(a) Trade Payables measured at amortized cost</b>		
<b>Current</b>		
- Payable to others	685,826	264,851
	<b>685,826</b>	<b>264,851</b>
 <b>(b) Other financial liabilities measured at amortized cost</b>		
<b>Current</b>		
Accrued expenses	460,237	528,469
Accrued compensation to employees	380,895	539,716
	<b>841,132</b>	<b>1,068,185</b>
 <b>Note 11: Other liabilities</b>		
<b>Current</b>		
Deferred revenues	17,112,276	13,207,426
Withholding and other taxes	242,074	364,729
Other statutory dues	233,612	200,978
Deferred rent	46,681	260,558
	<b>17,634,643</b>	<b>14,033,691</b>
 <b>Note 12: Employee benefit obligations</b>		
Compensated absence	609,223	599,996
	<b>609,223</b>	<b>599,996</b>

**Oracle Financial Services Software Inc.**

**Notes annexed to and forming part of unaudited financial statements for the year ended March 31, 2018**

	(Amounts in USD)	
	<b>Year ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Note 13: Revenue from operations</b>	<b>224,963,465</b>	<b>228,383,279</b>
<b>Note 14: Finance income</b>		
Interest on:		
Bank deposits	132,981	3,571
Deposits for premises and others	20,013	22,539
Loan to subsidiaries	132,892	76,111
	<u><b>285,886</b></u>	<u><b>102,221</b></u>
<b>Note 15: Other income, net</b>		
Foreign exchange gain (loss), net	(18,041)	599,882
Miscellaneous income	961,597	1,025,711
	<u><b>943,556</b></u>	<u><b>1,625,593</b></u>
<b>Note 16: Employee benefit expenses</b>		
Salaries and bonus	7,536,596	8,686,421
Contribution to provident and other funds	1,624,199	1,605,305
Stock compensation expense	188,090	267,314
Staff welfare expenses	397,057	359,648
	<u><b>9,745,942</b></u>	<u><b>10,918,688</b></u>
<b>Note 17: Other operating expenses</b>		
Communication expenses	55,478	75,063
Rent	1,955,766	1,950,810
Power	110	110
Insurance	3,350	-
Repairs and maintenance:		
Buildings and leasehold premises	13,684	8,566
Computer equipments	4,667	2,355
Others	(3,523)	7,332
Rates and taxes	18,725	445
Impairment loss (reversed) on financial assets	10,961	(86,085)
Bad debts	(148,608)	3,877,948
Auditors' remuneration	123,893	37,308
Miscellaneous expenses	123,624	102,380
	<u><b>2,158,127</b></u>	<u><b>5,976,232</b></u>

Oracle Financial Services Software Inc.

Notes annexed to and forming part of unaudited  
Financial statements for the year ended March 31, 2018

Note 18: Capital commitments and contingent liabilities

Particulars	(Amounts in USD)	
	March 31, 2018	March 31, 2017
(a) Capital commitments	Nil	Nil
(b) Contingent liabilities	Nil	Nil

Note 19: Leases

Operating lease

The Company has taken certain office premises under operating lease, which expire at various dates through year 2021. Some of the lease agreements have a price escalation clause. Gross rental expenses for the year ended March 31, 2018 aggregated to USD 1,955,766 (March 31, 2017 - USD 1,934,437). The minimum rental payments to be made in future in respect of these leases are as follows:

Particulars	(Amounts in USD)	
	March 31, 2018	March 31, 2017
Not later than one year	626,148	1,502,756
Later than one year but not later than five years	-	626,148
Later than five years	-	-
	<u>626,148</u>	<u>2,128,904</u>

**Oracle Financial Services Software Inc.**

**Unaudited statement of cash flow for the year ended March 31, 2018**

	(Amounts in USD)	
	Year ended March 31,	
	2018	2017
<b>Cash flows from operating activities</b>		
Profit before tax	32,208,072	29,091,455
Adjustments to reconcile profit before tax to cash (used in) provided by operating activities:		
Depreciation and amortization	175,327	105,264
Employee stock compensation expense	188,091	267,314
Finance income	(285,886)	(102,221)
Effect of exchange rate changes in cash and cash equivalents	(18,041)	(599,882)
Unrealised exchange (gain), net	-	1,293
Impairment loss (reversed) recognized on financial assets	10,961	(86,085)
Bad debts	(148,608)	3,877,948
<b>Operating Profit before Working Capital changes</b>	<b>32,129,916</b>	<b>32,555,086</b>
Movements in working capital		
(Increase) decrease in other non-current financial assets	(132,891)	-
Decrease in other non-current assets	-	-
(Increase) decrease in trade receivables	7,551,281	(16,832,570)
Decrease (increase) in other current financial assets	(7,623,437)	24,876,990
Decrease in other current assets	(76,806)	16,364
Increase (decrease) in other non-current liabilities	-	(213,878)
Increase (decrease) in trade payables	420,975	92,298
Increase (decrease) in other current financial liabilities	(227,053)	(139,315)
(Decrease) increase in other current liabilities	3,600,952	1,073,219
Increase in current employee benefit obligations	9,227	105,901
<b>Cash from operating activities</b>	<b>35,652,164</b>	<b>41,534,095</b>
Payment of domestic and foreign taxes	(11,765,957)	(7,115,465)
<b>Net cash provided by operating activities</b>	<b>23,886,207</b>	<b>34,418,630</b>
<b>Cash flows from investing activities</b>		
Additions to fixed assets including capital work-in-progress	(64,019)	(117,812)
Loan to group companies	-	(3,700,000)
(Placement) refund of deposits for premises and others	19,067	-
Repayment of loan by subsidiary companies	-	-
Interest received	265,873	3,571
<b>Net cash (used in) provided by investing activities</b>	<b>220,921</b>	<b>(3,814,241)</b>
<b>Cash flows from financing activities</b>		
Final equity dividend paid	-	(14,200,000)
<b>Net cash (used in) financing activities</b>	<b>-</b>	<b>(14,200,000)</b>
Net (decrease) increase in cash and cash equivalents	24,107,128	16,404,389
Cash and cash equivalents at beginning of the year	23,284,735	6,280,464
Effect of exchange rate changes in cash and cash equivalents	18,041	599,882
<b>Cash and cash equivalents at end of the year</b>	<b>47,409,904</b>	<b>23,284,735</b>

	(Amounts in USD)	
	Year ended March 31,	
	2018	2017
<b>Component of cash and cash equivalents</b>		
Balances with banks:		
In current accounts	47,409,904	23,284,735
<b>Total cash and cash equivalents [Refer note 6]</b>	<b>47,409,904</b>	<b>23,284,735</b>