

Oracle Financial Services Software Limited

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Unaudited standalone financial results for the three month period ended June 30, 2019

PART I

(₹ in million, except per share data)

	Particulars	Three month period ended			Year ended
		June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
		Unaudited	Audited (*)	Unaudited	Audited
1	INCOME				
	(a) Revenue from operations	9,346.31	8,828.27	9,854.26	35,808.97
	(b) Other income, net	378.91	428.29	352.03	1,389.50
	Total income	9,725.22	9,256.56	10,206.29	37,198.47
2	EXPENSES				
	(a) Employee benefit expenses	2,880.04	2,772.13	2,998.14	11,896.09
	(b) Travel related expenses	410.70	388.10	442.13	1,741.70
	(c) Professional fees	353.28	323.97	362.10	1,366.75
	(d) Finance cost	17.51	-	-	-
	(e) Other operating expenses	597.49	781.20	487.97	1,827.80
	(f) Depreciation and amortisation	209.81	154.16	122.14	501.98
	Total expenses	4,468.83	4,419.56	4,412.48	17,334.32
3	Profit before tax	5,256.39	4,837.00	5,793.81	19,864.15
4	Tax expenses				
	(a) Current tax	1,936.46	1,387.89	1,838.90	6,428.91
	(b) Deferred tax	(148.94)	480.09	216.88	610.54
	Total tax expenses	1,787.52	1,867.98	2,055.78	7,039.45
5	Net profit for the period	3,468.87	2,969.02	3,738.03	12,824.70
6	Other Comprehensive Income				
	(a) Items that will not be reclassified subsequently to profit or loss				
	(i) Actuarial (loss) gain on gratuity fund	(41.05)	9.89	48.26	39.87
	(ii) Deferred tax	14.35	(3.46)	(16.86)	(13.93)
	(b) Items that will be reclassified subsequently to profit or loss				
	(i) Exchange differences on translation of foreign operations	(2.44)	(6.45)	3.69	(0.11)
	Total other comprehensive income for the period, net of tax	(29.14)	(0.02)	35.09	25.83
7	Total Comprehensive Income for the period	3,439.73	2,969.00	3,773.12	12,850.53
8	Paid up equity share capital (face value ₹ 5 each, fully paid)	429.03	428.90	427.25	428.90
9	Reserve excluding Revaluation Reserves as per balance sheet				38,374.36
10	Earnings per equity share (face value ₹ 5 each, fully paid)				
	(a) Basic (in ₹)	40.43	34.62	43.75	149.77
	(b) Diluted (in ₹)	40.26	34.47	43.49	149.01

See accompanying note to the financial results

(*) Refer note 3

Notes to financial results :

- 1 The unaudited standalone financial results for the three month period ended June 30, 2019 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at its meeting held on August 7, 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 figures for the three month period ended March 31, 2019 are the balancing figures between audited figures in respect of the full financial year ended March 31, 2019 and unaudited published year-to-date figures up to December 31, 2018, being the end of the third quarter of the financial year, which were subjected to limited review.
- 4 The Company 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 Company has not restated comparative information. Accordingly, the Company has recognized right-of-use asset of ₹ 916.21 million and a lease liability of ₹ 806.68 million in the 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. The Company has recognized depreciation on right-of-use asset of ₹ 73.06 million and interest on lease liability of ₹ 17.51 million for the three month period ended June 30, 2019. The effect of this standard is not significant on the profit for the period of the Company.
- 5 During the three month period ended June 30, 2019, the Company allotted 27,112 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 Other operating expenses 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.
- Other operating expenses for the three month period ended and year ended March 31, 2019 includes ₹ 209.47 million towards provision for diminution in value of investment along with provision for loss in fair value of loan given to ISP Internet Mauritius Company and reversal of provision for diminution in value of investment in Oracle (OFSS) ASP Private Limited for ₹ 40.70 million.
- 7 During the three month period ended June 30, 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.
- 8 Revenue from operations for the three month period ended June 30, 2018 includes ₹ 617.84 million pertaining to earlier periods which was recognized as the certainty of collection from the customer was established in the three month period ended June 30, 2018.
- 9 Particulars of other income, net

(₹ in million)

Particulars	Three month period ended			Year ended	
	June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019	
	Unaudited	Audited (*)	Unaudited	Audited	
Finance income	322.13	272.33	320.42	1,173.47	
Exchange gain (loss), net	30.87	124.89	18.44	110.31	
Miscellaneous income, net	25.91	31.07	13.17	105.72	
Total	378.91	428.29	352.03	1,389.50	

(*) Refer note 3

- 10 Reporting segmentwise 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 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			Year ended
	June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
	Unaudited	Audited (*)	Unaudited	Audited
(a) Segment revenue				
Product licenses and related activities	8,410.93	7,808.94	8,920.74	31,886.35
IT solutions and consulting services	935.38	1,019.33	933.52	3,922.62
	9,346.31	8,828.27	9,854.26	35,808.97
(b) Segment results				
Product licenses and related activities	4,927.12	4,588.77	5,419.64	18,423.89
IT solutions and consulting services	409.33	471.34	235.49	1,347.84
	5,336.45	5,060.11	5,655.13	19,771.73
Finance Income	322.13	272.33	320.42	1,173.47
Other un-allocable (expenses) income, net	(402.19)	(495.44)	(181.74)	(1,081.05)
Profit before tax	5,256.39	4,837.00	5,793.81	19,864.15
(c) Segment assets				
Product licenses and related activities	10,785.22	8,889.18	9,078.00	8,889.18
IT solutions and consulting services	1,873.22	1,783.53	1,923.79	1,783.53
Unallocable	36,148.86	33,781.04	37,971.49	33,781.04
	48,807.30	44,453.75	48,973.28	44,453.75
(d) Segment liabilities				
Product licenses and related activities	4,960.52	4,342.68	5,428.09	4,342.68
IT solutions and consulting services	595.65	582.11	826.19	582.11
Unallocable	867.34	725.22	660.22	725.22
	6,423.51	5,650.01	6,914.50	5,650.01

(*) Refer note 3

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
August 7, 2019

Chaitanya Kamat
Managing Director & Chief Executive Officer
DIN: 00969094