

Audited standalone financial results for the three month period ended and year ended March 31, 2020

(₹ in million, except per share data)

PART I	Particulars	Three month period ended			Year ended	
		March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019
		Audited	Unaudited	Audited	Audited	Audited
1	INCOME					
	(a) Revenue from operations	9,063.56	8,355.98	8,828.27	35,255.08	35,808.97
	(b) Other income, net	447.86	518.07	428.29	1,691.59	1,389.50
	Total income	9,511.42	8,874.05	9,256.56	36,946.67	37,198.47
2	EXPENSES					
	(a) Employee benefit expenses	3,092.64	2,942.52	2,772.13	11,909.23	11,896.09
	(b) Travel related expenses	347.60	415.57	388.10	1,593.78	1,741.70
	(c) Professional fees	346.44	298.53	323.97	1,311.47	1,366.75
	(d) Finance cost	30.11	15.88	-	80.18	-
	(e) Other operating expenses	273.53	114.36	781.20	1,134.50	1,827.80
	(f) Depreciation and amortisation	210.75	210.88	154.16	831.72	501.98
	Total expenses	4,301.07	3,997.74	4,419.56	16,860.88	17,334.32
3	Profit before tax	5,210.35	4,876.31	4,837.00	20,085.79	19,864.15
4	Tax expenses					
	(a) Current tax	647.82	1,145.38	1,387.89	4,560.70	6,428.91
	(b) Deferred tax	(467.59)	23.57	480.09	(301.47)	610.54
	Total tax expenses	180.23	1,168.95	1,867.98	4,259.23	7,039.45
5	Net profit for the period	5,030.12	3,707.36	2,969.02	15,826.56	12,824.70
6	Other Comprehensive Income					
	(a) Items that will not be reclassified subsequently to profit or loss					
	(i) Actuarial (loss) gain on gratuity fund	(52.31)	17.24	9.89	(92.36)	39.87
	(ii) Deferred tax	13.17	(4.34)	(3.46)	23.25	(13.93)
	(b) Items that will be reclassified subsequently to profit or loss					
	(i) Exchange differences on translation of foreign operations	31.88	1.80	(6.45)	35.57	(0.11)
	Total other comprehensive income for the period, net of tax	(7.26)	14.70	(0.02)	(33.54)	25.83
7	Total Comprehensive Income for the period	5,022.86	3,722.06	2,969.00	15,793.02	12,850.53
8	Paid up equity share capital (face value ₹ 5 each, fully paid)	429.40	429.29	428.90	429.40	428.90
9	Reserve excluding Revaluation Reserves as per balance sheet				54,653.61	38,374.36
10	Earnings per equity share (face value ₹ 5 each, fully paid)					
	(a) Basic (in ₹)	58.58	43.19	34.62	184.39	149.77
	(b) Diluted (in ₹)	58.36	43.02	34.47	183.62	149.01

See accompanying note to the financial results

Notes to financial results :

