Oracle Financial Services Software Limited

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Unaudited consolidated financial results for the three and nine month period ended December 31, 2020

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

	Particulars	Three month period ended			Nine month period ended		Year ended
		December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	**INCOME**						
	(a) Revenue from operations	12,384.23	11,973.93	11,601.46	37,730.73	35,977.28	48,612.76
	(b) Other income, net	226.68	176.59	620.59	880.95	1,402.17	1,773.39
	Total income	**12,610.91**	**12,150.52**	**12,222.05**	**38,611.68**	**37,379.45**	**50,386.15**
2	**EXPENSES**						
	(a) Employee benefit expenses	5,377.86	5,566.10	5,214.14	16,399.21	15,642.68	21,178.01
	(b) Travel related expenses	147.87	167.27	590.82	528.97	1,774.40	2,255.81
	(c) Professional fees	386.62	332.02	346.79	1,143.58	1,078.93	1,452.45
	(d) Finance cost	49.72	53.17	24.63	145.61	77.89	473.65
	(e) Other operating expenses	360.12	130.07	187.60	868.05	846.71	1,439.61
	(f) Depreciation and amortization	262.07	272.22	268.34	800.18	789.75	1,063.81
	Total Expenses	**6,584.26**	**6,520.85**	**6,632.32**	**19,885.60**	**20,210.36**	**27,863.34**
3	**Profit before tax**	**6,026.65**	**5,629.67**	**5,589.73**	**18,726.08**	**17,169.09**	**22,522.81**
4	Tax expenses						
	(a) Current tax	1,705.85	1,713.69	1,046.03	5,620.70	5,052.11	6,315.25
	(b) Deferred tax	24.01	(4.70)	(23.89)	89.97	187.08	1,585.39
	Total tax expenses	**1,729.86**	**1,708.99**	**1,022.14**	**5,710.67**	**5,239.19**	**7,900.64**
5	**Net profit for the period**	**4,296.79**	**3,920.68**	**4,567.59**	**13,015.41**	**11,929.90**	**14,622.17**
6	**Other Comprehensive Income**						
	(a) Items that will not be reclassified subsequently to profit or loss						
	(i) Actuarial (loss) gain on gratuity fund	(29.74)	27.44	17.24	(19.84)	(40.05)	(96.44)
	(ii) Deferred tax	7.48	(6.91)	(4.34)	4.99	10.08	23.38
	(b) Items that will be reclassified subsequently to profit and loss						
	(i) Exchange differences on translation of foreign operations	220.49	(100.44)	113.56	273.20	348.90	1,108.95
	Total other comprehensive income for the period, net of tax	**198.23**	**(79.91)**	**126.46**	**258.35**	**318.93**	**1,035.89**
7	**Total comprehensive income for the period**	**4,495.02**	**3,840.77**	**4,694.05**	**13,273.76**	**12,248.83**	**15,658.06**
8	**Net profit attributable to:**						
	Equity holders of the Company	4,296.79	3,920.68	4,567.59	13,015.41	11,929.90	14,622.17
	Non-controlling interests	-	-	-	-	-	-
9	**Total comprehensive income attributable to:**						
	Equity holders of the Company	4,495.02	3,840.77	4,694.05	13,273.76	12,248.83	15,658.06
	Non-controlling interests	-	-	-	-	-	-
10	Paid up equity share capital (face value ₹ 5 each, fully paid)	430.20	429.96	429.29	430.20	429.29	429.40
11	Reserve excluding Revaluation Reserves as per balance sheet						65,266.40
12	Earnings per equity share (face value ₹ 5 each, fully paid)						
	(a) Basic (in ₹)	49.96	45.60	53.21	151.40	139.03	170.38
	(b) Diluted (in ₹)	49.76	45.44	53.00	150.78	138.45	169.66

See accompanying note to the financial results

Notes to financial results :

1 The above unaudited consolidated financial results for the three and nine month period ended December 31, 2020 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at its meeting held on January 28, 2021. There are no qualifications in the Review Report issued by the Statutory Auditors.

2 These financials results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34 - Interim Financial Reporting as prescribed under Section 133 of the Companies Act, 2013 (the 'Act') read with relevant rules of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and the other accounting principles generally accepted in India.

3 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, which are not significant to the Consolidated financial results for the three and nine month period ended December 31, 2020. 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.

4 The Code on Social Security, 2020 ("Code") relating to employee benefits during the employment and post-employment benefits received Presidential assent on September 28, 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.

5 During the three and nine month period ended December 31, 2020, the Company allotted 48,646 and 160,819 equity shares, respectively, of face value of ₹ 5 each on exercise of stock options by eligible employees under the prevailing ESOP schemes of the Company.

