Oracle Financial Services Software Limited

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Audited standalone 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	8,967.50	8,880.88	9,063.56	36,452.12	35,255.08
	(b) Other income, net	290.56	266.65	447.86	1,164.81	1,691.59
	Total income	**9,258.06**	**9,147.53**	**9,511.42**	**37,616.93**	**36,946.67**
2	**EXPENSES**					
	(a) Employee benefit expenses	3,312.00	3,024.38	3,092.64	12,443.21	11,909.23
	(b) Travel related expenses	28.76	28.66	347.60	317.51	1,593.78
	(c) Professional fees	300.99	306.53	346.44	1,312.81	1,311.47
	(d) Finance cost	10.15	11.93	30.11	47.99	80.18
	(e) Other operating expenses	51.15	312.01	273.53	814.57	1,134.50
	(f) Depreciation and amortisation	182.11	201.18	210.75	802.03	831.72
	Total expenses	**3,885.16**	**3,884.69**	**4,301.07**	**15,738.12**	**16,860.88**
3	**Profit before tax**	**5,372.90**	**5,262.84**	**5,210.35**	**21,878.81**	**20,085.79**
4	Tax expenses					
	(a) Current tax	1,253.14	1,394.72	647.82	5,570.78	4,560.70
	(b) Deferred tax	(12.29)	(50.49)	(467.59)	(84.82)	(301.47)
	Total tax expenses	**1,240.85**	**1,344.23**	**180.23**	**5,485.96**	**4,259.23**
5	**Net profit for the period**	**4,132.05**	**3,918.61**	**5,030.12**	**16,392.85**	**15,826.56**
6	Other Comprehensive Income					
	(a) Items that will not be reclassified subsequently to profit or loss					
	(i) Actuarial (loss) gain on gratuity fund	(3.62)	(29.74)	(52.31)	(23.46)	(92.36)
	(ii) Deferred tax	0.91	7.48	13.17	5.90	23.25
	(b) Items that will be reclassified subsequently to profit or loss					
	(i) Exchange differences on translation of foreign operations	4.20	(6.87)	31.88	(12.26)	35.57
	Total other comprehensive income for the period, net of tax	**1.49**	**(29.13)**	**(7.26)**	**(29.82)**	**(33.54)**
7	**Total Comprehensive Income for the period**	**4,133.54**	**3,889.48**	**5,022.86**	**16,363.03**	**15,793.02**
8	Paid up equity share capital (face value ₹ 5 each, fully paid)	430.31	430.20	429.40	430.31	429.40
9	Reserve excluding Revaluation Reserves as per balance sheet				56,029.57	54,653.61
10	Earnings per equity share (face value ₹ 5 each, fully paid)					
	(a) Basic (in ₹)	48.02	45.56	58.58	190.64	184.39
	(b) Diluted (in ₹)	47.83	45.38	58.36	189.80	183.62
	See accompanying note to the financial results					

Notes to financial results :

1 The audited standalone financial results for the three month period and year ended March 31, 2021 have been reviewed by the 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 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. These are not significant to the standalone financial results for the three month period and year ended March 31, 2021. 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 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 Company 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 the eligible employees under the prevailing Employee Stock Option Plan ('ESOP') schemes of the Company.

7 Upon adoption of the Appendix C on "Uncertainty over Income-tax Treatments" of Ind AS 12, Income Taxes, the Company 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 ended March 31, 2020, the Company had recorded net tax expense of ₹ 57.46 million, which included 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 had recognised the related interest expense of ₹ 16.48 million, including ₹ 8.24 million pertaining to earlier years, which had been disclosed as part of finance cost.

Further, the Company 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 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 included 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.

8 Other operating expenses for the three month period and year ended March 31, 2021 includes ₹ 42.11 million towards reversal of provision for diminution in value of investment in ISP Internet Mauritius Company.

Other operating expenses for the three month period ended March 31, 2020 includes ₹ 242.03 million towards reversal of provision for impairment of inter-company loan (including commitment thereof) granted to Oracle (OFSS) BPO Services Limited, a step-down subsidiary company.

