

Oracle Financial Services Software Limited

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Unaudited standalone financial results for the three and nine month period ended December 31, 2016

PART I

(₹ in lacs, except per share data)

Particulars	Three month period ended			Nine month period ended		Year ended
	December 31, 2016	September 30, 2016	December 31, 2015	December 31, 2016	December 31, 2015	March 31, 2016
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 INCOME						
Revenue from operations	95,346	90,782	89,362	287,160	261,340	352,843
Total income from operations	95,346	90,782	89,362	287,160	261,340	352,843
2 EXPENSES						
(a) Employee costs	44,997	45,387	44,172	138,069	127,368	169,086
(b) Travel related expenses	4,575	5,698	4,880	15,462	13,774	18,476
(c) Professional fees	4,058	4,863	4,318	13,779	12,303	16,389
(d) Other expenses	2,663	4,235	2,979	10,596	10,934	18,391
(e) Depreciation and amortisation	1,566	1,727	1,172	5,125	3,734	4,977
Total Expenses	57,859	61,910	57,521	183,031	168,113	227,319
3 Profit from operations before other income, exceptional item and tax	37,487	28,872	31,841	104,129	93,227	125,524
4 Other income, net	3,866	5,964	2,964	14,567	15,524	21,287
5 Profit from ordinary activities before exceptional item and tax	41,353	34,836	34,805	118,696	108,751	146,811
6 Exceptional item [Refer note 7]	(6,283)	19,080	-	12,797	-	-
7 Profit before tax	35,070	53,916	34,805	131,493	108,751	146,811
8 Tax expenses						
(a) Current tax	13,630	10,393	13,110	37,319	41,682	58,096
(b) Deferred tax	(2,113)	(3,018)	(267)	(5,478)	(2,107)	(1,061)
Total tax expenses	11,517	7,375	12,843	31,841	39,575	57,035
9 Net profit for the period	23,553	46,541	21,962	99,652	69,176	89,776
10 Other Comprehensive Income	(1,002)	239	230	(1,442)	(206)	(732)
11 Total Comprehensive Income	22,551	46,780	22,192	98,210	68,970	89,044
12 Paid up equity share capital (face value ₹ 5 each, fully paid)	4,253	4,251	4,241	4,253	4,241	4,243
13 Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year						391,483
14 Earnings per share (face value ₹ 5 each, fully paid)						
(a) Basic (in ₹)	27.70	54.78	25.90	117.30	81.67	105.95
(b) Diluted (in ₹)	27.62	54.60	25.71	116.94	81.07	105.38
See accompanying note to the financial results						

Notes to financial results :

- The above unaudited standalone financial results for the three and nine month period ended December 31, 2016 have been approved by the Board of Directors of the Company at its meeting held on February 8, 2017. The Statutory Auditors of the Company have carried out a Limited Review of the financial results for the three and nine month period ended December 31, 2016. There are no qualifications in the Limited Review Report issued by the Auditors.
- The Company adopted Indian Accounting Standard (Ind AS) from April 1, 2016, and accordingly these 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.
- During the three and nine month period ended December 31, 2016, the Company allotted 35,848 and 196,671 equity shares respectively, of face value of ₹ 5 each, on exercise of stock options by eligible employees under the prevailing ESOP schemes.
- Current tax charge for the year ended March 31, 2016 includes provision made in relation to foreign tax receivable of ₹ 4,130 lacs.
- Other expenses for the nine month period ended December 31, 2015 and year ended March 31, 2016 include a provision of ₹ 1,578 lacs against equity investment and loan including interest thereon to a subsidiary company.

6 Particulars of other income, net

Particulars	Three month period ended			Nine month period ended		Year ended
	December 31, 2016	September 30, 2016	December 31, 2015	December 31, 2016	December 31, 2015	March 31, 2016
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Finance income	3,021	3,732	3,721	10,776	17,867	21,518
Foreign exchange gain (loss), net	366	(510)	(954)	318	(2,510)	(872)
Miscellaneous income, net *	479	2,742	197	3,473	167	641
Total	3,866	5,964	2,964	14,567	15,524	21,287

* Miscellaneous income for the three month period ended September 30, 2016 and nine month period ended December 31, 2016 includes ₹ 2,450 lacs against liability written-back towards amount due to it's wholly owned subsidiary Oracle Financial Services Software, Inc.