- 1 The audited standalone financial results for three month period ended and year ended March 31, 2020 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at its meeting held on May 14, 2020. 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, 2020 and March 31, 2019 are the balancing figures between audited figures in respect of the full financial year ended March 31, 2020 and March 31, 2019 respectively and unaudited published year-to-date figures up to December 31, 2019 and December 31, 2018 respectively, being the end of the third quarter of the respective financial years, which were subjected to limited review.
- 4 The Company 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 investment in subsidiaries, which are not significant to the standalone financial results for the three month period ended and year ended March 31, 2020. In assessing the recoverability of these assets, the Company has used internal and external sources of information up to the date of approval of these standalone 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 Company's financial results may differ from that estimated as at the date of approval of these standalone financial results. The Company will continue to monitor any material impact due to changes in future economic conditions.
- 5 The Company has adopted Ind AS 116 'Leases' with effect from April 1, 2019 using the modified retrospective method. Cumulative effect of initially applying the standard has been recognized on the date of initial application and hence the Company has not restated comparative information. Accordingly, the Company has recognized right-of-use asset of ₹ 916.21 million and a lease liability of ₹ 806.68 million in the financial results on the date of initial application. There is no impact on the retained earnings. Due to adoption of Ind AS 116, the nature of expenses have changed from rent in previous periods to depreciation cost on right-of-use asset and finance cost for interest on lease liability. During the three month period ended and year ended March 31, 2020, the Company has recognized depreciation on right-of-use asset of ₹ 73.45 million and ₹ 293.11 million along with interest on lease liability of ₹ 13.63 million and ₹ 63.70 million; respectively. The effect of this standard is not significant on the profit for the period of the Company.
- 6 During the three month period ended and year ended March 31, 2020, the Company allotted 22,253 and 100,151 equity shares, respectively, of face value of ₹ 5 each on exercise of stock options by the eligible employees under the prevailing Employee Stock Option Plan ('ESOP') schemes of the Company.
- 7 The Company has exercised the option permitted under Section 115BAA of the Indian Income Tax Act, 1961 as introduced by The Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognized provision for income tax and re-measured its deferred tax asset at the rate prescribed in the said section. Impact of this change has been recognized in the statement of profit and loss account for the three month period ended and year ended March 31, 2020.
- 8 Upon adoption of the Appendix C on "Uncertainty over Income-tax Treatments" of Ind AS 12, Income Taxes, the Company has 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 ended March 31, 2020, the Company has recorded net tax expense of ₹ 57.46 million, which includes charge of ₹ 103.90 million pertaining to earlier years and credit of ₹ 46.44 million for the current period. Consequent to the tax expense, during the three month period ended March 31, 2020, the Company has recognised the related interest expense of ₹ 16.48 million, including ₹ 8.24 million pertaining to earlier years, which has been disclosed as part of finance cost. Further, the Company in the three month period ended March 31, 2020, has reversed income tax provisions pertaining to earlier years of ₹ 720.27 million arising out of adjudication of certain disputed matters in favour of the Company and its reassessment of existing income tax position. The current tax expense for the three month period and year ended March 31, 2020 of ₹ 647.82 million and ₹ 4,560.70 million respectively includes the income tax expense of ₹ 57.46 million and reversals of income tax provisions of ₹ 720.27 million arising on account of reassessment as mentioned above, thereby having a resultant impact of net tax credit of ₹ 662.81 million in the three month period and year ended March 31, 2020.
- 9 Other operating expenses for the three month period ended March 31, 2020 includes ₹ 242.03 million towards reversal and for three month period ended December 31, 2019 includes ₹ 0.28 million towards provision for impairment of inter-company loan (including commitment thereof) granted to Oracle (OFSS) BPO Services Limited, a step-down subsidiary company. Other operating expenses for the three month period ended and year ended March 31, 2019 includes ₹ 209.47 million towards provision for diminution in value of investment along with provision for loss in fair value of loan given to ISP Internet Mauritius Company and reversal of provision for diminution in value of investment in Oracle (OFSS) ASP Private Limited for ₹ 40.70 million.
- 10 During the year ended March 31, 2020 the Company has acquired 100% equity shares of Mantas India Private Limited at ₹ 20.28 million towards restructuring of ownership in Indian step-down subsidiary of the Company.
- 11 Particulars of other income, net

(₹ in million)

Particulars	Three month period ended			Year ended	
	March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019
	Audited	Unaudited	Audited	Audited	Audited
Finance income	424.48	395.99	272.33	1,508.73	1,173.47
Exchange gain (loss), net	3.69	104.38	124.89	103.64	110.31
Miscellaneous income, net	19.69	17.70	31.07	79.22	105.72
Total	447.86	518.07	428.29	1,691.59	1,389.50