9 During the year ended March 31, 2020 the Company had 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.

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	273.29	255.32	424.48	1,071.12	1,508.73
Exchange (loss) gain, net	(13.33)	(6.18)	3.69	6.97	103.64
Miscellaneous income, net	30.60	17.51	19.69	86.72	79.22
Total	**290.56**	**266.65**	**447.86**	**1,164.81**	**1,691.59**

11 Statement of assets and liabilities

(₹ in million)

	Particulars	As at	
		March 31, 2021	March 31, 2020
		Audited	Audited
A	**ASSETS**		
1	**Non-current assets**		
	(a) Property, plant and equipment	1,847.30	2,213.94
	(b) Capital work-in-progress	0.91	0.16
	(c) Right-of-use asset	369.22	622.57
	(d) Investment property	102.00	102.00
	(e) Financial assets		
	(i) Investments in subsidiaries	7,726.81	7,681.61
	(ii) Other non-current financial assets	1,375.87	1,376.59
	(f) Deferred tax assets (net)	831.11	740.39
	(g) Income tax assets (net)	7,954.14	7,705.59
	(h) Other non-current assets	327.81	345.25
		20,535.17	**20,788.10**
2	**Current assets**		
	(a) Financial assets		
	(i) Trade receivables	4,562.87	4,154.31
	(ii) Loan	30.00	106.00
	(iii) Cash and cash equivalents	2,248.21	1,993.84
	(iv) Other bank balances	31,054.91	30,545.37
	(v) Other current financial assets	1,766.85	1,656.02
	(b) Other current assets	1,677.62	1,424.00
		41,340.46	**39,879.54**
	TOTAL - ASSETS	**61,875.63**	**60,667.64**
B	**EQUITY AND LIABILITIES**		
1	**Equity**		
	(a) Equity share capital	430.31	429.40
	(b) Other equity	56,029.57	54,653.61
		56,459.88	**55,083.01**
2	**Non-current liabilities**		
	(a) Financial liabilities		
	(i) Lease liability	245.47	283.25
	(b) Provisions	1,256.87	1,150.97
		1,502.34	**1,434.22**

Statement of assets and liabilities (continued)

(₹ in million)

	Particulars	As at	
		March 31, 2021	March 31, 2020
		Audited	Audited
3	**Current liabilities**		
	(a) Financial liabilities		
	(i) Lease liability	59.48	269.35
	(ii) Trade payables		
	- Payable to micro and small enterprises	4.82	2.58
	- Payable to others	172.66	263.00
	(iii) Other current financial liabilities	1,515.75	1,577.10
	(b) Other current liabilities	1,036.98	1,060.07
	(c) Provisions	1,083.75	951.83
	(d) Income tax liabilities (net)	39.97	26.48
		3,913.41	**4,150.41**
	TOTAL - EQUITY AND LIABILITIES	**61,875.63**	**60,667.64**

12 Statement of cash flows

(₹ in million)

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
	Audited	Audited
Cash flows from operating activities		
Profit before tax	21,878.81	20,085.79
Adjustments to reconcile profit before tax to cash provided by operating activities :		
Depreciation and amortization	802.03	831.72
(Profit) on sale of fixed assets, net	(0.10)	(0.23)
Employee stock compensation expense	426.61	432.01
Reversal of provision for diminution in value of investment in subsidiary company	(42.11)	-
Finance income	(1,071.12)	(1,508.73)
Effect of exchange rate changes in cash and cash equivalents	11.08	(82.31)
Effect of exchange rate changes in assets and liabilities	23.73	(120.69)
Finance cost	47.99	80.18
Impairment loss (reversed) on financial assets	(191.34)	(147.86)
Impairment loss recognized on other financial assets	1.95	6.90
Bad debts	101.37	193.11
Operating Profit before Working Capital changes	21,988.90	19,769.89

Statement of cash flows (continued) (₹ in million)

