Oracle Financial Services Software Limited

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Unaudited standalone 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	8,880.88	8,564.53	8,355.98	27,484.62	26,191.52	35,255.08
	(b) Other income, net	266.65	228.33	518.07	874.25	1,243.73	1,691.59
	Total income	**9,147.53**	**8,792.86**	**8,874.05**	**28,358.87**	**27,435.25**	**36,946.67**
2	**EXPENSES**						
	(a) Employee benefit expenses	3,024.38	3,041.23	2,942.52	9,131.21	8,816.59	11,909.23
	(b) Travel related expenses	28.66	64.96	415.57	288.75	1,246.18	1,593.78
	(c) Professional fees	306.53	304.37	298.53	1,011.82	965.03	1,311.47
	(d) Finance cost	11.93	12.35	15.88	37.84	50.07	80.18
	(e) Other operating expenses	312.01	124.64	114.36	763.42	860.97	1,134.50
	(f) Depreciation and amortisation	201.18	210.56	210.88	619.92	620.97	831.72
	Total expenses	**3,884.69**	**3,758.11**	**3,997.74**	**11,852.96**	**12,559.81**	**16,860.88**
3	**Profit before tax**	**5,262.84**	**5,034.75**	**4,876.31**	**16,505.91**	**14,875.44**	**20,085.79**
4	Tax expenses						
	(a) Current tax	1,394.72	1,268.24	1,145.38	4,317.64	3,912.88	4,560.70
	(b) Deferred tax	(50.49)	(19.35)	23.57	(72.53)	166.12	(301.47)
	Total tax expenses	**1,344.23**	**1,248.89**	**1,168.95**	**4,245.11**	**4,079.00**	**4,259.23**
5	**Net profit for the period**	**3,918.61**	**3,785.86**	**3,707.36**	**12,260.80**	**10,796.44**	**15,826.56**
6	Other Comprehensive Income						
	(a) Items that will not be reclassified subsequently to profit or loss						
	(i) Actuarial gain (loss) on gratuity fund	(29.74)	27.44	17.24	(19.84)	(40.05)	(92.36)
	(ii) Deferred tax	7.48	(6.91)	(4.34)	4.99	10.08	23.25
	(b) Items that will be reclassified subsequently to profit or loss						
	(i) Exchange differences on translation of foreign operations	(6.87)	(4.65)	1.80	(16.46)	3.69	35.57
	Total other comprehensive income for the period, net of tax	**(29.13)**	**15.88**	**14.70**	**(31.31)**	**(26.28)**	**(33.54)**
7	**Total Comprehensive Income for the period**	**3,889.48**	**3,801.74**	**3,722.06**	**12,229.49**	**10,770.16**	**15,793.02**
8	Paid up equity share capital (face value ₹ 5 each, fully paid)	430.20	429.96	429.29	430.20	429.29	429.40
9	Reserve excluding Revaluation Reserves as per balance sheet						54,653.61
10	Earnings per equity share (face value ₹ 5 each, fully paid)						
	(a) Basic (in ₹)	45.56	44.04	43.19	142.63	125.80	184.39
	(b) Diluted (in ₹)	45.38	43.87	43.02	142.04	125.28	183.62
See accompanying note to the financial results							

Notes to financial results :

1 The unaudited standalone 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 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 and nine month period ended December 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.

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 Company 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 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.

6 Upon adoption of the Appendix C on "Uncertainty over Income-tax Treatments" of Ind AS 12, Income Taxes, the Company 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 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 year ended March 31, 2020. Consequent to the tax expense, during the year 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 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 Company and its reassessment of existing income tax position.

The current tax expense for the year ended March 31, 2020 of ₹ 4,560.70 million 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.

7 Other operating expenses for the three and nine month period ended December 31, 2019 include ₹ 0.28 million and ₹ 242.03 million respectively; towards provision for impairment of inter-company loan (including commitment thereof) granted to Oracle (OFSS) BPO Services Limited, a step-down subsidiary company.

8 During the nine month period ended December 31, 2019, 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.

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	255.32	237.16	395.99	797.83	1,084.25	1,508.73
Exchange (loss) gain, net	(6.18)	(26.55)	104.38	20.30	99.95	103.64
Miscellaneous income, net	17.51	17.72	17.70	56.12	59.53	79.22
Total	**266.65**	**228.33**	**518.07**	**874.25**	**1,243.73**	**1,691.59**

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. 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			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	8,015.42	7,672.87	7,489.06	24,784.90	23,440.47	31,668.22
IT solutions and consulting services	865.46	891.66	866.92	2,699.72	2,751.05	3,586.86
	8,880.88	**8,564.53**	**8,355.98**	**27,484.62**	**26,191.52**	**35,255.08**
(b) Segment results						
Product licenses and related activities	5,089.30	4,698.33	4,178.16	15,593.68	13,303.84	18,079.34
IT solutions and consulting services	385.23	374.98	316.94	1,076.00	1,117.69	1,403.85
	5,474.53	**5,073.31**	**4,495.10**	**16,669.68**	**14,421.53**	**19,483.19**
Finance income	255.32	237.16	395.99	797.83	1,084.25	1,508.73
Other un-allocable (expenses), net	(467.01)	(275.72)	(14.78)	(961.60)	(630.34)	(906.13)
Profit before tax	**5,262.84**	**5,034.75**	**4,876.31**	**16,505.91**	**14,875.44**	**20,085.79**

Reporting segment wise 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
(c) Segment assets						
Product licenses and related activities	9,137.15	8,902.15	8,909.63	9,137.15	8,909.63	8,298.18
IT solutions and consulting services	1,967.69	1,960.71	1,898.34	1,967.69	1,898.34	1,722.75
Unallocable	46,712.07	42,641.02	45,320.60	46,712.07	45,320.60	50,646.71
	57,816.91	**53,503.88**	**56,128.57**	**57,816.91**	**56,128.57**	**60,667.64**
(d) Segment liabilities						
Product licenses and related activities	4,509.89	4,281.11	4,823.10	4,509.89	4,823.10	4,628.65
IT solutions and consulting services	875.41	801.79	594.88	875.41	594.88	719.59
Unallocable	231.52	234.29	769.59	231.52	769.59	236.39
	5,616.82	**5,317.19**	**6,187.57**	**5,616.82**	**6,187.57**	**5,584.63**

11 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
January 28, 2021