

Oracle Financial Services Software Limited

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Unaudited Consolidated Financial Results for the Three and Six Month Period Ended September 30, 2016

PART I		(₹ in lacs, except share and per share data)					
		Three month period ended			Six month period ended		Year ended
		September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	March 31, 2016
Particulars		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	INCOME						
	Revenue from operations	106,529	117,713	99,414	224,242	204,245	413,122
	Total income from operations	106,529	117,713	99,414	224,242	204,245	413,122
2	EXPENSES						
	(a) Employee costs	51,697	54,953	46,836	106,650	95,672	194,958
	(b) Travel related expenses	6,535	6,055	5,291	12,590	10,306	21,463
	(c) Professional fees	4,481	4,376	3,588	8,857	7,047	14,536
	(d) Other expenses	5,498	4,811	3,434	10,309	8,275	20,992
	(e) Depreciation and amortisation	1,816	1,918	1,302	3,734	2,720	5,293
	Total Expenses	70,027	72,113	60,451	142,140	124,020	257,242
3	Profit from operations before other income and exceptional items	36,502	45,600	38,963	82,102	80,225	155,880
4	Other income, net	2,847	5,351	5,562	8,198	14,010	21,074
5	Profit from ordinary activities before exceptional items	39,349	50,951	44,525	90,300	94,235	176,954
6	Exceptional item [Refer note 9]	-	-	-	-	(4,372)	(2,193)
7	Profit before tax	39,349	50,951	44,525	90,300	89,863	174,761
8	Tax expenses						
	(a) Current tax	12,393	17,001	16,601	29,394	35,872	70,702
	(b) Deferred tax	(2,240)	(688)	(40)	(2,928)	(2,022)	(832)
	Total tax expenses	10,153	16,313	16,561	26,466	33,850	69,870
9	Net profit for the period	29,196	34,638	27,964	63,834	56,013	104,891
10	Share of (loss) of associates	(11)	(16)	(6)	(27)	(16)	(2)
11	Net Profit after taxes and share of profit	29,185	34,622	27,958	63,807	55,997	104,889
12	Other Comprehensive Income	585	1,271	1,045	1,856	2,055	5,233
13	Total Comprehensive Income	29,770	35,893	29,003	65,663	58,052	110,122
14	Paid up equity share capital (face value ₹ 5 each, fully paid)	4,243	4,237	4,230	4,243	4,230	4,235
15	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year						463,123
16	Earnings per share (face value ₹ 5 each, fully paid)						
	(a) Basic (in ₹)	34.42	40.79	33.08	75.29	66.28	123.78
	(b) Diluted (in ₹)	34.31	40.68	32.87	75.04	65.84	123.12
See accompanying note to the financial results							

Notes to financial results :

- The above unaudited consolidated financial results for the three and six month period ended September 30, 2016 have been approved by the Board of Directors of the Company at its meeting held on November 9, 2016. The Statutory Auditors of the Company have carried out a Limited Review of the consolidated financial results for the three and six month period ended September 30, 2016. There are no qualifications in the Limited Review Report issued by the Auditors.
- Oracle Financial Services Software Limited (the 'Company' or the 'Group') adopted Indian Accounting Standards (Ind AS) from April 1, 2016, and accordingly this consolidated financial results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34, 'Interim Financial Reporting' prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and the other accounting principles generally accepted in India. Financial results for all the periods presented have been prepared in accordance with the recognition and measurement principles of Ind AS 34.
- As required by Circular no. CIR/CFD/FAC/62/2016 dated July 5, 2016 issued by the Securities and Exchange Board of India ('SEBI'), the financial results and financial information for the three and six month period ended September 30, 2015 have been compiled by the management after making the necessary adjustments to give a true and fair view of the results in accordance with Ind AS. These have neither been audited nor reviewed. The Ind AS financial results and other financial information as of and for the year ended March 31, 2016 have been audited.
- During the three and six month period ended September 30, 2016, the Company allotted 109,389 and 160,823 equity shares, respectively, of face value of ₹ 5 each on exercise of stock options by eligible employees under the prevailing ESOP

