

Oracle Financial Services Software Limited

Registered Office : Oracle Park, Off Western Express Highway, Goregaon (East), Mumbai 400 063

Tel: + 91 22 6718 3000 Fax: + 91 22 6718 3001

CIN: L72200MH1989PLC053666

Website: www.oracle.com/financialservices

E-mail: investors-vp-ofss_in_grp@oracle.com

Unaudited consolidated financial results for the three month period ended June 30, 2020

PART I

(₹ in million, except per share data)

Particulars	Three month period ended			Year ended
	June 30, 2020	March 31, 2020	June 30, 2019	March 31, 2020
	Unaudited	Audited	Unaudited	Audited
1 INCOME				
(a) Revenue from operations	13,372.57	12,635.48	12,751.01	48,612.76
(b) Other income, net	477.68	371.22	320.21	1,773.39
Total income	13,850.25	13,006.70	13,071.22	50,386.15
2 EXPENSES				
(a) Employee benefit expenses	5,455.25	5,535.33	5,130.06	21,178.01
(b) Travel related expenses	213.83	481.41	584.25	2,255.81
(c) Professional fees	424.94	373.52	394.40	1,452.45
(d) Finance cost	42.72	395.76	27.29	473.65
(e) Other operating expenses	377.86	592.90	453.88	1,439.61
(f) Depreciation and amortization	265.89	274.06	265.37	1,063.81
Total Expenses	6,780.49	7,652.98	6,855.25	27,863.34
3 Profit before tax	7,069.76	5,353.72	6,215.97	22,522.81
4 Tax expenses				
(a) Current tax	2,201.16	1,263.14	2,500.09	6,315.25
(b) Deferred tax	70.66	1,398.31	(57.98)	1,585.39
Total tax expenses	2,271.82	2,661.45	2,442.11	7,900.64
5 Net profit for the period	4,797.94	2,692.27	3,773.86	14,622.17
6 Other Comprehensive Income				
(a) Items that will not be reclassified subsequently to profit or loss				
(i) Actuarial (loss) on gratuity fund	(17.54)	(56.39)	(41.05)	(96.44)
(ii) Deferred tax	4.42	13.30	14.35	23.38
(b) Items that will be reclassified subsequently to profit and loss				
(i) Exchange differences on translation of foreign operations	153.15	760.05	94.44	1,108.95
Total other comprehensive income for the period, net of tax	140.03	716.96	67.74	1,035.89
7 Total comprehensive income for the period	4,937.97	3,409.23	3,841.60	15,658.06
8 Net profit attributable to:				
Equity holders of the Company	4,797.94	2,692.27	3,773.86	14,622.17
Non-controlling interests	-	-	-	-
9 Total comprehensive income attributable to:				
Equity holders of the Company	4,937.97	3,409.23	3,841.60	15,658.06
Non-controlling interests	-	-	-	-
10 Paid up equity share capital (face value ₹ 5 each, fully paid)	429.78	429.40	428.96	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 ₹)	55.84	31.36	44.00	170.38
(b) Diluted (in ₹)	55.65	31.24	43.81	169.66

See accompanying note to the financial results

Notes to financial results :

- 1 The above unaudited consolidated financial results for the three month period ended June 30, 2020 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at its meeting held on August 11, 2020. 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 figures for the three month period ended March 31, 2020 are the balancing figures between audited figures in respect of the full financial year ended March 31, 2020 and unaudited published year-to-date figures up to December 31, 2019, being the end of the third quarter of the financial year, 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, which are not significant to the Consolidated financial results for the three month period ended June 30, 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.
- 5 During the three month period ended June 30, 2020, the Company allotted 76,689 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 three month period ended March 31, 2020 its estimate of uncertain income-tax position. Based on its reassessment, during the three month period ended 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 ended and year ended March 31, 2020 of ₹ 1,263.14 million and ₹ 6,315.25 million included the income tax expense of ₹ 281.33 million and ₹ 485.13 million for the three month period ended 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 ended and year ended March 31, 2020 respectively.
- 7 The deferred tax charge of the OFSS group for the three month period ended and year ended March 31, 2020 was ₹ 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 as at every year end. 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 ended and year ended March 31, 2020 of OFSS group as mentioned hereinabove.
- 8 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. The reversal of tax expense is 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			Year ended
	June 30, 2020	March 31, 2020	June 30, 2019	March 31, 2020
	Unaudited	Audited	Unaudited	Audited
Finance income	323.07	447.46	369.25	1,658.14
Exchange (loss), net	(43.44)	(135.56)	(101.36)	(66.12)
Miscellaneous income, net	198.05	59.32	52.32	181.37
Total	477.68	371.22	320.21	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.

(₹ in million)

Particulars	Three month period ended			Year ended
	June 30, 2020	March 31, 2020	June 30, 2019	March 31, 2020
	Unaudited	Audited	Unaudited	Audited
(a) Segment revenue				
Product licenses and related activities	11,921.91	11,317.22	11,353.27	43,145.69
IT solutions and consulting services	1,147.23	1,014.68	1,116.89	4,275.92
Business process outsourcing services	303.43	303.58	280.85	1,191.15
	13,372.57	12,635.48	12,751.01	48,612.76
(b) Segment results				
Product licenses and related activities	6,646.41	5,719.28	5,821.48	21,359.45
IT solutions and consulting services	237.38	160.63	286.27	778.00
Business process outsourcing services	105.86	85.89	86.71	388.10
	6,989.65	5,965.80	6,194.46	22,525.55
Finance income	323.07	447.46	369.25	1,658.14
Other un-allocable (expenses), net	(242.96)	(1,059.54)	(347.74)	(1,660.88)
Profit before tax	7,069.76	5,353.72	6,215.97	22,522.81
(c) Segment assets				
Product licenses and related activities	21,233.58	20,482.81	21,997.53	20,482.81
IT solutions and consulting services	2,070.23	2,018.19	2,323.70	2,018.19
Business process outsourcing services	595.37	705.31	652.70	705.31
Unallocable	46,647.31	57,007.13	42,076.70	57,007.13
	70,546.49	80,213.44	67,050.63	80,213.44
(d) Segment liabilities				
Product licenses and related activities	9,538.90	9,303.69	10,147.60	9,303.69
IT solutions and consulting services	943.49	831.99	1,010.90	831.99
Business process outsourcing services	302.93	317.63	347.09	317.63
Unallocable	4,480.47	4,064.33	2,130.74	4,064.33
	15,265.79	14,517.64	13,636.33	14,517.64

11 Unaudited standalone results for the three month period ended June 30, 2020

(₹ in million, except per share data)

Particulars	Three month period ended			Year ended
	June 30, 2020	March 31, 2020	June 30, 2019	March 31, 2020
	Unaudited	Audited	Unaudited	Audited
Revenue from operations	10,039.21	9,063.56	9,346.31	35,255.08
Net profit for the period	4,556.33	5,030.12	3,468.87	15,826.56
Earnings per equity share (face value ₹ 5 each, fully paid)				
Basic (in ₹)	53.03	58.58	40.43	184.39
Diluted (in ₹)	52.85	58.36	40.26	183.62

12 The above financial results are also available on the Company's website: www.oracle.com/financialservicesFor and on behalf of the Board of Directors
Oracle Financial Services Software LimitedMumbai, India
August 11, 2020**Chaitanya Kamat**
Managing Director & Chief Executive Officer
DIN: 00969094