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
	Audited	Audited
Movements in working capital		
(Increase) in other non-current financial assets	(41.18)	(809.22)
Decrease in other non-current assets	16.22	138.10
(Increase) decrease in trade receivables	(327.77)	846.80
Decrease (increase) in other current financial assets	(142.40)	748.03
(Increase) in other current assets	(252.37)	(313.39)
Increase in non-current provisions	77.47	75.95
(Decrease) in trade payables	(88.10)	(157.83)
(Decrease) in other current financial liabilities	(72.63)	(170.59)
(Decrease) increase in other current liabilities	(23.06)	72.65
Increase in current provisions	130.90	58.45
Cash from operating activities	21,265.98	20,258.84
Payment of domestic and foreign taxes	(5,818.22)	(5,412.15)
Net cash provided by operating activities	**15,447.76**	**14,846.69**
Cash flows from investing activities		
Purchase of property, plant and equipment	(168.30)	(473.18)
Proceeds from sale of property, plant and equipment	1.57	0.23
Income from investment in sublease	16.02	24.99
Refund (placement) of deposits for premises and others	88.41	(0.26)
Loan repaid by (provided to) step-down subsidiary company	76.00	(106.00)
Investment in step-down subsidiary company	-	(20.28)
Bank fixed deposits having maturity of more than three months matured	33,925.00	17,220.00
Bank fixed deposits having maturity of more than three months booked	(34,636.60)	(33,095.00)
Interest received	1,215.06	1,135.27
Net cash provided by (used in) investing activities	**517.16**	**(15,314.23)**
Cash flows from financing activities		
Proceeds from issue of shares under employee stock option plan	55.83	43.19
Equity dividend paid	(15,466.31)	(36.08)
Finance cost	(47.99)	(80.18)
Repayment of lease liability	(241.00)	(261.51)
Net cash (used in) financing activities	**(15,699.47)**	**(334.58)**
Net increase (decrease) in cash and cash equivalents	265.45	(802.12)
Cash and cash equivalents at beginning of the year	1,993.84	2,713.65
Effect of exchange rate changes in cash and cash equivalents	(11.08)	82.31
Cash and cash equivalents at end of the year	**2,248.21**	**1,993.84**

Statement of cash flows (continued)

(₹ in million)

Particulars	For the year ended March 31, 2021 Audited	For the year ended March 31, 2020 Audited
Component of cash and cash equivalents		
Balances with banks:		
In current accounts	1,912.23	1,693.25
In deposit accounts with original maturity of less than three months	250.05	220.04
In unclaimed dividend account*	85.93	80.55
Total cash and cash equivalents at the end of the year	**2,248.21**	**1,993.84**

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

13 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 include 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	8,079.47	8,015.42	8,227.75	32,864.37	31,668.22
IT solutions and consulting services	888.03	865.46	835.81	3,587.75	3,586.86
	8,967.50	**8,880.88**	**9,063.56**	**36,452.12**	**35,255.08**
(b) Segment results					
Product licenses and related activities	4,880.71	5,089.30	4,775.50	20,474.39	18,079.34
IT solutions and consulting services	420.05	385.23	286.16	1,496.05	1,403.85
	5,300.76	**5,474.53**	**5,061.66**	**21,970.44**	**19,483.19**
Finance income	273.29	255.32	424.48	1,071.12	1,508.73
Other un-allocable (expenses), net	(201.15)	(467.01)	(275.79)	(1,162.75)	(906.13)
Profit before tax	**5,372.90**	**5,262.84**	**5,210.35**	**21,878.81**	**20,085.79**

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

(₹ 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
	(c) Segment assets					
	Product licenses and related activities	8,327.23	9,137.15	8,298.18	8,327.23	8,298.18
	IT solutions and consulting services	1,694.39	1,967.69	1,722.75	1,694.39	1,722.75
	Unallocable	51,854.01	46,712.07	50,646.71	51,854.01	50,646.71
		61,875.63	**57,816.91**	**60,667.64**	**61,875.63**	**60,667.64**
	(d) Segment liabilities					
	Product licenses and related activities	4,060.15	4,509.89	4,628.65	4,060.15	4,628.65
	IT solutions and consulting services	1,113.33	875.41	719.59	1,113.33	719.59
	Unallocable	242.27	231.52	236.39	242.27	236.39
		5,415.75	**5,616.82**	**5,584.63**	**5,415.75**	**5,584.63**

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 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

Chaitanya Kamat
Managing Director & Chief Executive Officer
DIN: 00969094

Mumbai, India
May 5, 2021