



Oracle Financial Services Software Limited

Annual Report
2013-2014

From the Chairman's desk

It is my pleasure to report the results for the financial year ended March 31, 2014. In the year under review, on a consolidated basis, our net profit increased by 26 percent to ₹ 13,593 million. Our focus on enabling financial institutions achieve operational efficiency and excel in their business through our differentiated products and services remains our core theme. Our strategy has been centered on consolidating our position in markets where we are already present and expanding our addressable market by launching relevant offerings.

We added new functionality and features to our products. Newer releases and modules of Oracle FLEXCUBE and Oracle Financial Services Analytical applications have helped us expand our addressable market and gain competitive edge. We launched Oracle Financial Services Lending and Leasing Version 14.0, which automates and unifies the auto financing lifecycle – from origination to servicing through to collections – and gives financial institutions the agility to quickly capitalize on new opportunities. A leading US auto finance company, which is a customer of this product, boosted operational efficiency, brought down loan origination and servicing costs, improved the effectiveness of collections, and reduced revenue leakage.

This financial year, Oracle FLEXCUBE crossed the 500 customer mark with deployments in 131 countries. Leading banks and financial institutions, including central banks around the world, have deployed Oracle FLEXCUBE for their operations. The product's capability has also consistently won acclaim. Global analyst firm, Ovum, has positioned Oracle FLEXCUBE Direct Banking, as a market leader in the Ovum Decision Matrix: Selecting a Next Generation Banking Digital Channel Platform. Oracle was also named the fraud and financial crime software provider of the year in the Operational Risk and Regulation Awards for 2014.

During the financial year, we signed several marquee deals with top tier banks. A leading Indonesian Bank with assets over US\$ 55B, operating in 6 overseas locations, selected Oracle FLEXCUBE for its international operations, replacing a competitor solution. A prominent US financial institution with operations in 50+ countries selected Oracle's Financial Services Analytical Applications to unify its risk, finance and treasury functions. Another Global Bank headquartered in North America with over US\$ 1Tr in assets licensed Oracle Financial Services Customer Insight for its banking operations. Yet another global financial services firm with assets of US\$2+ trillion and operations in 60+ countries selected Oracle Financial Services Anti-Money Laundering to consolidate its monitoring and reporting globally. A leading financial institution in Denmark selected Oracle FLEXCUBE for its new business initiative, to be delivered from an Oracle-managed Cloud Services facility in Europe. Empowering financial inclusion is an important element of our strategy, an emerging financial sector company in Mexico focused on consumer loans for individuals and groups in segments of the population with low income, selected Oracle FLEXCUBE for its operations.

Our solutions have enabled our customers to grow their business in award-winning ways, which is an endorsement of our work with them. Ecobank and Raiffeisen Banks were recognized with the Global Finance Magazine's awards for their technology deployments. Several of our clients won the World Finance Award. These include Baiduri Bank Berhad - Brunei, Banco Popular - Colombia, Banco de Bogota - Colombia, Credit Agricole SA - France, HDFC Bank - India, and Kanbawza Bank, Myanmar. Our risk management technology deployment at Bank Mandri won the best Enterprise Risk Management Awards - Implementation at the Asian Banker IT Awards. We won the Platinum Award, the highest, at the inaugural Asian Banker Vendor Satisfaction Survey, conducted by the Asian Banker. Banks in the Asia Pacific and Middle East regions were surveyed by the prestigious Asian publication.

On behalf of the Board of Directors and the Management of Oracle Financial Services Software, I would like to thank you for your support over the financial year. I look forward to your continued patronage to help us achieve our mission of being the most preferred technology partner of banks across the world.

Regards,

S Venkatachalam

Chairman

Oracle Financial Services Software Limited

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Annual General Meeting

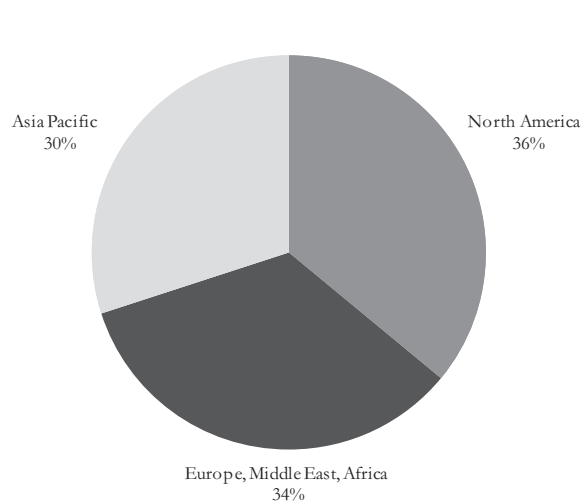
Day and Date	:	Friday, September 12, 2014
Time	:	2.30 p.m.
Venue	:	The Westin Mumbai Garden City International Business Park Oberoi Garden City, Goregaon (East) Mumbai 400063

Financials at a glance

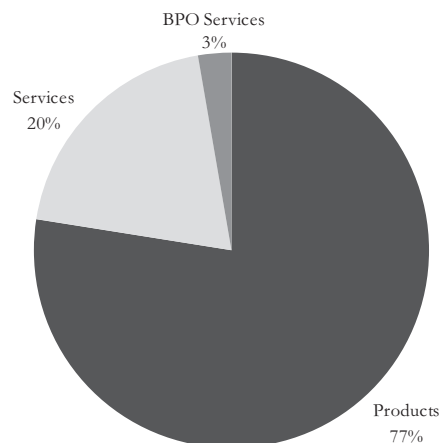
Key performance indicators 2013-2014

As per Indian GAAP Consolidated results

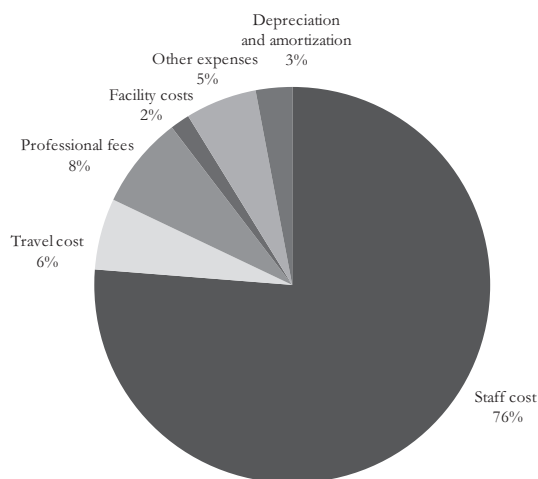
Fiscal year 2013-2014 break up in terms of operating revenue by region, operating revenue by portfolio and expense by category



Operating revenue by region



Operating revenue by portfolio



Expense by category

(Amounts in ₹ million except EPS & Book Value)

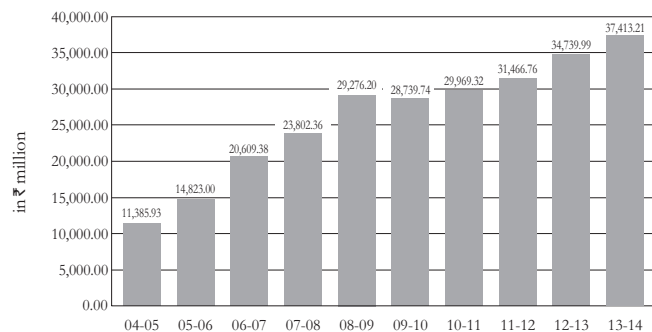
Our 10 years in the industry

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Operating Revenue	11,385.93	14,823.00	20,609.38	23,802.36	29,276.20	28,739.74	29,969.32	31,466.76	34,739.99	37,413.21
Interest and Other Income (expense)	259.28	290.54	367.28	631.16	1,763.89	(858.03)	1,668.26	4,217.49	4,595.44	6,736.48
Total Revenue	11,645.21	15,113.54	20,976.66	24,433.52	31,040.09	27,881.71	31,637.58	35,684.25	39,335.43	44,149.69
Total Expenses	8,693.82	12,176.60	16,837.91	19,835.95	22,839.30	18,947.38	19,157.57	21,515.23	23,203.42	24,136.08
EBT	2,951.39	2,936.94	4,138.75	4,597.57	8,200.79	8,934.33	12,480.01	14,169.02	16,132.01	20,013.61
Tax	627.06	560.41	415.95	441.68	835.36	1,197.69	1,370.12	5,076.29	5,380.58	6,420.42
EAT	2,324.33	2,376.53	3,722.80	4,155.89	7,365.43	7,736.64	11,109.89	9,092.73	10,751.43	13,593.19
EPS	27.62	28.24	44.24	49.39	87.53	91.95	132.03	108.06	127.77	161.55
Book Value	136.12	163.97	280.69	330.03	416.53	509.79	642.43	750.78	880.21	1,043.04

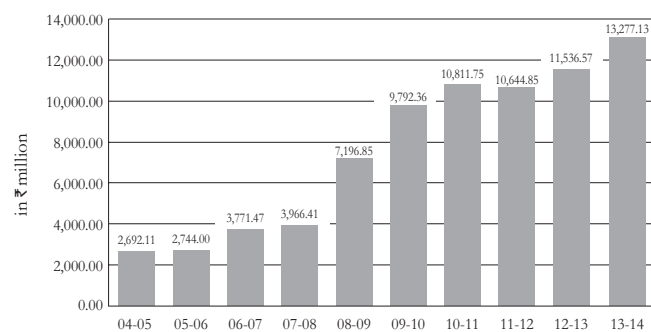
Note: All EPS and Book Values are computed based on the current equity capital base of 84,144,134 shares as on March 31, 2014.

Key metrics 2004-2014

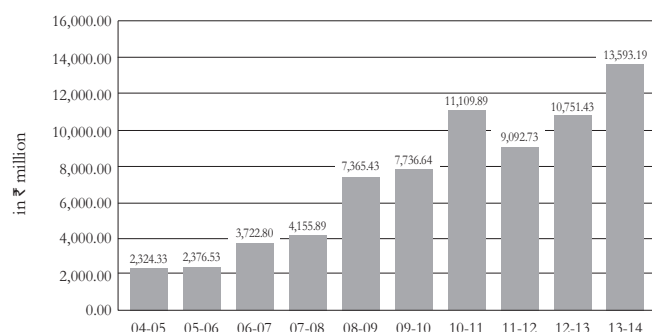
Operating revenue



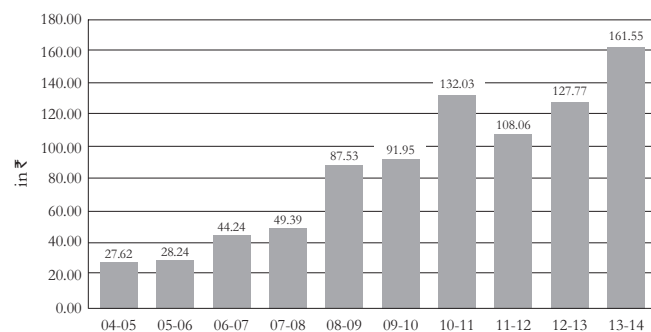
Operating income



Net income

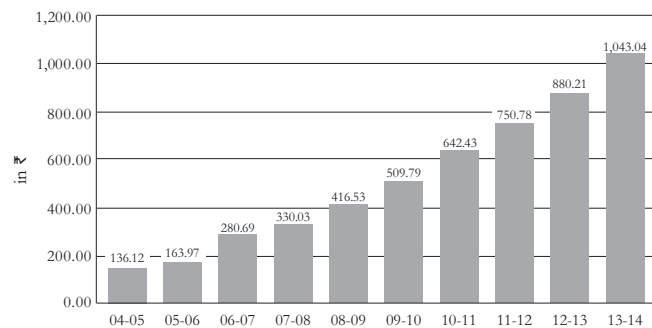


Earnings per share



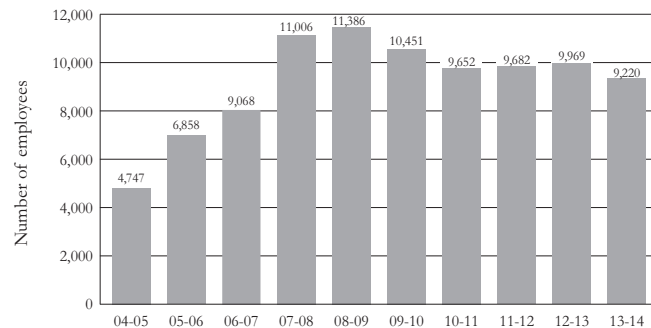
Earnings per share is computed on the equity capital base of 84,144,134 shares as on March 31, 2014.

Book value

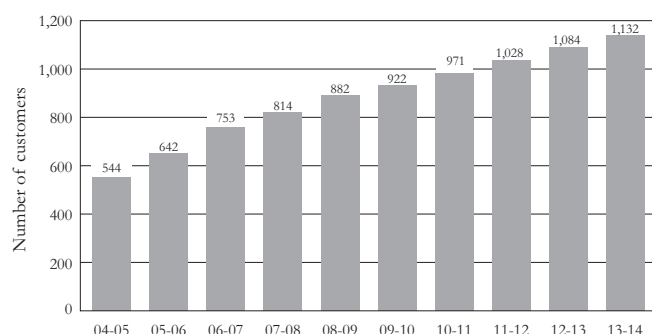


Book Value is computed on the equity capital base of 84,144,134 shares as on March 31, 2014.

