

Oracle Financial Services Software Limited

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Unaudited consolidated financial results for the three and nine month period ended December 31, 2019

PART I		(₹ in million, except per share data)					
		Three month period ended			Nine month period ended		Year ended
		December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018	March 31, 2019
Particulars		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	INCOME						
	(a) Revenue from operations	11,601.46	11,624.81	11,858.53	35,977.28	37,439.88	49,589.03
	(b) Other income, net	620.59	461.37	169.80	1,402.17	1,147.73	1,760.92
	Total income	12,222.05	12,086.18	12,028.33	37,379.45	38,587.61	51,349.95
2	EXPENSES						
	(a) Employee benefit expenses	5,214.14	5,298.48	5,457.16	15,642.68	16,630.27	21,958.10
	(b) Travel related expenses	590.82	599.33	653.52	1,774.40	1,895.68	2,466.95
	(c) Professional fees	346.79	337.74	364.50	1,078.93	1,208.08	1,492.07
	(d) Finance cost	24.63	25.97	-	77.89	-	-
	(e) Other operating expenses	187.60	205.23	388.42	846.71	1,478.25	2,225.79
	(f) Depreciation and amortization	268.34	256.04	118.82	789.75	375.00	537.17
	Total Expenses	6,632.32	6,722.79	6,982.42	20,210.36	21,587.28	28,680.08
3	Profit before tax	5,589.73	5,363.39	5,045.91	17,169.09	17,000.33	22,669.87
4	Tax expenses						
	(a) Current tax	1,046.03	1,505.99	2,025.21	5,052.11	6,283.48	8,206.10
	(b) Deferred tax	(23.89)	268.95	(39.45)	187.08	117.90	604.79
	Total tax expenses	1,022.14	1,774.94	1,985.76	5,239.19	6,401.38	8,810.89
5	Net profit for the period	4,567.59	3,588.45	3,060.15	11,929.90	10,598.95	13,858.98
6	Other Comprehensive Income						
	(a) Items that will not be reclassified subsequently to profit or loss						
	(i) Actuarial gain (loss) on gratuity fund	17.24	(16.24)	(36.95)	(40.05)	29.98	46.51
	(ii) Deferred tax	(4.34)	0.07	12.92	10.08	(10.47)	(14.07)
	(b) Items that will be reclassified subsequently to profit and loss						
	(i) Exchange differences on translation of foreign operations	113.56	140.90	(457.67)	348.90	465.48	194.05
	Total other comprehensive income for the period, net of tax	126.46	124.73	(481.70)	318.93	484.99	226.49
7	Total comprehensive income for the period	4,694.05	3,713.18	2,578.45	12,248.83	11,083.94	14,085.47
8	Net profit attributable to:						
	Equity holders of the Company	4,567.59	3,588.45	3,060.15	11,929.90	10,598.95	13,858.98
	Non-controlling interests	-	-	-	-	-	-
9	Total comprehensive income attributable to:						
	Equity holders of the Company	4,694.05	3,713.18	2,578.45	12,248.83	11,083.94	14,085.47
	Non-controlling interests	-	-	-	-	-	-
10	Paid up equity share capital (face value ₹ 5 each, fully paid)	429.29	429.20	428.58	429.29	428.58	428.76
11	Reserve excluding Revaluation Reserves as per balance sheet						48,936.15
12	Earnings per equity share (face value ₹ 5 each, fully paid)						
	(a) Basic (in ₹)	53.21	41.82	35.71	139.03	123.90	161.94
	(b) Diluted (in ₹)	53.00	41.65	35.56	138.45	123.23	161.11

See accompanying note to the financial results

Notes to financial results :

- 1 The above unaudited consolidated financial results for the three and nine month period ended December 31, 2019 have been reviewed by Audit Committee and approved by the Board of Directors of the Company at its meeting held on February 4, 2020. The Statutory Auditors of the Company have carried out a Limited Review of the consolidated financial results for the three and nine month period ended December 31, 2019. 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 OFSS group has adopted Ind AS 116 'Leases' with effect from April 1, 2019 using the modified retrospective method. Cumulative effect of initially applying the standard has been recognized on the date of initial application and hence the OFSS group has not restated comparative information. Accordingly, the OFSS group has recognized Right-of-use asset of ₹ 1,605.51 million and a lease liability of ₹ 1,562.11 million in the consolidated financial statements on the date of initial application. There is no impact on the retained earnings. Due to adoption of Ind AS 116, the nature of expenses have changed from rent in previous periods to depreciation cost on right-of-use asset and finance cost for interest on lease liability. During the three and nine month period ended December 31, 2019, the OFSS group has recognized depreciation on right-of-use asset of ₹ 121.99 million and ₹ 364.13 million along with interest on lease liability of ₹ 24.63 million and ₹ 77.89 million; respectively. The effect of this standard is not significant on the profit for the period of the OFSS group.
- 4 During the three and nine month period ended December 31, 2019, the Company allotted 16,813 and 77,898 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.
- 5 The Company has exercised the option permitted under Section 115BAA of the Indian Income Tax Act, 1961 as introduced by The Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognized provision for income tax and remeasured its deferred tax asset at the rate prescribed in the said section. Impact of this change has been recognized in the statement of profit and loss account for the three and nine month period ended December 31, 2019.
- 6 The tax expense for the three and nine month period ended December 31, 2019 includes reversal of tax expense of ₹ 354.21 million and ₹ 205.05 million which was recognized in the previous year and six month period ended September 30, 2019, respectively, resulting from the remeasurement of the tax liability pursuant to changes in the US tax legislations during the current quarter.