Particulars	As at	
	March 31, 2020	March 31, 2019
	Audited	Audited
A ASSETS		
1 Non-current assets		
(a) Property, plant and equipment	2,213.94	2,385.67
(b) Capital work-in-progress	0.16	4.05
(c) Right-of-use asset	622.57	-
(d) Investment property	102.00	102.00
(e) Financial assets		
(i) Investments in subsidiaries	7,681.61	7,650.28
(ii) Other non-current financial assets	1,376.59	622.17
(f) Deferred tax assets (net)	740.39	415.67
(g) Income tax assets (net)	7,705.59	7,225.51
(h) Other non-current assets	345.25	661.30
	20,788.10	19,066.65
2 Current assets		
(a) Financial assets		
(i) Trade receivables	4,154.31	4,866.30
(ii) Loan	106.00	-
(iii) Cash and cash equivalents	1,993.84	2,713.65
(iv) Other bank balances	30,545.37	14,351.10
(v) Other current financial assets	1,656.02	2,237.33
(b) Other current assets	1,424.00	1,218.72
	39,879.54	25,387.10
TOTAL - ASSETS	60,667.64	44,453.75
B EQUITY AND LIABILITIES		
1 Equity		
(a) Equity share capital	429.40	428.90
(b) Other equity	54,653.61	38,374.84
	55,083.01	38,803.74

Statement of assets and liabilities (continued)

(₹ in million)

Particulars	As at	
	March 31, 2020	March 31, 2019
	Audited	Audited
2 Non-current liabilities		
(a) Financial liabilities		
(i) Lease liability	283.25	-
(b) Other non-current liabilities	-	123.46
(c) Provisions	1,150.97	965.71
	1,434.22	1,089.17
3 Current liabilities		
(a) Financial liabilities		
(i) Lease liability	269.35	-
(ii) Trade payables		
- Payable to micro and small enterprises	2.58	3.04
- Payable to others	263.00	420.05
(iii) Other current financial liabilities	1,577.10	1,855.87
(b) Other current liabilities	1,060.07	1,004.54
(c) Provisions	951.83	889.30
(d) Income tax liabilities (net)	26.48	388.04
	4,150.41	4,560.84
TOTAL - EQUITY AND LIABILITIES	60,667.64	44,453.75

13 Statement of cash flows

(₹ in million)

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
	Audited	Audited
Cash flows from operating activities		
Profit before tax	20,085.79	19,864.15
Adjustments to reconcile profit before tax to cash (used in) provided by operating activities :	-	-
Depreciation and amortization	831.72	501.98
Profit on sale of property, plant and equipment, net	(0.23)	(0.69)
Employee stock compensation expense	432.01	488.71
Provision for diminution in value of investment in subsidiary company	-	168.77
Finance income	(1,508.73)	(1,173.47)
Effect of exchange rate changes in cash and cash equivalents	(82.31)	1.78
Unrealized exchange (gain) loss, net	(120.69)	(111.21)
Finance cost	80.18	-
Deferred rent	-	(4.76)
Impairment loss (reversed) on financial assets	(147.86)	(629.89)
Impairment loss recognized on other financial assets	6.90	3.47
Bad debts	193.11	844.82
Operating Profit before Working Capital changes	19,769.89	19,953.66

Statement of cash flows (continued)

(₹ in million)