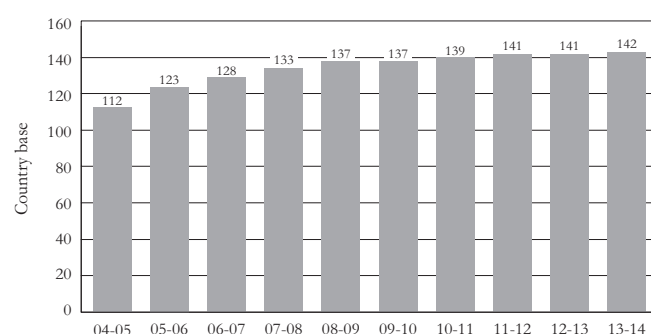
Number of employees including subsidiaries



Customers serviced



... in countries



Corporate information

Oracle Financial Services Software Limited

Board of Directors

S Venkatachalam, Chairman

Chaitanya Kamat, Managing Director & CEO

Derek H Williams

Harinderjit Singh

Richard Jackson

Robert K Weiler

Samantha Wellington

William Corey West

Y M Kale

Laura Balachandran

Mahesh Kandavar Rao

Manmath Kulkarni

Meenakshy Iyer

Mini Muralidhar

Nikos Goutsoulas

Parmeet Soin

Rajaram N Vadapandeshwara

Rajendra Potdar

Rajesh Makhija

Ravikumar M

Ravikumar V

S Bhargava

Sanjay Bajaj

Sanjay V Deshpande

Sanjeet Prakash Rao

Sivaramakrishnan G

Surendra Shukla

Suresh Kumar Pinglay

Venkata Subramanian

Venkatesh Srinivasan

Vijay Alexander

Vikram Gupta

Vinayak L Hampihallikar

Chief Financial Officer

Makarand Padalkar

Chief Accounting Officer

Avadhut (Vinay) Ketkar

Auditors

S. R. Batliboi & Associates LLP

Bankers

Bank of India

Canara Bank

Central Bank of Libya

Citibank, N.A.

Deutsche Bank AG

HDFC Bank Ltd.

HSBC Bank

Kotak Mahindra Bank Ltd.

J P Morgan Chase

Syndicate Bank

Yes Bank Ltd.

Management Team

Abhik Ray

Arvind Gulhati

Atul Kumar Gupta

Bindu Venkatesh

Bhaskar Jayaraman

Dinesh V Shetty

Edwin Niranjana Moses

George Thomas

H S Teji

Jambu Natarajan P V

Karthick R Prasad

Kishore Kapoor

Registrars & Transfer Agents

Link Intime India Private Limited

C-13 Pannalal Silk Mills Compound

L.B.S. Marg, Bhandup (West)

Mumbai 400078

Registered Office

Oracle Financial Services Software Limited
Oracle Park
Off Western Express Highway
Goregaon (East)
Mumbai 400063 Maharashtra, India

Offices

Nirlon Compound
Off Western Express Highway
Goregaon (East)
Mumbai 400063 Maharashtra, India

Oracle Park
Ambrosia
Pune 411021 Maharashtra, India

C/o Embassy Business Park
C.V. Raman Nagar
Bangalore 560093 Karnataka, India

Gopalan Enterprises (I) Pvt. Ltd., (SEZ)
Global Axis, Unit 1 & 2
Plot # 152, EPIP Zone
Whitefield
Bangalore 560066 Karnataka, India

Green I-Tech, # 5
Muthiah Mudali Street
Off Cathedral Road
Chennai 600086 Tamil Nadu, India

18 Krasnopresnenskaya nab.
Block C, 9th floor
Moscow 123317, Russia

3rd Floor-Right Wing
Building # 6, Dubai Internet City
Dubai, UAE

Subsidiary Offices – India

Oracle (OFSS) ASP Private Limited
Oracle Park
Off Western Express Highway
Goregaon (East)
Mumbai 400063 Maharashtra, India

Oracle (OFSS) Processing Services Limited
Oracle Park
Off Western Express Highway
Goregaon (East)
Mumbai 400063 Maharashtra, India

Offices

SDF-1, Unit 12
SEEPZ - SEZ
Andheri (East)
Mumbai 400096 Maharashtra, India

Embassy Business Park
C.V. Raman Nagar
Bangalore 560093 Karnataka, India

Subsidiary Offices – Asia Pacific

Oracle Financial Services Software (Shanghai) Limited
Unit 806, Henderson Metropolitan Building
155, Tianjin Road
Shanghai, PRC, China 20000

Oracle Financial Services Software Pte. Ltd.
27, International Business Park
#02-01 iQUEST@IBP Building
Singapore 609924

Offices

21st Floor, Office Park Tower C
No-5, Jing Hua Nan Jie
Chaoyang District
Beijing 100020, China

Akasaka Center Building 13F
1-3-13 Moto Akasaka, Minato-ku
Tokyo 107-0051, Japan

Levels 16, ASEM Tower
159-1 Samsung-dong, Kangnam-ku
Seoul 135-798, South Korea

Level 4, 4 Julius Avenue
North Ryde
Sydney, NSW 2113, Australia

Oracle Financial Services Consulting Pte. Ltd.
(Subsidiary of Oracle Financial Services Software Pte. Ltd.)
27, International Business Park
#04-05 iQUEST@IBP Building
Singapore 609924

Subsidiary Office – Europe

Oracle Financial Services Software B.V.
Claude Debussylaan 32
14th floor, Vinoly Building
1082 MD Amsterdam, The Netherlands

Offices

Mainzer Landstrasse 49a
60329 Frankfurt am Main, Germany

Level 29, 40 Bank Street
Canary Wharf
London E14 5NR, UK

Suite 22
Portes de la Defense
15, Boulevard Charles de Gaulle
92700 Colombes, France

Molyneux House
Bride Street, Dublin 8
Ireland

Oracle Financial Services Software SA
(Subsidiary of Oracle Financial Services Software B.V.)
14nr Paradeisou Str. & 1nr Patroklou Str. 15125
Marousi, Athens, Greece

Subsidiary Offices – North America

Oracle Financial Services Software America, Inc.
Oracle Financial Services Software, Inc. & Mantas Inc.
399 Thorn all Street, 6th Floor
Edison, NJ 08837 USA

Offices

8000 Norman Center Drive, Suite 700
Bloomington, MN 55437 USA

1910 Oracle Way, 3rd Floor
Reston, VA 20190 USA

6505 Blue Lagoon Drive, Suite #400
Miami, FL 33126 USA

Burlington, 2nd Floor
45 Netword Drive, Burlington
Massachusetts (MA), 01803

Subsidiary Offices – South America

Oracle Financial Services Software Chile Limited
Avenida del Valle 537 - 3rd Floor
Ciudad Empresarial
Huechuraba
Santiago, Chile, CP 8580678

Subsidiary Office – Mauritius

ISP Internet (Mauritius) Company
C/o Cim Global Business
Rogers House
5 President John Kennedy Street
Port Louis, Mauritius

Offices

Oracle (OFSS) BPO Services Inc.
(Subsidiary of ISP Internet (Mauritius) Company)
17901 Von Karman Avenue Suite # 800
Irvine, CA 92614 USA

Oracle (OFSS) BPO Services Limited
(Subsidiary of ISP Internet (Mauritius) Company)
DLF Infinity Tower A, 3rd Floor
DLF Cyber City, Phase II
Gurgaon 122002 Haryana, India

Directors' report

Financial year 2013-2014

Dear Members,

The Directors present their report on the business and operations of your Company along with the Annual Report and audited financial statements for the financial year 2013-2014.

Financial highlights

As per Indian GAAP Consolidated financial statements:

Particulars	(Amounts in ₹ million)	
	Year ended March 31, 2014	Year ended March 31, 2013
Revenue from operations	37,413.21	34,739.99
Other income, net	6,736.48	4,595.44
Total income	44,149.69	39,335.43
Depreciation and amortization	(716.72)	(655.02)
Profit before tax	20,013.61	16,132.01
Tax expenses	(6,420.42)	(5,380.58)
Profit for the year	13,593.19	10,751.43

As per Indian GAAP Unconsolidated financial statements:

Particulars	(Amounts in ₹ million)	
	Year ended March 31, 2014	Year ended March 31, 2013
Revenue from operations	31,594.68	29,377.01
Other income, net	6,209.16	4,403.20
Total income	37,803.84	33,780.21
Depreciation and amortization	(643.46)	(586.08)
Profit before tax	17,308.05	15,047.60
Tax expenses	(5,824.43)	(4,755.00)
Profit for the year	11,483.62	10,292.60

Performance

On consolidated basis, your Company's revenue stood at ₹ 37,413.21 million this year, an increase of 8% from ₹ 34,739.99 million as compared to the previous financial year. The net income increased to ₹ 13,593.19 million this year, an increase of 26%.

On an unconsolidated basis, your Company's revenue grew to ₹ 31,594.68 million during the financial year 2013-2014 from ₹ 29,377.01 million last year. This represents a growth of 8%. The Company's profit for the financial year 2013-2014 has increased to ₹ 11,483.62 million, an increase of 12% over the previous financial year.

A detailed analysis of the financials is given in the Management's discussion and analysis report that forms a part of this Directors' report.

Dividend

The Board has decided to conserve the funds of the Company for organic and inorganic growth opportunities. Accordingly, the Board has decided not to declare a dividend for the financial year 2013-2014.

Transfer to reserves

The Company does not propose to transfer any amount to the General Reserve out of the amount available for appropriation. An amount of ₹ 64,032.26 million is proposed to be retained in the Profit & Loss Account.

Share capital

During the year, the Company allotted 78,656 equity shares of face value of ₹ 5 each to its eligible employees, who exercised their options under the prevailing Employee Stock Option Schemes of the Company. As a result, as on March 31, 2014, the paid-up equity share capital of the Company was ₹ 420,720,670 divided into 84,144,134 equity shares of face value of ₹ 5 each.

Oracle's holding in the Company

As on March 31, 2014, Oracle Global (Mauritius) Limited, the Promoter held 63,051,197 equity shares constituting 74.93% of the equity capital of the Company.

Directors

Mr. Robert K Weiler and Mr. William Corey West, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

In accordance with the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement, Mr. Y M Kale, Mr. S Venkatachalam and Mr. Richard Jackson, who were appointed as Directors liable to retire by rotation are being appointed as Independent Directors of the Company for a term of five consecutive years up to March 31, 2019, not liable to retire by rotation.

As stipulated under Clause 49 of the Listing Agreement entered into with the stock exchanges, brief resumes of the Directors proposed to be appointed / re-appointed, the nature of their expertise in specific functional areas and the names of companies in which they hold directorships and membership / chairmanship of Board Committees, etc. are provided in the Notice and / or Report on Corporate Governance forming a part of the Annual Report.

The Board recommends to the Members the resolutions for re-appointment of Mr. Robert K Weiler and Mr. William Corey West as Directors of the Company and appointment of Mr. Y M Kale, Mr. S Venkatachalam and Mr. Richard Jackson, as Independent Directors of the Company.

Infrastructure

The Company maintains optimal infrastructure for its operations. The Company continues to upgrade its infrastructure to provide a productive work environment to its staff.

Global alliances

Your Company pursued the previous years' initiative to strengthen the partner ecosystem as a way of enlarging the Company's outreach to customers across geographies and market segments. The programs launched to enhance the product knowledge of partners' resources and implementation capabilities, resulted in the expansion of the partner base capable of providing high quality services.

In addition to the programs, partner certifications launched on Oracle FLEXCUBE Universal Banking and Oracle FLEXCUBE direct banking versions 12, further enhanced the demonstrability of partners' FLEXCUBE knowledge in the market. This has resulted in a vibrant partner ecosystem that is well appreciated by customers.

Subsidiaries

Your Company has subsidiaries in Greece, India, Republic of Chile, Republic of China, Republic of Mauritius, Singapore, The Netherlands and USA for sales and marketing and customer support in these regions.

The Ministry of Corporate Affairs has issued a General Circular No.: 2/2011 dated February 8, 2011 granting a general exemption to the companies stating that the provisions of Section 212 of the Companies Act, 1956 ("Act") shall not apply in relation to subsidiaries of companies subject to the company fulfilling certain conditions stated in the said circular. The Company is in compliance with the conditions stipulated by the Ministry of Corporate Affairs. Therefore, the accounts and related reports of the subsidiary companies are not attached to the Annual Report of the Company for the year ended March 31, 2014. The Company will make available the accounts and related information of the subsidiary companies upon request by any member / investor of the Company or its subsidiaries. Further, the accounts and related information of the subsidiary companies will be kept open for inspection by any Member, at the registered office of the Company and at the registered office of the subsidiaries during office hours of the Company / subsidiaries and the same will also be made available on the website of the Company www.oracle.com/financialservices

Fixed deposits

During the financial year 2013-2014, the Company has not accepted any fixed deposits within the meaning of Section 58A of the Companies Act, 1956, and as such, no amount of principal or interest was outstanding as of the date of the Balance Sheet.