7 Particulars of Other income, net

(₹ in million)

Particulars	Three month period ended			Nine month period ended		Year ended
	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018	March 31, 2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Finance income	432.63	408.80	286.93	1,210.68	1,001.83	1,319.73
Exchange gain (loss), net	151.96	18.84	(181.64)	69.44	(15.30)	226.97
Miscellaneous income, net	36.00	33.73	64.51	122.05	161.20	214.22
Total	620.59	461.37	169.80	1,402.17	1,147.73	1,760.92

8 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			Nine month period ended		Year ended
	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018	March 31, 2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
(a) Segment revenue						
Product licenses and related activities	10,276.86	10,198.34	10,394.11	31,828.47	32,931.93	43,527.29
IT solutions and consulting services	1,013.45	1,130.90	1,190.76	3,261.24	3,667.47	4,945.07
Business process outsourcing services	311.15	295.57	273.66	887.57	840.48	1,116.67
	11,601.46	11,624.81	11,858.53	35,977.28	37,439.88	49,589.03
(b) Segment results						
Product licenses and related activities	4,934.99	4,883.70	4,986.76	15,640.17	16,285.61	21,465.57
IT solutions and consulting services	133.60	197.50	90.68	617.37	288.19	635.61
Business process outsourcing services	118.20	97.30	89.62	302.21	250.60	323.37
	5,186.79	5,178.50	5,167.06	16,559.75	16,824.40	22,424.55
Finance income	432.63	408.80	286.93	1,210.68	1,001.83	1,319.73
Other un-allocable (expenses), net	(29.69)	(223.91)	(408.08)	(601.34)	(825.90)	(1,074.41)
Profit before tax	5,589.73	5,363.39	5,045.91	17,169.09	17,000.33	22,669.87

Reporting segmentwise revenue, results, assets and liabilities (continued)

(₹ in million)

Particulars	Three month period ended			Nine month period ended		Year ended
	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018	March 31, 2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
(c) Segment assets						
Product licenses and related activities	20,489.35	19,921.00	20,125.43	20,489.35	20,125.43	20,650.04
IT solutions and consulting services	2,110.13	2,224.83	2,809.19	2,110.13	2,809.19	2,198.82
Business process outsourcing services	671.52	633.23	475.09	671.52	475.09	447.13
Unallocable	50,985.96	46,431.46	35,924.66	50,985.96	35,924.66	38,018.43
	74,256.96	69,210.52	59,334.37	74,256.96	59,334.37	61,314.42
(d) Segment liabilities						
Product licenses and related activities	9,283.14	9,017.55	9,996.32	9,283.14	9,996.32	8,807.22
IT solutions and consulting services	932.23	916.38	1,078.70	932.23	1,078.70	845.94
Business process outsourcing services	330.38	331.14	123.32	330.38	123.32	117.43
Unallocable	1,572.04	1,622.02	2,000.68	1,572.04	2,000.68	2,178.44
	12,117.79	11,887.09	13,199.02	12,117.79	13,199.02	11,949.03

9 Unaudited standalone results for the three and nine month period ended December 31, 2019

(₹ in million, except per share data)

Particulars	Three month period ended			Nine month period ended		Year ended
	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018	March 31, 2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenue from operations	8,355.98	8,489.23	8,348.02	26,191.52	26,980.70	35,808.97
Net profit for the period	3,707.36	3,620.21	2,895.11	10,796.44	9,855.68	12,824.70
Earnings per equity share (face value ₹ 5 each, fully paid)						
Basic (in ₹)	43.19	42.18	33.77	125.80	115.15	149.77
Diluted (in ₹)	43.02	42.02	33.62	125.28	114.53	149.01

10 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
February 4, 2020

Chaitanya Kamat
Managing Director & Chief Executive Officer
DIN: 00969094