5 Particulars of other income, net

(₹ in lacs)

Particulars	Three month period ended			Six month period ended		Year ended
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	March 31, 2016
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Finance income	3,848	4,150	6,624	7,998	14,304	21,802
Exchange (loss) gain, net	(1,784)	551	(1,711)	(1,233)	(548)	(2,220)
Miscellaneous income, net	783	650	649	1,433	254	1,492
Total	2,847	5,351	5,562	8,198	14,010	21,074

6 Statement of assets and liabilities

(₹ in lacs)

Particulars	As at	
	September 30, 2016	March 31, 2016
	Unaudited	Audited
A ASSETS		
1 Non-current assets		
(a) Property, Plant and Equipment	27,524	25,620
(b) Capital work-in-progress	116	479
(c) Goodwill	60,866	60,866
(d) Intangible assets	-	-
(e) Investment property	1,020	1,020
(f) Investment in an associate	-	27
(g) Deferred tax assets (net)	12,814	9,710
(h) Financial assets	4,884	4,716
(i) Income tax assets (net)	41,101	46,744
(j) Other non-current assets	7,710	7,335
	156,035	156,517
2 Current assets		
(a) Financial assets		
(i) Trade receivables	90,041	83,109
(ii) Cash and bank balances	244,535	278,549
(iii) Other current financial assets	45,141	41,498
(b) Income tax assets (net)	2,772	1,670
(c) Other current assets	7,323	7,226
	389,812	412,052
TOTAL - ASSETS	545,847	568,569
B EQUITY AND LIABILITIES		
1 Equity		
(a) Equity share capital	4,242	4,235
(b) Other equity	438,538	463,152
	442,780	467,387
2 Non-current liabilities		
(a) Deferred tax liability (net)	114	50
(b) Financial liabilities	251	268
(c) Other non-current liabilities	2,106	1,916
(d) Income tax liabilities (net)	2,886	4,763
(e) Long-term provisions	7,254	6,657
	12,611	13,654
3 Current liabilities		
(a) Financial liabilities		
(i) Trade payables	1,270	3,776
(ii) Other current financial liabilities	25,993	19,262
(b) Other current liabilities	42,096	44,901
(c) Income tax liabilities (net)	7,709	7,414
(d) Short-term provisions	13,388	12,175
	90,456	87,528
TOTAL-EQUITY AND LIABILITIES	545,847	568,569

7 Reporting segmentwise revenue, results, assets and liabilities

(₹ in lacs)

Particulars	Three month period ended			Six month period ended		Year ended
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	March 31, 2016
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
(a) Segment revenue						
Product licenses and related activities	89,665	99,820	81,634	189,485	169,214	346,804
IT solutions and consulting services	13,636	14,974	14,816	28,610	29,246	54,757
Business process outsourcing services	3,227	2,920	2,964	6,147	5,785	11,561
	106,528	117,714	99,414	224,242	204,245	413,122
(b) Segment results						
Product licenses and related activities	36,431	45,400	37,492	81,831	78,460	158,363
IT solutions and consulting services	1,716	1,899	2,894	3,615	4,419	6,124
Business process outsourcing services [Refer note 9]	1,229	892	1,043	2,121	(2,234)	1,807
	39,376	48,191	41,429	87,567	80,645	166,294
Finance income	3,848	4,150	6,624	7,998	14,304	21,802
Other un-allocable income (expenses), net	(3,875)	(1,390)	(3,528)	(5,265)	(5,086)	(13,335)
Profit before tax	39,349	50,951	44,525	90,300	89,863	174,761
(c) Segment assets						
Product licenses and related activities	183,580	191,642	154,070	183,580	154,070	173,964
IT solutions and consulting services	29,173	27,781	29,198	29,173	29,198	26,143
Business process outsourcing services	3,222	3,181	2,763	3,222	2,763	2,819
Unallocable	329,872	402,570	320,707	329,872	320,707	365,643
	545,847	625,174	506,738	545,847	506,738	568,569
(d) Segment liabilities						
Product licenses and related activities	75,924	84,772	65,915	75,924	65,915	70,404
IT solutions and consulting services	8,824	10,590	9,239	8,824	9,239	8,592
Business process outsourcing services [Refer note 9]	1,211	1,402	6,094	1,211	6,094	1,209
Unallocable	17,108	22,471	15,961	17,108	15,961	20,977
	103,067	119,235	97,209	103,067	97,209	101,182