Corporate governance

The Company has taken appropriate steps and measures to comply with all the corporate governance and related requirements as envisaged under Clause 49 of the Listing Agreement entered with stock exchanges and Section 292A of the Companies Act, 1956.

Your Company has constituted six committees consisting of Board Members and other senior officials of the Company, namely, Audit Committee, Compensation Committee, ESOP Allotment Committee, Transfer Committee, Shareholders' Grievances Committee and Business Responsibility Committee. There is a separate report on Corporate Governance which forms a part of this Annual Report. A certificate of Statutory Auditors, M/s. S. R. Batliboi & Associates LLP, Chartered Accountants, with regard to compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement is annexed herewith. The Company is also supporting the Go Green initiative announced by the Ministry of Corporate Affairs allowing paperless compliance.

A certificate from the Managing Director & CEO and Chief Financial Officer of the Company confirming internal controls and checks pertaining to financial statements, as also declaring that all Board Members and senior managerial personnel have affirmed compliance with the Code of Ethics and Business Conduct for the financial year ended March 31, 2014, was placed before the Board of Directors and the Board has noted the same. The said certificate is annexed to the Directors' report.

A list of the committees of the Board, names of their Members, scope and other related information are detailed in the Corporate Governance Report.

Business Responsibility Report

Securities and Exchange Board of India (SEBI) through circular dated August 13, 2012, has mandated the inclusion of Business Responsibility Report ("BR Report") as part of the Annual Report for the top 100 listed entities based on their market capitalization on BSE Limited and National Stock Exchange of India Limited as at March 31, 2012. The SEBI circular is effective from financial year ending on or after December 31, 2012. In line with the press release and FAQ's dated May 10, 2013 issued by SEBI, the BR Report which forms part of this Annual Report has been hosted on the Company's website www.oracle.com/financialservices. Members who wish to obtain a printed copy of the report, may write to the Company Secretary at the Registered Office of the Company.

Employee Stock Option Plan ("ESOP")

The Members at their Annual General Meeting held on August 14, 2001 approved grant of ESOPs to the employees / directors of the Company and its subsidiaries up to 7.5% of the issued and paid-up capital of the Company from time to time. This said limit was enhanced and approved up to 12.5% of the issued and paid-up capital of the Company from time to time, by the Members at their Annual General Meeting held on August 18, 2011. This extended limit is an all inclusive limit applicable for stock options granted in the past and in force and those that will be granted by the Company under this authorization.

Pursuant to ESOP scheme approved by the Members of the Company on August 14, 2001, the Board of Directors, on March 4, 2002 approved the Employees Stock Option Scheme ("Scheme 2002") for issue of 4,753,600 options to the employees and directors of the Company and its subsidiaries. According to the Scheme 2002, the Company has granted 4,548,920 options prior to the IPO and 619,000 options at various dates after IPO (including the grants of options out of options forfeited earlier).

On August 25, 2010, the Board of Directors approved the Employees Stock Option Plan 2010 Scheme ("Scheme 2010") for issue of 618,000 options to the employees and directors of the Company and its subsidiaries. According to the Scheme 2010, the Company has granted 638,000 options (including the grants of options out of options forfeited earlier).

Pursuant to ESOP scheme approved by the Members of the Company in their meeting held on August 18, 2011, the Board of Directors approved the Employees Stock Option Plan 2011 Scheme ("Scheme 2011") for issue of 5,100,000 options to the employees and directors of the Company and its subsidiaries. According to the Scheme 2011, the Company has granted 1,935,500 options till March 31, 2014.

As per the above schemes, each of 20% of the total options granted will vest to the eligible employees and directors on completion of 12, 24, 36, 48 and 60 months from the date of grant and is subject to continued employment of the employee or directorship of the director with the Company or its subsidiaries. Options have exercise period of 10 years from the date of grant. The employee / directors pays the exercise price upon exercise of option.

The details of the options granted under the ESOP 2002, ESOP 2010 and ESOP 2011 Schemes to eligible employees / directors from time to time are given below:

Particulars	Scheme			Total
	ESOP 2002	ESOP 2010	ESOP 2011	
Pricing Formula	--- At the market price as on the date of grant ---			
Variation of terms of options	None	None	None	
Number of options granted till March 31, 2014	5,167,920	638,000	1,935,500	7,741,420
Number of options lapsed*	614,725	262,630	179,550	1,056,905
Number of options exercised	4,461,895	64,320	52,825	4,579,040
Total number of options in force as on March 31, 2014	91,300	311,050	1,703,125	2,105,475

*includes number of options forfeited.

The details of options granted to Directors and Senior Managerial Personnel under ESOP 2011 Scheme during the financial year ended March 31, 2014 are as follows:

Particulars	Number of Options
i. Directors:	
Mr. Chaitanya Kamat	100,000
Senior Managerial Personnel:	
Mr. Atul Kumar Gupta	5,000
Mr. Avadhut Ketkar	8,000
Mr. Edwin N Moses	12,500
Mr. Hoshi D Bhagwagar	1,000
Mr. Kishore Kapoor	15,000
Mr. Makarand Padalkar	40,000
Mr. Manmath Kulkarni	12,000
Mr. Mohamed Yacob	Nil
Mr. Vikram Gupta	12,500
ii. Any other employee, who receives grant in any one year of option amounting to 5% or more of option granted during the year	
Mr. Chaitanya Kamat	100,000
Mr. Makarand Padalkar	40,000
iii. Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil
iv. Diluted Earnings Per Share (EPS) pursuant to the issue of shares on exercise of option calculated in accordance with Accounting Standard 20 'Earnings Per Share' issued by the Institute of Chartered Accountants of India	₹ 135.98

Had compensation cost for the Company's ESOP been determined based on fair value at the grant dates, Company's net profit and earnings per share would have been reduced to proforma amounts indicated below:

(Amounts in ₹ million, except per share data)

Particulars	Year ended March 31, 2014
Profit as reported	11,483.62
Add: Employee stock compensation under intrinsic value method	Nil
Less: Employee stock compensation under fair value method	(779.11)
Proforma profit	10,704.51
Earnings per share	
Basic	
- As reported	136.56
- Proforma	127.29
Diluted	
- As reported	135.98
- Proforma	126.86

All stock options under the Employee Stock Option Plans were granted at market price on the date of grant. Accordingly, we have calculated the compensation cost arising on account of stock options granted using the intrinsic value method. Hence, the disclosure in terms of Clause 12.1(n) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, is not applicable.

A summary of the activities in the Company's ESOP 2002, ESOP 2010 and ESOP 2011 Schemes are as follows:

Particulars	ESOP 2002		ESOP 2010		Year ended March 31, 2014 ESOP 2011	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	113,280	1,843	355,863	2,066	1,171,335	2,591
Granted	—	—	—	—	650,000	3,077
Exercised	(21,980)	1,291	(28,066)	2,050	(28,610)	1,958
Forfeited	—	—	(16,747)	2,050	(89,600)	2,664
Outstanding at end of the year	91,300	1,976	311,050	2,069	1,703,125	2,783
Vested options	67,300		164,036		279,875	
Unvested options	24,000		147,014		1,423,250	

The weighted average share price for the year over which stock options were exercised was ₹ 2,857. Money realized by exercise of options during the financial year 2013-2014 was ₹ 141,938,452.50.

The details of options unvested and options vested and exercisable as on March 31, 2014 are as follows:

Particulars	Exercise price (₹)	Number of options	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Options unvested	1,930	281,550	1,930	7.7
	2,032	24,000	2,032	7.7
	2,050	135,014	2,050	6.4
	2,333	24,000	2,333	6.6
	2,342	12,000	2,342	7.3
	3,127	484,200	3,127	8.9
	3,077	633,500	3,077	9.5
Options vested and exercisable	1,291	31,300	1,291	2.1
	1,930	158,825	1,930	7.7
	2,050	156,036	2,050	6.4
	2,333	36,000	2,333	6.6
	2,342	8,000	2,342	7.3
	3,127	121,050	3,127	8.9
		2,105,475	2,643	8.3

The fair value of stock options granted during the financial year 2013-2014 under ESOP 2011 Scheme was ₹ 1,712 (granted on September 13, 2013), calculated as per the Black Scholes valuation model as stated in 23b in the notes to accounts.

The Company has recovered Perquisite Tax on the options exercised by the employees during the year.

Employee Stock Purchase Scheme ("ESPS")

The Company has the ESPPS administered through a Trust ("the Trust") to provide equity based incentives to key employees of the Company. As per the scheme, the Trust can purchase shares of the Company from market using the proceeds of loans obtained from the Company. Such shares are allocated by the Trust to nominated employees at an exercise price, which approximates the fair value on the date of the grant. The shares vest in the employees over a period of five years and the employees can purchase the shares from the Trust over a period of ten years based on continued employment, until which, the Trust holds the shares for the benefit of the employees. The employees are entitled to receive dividends, bonus, etc., that may be declared by the Company from time to time for the entire portion of shares held by the Trust on behalf of the employees.

On the acceptance of the offer, the selected employee undertakes to purchase the shares from the Trust within ten years from the date of acceptance of the offer. In case an employee resigns from employment, the rights relating to vested shares, which are eligible for exercise, may be purchased by the employee by payment of the exercise price whereas, the balance shares are forfeited in favor of the Trust. The Trustees have the right of recourse against the employees for any amounts that may remain unpaid on the shares accepted by them. As of the balance sheet date, the Trust has repaid the entire loan obtained from the Company on receipt of payments from employees against shares exercised.

The Securities and Exchange Board of India ("SEBI") has issued the Employee Stock Option Scheme and Stock Purchase Guidelines, 1999 ("SEBI guidelines"), which are applicable to stock purchase schemes for employees of all Indian listed companies. In accordance with these guidelines, the excess of market price of the underlying equity shares on the date of grant of the stock options over the exercise price of the options is to be recognized in the books of account and amortized over the vesting period. However, no compensation cost has been recorded as the scheme terms are fixed and the exercise price equals the market price of the underlying stock on the grant date.

A summary of the activities in the Company's ESPS is as follows:

Particulars	(Number of shares)	
	Year ended March 31, 2014	Year ended March 31, 2013
Opening balance of unallocated shares	166,142	166,142
Shares forfeited during the year	—	—
Closing balance of unallocated shares	166,142	166,142
Opening balance of allocated shares	2,750	18,817
Shares exercised during the year	(2,750)	(16,067)
Shares forfeited during the year	—	—
Closing balance of allocated shares	—	2,750
Shares eligible for exercise	—	2,750
Shares not eligible for exercise	—	—
Total allocated shares	—	2,750

Human resources

Employees are our key assets and we continuously invest in them to retain our competitive edge. We have created a healthy and productive environment, together with a strong performance management system to encourage excellence. Our HR practices are among the best in the industry. Our people development initiative offers the best and latest in technology, finance domain and develops contemporary leadership attitude and practices in our employees.

Our total manpower at the end of March 2014 was 9,220 as compared to 9,969 as on March 2013 (including employees of the subsidiaries).

Corporate social responsibility

In May 2014, the Board has constituted the Corporate Social Responsibility Committee ("CSR Committee") comprising Directors Mr. Chaitanya Kamat (Chairman of the Committee), Mr. S Venkatachalam and Ms. Samantha Wellington, as its members.

The CSR Committee shall prepare and recommend to the Board the Corporate Social Responsibility Policy ("CSR Policy"), recommend CSR activities and the amount the Company should spend on CSR activities, monitor the implementation of CSR Policy and activities from time to time, ensure compliance with all matters relating to CSR and provide regular updates to the Board.

Directors' responsibility statement

As required under Section 217(2AA) of the Companies Act, 1956, for the financial year ended on March 31, 2014, the Directors hereby confirm that:

- In preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- The Directors have prepared the annual accounts on a 'going concern' basis.

Auditors

The Members may note that, M/s. S. R. Batliboi & Associates LLP, Chartered Accountants (ICAI Firm Registration no. 101049W), were appointed as the Statutory Auditors of the Company by the Members at their Twenty Fourth Annual General Meeting held on August 14, 2013 to hold office till the conclusion of the ensuing Annual General Meeting. They have confirmed their eligibility and willingness to accept office as the Statutory Auditors and also confirmed that they have not been disqualified to be appointed as the Statutory Auditors at the ensuing Annual General Meeting.

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder, it is proposed to appoint M/s. S. R. Batliboi & Associates LLP, Chartered Accountants (ICAI Firm Registration no. 101049W), as the Statutory Auditors of the Company from the conclusion of ensuing Annual General Meeting till the conclusion of the Annual General Meeting to be held in the year 2017, subject to ratification of the appointment by the Members at every Annual General Meeting held after this Annual General Meeting.

