

Oracle Financial Services Software Limited

Consolidated balance sheet as at March 31, 2020

(Amounts in ₹ million)

	March 31, 2020	March 31, 2019
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	2,305.20	2,450.09
Capital work-in-progress	0.49	4.53
Right-of-use Assets	1,134.40	-
Investment property	102.00	102.00
Goodwill	6,086.63	6,086.63
Financial assets	1,447.09	649.80
Deferred tax assets (net)	1,013.68	617.03
Income tax assets (net)	7,979.21	7,486.56
Other non-current assets	389.63	711.88
	20,458.33	18,108.52
Current assets		
Financial Assets		
Trade receivables	9,253.66	9,474.76
Cash and cash equivalents	13,315.94	11,562.69
Other bank balances	31,652.17	16,716.93
Other current financials assets	2,501.59	3,357.06
Income tax assets (net)	806.28	28.45
Other current assets	2,225.47	2,066.01
	59,755.11	43,205.90
TOTAL	80,213.44	61,314.42
<u>EQUITY AND LIABILITIES</u>		
Equity		
Equity Share capital	429.40	428.76
Other Equity	65,266.40	48,936.63
Total equity	65,695.80	49,365.39
Non-current liabilities		
Financial liabilities		
Lease liability	681.50	-
Other financial liabilities	45.55	32.38
Other non-current liabilities	-	160.62
Provisions	1,198.74	1,005.21
Deferred tax liability (net)	1,975.56	29.80
Income tax liabilities (net)	1,156.30	106.84
	5,057.65	1,334.85
Current liabilities		
Financial liabilities		
Lease liability	465.32	-
Trade payables		
Payable to micro and small enterprises	2.65	3.17
Payable to others	352.27	564.48
Other current financial liabilities	2,195.30	2,723.47
Other current liabilities	4,967.81	5,064.67
Provisions	1,291.06	1,290.03
Income tax liabilities (net)	185.58	968.36
	9,459.99	10,614.18
TOTAL	80,213.44	61,314.42

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

Oracle Financial Services Software Limited

Consolidated statement of profit and loss for the year ended March 31, 2020

	(Amounts in ₹ million, except share data)	
	Year ended March 31,	
	2020	2019
Revenue from operations	48,612.76	49,589.03
Finance income	1,658.14	1,319.73
Other income, net	115.25	441.19
Total income	50,386.15	51,349.95
EXPENSES		
Employee benefit expenses	21,178.01	21,958.10
Travel related expenses	2,255.81	2,466.95
Professional fees	1,452.45	1,492.07
Finance cost	473.65	-
Other operating expenses	1,439.61	2,225.79
Depreciation and amortization	1,063.81	537.17
Total expenses	27,863.34	28,680.08
Profit before tax	22,522.81	22,669.87
Tax expenses		
Current tax	6,315.25	8,206.10
Deferred tax	1,585.39	604.79
Total tax expenses	7,900.64	8,810.89
Profit for the year	14,622.17	13,858.98
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Actuarial (loss) gain on gratuity fund	(96.44)	46.51
Deferred tax	23.38	(14.07)
<i>Items that will be reclassified subsequently to profit and loss</i>		
Exchange differences on translation of foreign operations	1,108.95	194.05
Total other comprehensive income for the year, net of tax	1,035.89	226.49
Total comprehensive income for the year	15,658.06	14,085.47
Profit attributable to:		
Equity holders of the Company	14,622.17	13,858.98
Non-controlling interests	-	-
	14,622.17	13,858.98
Total comprehensive income attributable to:		
Equity holders of the Company	15,658.06	14,085.47
Non-controlling interests	-	-
	15,658.06	14,085.47
Earnings per equity share of par value of ₹ 5 each (March 31, 2019 ₹ 5) (in ₹)		
Basic	170.38	161.94
Diluted	169.66	161.11

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

Oracle Financial Services Software Limited

Consolidated statement of changes in equity for the year ended March 31, 2020

Year ended March 31, 2020

(Amounts in ₹ million, except share data)

Particulars	Equity share capital		Other equity									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	Contribution from Ultimate Holding Company	Gain on Treasury shares	Retained earnings	Other comprehensive income		
										Foreign currency translation reserve	Remeasurement of defined benefit obligation	
Balance as of April 1, 2019	85,751,987	428.76	0.48	15,141.21	10,145.19	1,647.37	144.52	522.70	20,328.27	1,006.89	-	49,365.39
<i>Changes in equity for year ended March 31, 2020</i>												
Application money received for exercised options	-	-	43.19	-	-	-	-	-	-	-	-	43.19
Shares issued for exercised options	100,151	0.50	(43.67)	43.17	-	-	-	-	-	-	-	-
Stock compensation charge	-	-	-	-	-	424.65	119.36	-	-	-	-	544.01
Forfeiture of options	-	-	-	-	-	(28.82)	-	-	28.82	-	-	-
Stock compensation related to options exercised	-	-	-	316.41	-	(316.41)	-	-	-	-	-	-
Sale of treasury shares	27,160	0.14	-	-	-	-	-	85.01	-	-	-	85.15
Profit for the year	-	-	-	-	-	-	-	-	14,622.17	-	-	14,622.17
Actuarial gain (loss) on gratuity fund including deferred tax thereon	-	-	-	-	-	-	-	-	-	-	(73.06)	(73.06)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	1,108.95	-	1,108.95
Actuarial gain (loss) on gratuity fund including deferred tax thereon transferred to retained earnings	-	-	-	-	-	-	-	-	(73.06)	-	73.06	-
Balance as of March 31, 2020	85,879,298	429.40	-	15,500.79	10,145.19	1,726.79	263.88	607.71	34,906.20	2,115.84	-	65,695.80

