Oracle Financial Services Software Limited

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Audited consolidated financial results for the three month period and year ended March 31, 2021

PART I (₹ in million, except per share data)

	Particulars	Three month period ended			Year ended	
		March 31, 2021	December 31, 2020	March 31, 2020	March 31, 2021	March 31, 2020
		Audited	Unaudited	Audited	Audited	Audited
1	**INCOME**					
	(a) Revenue from operations	12,108.64	12,384.23	12,635.48	49,839.37	48,612.76
	(b) Other income, net	438.71	226.68	371.22	1,319.66	1,773.39
	Total income	**12,547.35**	**12,610.91**	**13,006.70**	**51,159.03**	**50,386.15**
2	**EXPENSES**					
	(a) Employee benefit expenses	5,618.33	5,377.86	5,535.33	22,017.54	21,178.01
	(b) Travel related expenses	109.04	147.87	481.41	638.01	2,255.81
	(c) Professional fees	326.12	386.62	373.52	1,469.70	1,452.45
	(d) Finance cost	45.68	49.72	395.76	191.29	473.65
	(e) Other operating expenses	160.01	360.12	592.90	1,028.06	1,439.61
	(f) Depreciation and amortization	240.93	262.07	274.06	1,041.11	1,063.81
	Total Expenses	**6,500.11**	**6,584.26**	**7,652.98**	**26,385.71**	**27,863.34**
7	**Profit before tax**	**6,047.24**	**6,026.65**	**5,353.72**	**24,773.32**	**22,522.81**
8	Tax expenses					
	(a) Current tax	1,466.51	1,705.85	1,263.14	7,087.21	6,315.25
	(b) Deferred tax	(22.41)	24.01	1,398.31	67.56	1,585.39
	Total tax expenses	**1,444.10**	**1,729.86**	**2,661.45**	**7,154.77**	**7,900.64**
9	**Net profit for the period**	**4,603.14**	**4,296.79**	**2,692.27**	**17,618.55**	**14,622.17**
10	**Other Comprehensive Income**					
	(a) Items that will not be reclassified subsequently to profit or loss					
	(i) Actuarial (loss) gain on gratuity fund	5.13	(29.74)	(56.39)	(14.71)	(96.44)
	(ii) Deferred tax	(1.44)	7.48	13.30	3.55	23.38
	(b) Items that will be reclassified subsequently to profit and loss					
	(i) Exchange differences on translation of foreign operations	(211.46)	220.49	760.05	61.74	1,108.95
	Total other comprehensive income for the period, net of tax	**(207.77)**	**198.23**	**716.96**	**50.58**	**1,035.89**
11	**Total comprehensive income for the period**	**4,395.37**	**4,495.02**	**3,409.23**	**17,669.13**	**15,658.06**
12	**Net profit attributable to:**					
	Equity holders of the Company	4,603.14	4,296.79	2,692.27	17,618.55	14,622.17
	Non-controlling interests	-	-	-	-	-
13	**Total comprehensive income attributable to:**					
	Equity holders of the Company	4,395.37	4,495.02	3,409.23	17,669.13	15,658.06
	Non-controlling interests	-	-	-	-	-
14	Paid up equity share capital (face value ₹ 5 each, fully paid)	430.31	430.20	429.40	430.31	429.40
15	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year				68,057.43	65,266.40
16	Earnings per equity share (face value ₹ 5 each, fully paid)					
	(a) Basic (in ₹)	53.49	49.96	31.36	204.90	170.38
	(b) Diluted (in ₹)	53.28	49.76	31.24	203.99	169.66

See accompanying note to the financial results

Notes to financial results :

1 The above audited consolidated financial results for the three month period and year ended March 31, 2021 have been reviewed by Audit Committee and approved by the Board of Directors of the Company at its meeting held on May 5, 2021. There are no qualifications in the report issued by the Statutory Auditors.

2 These financial results have been prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with relevant rules of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other accounting principles generally accepted in India.

3 The figures for the three month period ended March 31, 2021 and March 31, 2020 are the balancing figures between audited figures in respect of the full financial year ended March 31, 2021 and March 31, 2020 respectively and unaudited published year-to-date figures up to December 31, 2020 and December 31, 2019 respectively, being the end of the third quarter of the respective financial years, which were subjected to limited review.

4 The OFSS group has considered the possible effects that may result from the pandemic relating to Covid-19 on the carrying value of Trade receivables, Unbilled receivables, Contract assets and Goodwill. These are not significant to the Consolidated financial results for the three month period and year ended March 31, 2021. In assessing the recoverability of these assets, the OFSS group has used internal and external sources of information up to the date of approval of these Consolidated financial results, and based on current estimates, expects the net carrying amount of these assets will be recovered. The impact on account of Covid-19 on the OFSS group's Consolidated financial results may differ from that estimated as at the date of approval of these Consolidated financial results. The OFSS group will continue to monitor any material impact due to changes in future economic conditions.