Auditors' Report

With regard to the Auditors' comment in the CARO report concerning delays in payment of a few tax payments, e.g., Foreign Income Taxes, Foreign Value Added Tax and Foreign Withholding Tax, the Company would like to state the following:

- i. The Company has engaged international tax experts in the interpretation of laws and regulations relating to corporate taxes and VAT in foreign countries. The Company has however, been continuously evaluating and accruing towards any material tax exposures in the books taking a conservative approach and payments are made based on the advice of the tax experts.
- ii. The Company continually assesses Payroll Tax implications in various jurisdictions outside India on salaries and travel related reimbursements paid to its employees posted therein and accordingly makes accruals in the books. The Company is in the process of filing the returns for Payroll Tax in such jurisdiction for which the provision is already made in the books. As per the local laws of most host countries, the tax is payable by the employee, however in a few countries tax payment is a responsibility of the employer, which amounts to ₹ 23.57 million. The Company and the employees ensure tax compliance in such countries as advised by the tax consultants.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant data pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo are furnished hereunder:

i. Conservation of energy and technology absorption:

The Company regularly strives to utilize newer technologies with the view to conserve the energy and create an environmentally friendly work environment. The initiatives taken by the Company are summarized below:

Desk-top / workstation refresh: During the year, we carried out a major refresh of the laptops and desktops across the Company to deploy modern and energy efficient workstations. This has brought about significant savings in power, strengthened IT Security architecture.

Communication Infrastructure: During the year, we further expanded the communication infrastructure with the objective to provide a seamless multi-channel communication to all our employees by significantly enhancing the video calling options. Apart from improving productivity, this helps in reducing carbon footprint by reducing the travel.

Virtualization: Virtualization has been further ingrained into the OFSS IT architecture, wherein the OFSS computing environment is almost completely virtualized. This has lead to better performance, better utilization of resources (i.e., space and power), increased operating efficiencies and leads to a greener work environment.

Energy Conservation: The Company has always been promoting usage of energy efficient devices. During the year, we significantly upgraded the lighting in the office areas with highly energy efficient devices leading to energy saving.

Green Initiatives: In line with our corporate philosophy, we have a special focus on green development of open areas around our offices. During the year, we significantly developed the open areas around our Pune offices by natural landscaping with water aeration using recycled water.

ii. Foreign exchange earnings and outgo:

(Amounts in ₹ million)

Foreign Exchange Earnings (excluding reimbursement of travelling expenses)	30,232.59
Foreign Exchange Outgo (including capital goods & other expenditure)	8,541.54

Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans

Your Company has established an extensive global presence across leading markets through its sales and marketing network. We will continue to focus on tapping various potential markets available globally. Experienced sales and marketing specialists focus on building strong international business presence to develop new export markets for your Company.

Prospects

Banks around the world are witnessing new competition emerge as regulators in many countries, for example in India, China, UK, have started issuing new banking licenses to create or expand services of existing non-banking financial services companies. Non-traditional players with large consumer franchise such as retail and telco companies are launching new products and services in financial services business.

Financial institutions since the market events of 2008 face significant challenges on the regulatory front. In 2013, 30 directives were published and these impact - capital, liquidity, systemic risk, supervision, governance, remuneration, customer treatments, traded markets, accounting, crime and taxation at a financial institution.

Financial institutions now prepare to serve customers new and existing that have a very different expectation of “service” in the digitized world. The technology landscape for a financial institution is undergoing a sea change with increasing adoption of Social, Mobile, Big Data and the Cloud in the both segments i.e. consumer and enterprise.

Your Company has focused on delivering solutions to financial institutions that face unprecedented challenges, as well as opportunities. We enable financial institutions deliver a differentiated customer experience driven by deep customer insight, that is seamlessly available at any time and any place and on any channel. We provide the ability to evolve a sustainable framework for securely and efficiently keeping up with ever increasing regulations, and offering a resilient, scalable and cost effective business capability for servicing the customer needs.

The continuous planned investment in the applications and your Company’s access to Oracle’s technology provides a competitive edge in the address the opportunities in the market. Your Company’s applications are tested for performance on Oracle platforms to ensure best-in-class results to the banks when deployed together. Your Company is uniquely positioned to address the emerging requirements at Financial Institutions with the changes in the technology landscape and consumer expectations.

Employee particulars

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 for the financial year ended on March 31, 2014 forms part of this Report. As per the provisions of Section 219(1)(b)(iv) of the Act, the Directors’ Report and the Accounts are being sent to the Members excluding the statement giving particulars of employees under Section 217(2A) of the Act.

Members who wish to obtain a copy of the statement, may write to the Company Secretary at the Registered Office of the Company.

Acknowledgements

Your Directors take this opportunity to thank the Company’s customers, members, vendors and bankers for their continued support during the year. Your Directors also wish to thank the Government of India and its various agencies, Department of Electronics, the Software Technology Parks - Bangalore, Chennai, Mumbai, NOIDA and Pune, Special Economic Zone authorities at SEEPZ and Cochin, the Customs and Excise Department, Ministry of Commerce, Ministry of Finance, Ministry of External Affairs, Ministry of Corporate Affairs, Department of Telecommunication, the Reserve Bank of India, the State Governments of Maharashtra, Karnataka, Haryana and Tamil Nadu and other local Government Bodies, for their support and look forward to their continued support in the future.

Your Directors also place on record their appreciation for the excellent contribution made by employees of the Company through their commitment, competence, co-operation and diligence with a view to achieving consistent growth for the Company.

For and on behalf of the Board

S Venkatachalam

Chairman

July 24, 2014

Corporate governance report

The detailed report on Corporate Governance of Oracle Financial Services Software Limited (“the Company”) for the financial year 2013-2014 as per Clause 49 of the Listing Agreement entered with Stock Exchanges is set out below.

1. Company’s philosophy on code of governance

The Company believes in adopting and adhering to globally recognized corporate governance practices and continuously benchmarking itself against such practices. The Company understands and respects its fiduciary role and responsibility to its Members and strives to meet their expectations.

2. Board of Directors

2.1 Composition and category

The composition of the Board of Directors of the Company (“the Board”) as on March 31, 2014, was as under:

Name of the Director	Designation	Category	Directorships in other Companies	Chairmanship of Committees of Boards of other Companies	Membership of Committees of Boards of other Companies
Mr. S Venkatachalam	Chairman	Non-Executive, Independent Director	4	2	Nil
Mr. Chaitanya Kamat	Managing Director & CEO	Executive, Non-Independent Director	Nil	Nil	Nil
Mr. Derek H Williams	Director	Non-Executive, Non-Independent Director	4	Nil	1
Mr. Harinderjit Singh	Director	Non-Executive, Non-Independent Director	1	Nil	Nil
Mr. Richard Jackson	Director	Non-Executive, Independent Director	2	Nil	1
Mr. Robert K Weiler	Director	Non-Executive, Non-Independent Director	Nil	Nil	Nil
Ms. Samantha Wellington	Director	Non-Executive, Non-Independent Director	27	Nil	Nil
Mr. William Corey West	Director	Non-Executive, Non-Independent Director	15	Nil	Nil
Mr. Y M Kale	Director	Non-Executive, Independent Director	5	Nil	1

Notes:

1. Directorships of Mr. Y M Kale include being an Alternate Director in three companies.
2. All Directorships of Mr. Derek H Williams, Mr. Harinderjit Singh, Mr. Richard Jackson and Mr. William Corey West are in foreign companies.
3. Ms. Samantha Wellington was appointed as an Additional Director with effect from April 10, 2013.
4. Mr. Harinderjit Singh was appointed as an Additional Director with effect from July 10, 2013.
5. Majority of Directorships of Ms. Samantha Wellington are in foreign companies.
6. None of the Directors are related inter se.
7. For the purpose of determining the number of membership / chairmanship of the Committees of the Board of other Companies, only the Audit Committee and the Shareholders’ Grievances Committee are considered.

2.2 Attendance of each Director at the Board Meetings and the last Annual General Meeting

The Company holds Board Meetings at regular intervals. The detailed agenda along with the explanatory notes is circulated in advance. The Directors can suggest inclusion of any item to the agenda at the Board Meeting. The Independent Directors actively participate in the Board Meetings and contribute to the decision making process by expressing their opinions, views and suggestions.

During the financial year 2013-2014, five Board Meetings were held on the following dates:

May 7, 2013, August 13, 2013, August 14, 2013, November 12, 2013 and February 12, 2014.

The attendance of the Directors at the Board Meetings and the Annual General Meeting held during the financial year 2013-2014 was as under:

Name of the Director	Number of Board Meetings attended	Number of Board Meetings attended		Last AGM attended
		In person	On phone	
Mr. S Venkatachalam	5	5	—	Yes
Mr. Chaitanya Kamat	5	5	—	Yes
Mr. Derek H Williams	4	3	1	Yes
Mr. Frank Brienzi*	1	—	1	No
Mr. Harinderjit Singh	4	4	—	Yes
Mr. Richard Jackson	5	4	1	Yes
Mr. Robert K Weiler	2	—	2	No
Ms. Samantha Wellington	2	—	2	No
Mr. William Corey West	4	1	3	No
Mr. Y M Kale	5	5	—	Yes

*resigned with effect from July 2, 2013.

2.3 Details of other directorships

Details of the directorships of the Company's Directors in other companies as on March 31, 2014 were as under:

Name of the Director	Other directorships
Mr. S Venkatachalam	State Bank of India Equifax Credit Information Services Private Limited Canara Robeco Asset Management Company Limited Sam Foundation for Eco Friendly Environment
Mr. Chaitanya Kamat	—
Mr. Derek H Williams	edos Asia-Pacific Pty Limited Nihon Oracle Kabushiki Kaisha PeopleSoft Australia Pty. Ltd. PeopleSoft Worldwide (M) Sdn. Bhd.
Mr. Harinderjit Singh	Children's Discovery Museum, San Jose California
Mr. Richard Jackson	Novoview Ltd. ageas SA/NV
Mr. Robert K Weiler	—
Ms. Samantha Wellington	AmberPoint Technology India Private Limited BEA Systems (China) Co., LTD FatWire Software India Private Ltd. GoAhead Software India Private Limited GoldenGate Technologies South Asia Private Limited Hyperion Solutions (China) Ltd. J.D. Edwards Software India Pvt. Ltd. Logical Apps Solutions Pvt. Ltd. Oracle Hrvatska d.o.o. Oracle Hungary Kft. Oracle Polska, Sp.z.o.o. Oracle Romania SRL Oracle Senegal SARL Oracle Software (Nigeria) Limited Oracle Software d.o.o. Ljubljana Oracle Srbija i Crna Gora d.o.o. Oracle Technology Systems (Ghana) Limited Oracle Technology Systems (Kenya) Limited

Name of the Director	Other directorships
	PeopleSoft India Private Ltd. Phase Forward Software Services India Private Limited ProfitLogic Software Private Limited Relsys (India) Private Limited Siebel Systems Software (India) Private Limited Sistemas Oracle de Chile, S.A. Sophoi Technologies Private Limited Sunday Bazar Internet Sales Private Limited Waban Software Private Limited
Mr. William Corey West	Eontec Limited J.D. Edwards Europe Limited OCAPAC Distributor Partner OCAPAC Hardware Partner OCAPAC Holding Company OCAPAC Research Company OCAPAC Research Partner Oracle Australia Holdings Pty. Ltd. Oracle Consolidation Australia Pty. Ltd. Oracle Global (Mauritius) Limited Oracle Hong Kong Holdings Limited Oracle Singapore Holdings Pte. Ltd. Oracle Technology Company Siebel Systems Ireland Holdings Limited Sun Microsystems Technology Ltd.
Mr. Y M Kale	Ashok Leyland Limited (Alternate Director) Gulf Oil Marine Limited Hinduja Foundries Limited (Alternate Director) IndusInd Bank Limited (Alternate Director) Hinduja Leyland Finance Limited

2.4 Details of Memberships of Board Committees

None of the Directors of the Company hold Memberships in more than ten Committees, nor is any Director a Chairman in more than five Committees of the Boards of the companies where he / she holds directorships. For this purpose, “Committees” include Audit Committee and Shareholders’ Grievances Committee of a Company.

The details of the Memberships of the Company’s Directors in the above mentioned committees of all the Indian Public Limited Companies (including the Company) of which they are Members as on March 31, 2014 were as under:

Name of the Director	Audit Committee		Shareholders’ Grievances Committee	
	Chairman	Member	Chairman	Member
Mr. S Venkatachalam	1	1	2	—
Mr. Chaitanya Kamat	—	—	—	—
Mr. Derek H Williams	—	—	—	—
Mr. Harinderjit Singh	—	—	—	—
Mr. Richard Jackson	—	—	—	—
Mr. Robert K Weiler	—	—	—	—
Ms. Samantha Wellington	—	—	—	—
Mr. William Corey West	—	1	—	—
Mr. Y M Kale	1	1	—	—

3. Audit committee

3.1 Primary objectives and powers of the Audit Committee

The primary objective of Audit Committee is to monitor and provide effective supervision of the management’s financial reporting process and to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting.

The powers of the Audit Committee include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain external legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if considered necessary.