6 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 year ended March 31, 2020 its estimate of uncertain income-tax position. Based on its reassessment, during the year ended March 31, 2020, the OFSS group had recorded net tax expense of ₹ 485.13 million, including charge of ₹ 284.51 million pertaining to earlier years. Consequent to the tax expense, during the year 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 year 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 year ended March 31, 2020 of ₹ 6,315.25 million included the income tax expense of ₹ 485.13 million for the year ended March 31, 2020 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 ₹ 235.14 million in the year ended March 31, 2020.

7 The deferred tax charge of the OFSS group for the year ended March 31, 2020 was ₹ 1,585.39 million. 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 as at every year end. During the year 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 year ended March 31, 2020 of OFSS group as mentioned hereinabove.

8 The tax expense for the three month period ended December 31, 2019 and year ended March 31, 2020 includes reversal of tax expense of ₹ 354.21 million and ₹ 205.05 million which was recognized in the previous year and six month period ended September 30, 2019, respectively, resulting from the remeasurement of the tax liability pursuant to changes in the US tax legislations.

9 **Particulars of Other income, net**

(₹ in million)

Particulars	Three month period ended			Nine month period ended		Year ended
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Finance income	270.06	252.54	432.63	845.67	1,210.68	1,658.14
Exchange (loss) gain, net	(107.74)	(141.98)	151.96	(293.16)	69.44	(66.12)
Miscellaneous income, net	64.36	66.03	36.00	328.44	122.05	181.37
Total	**226.68**	**176.59**	**620.59**	**880.95**	**1,402.17**	**1,773.39**

10 **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 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.

Reporting segmentwise revenue, results, assets and liabilities (continued)

(₹ in million)

Particulars	Three month period ended			Nine month period ended		Year ended
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
(a) Segment revenue						
Product licenses and related activities	11,013.80	10,577.62	10,276.86	33,513.33	31,828.47	43,145.69
IT solutions and consulting services	1,016.28	1,048.43	1,013.45	3,211.94	3,261.24	4,275.92
Business process outsourcing services	354.15	347.88	311.15	1,005.46	887.57	1,191.15
	12,384.23	**11,973.93**	**11,601.46**	**37,730.73**	**35,977.28**	**48,612.76**
(b) Segment results						
Product licenses and related activities	6,059.47	5,532.34	4,934.99	18,238.22	15,640.17	21,359.45
IT solutions and consulting services	205.15	163.03	133.60	605.56	617.37	778.00
Business process outsourcing services	165.13	153.13	118.20	424.12	302.21	388.10
	6,429.75	**5,848.50**	**5,186.79**	**19,267.90**	**16,559.75**	**22,525.55**
Finance income	270.06	252.54	432.63	845.67	1,210.68	1,658.14
Other un-allocable (expenses), net	(673.16)	(471.37)	(29.69)	(1,387.49)	(601.34)	(1,660.88)
Profit before tax	**6,026.65**	**5,629.67**	**5,589.73**	**18,726.08**	**17,169.09**	**22,522.81**
(c) Segment assets						
Product licenses and related activities	18,524.07	18,804.37	20,489.35	18,524.07	20,489.35	20,482.81
IT solutions and consulting services	2,006.35	2,003.69	2,110.13	2,006.35	2,110.13	2,018.19
Business process outsourcing services	663.45	676.34	671.52	663.45	671.52	705.31
Unallocable	57,832.73	52,106.47	50,985.96	57,832.73	50,985.96	57,007.13
	79,026.60	**73,590.87**	**74,256.96**	**79,026.60**	**74,256.96**	**80,213.44**
(d) Segment liabilities						
Product licenses and related activities	8,826.97	8,493.87	9,283.14	8,826.97	9,283.14	9,303.69
IT solutions and consulting services	871.40	799.52	932.23	871.40	932.23	831.99
Business process outsourcing services	286.09	294.14	330.38	286.09	330.38	317.63
Unallocable	5,104.88	4,715.51	1,572.04	5,104.88	1,572.04	4,064.33
	15,089.34	**14,303.04**	**12,117.79**	**15,089.34**	**12,117.79**	**14,517.64**

11 **Unaudited standalone results for the three and nine month period ended December 31, 2020**

(₹ in million, except per share data)

Particulars	Three month period ended			Nine month period ended		Year ended
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenue from operations	**8,880.88**	**8,564.53**	**8,355.98**	**27,484.62**	**26,191.52**	**35,255.08**
Net profit for the period	**3,918.61**	**3,785.86**	**3,707.36**	**12,260.80**	**10,796.44**	**15,826.56**
Earnings per equity share (face value ₹ 5 each, fully paid)						
Basic (in ₹)	45.56	44.04	43.19	142.63	125.80	184.39
Diluted (in ₹)	45.38	43.87	43.02	142.04	125.28	183.62

12 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
January 28, 2021

Chaitanya Kamat
Managing Director & Chief Executive Officer
DIN: 00969094