5 The Code on Social Security, 2020 ("Code") relating to employee benefits during the employment and post-employment benefits has been published in the Gazette of India on September 29, 2020. The Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. The effective date from which these changes are applicable is yet to be notified. The OFSS group will assess and record the impact, if any, when the rules are notified and the code becomes effective.

6 During the three month period and year ended March 31, 2021, the Company allotted 22,116 and 182,935 equity shares, respectively, of face value of ₹ 5 each on exercise of stock options by eligible employees under the prevailing ESOP schemes.

7 Upon adoption of the Appendix C on "Uncertainty over Income-tax Treatments" of Ind AS 12, Income Taxes, the OFSS group had reassessed during the three month period ended March 31, 2020 its estimate of uncertain income-tax position. Based on its reassessment, during the three month period and the year ended March 31, 2020, the OFSS group had recorded net tax expense of ₹ 281.33 million and ₹ 485.13 million respectively, both including charge of ₹ 284.51 million pertaining to earlier years. Consequent to the tax expense, during the three month period ended March 31, 2020, the OFSS group had recognised the related interest expense of ₹ 373.80 million, including ₹ 269.75 million pertaining to earlier years, which has been disclosed as part of finance cost.

Further, the OFSS group in the three month period ended March 31, 2020, had reversed income tax provisions pertaining to earlier years of ₹ 720.27 million arising out of adjudication of certain disputed matters in favour of the OFSS group and its reassessment of existing income tax position.

The current tax expense of the OFSS group for the three month period and year ended March 31, 2020 of ₹ 1,263.14 million and ₹ 6,315.25 million includes the income tax expense of ₹ 281.33 million and ₹ 485.13 million for the three month period and the year ended March 31, 2020 respectively and reversals of income tax provisions of ₹ 720.27 million for the three month period ended March 31, 2020 arising on account of reassessment as mentioned above, thereby having a resultant impact of net tax credit of ₹ 438.94 million and ₹ 235.14 million in the three month period and year ended March 31, 2020 respectively.

8 The deferred tax charge of the OFSS group for the three month period and year ended March 31, 2020 is ₹ 1,398.31 million and ₹ 1,585.39 million respectively. OFSS group recognises deferred tax liability on the undistributed profits of subsidiaries by assessment of the undistributed profits which are expected to be distributed in the foreseeable future for each subsidiary. During the three month period ended March 31, 2020, the OFSS group had reassessed its estimate of the quantum of undistributed profits of all the subsidiaries and based on its reassessment had recorded deferred tax expense of ₹ 1,432. 62 million, including ₹ 1,252.33 million pertaining to earlier years. This deferred tax charge of ₹ 1,432.62 million, forms part of the deferred tax charge for the three month period and year ended March 31, 2020 of OFSS group as mentioned hereinabove.

9 The tax expense for the year ended March 31, 2020 includes reversal of tax expense of ₹ 354.21 million which was recognized in the previous year, resulting from the remeasurement of the tax liability pursuant to changes in the US tax legislations.

10 **Particulars of Other income, net**

(₹ in million)

Particulars	Three month period ended			Year ended	
	March 31, 2021	December 31, 2020	March 31, 2020	March 31, 2021	March 31, 2020
	Audited	Unaudited	Audited	Audited	Audited
Finance income	292.98	270.06	447.46	1,138.65	1,658.14
Exchange gain (loss), net	69.38	(107.74)	(135.56)	(223.78)	(66.12)
Miscellaneous income, net	76.35	64.36	59.32	404.79	181.37
Total	**438.71**	**226.68**	**371.22**	**1,319.66**	**1,773.39**

11 **Statement of assets and liabilities**

(₹ in million)