3.2 Broad terms of reference

The terms of reference of the Audit Committee are as follows:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and their audit fees.
3. Approval of fees for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Directors' Report in terms of Section 217(2AA) of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
5. Reviewing, with management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with management, the performance of statutory and internal auditors and the adequacy of the internal control systems.
7. Reviewing the adequacy of the internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors regarding any significant findings and any follow-up required.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences about the nature and scope of the audit as well as post-audit discussion to determine any areas of concern.
11. To determine the reasons for any substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

3.3 Composition of the committee

The Composition of Audit Committee as on March 31, 2014 was as under:

Name of the Member	
Mr. Y M Kale	Chairman, Non-Executive, Independent Director
Mr. S Venkatachalam	Member, Non-Executive, Independent Director
Mr. William Corey West	Member, Non-Executive, Non-Independent Director

3.4 Meetings and attendance

During the financial year 2013-2014, five meetings of the Committee were held on April 15, 2013, May 7, 2013, August 13, 2013, November 11, 2013 and February 12, 2014.

The Member's attendance at the Committee Meetings is as under:

Name of the Member	Number of meetings attended	
	In person	On phone
Mr. Y M Kale	5	—
Mr. S Venkatachalam	5	—
Mr. William Corey West	1	3

The auditors of the Company were invited for the above meetings.

3.5 Audit committee's recommendations

The Committee reviewed the financial results of the Company prepared in accordance with the Indian GAAP (including consolidated results) as at and for the quarters ended June 30, 2013, September 30, 2013 and December 31, 2013 as also for the year ended March 31, 2014 and recommended the same to the Board for adoption.

The Committee recommended to the Board the re-appointment of M/s. S. R. Batliboi & Associates LLP, Chartered Accountants (ICAI Firm Registration no. 101049W), as Statutory Auditors of the Company for the financial year beginning from April 1, 2014 to March 31, 2017.

The Internal Audit Functions of the Company has been aligned and integrated with the Oracle Business Assessment & Audit team, who manages the Internal Audit Function of the Company.

The Committee also reviewed the status of direct and indirect taxes and related matters, Internal Auditors' reports and related reports on actions taken, risk management policies, compliance report on corporate governance, litigation and compliance ethics report, etc. from time to time.

4. Compensation committee

4.1 Brief description of terms of reference

The terms of reference of Compensation Committee are as follows:

- To determine the compensation policy for Directors and Key Managerial Personnel of the Company and to decide on the compensation payable to them;
- To determine any profit linked, or otherwise, bonus policies (by whatever name called) and to decide on the amount of bonus payable to Directors and Key Managerial Personnel of the Company;
- To administer and deal with all matters concerning the present and future Employee Stock Option Schemes and / or Employee Stock Purchase Scheme(s), if any, by whatever name called, and to review performance criteria, set norms for considering allocation of stock options and grant stock options to the eligible Directors and employees of the Company and its subsidiary companies from time to time; and
- To appoint any personnel of the Company or formulate a sub-committee to act on behalf of the Compensation Committee.

4.2 The Composition of the Committee

The Composition of Compensation Committee as on March 31, 2014 was as under:

Name of the Member	
Mr. Richard Jackson	Chairman, Non-Executive, Independent Director
Mr. Harinderjit Singh	Member, Non-Executive, Non-Independent Director
Mr. Y M Kale	Member, Non-Executive, Independent Director

Notes:

- 1) Mr. Richard Jackson was appointed as the Chairman of the Compensation Committee on April 10, 2013.
- 2) Mr. Frank Brienzi resigned with effect from July 2, 2013.
- 3) Mr. Harinderjit Singh was appointed as a member of the Compensation Committee on July 11, 2013.

4.3 Meeting and attendance

During the financial year 2013-2014, one meeting of the Committee was held on May 7, 2013. In addition to that business was dealt with by passing circular resolutions.

Name of the Member	Number of meetings attended	
	In person	On phone
Mr. Richard Jackson	1	—
Mr. Frank Brienzi	—	—
Mr. Harinderjit Singh	—	—
Mr. Y M Kale	1	—

4.4 Compensation policy

The Compensation Committee determines and recommends to the Board the compensation payable to the Directors and key managerial personnel of the Company. The limit for the commission to be paid to the Board Members and the remuneration payable to the Managing Director & CEO of the Company are approved by the Members of the Company. The annual compensation including bonus of the Executive and Non-Executive Directors is approved by the Compensation Committee, within the parameters set by the Members of the Company.

The criteria for payment of commission to the non-executive directors include a base commission plus incremental commission depending on the number and type of committees where they are members or chairpersons.

The Committee also has the mandate to review and recommend norms for ESOP allocation.

4.5 Details of remuneration paid to the Directors during the financial year 2013-2014 were as under:

(Amounts in ₹ thousand, except number of ESOPs)

Name of the Director	Options granted under ESOPs during the year	Commission paid	Salary	Contribution to Provident Fund and other funds	Total Amount paid
Mr. S Venkatachalam	—	2,600	—	—	2,600
Mr. Chaitanya Kamat	100,000	—	48,468	1,779	50,247
Mr. Derek H Williams	—	—	—	—	—
Mr. Frank Brienzi	—	—	—	—	—
Mr. Harinderjit Singh	—	—	—	—	—
Mr. Richard Jackson	—	1,298	—	—	1,298
Mr. Robert K Weiler	—	—	—	—	—
Ms. Samantha Wellington	—	—	—	—	—
Mr. William Corey West	—	—	—	—	—
Mr. Y M Kale	—	2,000	—	—	2,000
TOTAL	100,000	5,898	48,468	1,779	56,145

The Company accrues for gratuity benefit, compensated absences and bonus for all employees as a whole. It is not possible to ascertain the provision for individual director and hence the same has not been disclosed above. The Company discloses such benefits on cash basis.

During the year, the Compensation Committee granted 100,000 options to Mr. Chaitanya Kamat, Managing Director & CEO under the ESOP 2011 Scheme at an exercise price of ₹ 3,076.85.

The managerial remuneration paid to Mr. Chaitanya Kamat was within the limits approved by the Members of the Company and as envisaged in the Companies Act, 1956. The remuneration paid to Mr. S Venkatachalam, Mr. Richard Jackson and Mr. Y M Kale the Non-Executive, Independent Directors of the Company by way of commission, as approved by the Members of the Company, does not exceed 1% of the net profits of the Company in any one financial year.

There was no other remuneration paid to the Directors during the financial year 2013-2014 except as stated above.

During the financial year ended March 31, 2014, the Compensation Committee granted 650,000 options to the eligible employees including Directors of the Company and its Subsidiaries as under:

Date of Grant	No. of Options granted	Exercise price (₹)
September 13, 2013	650,000	3,076.85

The terms of Employee Stock Options granted to the Directors was as under:

Name of the Director	Scheme	Options outstanding as at April 1, 2013	Options exercised during the year	Options outstanding as at March 31, 2014	Exercise price (₹)	Expiry Date
Mr. S Venkatachalam	ESOP 2011	10,000	Nil	10,000	1,929.95	December 19, 2021
Mr. Chaitanya Kamat	ESOP 2002	60,000	Nil	60,000	2,333.45	October 24, 2020
	ESOP 2011	30,000	Nil	30,000	1,929.95	December 19, 2021
	ESOP 2011	100,000	Nil	100,000	3,126.85	February 4, 2023
	ESOP 2011	—	Nil	100,000	3,076.85	September 12, 2023
Mr. Derek H Williams	—	—	—	—	—	—
Mr. Frank Brienzi	—	—	—	—	—	—
Mr. Harinderjit Singh	—	—	—	—	—	—
Mr. Richard Jackson	—	—	—	—	—	—
Mr. Robert K Weiler	—	—	—	—	—	—
Ms. Samantha Wellington	—	—	—	—	—	—
Mr. William Corey West	—	—	—	—	—	—
Mr. Y M Kale*	—	—	—	—	—	—

*all the options granted under the ESOP 2002 Scheme at an exercise price of ₹ 418.92 have already been exercised.

The above options were issued at prevailing market price of shares on the respective dates of grant. The options vest over a period of 5 years from the date of grant and are subject to continued employment / directorship with the Company.

As on March 31, 2014, none of the Directors of the Company held any equity shares of the Company, except Mr. S Venkatachalam, who held 1,000 equity shares of the Company.

5. Shareholders' Grievances Committee

5.1 Composition of the Committee

The composition of Shareholders' Grievances Committee as on March 31, 2014 was as under:

Name of the Member	
Mr. S Venkatachalam	Chairman, Non-Executive, Independent Director
Mr. Makarand Padalkar	Member, Chief Financial Officer

5.2 Scope of Shareholders' Grievances Committee's activities

The scope of the Shareholders' Grievances Committee is to review and address the grievances of the Members in respect of share transfers, transmission, dematerialization and rematerialization of shares and other share related activities.

During the year, four meetings of the Committee were held on May 7, 2013, July 29, 2013, October 21, 2013 and February 7, 2014.

The Member's attendance at the Committee Meetings was as under:

Name of the Member	Number of meetings attended
	In person
Mr. S Venkatachalam	4
Mr. Makarand Padalkar	4

6. Transfer Committee

6.1 Composition of the Committee

The composition of Transfer Committee as on March 31, 2014 was as under:

Name of the Member	
Mr. S Venkatachalam	Chairman, Non-Executive, Independent Director
Mr. Makarand Padalkar	Member, Chief Financial Officer

6.2 Scope of Transfer Committee

The scope of Transfer Committee is to consider and approve requests for transfer, transmission, rematerialization of shares and other investor related matters.

During the year, four meetings of the Committee were held on May 7, 2013, June 11, 2013, July 29, 2013 and October 21, 2013.

The Member's attendance at the Committee Meetings was as under:

Name of the Member	Number of meetings attended
	In person
Mr. S Venkatachalam	4
Mr. Makarand Padalkar	4

7. ESOP Allotment Committee

7.1 Composition of the Committee

The composition of ESOP Allotment Committee as on March 31, 2014 was as under:

Name of the Member	
Mr. Y M Kale	Chairman, Non-Executive, Independent Director
Mr. Chaitanya Kamat	Member, Managing Director & Chief Executive Officer
Mr. S Venkatachalam	Member, Non-Executive, Independent Director
Mr. Makarand Padalkar	Member, Chief Financial Officer

7.2 Scope of ESOP Allotment Committee

The scope of ESOP Allotment Committee is to consider and approve requests for allotment of shares on exercise of stock options by eligible employees.

During the year, eleven meetings of the Committee were held on April 26, 2013, May 29, 2013, July 3, 2013, August 7, 2013, September 12, 2013, October 17, 2013, November 20, 2013, December 26, 2013, January 29, 2014, February 26, 2014 and March 26, 2014.

The Member's attendance at the Committee Meetings was as under:

Name of the Member	Number of meetings attended	
	In person	On phone
Mr. Y M Kale	11	—
Mr. Chaitanya Kamat	1	4
Mr. S Venkatachalam	10	—
Mr. Makarand Padalkar	9	—

8. Business Responsibility Committee

8.1 Composition of the Committee

The composition of Business Responsibility Committee as on March 31, 2014 was as under:

Name of the Member	
Mr. Chaitanya Kamat	Chairman, Managing Director & Chief Executive Officer
Mr. Makarand Padalkar	Member, Chief Financial Officer
Mr. Arvind Gulhati	Member, Vice President – Business Planning & Development
Mr. K K Davis	Member, Vice President – HR
Mr. Avadhut Ketkar	Member, Chief Accounting Officer
Mr. Hoshi D Bhagwagar	Member, Company Secretary & Compliance Officer
Mr. Mohamed Yacob	Member, Director – Legal and OFSS Compliance & Ethics Officer

8.2 Scope of Business Responsibility Committee

The scope of Business Responsibility Committee is to oversee matters concerning the Business Responsibility Policy implementation and guidance and to decide on any matter or doubt with regard to the applicability, interpretation, operation and implementation of the Business Responsibility policy.

During the financial year 2013-2014, one meeting of the Committee was held on July 29, 2013.

The Member's attendance at the Committee Meeting was as under:

Name of the Member	Number of meeting attended	
	In person	On phone
Mr. Chaitanya Kamat	—	—
Mr. Makarand Padalkar	1	—
Mr. Arvind Gulhati	—	1
Mr. K K Davis	—	1
Mr. Avadhut Ketkar	—	1
Mr. Hoshi D Bhagwagar	1	—
Mr. Mohamed Yacob	—	1

9. Company Secretary and Compliance Officer

Company Secretary and Compliance Officer	Mr. Hoshi D Bhagwagar
Address	Oracle Financial Services Software Limited Oracle Park Off Western Express Highway Goregaon (East), Mumbai 400063 Maharashtra, India
Tel.	+ 91-22-6718 4493
Fax	+ 91-22-6718 4604
e-mail	hoshi.bhagwagar@oracle.com

Mr. Hoshi D Bhagwagar resigned as Company Secretary and Compliance Officer of the Company with effect from June 6, 2014.