Year ended March 31, 2019

(Amounts in ₹ million, except share data)

Particulars	Equity share capital		Other equity									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	Contribution from Ultimate Holding Company	Gain on Treasury shares	Retained earnings	Other comprehensive income		
										Foreign currency translation reserve	Remeasurement of defined benefit obligation	
Balance as of April 1, 2018	85,346,293	426.73	1.91	13,663.84	10,145.19	1,899.06	48.17	357.16	19,719.03	812.84	-	47,073.93
<i>Changes in equity for year ended March 31, 2019</i>												
Adjustment on adoption of Ind AS 115 'Revenue from Contracts with Customers'	-	-	-	-	-	-	-	-	93.64	-	-	93.64
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	96.35	-	-	-	-	610.67
Forfeiture of options	-	-	-	-	-	(38.16)	-	-	38.16	-	-	-
Stock compensation related to options exercised	-	-	-	727.85	-	(727.85)	-	-	-	-	-	-
Sale of treasury shares	43,440	0.21	-	-	-	-	-	165.54	-	-	-	165.75
Profit for the year	-	-	-	-	-	-	-	-	13,858.98	-	-	13,858.98
Final equity dividend	-	-	-	-	-	-	-	-	(11,125.59)	-	-	(11,125.59)
Dividend distribution tax	-	-	-	-	-	-	-	-	(2,288.39)	-	-	(2,288.39)
Actuarial gain (loss) on gratuity fund including deferred tax thereon	-	-	-	-	-	-	-	-	-	-	32.44	32.44
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	194.05	-	194.05
Actuarial gain (loss) on gratuity fund including deferred tax thereon transferred to retained earnings	-	-	-	-	-	-	-	-	32.44	-	(32.44)	-
Balance as of March 31, 2019	85,751,987	428.76	0.48	15,141.21	10,145.19	1,647.37	144.52	522.70	20,328.27	1,006.89	-	49,365.39

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

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Notes annexed to and forming part of consolidated financial statements for the year ended March 31, 2020

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 OFSS group is organized by business segment and geographically. For management purposes the OFSS group is primarily organized 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 Process Outsourcing services ('BPO - Services')

The business segments are the basis on which the OFSS group 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.

BPO - Services comprises of business process outsourcing services to the Lending, Collections, Customer Service and Capital Markets industry.

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 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, 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.

Year ended March 31, 2020

(Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Total
Revenue	43,145.69	4,275.92	1,191.15	48,612.76
Segment result	21,359.45	778.00	388.10	22,525.55
Unallocable expenses				(1,776.13)
Finance income				1,658.14
Other income, net				115.25
Profit before tax				22,522.81
Tax expenses				(7,900.64)
Net profit				14,622.17

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Notes annexed to and forming part of consolidated financial statements for the year ended March 31, 2020

Year ended March 31, 2019

(Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Total
Revenue	43,527.29	4,945.07	1,116.67	49,589.03
Segment result	21,465.57	635.61	323.37	22,424.55
Unallocable expenses				(1,515.60)
Finance income				1,319.73
Other income, net				441.19
Profit before tax				22,669.87
Tax expenses				(8,810.89)
Net profit				13,858.98

Other information

Year ended March 31, 2020

(Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Unallocable	Total
Capital expenditure by segment					
Property, Plant and Equipment	309.42	47.81	41.04	32.75	431.02
Depreciation and amortization	822.46	81.32	108.04	51.99	1,063.81
Other non cash expenses	87.07	12.26	0.50	0.18	100.01
Segment assets	20,482.81	2,018.19	705.31	57,007.13	80,213.44
Segment liabilities	9,303.69	831.99	317.63	4,064.33	14,517.64
Equity				65,695.80	65,695.80

Year ended March 31, 2019

(Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Unallocable	Total
Capital expenditure by segment					
Property, Plant and Equipment	613.85	151.33	8.33	35.50	809.01
Depreciation and amortization	430.04	51.11	34.69	21.33	537.17
Other non cash expenses	210.53	29.47	0.78	0.03	240.81
Segment assets	20,650.04	2,198.82	447.13	38,018.43	61,314.42
Segment liabilities	8,807.22	845.94	117.43	2,178.44	11,949.03
Equity				49,365.39	49,365.39

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Notes annexed to and forming part of consolidated financial statements for the year ended March 31, 2020

Geographical segments

The following table shows the distribution of the OFSS group's consolidated sales by geographical market :

Regions	Year ended March 31,			
	2020		2019	
	Amounts in ₹ million	%	Amounts in ₹ million	%
India	2,882.28	6%	2,758.83	6%
Outside India				
Americas				
United States of America	13,017.38	27%	13,860.50	28%
Rest of America	3,203.84	7%	3,081.22	6%
Europe	7,939.12	16%	7,841.02	16%
Asia Pacific	12,531.52	26%	12,870.22	26%
Middle East and Africa	9,038.62	18%	9,177.24	18%
	48,612.76	100%	49,589.03	100%

Revenue of ₹ 21,342.20 million (March 31, 2019 ₹ 23,142.29 million) is derived from a single customer in 'Products', 'Services' and 'BPO - Services' segment.