	Particulars	As at March 31, 2021 Audited	As at March 31, 2020 Audited
1	**Non-current assets**		
	(a) Property, Plant and Equipment	1,915.95	2,305.20
	(b) Capital work-in-progress	1.33	0.49
	(c) Right-of-use Assets	736.14	1,134.40
	(d) Investment property	102.00	102.00
	(e) Goodwill	6,086.63	6,086.63
	(f) Financial assets	1,400.71	1,447.09
	(g) Deferred tax assets (net)	1,309.88	1,013.68
	(h) Income tax assets (net)	8,328.43	7,979.21
	(i) Other non-current assets	386.81	389.63
		20,267.88	**20,458.33**
2	**Current assets**		
	(a) Financial assets		
	(i) Trade receivables	8,027.53	9,253.66
	(ii) Cash and bank balances	16,948.28	13,315.94
	(iii) Other bank balances	32,193.04	31,652.17
	(iv) Other current financial assets	2,782.87	2,501.59
	(b) Income tax assets (net)	939.67	806.28
	(c) Other current assets	1,676.29	2,225.47
		62,567.68	**59,755.11**
	TOTAL - ASSETS	**82,835.56**	**80,213.44**
B	**EQUITY AND LIABILITIES**		
1	**Equity**		
	(a) Equity share capital	430.31	429.40
	(b) Other equity	68,057.43	65,266.40
		68,487.74	**65,695.80**
2	**Non- current liabilities**		
	(a) Financial liabilities		
	(i) Lease liability	423.82	681.50
	(ii) Other financial liabilities	47.78	45.55
	(b) Other non-current liabilities	6.81	-
	(c) Provisions	1,294.66	1,198.74
	(d) Deferred tax liability (net)	2,332.53	1,975.56
	(e) Income tax liabilities (net)	1,727.70	1,156.30
		5,833.30	**5,057.65**
3	**Current liabilities**		
	(a) Financial liabilities		
	(i) Lease liability	273.79	465.32
	(ii) Trade payables		
	Payable to micro and small enterprises	4.86	2.65
	Payable to others	453.18	352.27
	(iii) Other current financial liabilities	2,217.53	2,195.30
	(b) Other current liabilities	3,940.84	4,967.81
	(c) Provisions	1,446.19	1,291.06
	(d) Income tax liabilities (net)	178.13	185.58
		8,514.52	**9,459.99**
	TOTAL - EQUITY AND LIABILITIES	**82,835.56**	**80,213.44**

12 **Consolidated statement of cash flow**

(₹ in million)

Particulars	Year ended March 31, 2021 Audited	Year ended March 31, 2020 Audited
Cash flows from operating activities		
Profit before tax	24,773.32	22,522.81
Adjustments to reconcile profit before tax to cash (used in) provided by operating activities :		
Depreciation and amortization	1,041.11	1,063.81
(Profit) on sale of fixed assets, net	(1.16)	(0.31)
Impairment loss (reversed) on contract assets	(252.56)	(107.23)
Impairment loss recognized on other financial assets	1.88	7.06
Bad debts	110.36	200.18
Finance income	(1,138.65)	(1,658.14)
Employee stock compensation expense	538.67	544.01
Effect of exchange rate changes in cash and cash equivalent	122.84	(849.69)
Effect of exchange rate changes in assets and liabilities	(30.83)	769.91
Finance cost	191.29	473.65
Operating Profit before Working Capital changes	**25,356.27**	**22,966.06**
Movements in working capital		
(Increase) in other non-current financial assets	(41.18)	(809.22)
Decrease in other non-current assets	4.10	135.53
Decrease in trade receivables	1,524.34	633.32
(Increase) decrease in other current financial assets	(289.08)	1,160.39
Decrease (increase) in other current assets	560.74	(211.02)
Increase in non-current financial liabilities	0.63	10.20
Increase (decrease) in other non-current liabilities	6.84	(10.39)
Increase in non-current provisions	81.21	97.09
Increase (decrease) in trade payables	96.65	(216.52)
(Decrease) in other current financial liabilities	(52.17)	(439.25)
(Decrease) in current liabilities	(1,085.73)	(347.73)
Increase (decrease) in current provisions	144.99	(31.78)
Cash from operating activities	**26,307.61**	**22,936.68**
Payment of domestic and foreign taxes	(7,112.55)	(7,718.49)
Net cash provided by operating activities	**19,195.06**	**15,218.19**
Cash flows from investing activities		
Purchase of property, plant and equipment	(190.00)	(535.86)
Proceeds from sale of property, plant and equipment	2.95	0.40
Refund of deposits for premises and others	82.17	5.16
Bank fixed deposits having maturity of more than three months matured	35,121.86	19,852.25
Bank fixed deposits having maturity of more than three months booked	(35,872.77)	(34,485.01)
Interest received	1,288.52	1,281.42
Income from investment in sublease	25.40	40.55
Net cash provided by/(used in) investing activities	**458.13**	**(13,841.09)**
Cash flows from financing activities		
Proceeds from issue of shares under employee stock option plan	55.83	43.19
Sale of treasury shares	-	85.15
Equity dividend paid	(15,466.31)	(36.08)
Repayment of lease liability	(410.78)	(449.47)
Interest paid	(76.75)	(116.33)
Net cash (used in) financing activities	**(15,898.01)**	**(473.54)**
Net increase in cash and cash equivalents	3,755.18	903.56
Cash and cash equivalents at beginning of the year	13,315.94	11,562.69
Effect of exchange rate changes in cash and cash equivalents	(122.84)	849.69
Cash and cash equivalents at end of the year	**16,948.28**	**13,315.94**