10. Details of shareholders' complaints received, resolved and outstanding during the financial year 2013-2014

Particulars	No. of Complaints
Complaints outstanding on April 1, 2013	1
Complaints received during the financial year ended March 31, 2014	5
Complaints resolved during the financial year ended March 31, 2014	6
Complaints outstanding on March 31, 2014	0

Number of pending share transfers as on March 31, 2014 - Nil

11. General body meetings

11.1 Location, date and time where last three Annual General Meetings were held:

Financial Year	Venue	Day	Date	Time
2012-2013	The Leela Kempinski Sahar, Andheri (East), Mumbai 400059	Wednesday	August 14, 2013	3.00 p.m.
2011-2012	The Leela Kempinski Sahar, Andheri (East), Mumbai 400059	Friday	August 17, 2012	3.00 p.m.
2010-2011	The Leela Kempinski Sahar, Andheri (East), Mumbai 400059	Thursday	August 18, 2011	3.00 p.m.

11.2 The details of Special Resolutions passed in AGMs during the last three years are as under:

Financial Year	Day, Date & Time	Venue	Gist of Special Resolution passed
2012-2013	Wednesday, August 14, 2013 at 3.00 p.m.	The Leela Kempinski Sahar, Andheri (East) Mumbai 400059	No special resolution was passed.
2011-2012	Friday, August 17, 2012 at 3.00 p.m.	The Leela Kempinski Sahar, Andheri (East) Mumbai 400059	No special resolution was passed.
2010-2011	Thursday, August 18, 2011 at 3.00 p.m.	The Leela Kempinski Sahar, Andheri (East) Mumbai 400059	<p>Payment of Commission to Directors of the Company (excluding the Managing Director and Whole-time Directors), not exceeding in the aggregate one per cent per annum of the net profits of the Company, which shall be calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956; for a further period of five years from April 1, 2012 to March 31, 2017.</p> <p>Authority to grant stock option to the present and future employees and Directors (whole-time or otherwise) of the Company, such number of options as the Board may decide which could give rise to equity shares of face value of ₹ 5 each of the Company, not exceeding 12.5% of the issued and paid-up share capital of the Company at any given time.</p> <p>Authority to grant stock option to the present and future employees and Directors (whole-time or otherwise) of the Company's present and future subsidiaries, such number of options as the Board may decide which could give rise to equity shares of face value of ₹ 5 each of the Company, not exceeding the aforesaid limit of 12.5% of the issued and paid-up share capital of the Company at any given time.</p>

11.3 There was no Extra-Ordinary General Meeting held during the Financial Years 2010-2011, 2011-2012 and 2012-2013.

11.4 There were no matter requiring approval of the Members through Postal Ballot during the financial year ended March 31, 2014.

11.5 No special resolution is currently proposed to be conducted through postal ballot.

11.6 Procedure for the Postal Ballot process:

After receiving the approval of the Board of Directors for matters requiring shareholders approval by postal ballot, notice of the Postal Ballot, text of the Resolution along with Explanatory Statement, Postal Ballot Form and self-addressed postage pre-paid envelopes are required to be sent to the Members to enable them to consider and vote for or against the proposal within a period of 30 days from the date of dispatch. The calendar of events containing the activity chart is to be filed with the Registrar of Companies within 7 days of the passing of the Resolution by the Board of Directors of the Company. After the last date for receipt of the ballots, the Scrutinizer after due verification, is required to submit the results to the Chairman of the Board of Directors of the Company. Thereafter, the Chairman declares the result of the Postal ballot. The same is required to be published in the Newspapers and displayed on the website and the notice board at the registered office of the Company. In addition to the above, Clause 35B of the listing agreement requires the Company to offer electronic voting facility to shareholders for matters requiring approval by postal ballot. The Company has entered into agreement with the National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") for offering e-Voting platform in respect of those businesses, which are required to be transacted through postal ballot.

12. Disclosures

- All the relevant information in respect of materially significant related party transactions, i.e., transactions of the Company of material nature with its promoters, directors or management or their relatives, subsidiaries of the Company, etc. has been disclosed in the respective financial statements presented in the Annual Report. The Company did not undertake any transaction with any related party having potential conflict with the interest of the Company at large.
- The Company has complied with statutory compliances and no penalty or stricture is imposed on the Company by the Stock Exchanges or Securities and Exchange Board of India ("SEBI") or any other statutory authority on any matter related to the capital markets during the last three years.
- The Company has a Whistle Blower mechanism which provides adequate safeguards to employees who wish to raise concerns about violations of the Code of Ethics and Business Conduct, incorrect or misrepresentation of any financial statements and reports, unethical behavior, etc. No employee has been denied access to the Audit Committee. The Whistle Blower mechanism forms part of the Code of Ethics and Business Conduct.
- The Company is fully compliant with the applicable mandatory requirements of Clause 49 of the Listing Agreement entered with the Stock Exchanges. The Clause further states that the non-mandatory requirements may be implemented at the discretion of the Company. Thus, of the non-mandatory requirements, the Company has complied with the requirement of Compensation Committee and also has a Whistle Blower Policy in place.
- The Ministry of Corporate Affairs, Government of India had issued the Corporate Governance Voluntary Guidelines, 2009 ("the Guidelines"). The objective of these Guidelines is to encourage companies to voluntarily adopt best practices in corporate governance. The Guidelines focuses on matters relating to functions of the Board, Audit Committee, Auditors role and Secretarial Compliance. The corporate governance framework of the Company already encompasses a significant portion of the recommendations contained in the Guidelines.
- Unclaimed Shares

In terms of Clause 5A of the Listing Agreement entered with stock exchanges, the information with regard to unclaimed / undelivered shares relating to the initial public offering was as under:

Particulars	No. of Shareholders	No. of Shares of ₹ 5 each
Aggregate number of Shareholders and outstanding shares in the suspense account as on April 1, 2013	2	40
Number of shareholders who approached the Company for transfer of shares from the suspense account during the year	—	—
Number of shareholders and shares transferred from suspense account during the year	—	—
Aggregate number of Shareholders and shares held in suspense account as on March 31, 2014	2	40

The shares are held in the Unclaimed Shares Demat Suspense Account and the Voting rights of these unclaimed / undelivered shares remain frozen until the same are claimed by the shareholders.

- In terms of Clause 55 of the Listing Agreement, a Business Responsibility Report forms part of this Annual Report.

13. Means of communication

During the financial year 2013-2014:

- The quarterly and annual results of the Company were published in widely circulated English and Marathi newspapers, namely, The Business Standard and Sakal. The Company's quarterly financial results, press releases, annual reports and other relevant corporate documents are posted on the Company's website www.oracle.com/financialservices

- Detailed Management's discussion and analysis Report covering Indian GAAP consolidated and unconsolidated financials have been included in this Annual Report.
- As per National Stock Exchange's letter dated September 29, 2011, introducing Electronic filing of Corporate Governance and Shareholding Pattern, through NSE Electronic Application Processing System (NEAPS), the Company has been uploading the information relating to its Financial Results, Shareholding Pattern, Report on corporate governance, listing and trading applications and other relevant matters on website – <https://www.connect2nse.com/LISTING>
- As per Bombay Stock Exchange's Exchange Notice No. 20130208-6 dated February 8, 2013, introducing Electronic filing of Corporate Governance and Shareholding Pattern, through BSE Corporate Compliance & Listing Centre (the "Listing Centre") with effect from February 8, 2013, the Company has been uploading the information relating to its Shareholding Pattern, Report on corporate governance, listing and trading applications and other relevant matters on website – <http://listing.bseindia.com>
- The Company has uploaded the information relating to its financial results, shareholding pattern and report on corporate governance on website – www.corpfiling.co.in till quarter ended December 2013. As Microsoft had announced the end-of-support for Windows XP operating system from April 8, 2014, the Company could not process with the further uploading of information on corpfiling website.
- Securities and Exchange Board of India ("SEBI") introduced a centralized web based SEBI Complaints Redress System (SCORES) vide Circular no. CIR/OIAE/2/2011 dated June 3, 2011 for all Listed Companies. The Company has been online viewing the complaints, uploading Action Taken Reports (ATRs) and monitoring its current status on website – <http://scores.gov.in/Admin>
- As per the Circular issued by Ministry of Corporate Affairs, the Company has filed its Balance Sheet and Profit and Loss Account in extensible Business Reporting Language (XBRL), for the financial year ended March 31, 2013.
- As a part of Green Initiative in Corporate Governance, the Ministry of Corporate Affairs vide its Circular No. 17/2011 dated April 21, 2011 and Circular No. 18/2011 dated April 29, 2011 and pursuant to Sections 101, 136 and other applicable provisions of the Companies Act, 2013, read with relevant rules framed thereunder, Companies can serve Annual Reports and other communications through electronic mode to those Members of the company who have registered their email address either with Link Intime India Private Limited ("the RTA") or with the Depository. The Securities and Exchange Board of India ("SEBI") has also permitted listed entities to supply soft copies of full annual reports to all those Members who have registered their email addresses for the purpose under Clause 32 of the Listing Agreement executed with the stock exchanges. In case there is any change in your registered email address, please update the same with the RTA / Depository. The Company has since been annually sending communications to the incremental Members of the Company seeking their preference for receiving corporate documents and has issued / dispatched Annual Reports accordingly.

14. General shareholder information

Annual General Meeting	
Day and Date	Friday, September 12, 2014
Time	2.30 p.m.
Venue	The Westin Mumbai Garden City International Business Park Oberoi Garden City, Goregaon (East) Mumbai 400063
Financial Year	April 1, 2013 to March 31, 2014
Dividend Payment Date	Not Applicable
Date of Book Closure	Monday, September 8, 2014 to Friday, September 12, 2014 (both days inclusive) for Annual General Meeting
Listing on Stock Exchanges at	BSE Ltd. (BSE); and National Stock Exchange of India Limited (NSE)
Stock Code	
BSE Ltd. (BSE)	532466
National Stock Exchange of India Limited (NSE)	OFSS

Listing

The annual listing fees for the financial year 2014-2015 have been paid to BSE and NSE.

The Company has also paid Annual Custodial fees for the financial year 2014-2015 to National Securities Depository Limited and Central Depository Services (India) Limited on the basis of average number of beneficial accounts folios (ISIN position) maintained by them during the previous financial year ended March 31, 2014.

Unclaimed Dividend

Pursuant to Sections 205A, 205C and other applicable provisions, if any, of the Companies Act, 1956, any money transferred to the unpaid dividend account which remains unpaid or unclaimed for a period of 7 years from the date they become due for payment, is required to be transferred to the 'Investor Education and Protection Fund' set up by the Central Government. Accordingly, the amount of unclaimed dividend for the financial year ended March 31, 2006 has been transferred to the 'Investor Education and Protection Fund'.

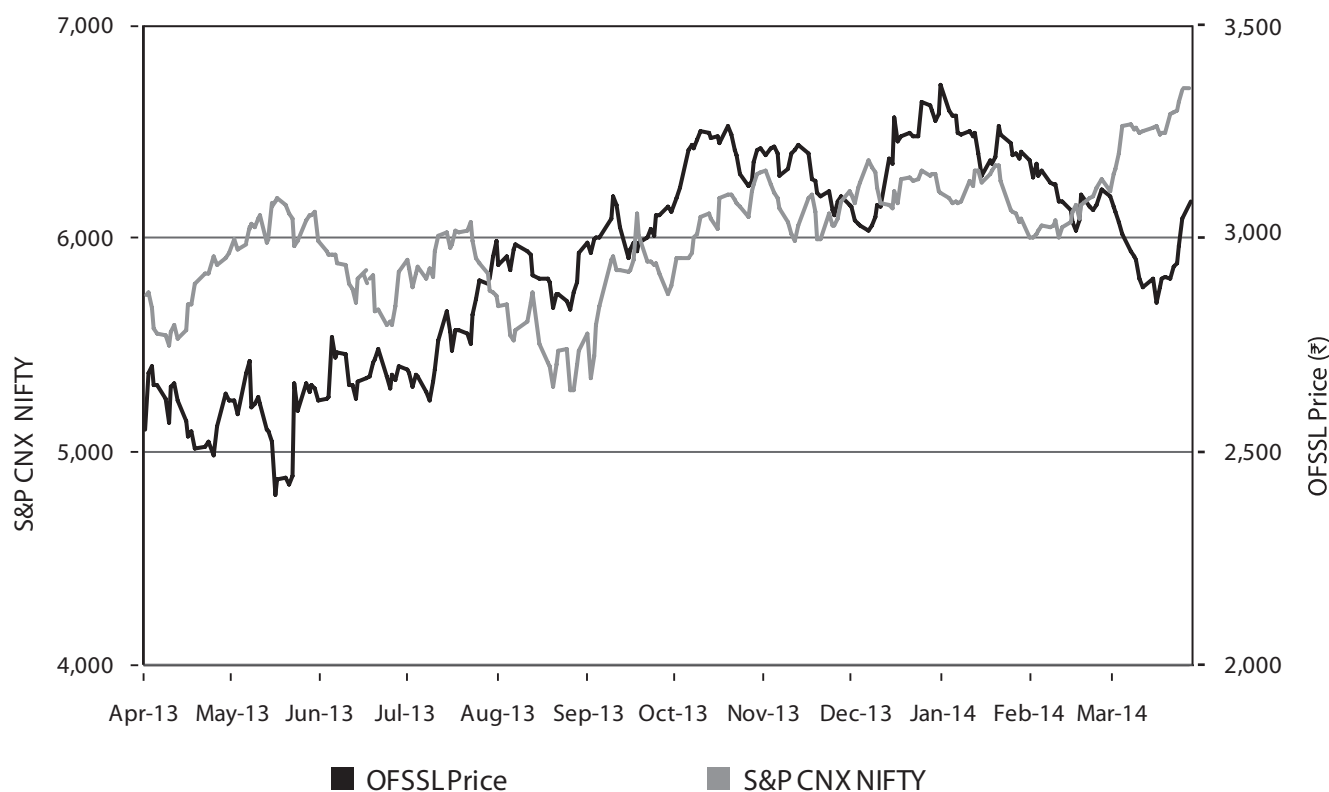
15. Market price data

Monthly high, low and volume of the shares of the Company traded on the stock exchanges from April 1, 2013 to March 31, 2014 are given below:

Month and Year	High (₹)	BSE Low (₹)	Volume of Shares	High (₹)	NSE Low (₹)	Volume of Shares
April 2013	2,764.80	2,476.00	122,988	2,767.55	2,475.00	553,182
May 2013	2,786.65	2,350.00	2,409,431	2,787.00	2,350.00	3,007,760
June 2013	2,824.00	2,582.00	127,345	2,823.00	2,580.00	1,259,851
July 2013	2,997.60	2,590.00	68,484	2,999.00	2,591.05	998,594
August 2013	3,034.00	2,752.90	168,608	3,037.00	2,754.00	714,550
September 2013	3,123.90	2,940.00	52,027	3,124.70	2,915.85	519,059
October 2013	3,306.00	3,040.00	39,445	3,306.85	3,042.50	461,177
November 2013	3,270.00	3,000.00	61,704	3,274.00	2,993.00	638,001
December 2013	3,343.90	2,985.00	121,467	3,348.00	2,981.55	1,025,302
January 2014	3,415.00	3,100.00	92,734	3,410.55	3,114.00	822,681
February 2014	3,217.50	2,990.00	109,105	3,219.95	2,985.10	484,390
March 2014	3,135.00	2,802.30	91,799	3,147.55	2,804.00	569,985

Relative movement chart

The chart below gives the comparison of your Company's share price movement on NSE vis-a-vis the movement of S&P CNX NIFTY for the year 2013-2014.



The chart below gives the comparison of your Company's share price movement on NSE vis-a-vis the movement of S&P CNX NIFTY since the listing of the share on NSE.



16. Registrars and Transfer Agents

Link Intime India Private Limited (formerly Intime Spectrum Registry Limited) is the Registrars and Transfer Agents of the Company ("the RTA") and their contact details are:

Name	Link Intime India Private Limited
Address	C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400078
Tel.	+91-22-2594 6970
Fax	+91-22-2594 6969
Contact person	Mr. Mahesh Masurkar, Team Leader - Investor Relation Registry
E-mail	rnt.helpdesk@linkintime.co.in

17. Physical share certificate transfer system

The RTA, on receipt of transfer deed along with share certificate(s) scrutinizes the same and verifies signature(s) of transferor(s) on the transfer deed with specimen signature(s) registered with the Company. A list of such transfers is prepared and checked thoroughly and a transfer register is prepared accordingly. The transfer register is placed before the Transfer Committee Meeting for approval, which meets as and when required.

During the last financial year, there was no request received for transfer of shares in physical mode.

Reconciliation of share capital Audit:

A qualified Practicing Chartered Accountant has carried out reconciliation of Share Capital Audit for every quarter to reconcile the share capital held with depositories and in physical form with the issued / listed capital. The audit confirms that the total issued / paid-up / listed share capital is in agreement with the aggregate total number of shares in physical form and the total number of shares in dematerialized form held with NSDL and CDSL.

18. Distribution of shareholding as on March 31, 2014

Paid-up share capital (in ₹)	Number of shareholders	% to total shareholders	No. of shares	Paid-up value (Face value ₹ 5 each)	% to Total no. of shares
Up to 2,500	13,565	91.30	591,126	2,955,630	0.70
2,501 – 5,000	332	2.23	255,808	1,279,040	0.30
5,001 – 10,000	283	1.90	438,087	2,190,435	0.52
10,001 – 20,000	248	1.67	744,434	3,722,170	0.89
20,001 – 30,000	90	0.61	452,963	2,264,815	0.54
30,001 – 40,000	73	0.49	507,499	2,537,495	0.60
40,001 – 50,000	43	0.29	392,774	1,963,870	0.47
50,001 – 100,000	111	0.75	1,558,306	7,791,530	1.85
100,001 & Above	113	0.76	79,203,137	396,015,685	94.13
Total	14,858	100.00	84,144,134	420,720,670	100.00

19. Shareholding pattern on March 31, 2014

Category of shareholders	Number of shares	%
Promoters: Oracle Global (Mauritius) Limited	63,051,197	74.93
Mutual Funds / UTI	1,340,534	1.59
Financial Institutions / Banks	4,978	0.01
Central Government	4,000	0.00
Insurance Companies	—	—
Foreign Institutional Investors	10,296,433	12.24
Bodies Corporate	973,441	1.16
Individuals –		
i. Holding nominal share capital up to ₹ 1 lakh	3,539,384	4.21
ii. Holding nominal share capital in excess of ₹ 1 lakh	1,374,631	1.63
NRI (Repatriate)	137,127	0.16
NRI (Non-Repatriate)	748,136	0.89
Foreign Mutual Fund	2,442,005	2.90
Clearing Member	50,317	0.06
Directors / Relatives	2,000	0.00
HUF	4,912	0.01
Market Maker	128	0.00
Overseas Corporate Bodies	800	0.00
Trust	174,111	0.21
Foreign Nationals	—	—
Total	84,144,134	100.00

During the financial year 2013-2014:

1. The Company issued and allotted 78,656 equity shares to eligible employees who exercised their ESOPs during the year.
2. The Company has not issued any ADR / GDR / Warrants / other convertible instruments except ESOPs.
3. The promoters have not pledged any of the shares held in the Company.

20. Dematerialization of shares and liquidity

The shares of the Company are tradable under compulsory demat mode. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE881D01027.

In order to avoid the possibility of dealing in shares of a company before the receipt of final listing / trading approval from the stock exchanges, the Securities and Exchange Board of India vide circular no. CIR/MRD/DP/21/2012 and CIR/MRD/DP/24/2012 dated August 2, 2012 and September 11, 2012 respectively, directed that any additional issue of shares shall be first credited under a new temporary ISIN, which shall be kept frozen and only upon receipt of final listing / trading permission from the stock exchanges, the no. of shares shall be moved out of the temporary ISIN into the pre-existing ISIN of a Company.

In view thereof, the shares issued by the Company are first credited into the new temporary ISIN IN8881D01018 and then moved to the pre existing ISIN INE881D01027 of the Company.

As on March 31, 2014, 99.25% of the shares of the Company were in electronic form and 99.31% of the Members held shares in electronic form.

21. Address for correspondence

The Company Secretary
Oracle Financial Services Software Limited
Oracle Park, Off Western Express Highway
Goregaon (East)
Mumbai 400063 Maharashtra, India
Tel +91-22- 6718 2822
Fax +91-22- 6718 4604
e-mail: investors-vp-ofss_in_grp@oracle.com
website: www.oracle.com/financialservices

The details of other office addresses have been mentioned in the corporate information section of the annual report.

Annexure to Directors' report

To
The Board of Directors
Oracle Financial Services Software Limited
Mumbai

This is to certify that:

- (a) We have reviewed financial statements and the cash flow statement of Oracle Financial Services Software Limited ("the Company") for the financial year ended March 31, 2014 and that to the best of our knowledge and belief:
 - (i) These statements do not contain any materially untrue statement / figures or omit any material fact or contain statements / figures that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended March 31, 2014 which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
 - (i) Significant changes in internal control over financial reporting during the financial year ended March 31, 2014, if any;
 - (ii) Significant changes in accounting policies during the financial year ended March 31, 2014, if any; and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.
- (e) We further declare that all Board members and Senior Management Personnel have affirmed compliance with Code of Ethics and Business Conduct for the financial year ended March 31, 2014.

For Oracle Financial Services Software Limited

Chaitanya Kamat
Managing Director & CEO

Makarand Padalkar
Chief Financial Officer

May 16, 2014

Auditors' Certificate

To

The Members of Oracle Financial Services Software Limited

We have examined the compliance of conditions of corporate governance by Oracle Financial Services Software Limited (the “Company”), for the year ended on March 31, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W

per Amit Majmudar

Partner

Membership No.: 36656

Mumbai, India

July 22, 2014

Management's discussion and analysis of financial condition and results of operations

Technology in the financial services industry

Three major trends are unfolding in the financial services industry currently. Social media continues to be a dominant influencer of customer behavior. The world's most popular social media tool alone counts more than a billion monthly users today. One of the primary social media enablers, the mobile phone, is also fast expanding, already covering almost two-thirds of the world's population. Another trend is that the cloud in 'cloud computing' is growing exponentially bigger, with more enterprises choosing it as a strategy to improve efficiency, scalability, business continuity and cost savings. In 2013, the total spend on cloud initiatives as a percentage of the enterprise IT budget had doubled as compared to 2011. Finally, a truly remarkable trend is the rate at which 'big data' is growing. 90% of all data has been created in the last two years alone!

All these trends have significant implications for the industry.

Enterprises offering financial services are particularly impacted by the growing *consumerization* of IT. With technology products and services increasingly being designed or created with the individual as the focal point, and highly personalized to his or her need, enterprises are forced to rethink their IT strategy—from procurement and implementation through to utilization and security management. While on the one hand their strategy must be finely tuned to address the needs of their end-customers, on the other hand they must equally focus on their security infrastructure and control processes, especially those relating to personal devices and social media employees use at the workplace.

Financial institutions today access, capture, generate, process, store and retrieve data in ways that were not possible until recently. Moreover, the *true value* of the data was hard to realize when this data existed within business silos. Today, however, with the trend towards converged infrastructures, where applications are optimized to work together and data is centrally stored, enterprises are beginning to discover their true value through *simplified* IT. Employees are better able to engage with customers real-time, thus leading to better revenues and improving customer satisfaction and loyalty.

Our products and solutions, in consort with the Oracle technology suite, offer a compelling converged IT solution for financial institutions. Our technology platform is optimized for simpler and quicker implementations, as well as cloud deployments, thus improving operational efficiency and significantly lowering costs. Our suite of applications enables banks to realize the true value of data by storing, retrieving and processing data faster and more intelligently.

Your Company's strategy continues to be focused on consolidating its position in existing markets and expansion of its addressable market by launching relevant offerings to segments hereto not addressed.

Business overview

Oracle Financial Services Software Limited, majority owned by Oracle, is a world leader in providing IT solutions to the financial services industry. With its experience of delivering value based IT solutions to global financial institutions, Oracle Financial Services Software understands the specific challenges that financial institutions face: the need for building customer intimacy and competitive advantage through cost-effective solutions while, simultaneously, adhering to the stringent demands of a dynamic regulatory environment.

Our mission is to enable financial institutions to excel through the effective use of information technology. We offer financial institutions the world's most comprehensive and contemporary banking applications and a technology footprint that addresses their complex IT and business requirements.

Together with Oracle, we offer a comprehensive suite of offerings encompassing retail, corporate, and investment banking, funds, cash management, trade, treasury, payments, lending, private wealth management, asset management, compliance, enterprise risk and business analytics, among others. With a process-driven approach for service-oriented architecture (SOA) deployments, we offer banks the combined benefits of interoperability, extensibility, and standardization. We have a robust cloud offering for our products. We also offer best-of-breed functionality for financial institutions that need to operate flexibly and competitively and respond rapidly to market dynamics in a fiercely challenging business environment.

We have two major business segments the products business (comprising product licensing, consulting and support) and consulting services (comprising IT application and technology services). We also have a smaller business segment that offers business process outsourcing services to financial institutions.

These segments are described in detail below:

Products

Oracle FLEXCUBE is a complete banking product suite for consumer, corporate, investment, private wealth management, mobile and internet banking, consumer lending, asset management and investor servicing, including payments. Oracle FLEXCUBE enables banks to standardize operations across multiple countries, transform their local operations as well as address niche business models like mobile banking, direct banking and Shariah-compliant banking. Financial institutions use Oracle FLEXCUBE to respond faster to market dynamics, define and track processes, while ensuring compliance.

Oracle FLEXCUBE Enterprise Limits and Collateral Management offers a single source for managing exposure across a business portfolio. It enables centralized collateral management, limits definition, tracking and exposure measurement for effective exposure management and resource utilization.