The following table shows the OFSS group's consolidated non current assets by geographical market :

Regions	As at March 31, 2020		As at March 31, 2019	
	Amounts in ₹ million	%	Amounts in ₹ million	%
	India	10,970.59	61%	10,186.07
Outside India				
Americas				
United States of America	5,274.34	29%	5,139.38	31%
Rest of America	4.26	0%	22.38	0%
Europe	1,199.32	7%	967.49	6%
Asia Pacific	486.50	3%	505.75	3%
Middle East and Africa	62.55	0%	20.62	0%
	17,997.56	100%	16,841.69	100%

Non current assets for this purpose consist of property, plant and equipment, capital work-in-progress, right-of-use assets, investment property, intangible assets, non-current income tax asset and other non-current assets.

Oracle Financial Services Software Limited

Consolidated statement of cash flow for the year ended March 31, 2020

(Amounts in ₹ million)

Year ended March 31,

	2020	2019
Cash flows from operating activities		
Profit before tax	22,522.81	22,669.87
Adjustments to reconcile profit before tax to cash (used in) provided by operating activities :		
Depreciation and amortization	1,063.81	537.17
(Profit) on sale of fixed assets, net	(0.31)	(0.51)
Impairment loss (reversed) on contract assets	(107.23)	(628.50)
Impairment loss recognized on other financial assets	7.06	3.42
Bad debts	200.18	865.89
Finance income	(1,658.14)	(1,319.73)
Employee stock compensation expense	544.01	610.67
Effect of exchange rate changes in cash and cash equivalent	(849.69)	5.75
Effect of exchange rate changes in assets and liabilities	769.91	(205.99)
Finance cost	473.65	-
Deferred rent	-	2.73
Operating Profit before Working Capital changes	22,966.06	22,540.77
Movements in working capital		
(Increase) in other non-current financial assets	(809.22)	-
Decrease in other non-current assets	135.53	21.99
Decrease in trade receivables	633.32	616.44
Decrease in other current financial assets	1,160.39	2,117.45
(Increase) in other current assets	(211.02)	(1,483.53)
Increase (decrease) in non-current financial liabilities	10.20	(1.71)
(Decrease) in other non-current liabilities	(10.39)	(28.35)
Increase in non-current provisions	97.09	125.38
(Decrease) increase in trade payables	(216.52)	44.29
(Decrease) in other current financial liabilities	(439.25)	(615.23)
(Decrease) increase in current liabilities	(347.73)	191.03
(Decrease) in current provisions	(31.78)	(89.51)
Cash from operating activities	22,936.68	23,439.02
Payment of domestic and foreign taxes	(7,718.49)	(9,642.90)
Net cash provided by operating activities	15,218.19	13,796.12
Cash flows from investing activities		
Purchase of property, plant and equipment	(535.86)	(767.41)
Proceeds from sale of property, plant and equipment	0.40	2.82
Refund of deposits for premises and others	5.16	28.18
Bank fixed deposits having maturity of more than three months matured	19,852.25	25,063.29
Bank fixed deposits having maturity of more than three months booked	(34,485.01)	(23,232.79)
Interest received	1,281.42	1,114.20
Income from investment in sublease	40.55	-
Net cash (used in)/provided by investing activities	(13,841.09)	2,208.29
Cash flows from financing activities		
Proceeds from issue of shares under employee stock option plan	43.19	749.91
Sale of treasury shares	85.15	165.75
Equity dividend paid	(36.08)	(11,124.23)
Tax on equity dividend paid	-	(2,288.39)
Repayment of lease liability	(449.47)	-
Interest paid	(116.33)	-
Net cash (used in) financing activities	(473.54)	(12,496.96)
Net increase in cash and cash equivalents	903.56	3,507.45
Cash and cash equivalents at beginning of the year	11,562.69	8,060.99
Effect of exchange rate changes in cash and cash equivalents	849.69	(5.75)
Cash and cash equivalents at end of the year	13,315.94	11,562.69

Oracle Financial Services Software Limited

Consolidated statement of cash flow for the year ended March 31, 2020 (continued)

Component of cash and cash equivalents	(Amounts in ₹ million)	
	Year ended March 31,	
	2020	2019
Balances with banks:		
In current accounts*	12,935.04	9,734.89
In deposit accounts with original maturity of less than 3 months	300.35	1,711.17
In unclaimed dividend account**	80.55	116.63
Total cash and cash equivalents	13,315.94	11,562.69

* Current account includes ₹ 0.76 million (March 31, 2019 ₹ 0.08 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.