Notes on segment information:

Segment revenue and expense:

Revenue is generated through licensing of software products 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 and fixed assets. Segment liabilities primarily includes deferred revenues, advance from customers, accrued employee cost and other current liabilities. While most 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.

8 Current tax charge for the year ended March 31, 2016 includes provision made in relation to foreign tax receivable of ₹ 4,130 lacs.

9 In the six month period ended September 30, 2015, the Company had charged an amount of ₹ 4,372 lacs in the consolidated financial results in relation to an Arbitration award passed against a wholly owned subsidiary company. The subsidiary company had settled the said dispute for full release of all claims and accordingly, the net charge for year ended March 31, 2016 is ₹ 2,193 lacs.

10 Unaudited standalone results for the three and six month period ended September 30, 2016

(₹ in lacs, except per share data)

Particulars	Three month period ended			Six month period ended		Year ended
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	March 31, 2016
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenue from operations	90,782	101,032	83,251	191,814	171,978	352,843
Net profit after tax for the period	46,541	29,558	22,302	76,099	47,214	89,776
Earnings per share (face value ₹ 5 each, fully paid)						
Basic (in ₹)	54.78	34.82	26.34	89.62	55.77	105.95
Diluted (in ₹)	54.60	34.73	26.17	89.32	55.41	105.38

11 Reconciliation between equity as previously reported (referred to as 'Previous GAAP') and Ind AS :

(₹ in lacs, except per share data)

Particulars	As at March 31, 2016
	Audited
Equity under Previous GAAP	367,541
Adjustments:	
Equity accounting investment in an associate Login SA	27
Fair valuation of Financial Assets along with Expected Credit Loss thereon	(1,541)
Deferred Taxes including taxes on undistributed earnings of subsidiaries	(1,422)
Consolidation of i-flex Employee Stock Option Trust	3,281
Deferral of revenue including discounting due to extended payment terms	(3,129)
Reversal of proposed final equity dividend including dividend distribution tax thereon	102,430
Exchange differences on translation of foreign operations	137
Others	63
Equity under Ind AS	467,387

12 Reconciliation between consolidated statement of profit and loss as previously reported (referred to as 'Previous GAAP') and Ind AS :

(₹ in lacs, except per share data)

Particulars	Three month period ended	Six month period ended	Year ended
	September 30, 2015	September 30, 2015	March 31, 2016
	Unaudited	Unaudited	Audited
Net income for the period under Previous GAAP	32,261	65,194	116,578
Stock Compensation Charge	(998)	(1,884)	(3,489)
Fair valuation of Financial Assets along with Expected Credit Loss thereon	(43)	264	(442)
Provisions for current period made in subsequent periods	(116)	(368)	-
Deferred Taxes including taxes on undistributed earnings of subsidiaries	590	1,409	(170)
Reclass of actuarial loss/(gain) on gratuity fund to Other comprehensive income	49	(36)	585
Deferral of revenue including discounting due to extended payment terms	(1,865)	(4,350)	(972)
Exchange differences on translation of foreign operations	(1,957)	(4,256)	(7,273)
Others	37	24	72
Net Profit under Ind AS	27,958	55,997	104,889
Other Comprehensive Income	1,045	2,055	5,233
Total Comprehensive Income under Ind AS	29,003	58,052	110,122

13 Ms. Samantha Wellington, Non Executive Non Independent Director of the Company, resigned with effect from close of business hours of October 28, 2016.

14 Previous period's / year's figures have been reclassified, where necessary, to conform with current period's / year's presentation.

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

Mumbai, India
November 9, 2016

Chaitanya Kamat
Managing Director & Chief Executive Officer