7 (a) During the three and nine month period ended December 31, 2016, the Company has recorded a charge under the Product licenses and related activities segment of ₹ 6,283 lacs on its receivables from customers in Egypt due to significant devaluation of Egyptian Pound post liberalization of exchange rates by the Egypt Government. The same has been disclosed as an exceptional item.

(b) During the three month period ended September 30, 2016 and nine month period ended December 31, 2016, the Company has received dividend of ₹ 9,714 lacs and ₹ 9,366 lacs from it's wholly owned subsidiaries Oracle Financial Services Software B.V. and Oracle Financial Services Software Pte. Ltd respectively. Considering the amount of dividend received, the same has been disclosed as an exceptional item. Tax expenses for the three month period ended September 30, 2016 and nine month period ended December 31, 2016 include applicable tax credits on this dividend income.

8 Reporting segmentwise revenue, results, assets and liabilities

Particulars	Three month period ended			Nine month period ended		Year ended
	December 31, 2016	September 30, 2016	December 31, 2015	December 31, 2016	December 31, 2015	March 31, 2016
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
(a) Segment revenue						
Product licenses and related activities	81,936	76,361	75,535	243,838	217,049	295,581
IT solutions and consulting services	13,410	14,421	13,827	43,322	44,291	57,262
	95,346	90,782	89,362	287,160	261,340	352,843
(b) Segment results						
Product licenses and related activities [Refer note 7(a)]	31,499	28,824	32,174	98,050	93,441	129,490
IT solutions and consulting services	1,524	2,122	1,405	5,510	6,424	6,985
	33,023	30,946	33,579	103,560	99,865	136,475
Finance income	3,021	3,732	3,721	10,776	17,867	21,518
Other un-allocable income (expenses), net	(974)	158	(2,495)	(1,923)	(8,981)	(11,182)
Exceptional item [Refer note 7(b)]	-	19,080	-	19,080	-	-
Profit before tax	35,070	53,916	34,805	131,493	108,751	146,811
(c) Segment assets						
Product licenses and related activities	117,783	124,486	112,883	117,783	112,883	115,188
IT solutions and consulting services	25,197	26,822	24,101	25,197	24,101	21,409
Unallocable	340,924	302,874	334,190	340,924	334,190	365,649
	483,904	454,182	471,174	483,904	471,174	502,246
(d) Segment liabilities						
Product licenses and related activities	58,805	55,832	76,699	58,805	76,699	83,455
IT solutions and consulting services	10,961	10,302	15,373	10,961	15,373	15,856
Unallocable	8,036	7,100	6,299	8,036	6,299	7,209
	77,802	73,234	98,371	77,802	98,371	106,520

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. 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.

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

(₹ in lacs)

Particulars	Three month period ended	Nine month period ended	Year ended
	December 31, 2015	December 31, 2015	March 31, 2016
	Unaudited	Unaudited	Audited
Net income for the period under Previous GAAP	23,395	74,501	92,885
Stock compensation charge	(659)	(2,309)	(2,941)
Fair valuation of financial assets along with expected credit loss thereon	819	369	(189)
Deferred taxes	397	1,738	189
Deferral of revenue including discounting due to extended payment terms	(980)	(4,679)	(971)
Reclass of actuarial (gain) / loss on gratuity fund to Other Comprehensive Income	(147)	(183)	525
Exchange differences on translation of foreign operations	(1,022)	63	230
Provisions for current period made in subsequent periods	44	(324)	-
Others	115	-	48
Net profit for the period under Ind AS	21,962	69,176	89,776
Other Comprehensive Income	230	(206)	(732)
Total comprehensive income for the period under Ind AS	22,192	68,970	89,044

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

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

Mumbai, India
Date: February 8, 2017

Chaitanya Kamat
Managing Director & Chief Executive Officer