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
	Audited	Audited
Movements in working capital		
(Increase) in other non-current financial assets	(809.22)	-
Decrease in other non-current assets	138.10	33.61
Decrease in trade receivables	846.80	1,255.50
Decrease in other current financial assets	748.03	793.99
(Increase) in other current assets	(313.39)	(842.40)
(Decrease) in non-current financial liabilities	-	(31.74)
Increase in non-current provisions	75.95	117.41
(Decrease) in trade payables	(157.83)	(8.05)
(Decrease) in other current financial liabilities	(170.59)	(2,642.01)
Increase in other current liabilities	72.65	89.88
Increase (decrease) in current provisions	58.45	(345.26)
Cash from operating activities	20,258.84	18,374.59
Payment of domestic and foreign taxes	(5,412.15)	(7,847.82)
Net cash provided by operating activities	14,846.69	10,526.77
Cash flows from investing activities		
Purchase of property, plant and equipment	(473.18)	(739.04)
Proceeds from sale of property, plant and equipment	0.23	2.83
Income from investment in sublease	24.99	-
(Placement) refund of deposits for premises and others	(0.26)	19.09
Loan to step-down subsidiary company	(106.00)	-
Investment in subsidiary company	(20.28)	-
Bank fixed deposits having maturity of more than three months matured	17,220.00	22,290.54
Bank fixed deposits having maturity of more than three months booked	(33,095.00)	(19,823.00)
Interest received	1,135.27	996.34
Net cash (used in) provided by investing activities	(15,314.23)	2,746.76
Cash flows from financing activities		
Proceeds from issue of shares under employee stock option plan	43.19	749.91
Equity dividend paid	(36.08)	(11,131.51)
Tax on equity dividend paid	-	(2,288.39)
Interest paid	(80.18)	-
Repayment of lease liability	(261.51)	-
Net cash (used in) financing activities	(334.58)	(12,669.99)
Net (decrease) increase in cash and cash equivalents	(802.12)	603.54
Cash and cash equivalents at beginning of the year	2,713.65	2,111.89
Effect of exchange rate changes in cash and cash equivalents	82.31	(1.78)
Cash and cash equivalents at end of the year	1,993.84	2,713.65

Statement of cash flows (continued)

(₹ in million)

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
	Audited	Audited
Component of cash and cash equivalents		
Balances with banks:		
In current accounts	1,693.25	910.88
In deposit accounts with original maturity of less than three months	220.04	1,686.14
In unclaimed dividend account *	80.55	116.63
Total cash and cash equivalents at end of the year	1,993.84	2,713.65

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

14 Reporting segment wise 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. 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.

(₹ in million)

Particulars	Three month period ended			Year ended	
	March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019
	Audited	Unaudited	Audited	Audited	Audited
(a) Segment revenue					
Product licenses and related activities	8,227.75	7,489.06	7,808.94	31,668.22	31,886.35
IT solutions and consulting services	835.81	866.92	1,019.33	3,586.86	3,922.62
	9,063.56	8,355.98	8,828.27	35,255.08	35,808.97
(b) Segment results					
Product licenses and related activities	4,775.50	4,178.16	4,588.77	18,079.34	18,423.89
IT solutions and consulting services	286.16	316.94	471.34	1,403.85	1,347.84
	5,061.66	4,495.10	5,060.11	19,483.19	19,771.73
Finance Income	424.48	395.99	272.33	1,508.73	1,173.47
Other un-allocable (expenses) income, net	(275.79)	(14.78)	(495.44)	(906.13)	(1,081.05)
Profit before tax	5,210.35	4,876.31	4,837.00	20,085.79	19,864.15

Reporting segment wise revenue, results, assets and liabilities (continued)

(₹ in million)

Particulars	Three month period ended			Year ended	
	March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019
	Audited	Unaudited	Audited	Audited	Audited
(c) Segment assets					
Product licenses and related activities	8,298.18	8,909.63	8,889.18	8,298.18	8,889.18
IT solutions and consulting services	1,722.75	1,898.34	1,783.53	1,722.75	1,783.53
Unallocable	50,646.71	45,320.60	33,781.04	50,646.71	33,781.04
	60,667.64	56,128.57	44,453.75	60,667.64	44,453.75
(d) Segment liabilities					
Product licenses and related activities	4,628.65	4,823.10	4,342.68	4,628.65	4,342.68
IT solutions and consulting services	719.59	594.88	582.11	719.59	582.11
Unallocable	236.39	769.59	725.22	236.39	725.22
	5,584.63	6,187.57	5,650.01	5,584.63	5,650.01

15 The Board of Directors of the Company at its Meeting held on May 8, 2020, declared an interim dividend of ₹ 180 per equity share of face value of ₹ 5 each for the financial year 2019-20. The Board of Directors did not recommend final dividend for the financial year ended March 31, 2020.

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

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

Mumbai, India
 May 14, 2020

Chaitanya Kamat
 Managing Director & Chief Executive Officer
 DIN: 00969094