Consolidated statement of cash flow (continued)

(₹ in million)

Particulars	Year ended March 31, 2021 Audited	Year ended March 31, 2020 Audited
Component of cash and cash equivalents		
Balances with banks:		
In current accounts*	16,564.30	12,935.04
In deposit accounts with original maturity of less than 3 months	298.05	300.35
In unclaimed dividend account**	85.93	80.55
Total cash and cash equivalents	**16,948.28**	**13,315.94**

* Current account includes ₹ 5.65 million (March 31, 2020 ₹ 0.76 million) 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 unclaimed dividend.

13 **Reporting segmentwise revenue, results, assets and liabilities**

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 and business process outsourcing services. The income and expenses which are not directly attributable to a business segment are classified 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 property, plant and equipment and right-of-use asset. Segment liabilities primarily includes trade payables, deferred revenues, advance from customer, employee benefit obligations, lease liability 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.

(₹ in million)

Particulars	Three month period ended			Year ended	
	March 31, 2021	December 31, 2020	March 31, 2020	March 31, 2021	March 31, 2020
	Audited	Unaudited	Audited	Audited	Audited
(a) Segment revenue					
Product licenses and related activities	10,738.37	11,013.80	11,317.22	44,251.70	43,145.69
IT solutions and consulting services	1,015.61	1,016.28	1,014.68	4,227.55	4,275.92
Business process outsourcing services	354.66	354.15	303.58	1,360.12	1,191.15
	12,108.64	**12,384.23**	**12,635.48**	**49,839.37**	**48,612.76**
(b) Segment results					
Product licenses and related activities	5,582.70	6,059.47	5,719.28	23,820.92	21,359.45
IT solutions and consulting services	273.55	205.15	160.63	879.11	778.00
Business process outsourcing services	169.27	165.13	85.89	593.39	388.10
	6,025.52	**6,429.75**	**5,965.80**	**25,293.42**	**22,525.55**
Finance income	292.98	270.06	447.46	1,138.65	1,658.14
Other un-allocable (expenses), net	(271.26)	(673.16)	(1,059.54)	(1,658.75)	(1,660.88)
Profit before tax	**6,047.24**	**6,026.65**	**5,353.72**	**24,773.32**	**22,522.81**
(c) Segment assets					
Product licenses and related activities	18,106.07	18,524.07	20,482.81	18,106.07	20,482.81
IT solutions and consulting services	2,127.29	2,006.35	2,018.19	2,127.29	2,018.19
Business process outsourcing services	560.77	663.45	705.31	560.77	705.31
Unallocable	62,041.43	57,832.73	57,007.13	62,041.43	57,007.13
	82,835.56	**79,026.60**	**80,213.44**	**82,835.56**	**80,213.44**
(d) Segment liabilities					
Product licenses and related activities	8,096.30	8,826.97	9,303.69	8,096.30	9,303.69
IT solutions and consulting services	761.53	871.40	831.99	761.53	831.99
Business process outsourcing services	255.32	286.09	317.63	255.32	317.63
Unallocable	5,234.67	5,104.88	4,064.33	5,234.67	4,064.33
	14,347.82	**15,089.34**	**14,517.64**	**14,347.82**	**14,517.64**

14 The Board of Directors of the Company at its meeting held on May 5, 2021, declared an interim dividend of ₹ 200 per equity share of ₹ 5 each for the financial year 2020-21.

15 **Audited standalone results for the three month period and year ended March 31, 2021**

(₹ in million, except per share data)

Particulars	Three month period ended			Year ended	
	March 31, 2021	**December 31, 2020**	**March 31, 2020**	**March 31, 2021**	**March 31, 2020**
	Audited	**Unaudited**	**Audited**	**Audited**	**Audited**
Revenue from operations	**8,967.50**	**8,880.88**	**9,063.56**	**36,452.12**	**35,255.08**
Net profit for the period	**4,132.05**	**3,918.61**	**5,030.12**	**16,392.85**	**15,826.56**
Earnings per equity share (face value ₹ 5 each, fully paid)					
Basic (in ₹)	48.02	45.56	58.58	190.64	184.39
Diluted (in ₹)	47.83	45.38	58.36	189.80	183.62

16 The above results are also available on Company's website: www.oracle.com/financialservices

For and on behalf of the Board of Directors
Oracle Financial Services Software Limited

Mumbai, India
May 05, 2021

Chaitanya Kamat
Managing Director & Chief Executive Officer
DIN: 00969094