Oracle Financial Services Software Limited

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Unaudited standalone 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	10,039.21	9,063.56	9,346.31	35,255.08
	(b) Other income, net	379.27	447.86	378.91	1,691.59
	Total income	**10,418.48**	**9,511.42**	**9,725.22**	**36,946.67**
2	**EXPENSES**				
	(a) Employee benefit expenses	3,065.60	3,092.64	2,880.04	11,909.23
	(b) Travel related expenses	195.13	347.60	410.70	1,593.78
	(c) Professional fees	400.92	346.44	353.28	1,311.47
	(d) Finance cost	13.56	30.11	17.51	80.18
	(e) Other operating expenses	326.77	273.53	597.49	1,134.50
	(f) Depreciation and amortisation	208.18	210.75	209.81	831.72
	Total expenses	**4,210.16**	**4,301.07**	**4,468.83**	**16,860.88**
3	**Profit before tax**	**6,208.32**	**5,210.35**	**5,256.39**	**20,085.79**
4	Tax expenses				
	(a) Current tax	1,654.68	647.82	1,936.46	4,560.70
	(b) Deferred tax	(2.69)	(467.59)	(148.94)	(301.47)
	Total tax expenses	**1,651.99**	**180.23**	**1,787.52**	**4,259.23**
5	**Net profit for the period**	**4,556.33**	**5,030.12**	**3,468.87**	**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	(17.54)	(52.31)	(41.05)	(92.36)
	(ii) Deferred tax	4.42	13.17	14.35	23.25
	(b) Items that will be reclassified subsequently to profit or loss				
	(i) Exchange differences on translation of foreign operations	(4.94)	31.88	(2.44)	35.57
	Total other comprehensive income for the period, net of tax	**(18.06)**	**(7.26)**	**(29.14)**	**(33.54)**
7	**Total Comprehensive Income for the period**	**4,538.27**	**5,022.86**	**3,439.73**	**15,793.02**
8	Paid up equity share capital (face value ₹ 5 each, fully paid)	429.78	429.40	429.03	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 ₹)	53.03	58.58	40.43	184.39
	(b) Diluted (in ₹)	52.85	58.36	40.26	183.62

See accompanying note to the financial results

Notes to financial results :

1 The unaudited standalone 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 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 June 30, 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 During the three month period ended June 30, 2020, the Company allotted 76,689 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 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 three month period ended March 31, 2020. 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.

7 Other operating expenses for the three month period ended March 31, 2020 includes ₹ 242.03 million towards reversal and for the three month period ended June 30, 2019 includes ₹ 238.86 million 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 three month period ended June 30, 2019 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.

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	305.35	424.48	322.13	1,508.73
Exchange gain, net	53.03	3.69	30.87	103.64
Miscellaneous income, net	20.89	19.69	25.91	79.22
Total	**379.27**	**447.86**	**378.91**	**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			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	9,096.61	8,227.75	8,410.93	31,668.22
IT solutions and consulting services	942.60	835.81	935.38	3,586.86
	10,039.21	**9,063.56**	**9,346.31**	**35,255.08**
(b) Segment results				
Product licenses and related activities	5,806.05	4,775.50	4,927.12	18,079.34
IT solutions and consulting services	315.79	286.16	409.33	1,403.85
	6,121.84	**5,061.66**	**5,336.45**	**19,483.19**
Finance income	305.35	424.48	322.13	1,508.73
Other un-allocable (expenses), net	(218.87)	(275.79)	(402.19)	(906.13)
Profit before tax	**6,208.32**	**5,210.35**	**5,256.39**	**20,085.79**
(c) Segment assets				
Product licenses and related activities	9,355.60	8,298.18	10,785.22	8,298.18
IT solutions and consulting services	1,962.30	1,722.75	1,873.22	1,722.75
Unallocable	38,753.67	50,646.71	36,148.86	50,646.71
	50,071.57	**60,667.64**	**48,807.30**	**60,667.64**
(d) Segment liabilities				
Product licenses and related activities	4,762.02	4,628.65	4,960.52	4,628.65
IT solutions and consulting services	832.36	719.59	595.65	719.59
Unallocable	234.85	236.39	867.34	236.39
	5,829.23	**5,584.63**	**6,423.51**	**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
August 11, 2020