Oracle FLEXCUBE Private Banking is a comprehensive solution for private banking. It gives wealth managers a unified view and analyses of their customers' wealth across asset classes, and provides the added benefits of performance tracking and improved customer relationship management. The application is a comprehensive, customer centric solution that offers a wealth management portal, a customer interaction tool, and portfolio management capabilities – all of which can be integrated with the existing core banking solutions used by a bank.

Oracle FLEXCUBE Investor Servicing is a process enabled transfer agency and investor servicing solution. It helps financial institutions manage the complete fund lifecycle and reduce operational costs through process automation across fund structures, intermediary hierarchies, and investors. The ISO 20022 and 15022 compliant Oracle FLEXCUBE Investor Servicing ensures enhanced STP processing through support for a wide variety of SWIFT NET 4.0 messages. With a comprehensive business rules engine for products – hedge funds, mutual funds and investment linked products, funds, and fee structures, Oracle FLEXCUBE Investor Servicing allows fund management companies to configure and launch new products rapidly.

Oracle Financial Services Leasing and Lending is a family of products provides functional coverage across lending, leasing, and mortgage lifecycles for consumer, commercial, syndicated, Islamic, and SME functions. The solution supports the complete business lifecycle across origination, servicing, and collections and enables financial institutions to provide better service and minimize delinquency rates through comprehensive and flexible processing of booking, disbursement, and payment. It centralizes origination functions, enabling them to improve customer experience and reduce transactional overheads.

Oracle Financial Services Analytical Applications are a complete and fully integrated portfolio of analytical solutions covering enterprise risk, performance management, regulatory compliance and customer insight. They are built upon a shared analytical infrastructure consisting of a unified financial services data model, shared analytical computations and the industry leading Oracle Business Intelligence platform.

The suite of applications contains comprehensive set of point solutions that can be integrated to give a holistic view across all analytical applications. Financial institutions need an integrated approach that combines a diverse set of compliance and risk solutions to help them address not only present regulatory needs, but also emerging and future risk and regulatory requirements. The framework is rules driven, and readily adapts to change. Unlike other hard coded solutions, Oracle Financial Services Analytical Applications provide both prebuilt rules and the capability to create and modify rules. This flexibility allows financial institutions to easily create custom rules for their own analytical requirements and to cost effectively address ever changing compliance regulations. Any rule can be viewed and audited for its underlying definition to enable supervisory oversight.

Oracle Banking Platform is a comprehensive suite of business applications for large global banks. Oracle Banking Platform is designed to help banks respond strategically to today's business challenges and progressively transform their business models and processes, driving productivity improvements across both front and back offices, and reducing operating costs. The solution supports banks as they grow their businesses through new distribution strategies, including multi-brand or white labeling, to tap new markets and enterprise product origination supporting multi-product and packages to drive an increased customer-to-product ratio. Oracle Banking Platform is designed as a native service-oriented architecture (SOA) platform, helping banks implement key enterprise services, deliver on customer centricity, enrich channel capability, drive process improvement and tie it in with their existing applications and technology landscape. Through pre-integrated enterprise applications and the underlying Oracle technology stack, the solution can also help to reduce in-house integration and testing efforts, ultimately, reducing IT costs and improving time-to-market. Oracle Banking Platform provides a comprehensive suite of applications that makes the replacement of core systems viable for large banks, enabling strategic choices as well as providing a high level of flexibility and value. Oracle Banking Platform complements Oracle's FLEXCUBE core banking product, which will continue to be sold globally to banks seeking a fully integrated banking solution, addressing the need for universal, commercial banking and international operations.

Services

Oracle Financial Services PrimeSourcing

We offer an end-to-end consulting partnership, providing comprehensive business and technology solutions that enable financial services enterprises to improve process efficiencies; optimize costs; meet risk and compliance requirements; define IT architecture; and, manage the transformation process. Consulting services are offered in the areas of business transformation, risk and compliance, program management, IT architecture, IT governance and process improvement.

PrimeSourcing Value based Offerings

With a singular focus on the financial services segment, PrimeSourcing has proven domain expertise across Capital Markets, Private Banking, Global Wealth Management, Corporate Banking, Retail Banking & Risk and compliance. PrimeSourcing's service offerings cut across all the domains keeping the specific needs of each sector in perspective.

PrimeSourcing's Value based offerings are designed to provide specialized solutions for Banking & Financial Services in areas such as Access Channels, Payments, Business Intelligence, Regulatory Reporting, & Business Process Management and enabling financial institutions to address their unique needs and leverage technology innovations.

PrimeSourcing Consulting Services

PrimeSourcing offers end-to-end consulting services in the areas of Business & IT consulting and process improvement and transformation, Quality Consulting, SOA Strategy & Governance, IT Architecture Planning, Product Evaluation & Selection, IT Portfolio Assessment, program management, IT architecture and governance.

PrimeSourcing Application Services

PrimeSourcing provides comprehensive customized IT solutions for banking, securities and insurance those encompass the complete lifecycle of an IT application asset from conceptualization to creation and maintenance. This includes the expertise around specialized practice lines like payments, trade finance, business intelligence, CRM, Oracle Technology and Applications and testing; services include ADM Services, Testing, System Integration, implementation and Migration.

Oracle Product Related Services

PrimeSourcing with its extensive knowledge on Oracle Product line also offers Oracle Product related offerings to help customers make the most out of Oracle investments they have made. Our experts help in Process consulting, Surround Application integration, Reporting & Upgrade support across Banking Applications, Risk & Analytical Applications and Enterprise Applications.

PrimeSourcing Technology Services

PrimeSourcing offers expertise in conceptualization, design, evaluation, implementation and management of IT infrastructure for financial institutions under two service lines. First line is of Technology Management Services, covering Data Management, Mainframe Services, Application Deployment, Monitoring & Management and Risk & Security Assessment. The second service line is of Remote Infrastructure Management where PrimeSourcing manages remotely monitors and supports customer's applications and infrastructure providing them economies of scale, arbitrage benefits while keeping the best in class processes.

Oracle Business Process Outsourcing Services (BPO)

Oracle Business Process Outsourcing Services ("BPO") offering excels in providing cost effective and high quality BPO services ranging from complex back-office work to contact centre services for the banking, capital markets, insurance and asset management domains. This comprehensive ecosystem of BPO services is backed by a mature process and consulting framework. The BPO offerings are ISO 9001 certified for quality management and ISO 27001 certified for information security management.

SWOT analysis

Strengths:

- World-leader in technology innovation with substantial annual spend on R&D
- 100% focused on banks and financial services companies
- Comprehensive suite of products that run mission critical operations
- Robust earnings model with recurring revenues with high operating leverage
- Unique and beneficial strategic relationship with Oracle

Weaknesses:

- Exposure to various economies

Opportunities:

- Regulations driving compliance spend
- Spend driven by key trends (big data, mobility, cloud, consumerization)
- Economic recovery driving investment decisions in multiple markets

Threats:

- Competitive pressures from low cost providers
- Low growth due to global economic conditions
- Geo-political factors

Outlook

Your Company strategy is to expand its market by gaining competitive edge through product differentiation. We will continue to invest heavily in product enhancements, both in terms of functional capability and technology.

We will also continue to extend our reach across the world. Our success rate at replacing legacy core banking systems in complex business environments continues to be impressive with respect to competition. Our efforts at maintaining this leadership position include expanding our footprint with our existing clients. Our partnership with many of our clients is strategic: we are well-positioned to address their changing, growing, technology needs for the long haul. Your Company's ability to deliver unified technology platforms for both organic and inorganic expansion is proven and recognized. Our multi-country rollout capabilities for large, Tier One, banks is unmatched in the industry, and we will build on our capabilities in this area to stay ahead of the field. Your Company, along with Oracle, is well placed to address these opportunities by providing a technology stack that is complete and optimized for the industry, along with the necessary services.

Internal control systems and their adequacy

Oracle Financial Services Software group has in place adequate systems for internal control and documented procedures covering all financial and operating functions. These systems are designed to provide reasonable assurance with regard to maintaining proper accounting controls, monitoring economy and efficiency of operations, protecting assets from unauthorized use or losses, and ensuring reliability of financial and operational information. The Group continuously strives to align all its processes and controls with global best practices.

Analysis of Our Consolidated Financial Results

The following discussion is based on our audited consolidated financial statements, which have been prepared in conformity with accounting principles generally accepted in India and complying in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.

The consolidated financial statements are consolidated for Oracle Financial Services Software Group that includes Oracle Financial Services Software Limited ("the Company"), its subsidiaries and associate company (together referred to as "OFSS Group" as described in Note 1 to the consolidated financial statements) ("the Group") as at March 31, 2014.

You should read the following discussion of our financial condition and results of operations together with the detailed consolidated Indian GAAP financial statements and the notes to those statements. Our fiscal year ends on March 31 of each year.

Our total revenues in fiscal 2014 were ₹ 37,413.21 million, representing an increase of 8% from ₹ 34,739.99 million in fiscal 2013. The profit for the year in fiscal 2014 was ₹ 13,593.19 million, as against ₹ 10,751.43 million in fiscal 2013. Our profit margin is at 36% and 31% for the fiscal years 2014 and 2013 respectively. We define profit margins for a particular period as the ratio of profit to total revenues from operations during such period.

Products business

(Amounts in ₹ million)

	Year ended March 31, 2014	Year ended March 31, 2013
Products revenues	29,001.49	26,011.00
Operating expenses	(16,442.13)	(15,389.88)
Income from operations	12,559.36	10,621.12
Operating margin	43%	41%

Products revenues

As of March 31, 2014, our product revenues were ₹ 29,001.49 million, an increase of 11% from ₹ 26,011.00 million during the fiscal year ended March 31, 2013. Product revenues represented 77% and 75% of total revenues for fiscal years ended 2014 and 2013, respectively.

Our product revenues comprise license fees, professional fees for implementation and enhancement services and annual maintenance contract (Post Contract Support – PCS) fees for our products.

License fee

Our standard licensing arrangements for products provide the bank a right to use the product up to a limit on number of users or sites or such other usage metric upon the payment of a license fee. The license fee is a function of a variety of quantitative and qualitative factors, including the number of copies sold, the number of users supported, the number and combination of the modules sold and the number of sites and geographical locations supported. The licenses are perpetual, non-exclusive, personal, non-transferable and royalty free.

Consulting fee

Along with licenses for our products, our customers can also optionally avail consulting services related to the implementation of products at their sites, integration with other systems or enhancements to address their specific requirements. The customer is typically charged a service fee on either a fixed price basis or a time and material basis based on the professional efforts incurred and associated out of pocket expenses.

Annual maintenance contract (PCS) fees

Customers typically sign an Annual Maintenance Contract with us under which, we provide technical support, maintenance, problem resolution and upgrades for the licensed products. These support agreements typically cover a period of 12 months.

The revenues generated from license fees and consulting services rendered by us depends on factors such as the number of new customers added, milestones achieved, implementation time, etc. Therefore, such revenues typically vary from year to year. The annual maintenance contracts generate steady revenues and would grow to the extent that new customers are entering a support agreement.

The percentages of our revenues from these streams are as follows:

	Year ended March 31, 2014	Year ended March 31, 2013
License fees	10%	14%
Consulting fees	63%	59%
PCS arrangements	27%	27%
Total	100%	100%

Operating expenses

The operating expenses of our product business segment consist of costs attributable to the implementation, enhancement, maintenance and continued development, including research and development efforts, of our products. These costs primarily consist of compensation expenses for all professionals working in the products business, project related travel expenses, professional fees paid to software services vendors, the cost of application software for internal use, selling and marketing expenses that consist of commissions payable to our partners, product advertising and marketing expenses and allocated overhead expenses associated with support and monitoring functions such as human resources, facilities and infrastructure expenses, quality assurance and finance and depreciation and amortization. We recognize these expenses as incurred.

Research and development costs are expensed as incurred. Software product development costs are expensed as incurred unless technical feasibility of project is established, future economic benefits are probable, the Group has an intention and ability to complete and use or sell the software and the cost can be measured reliably. Software product development costs incurred subsequent to the achievement of technological feasibility are not material and are expensed as incurred.

Services business

(Amounts in ₹ million)

	Year ended March 31, 2014	Year ended March 31, 2013
Services revenues	7,398.28	7,737.45
Operating expenses	(5,877.37)	(6,151.45)
Income from operations	1,520.91	1,586.0
Operating margin	21%	21%

Services revenues

Our services revenues represented 20% and 22% of our total revenues for the fiscal year ended March 31, 2014 and March 31, 2013. Our services revenues were ₹ 7,398.28 million in the fiscal year ended March 31, 2014, representing a decrease of 4% from ₹ 7,737.45 million in the fiscal year ended March 31, 2013.

The contracts relating to our services business are either time or material contracts or fixed price contracts. The percentage of total services revenues from time and material contracts was 72% in fiscal 2014 and 70% in fiscal 2013, with the remainder of our services revenues attributable to fixed price contracts.

We render services through offshore centres located in India, onsite teams operating at our customers' premises and our development centres located in other parts of the world. Offshore services revenues consists of revenues from work conducted at our development centres in India and for Indian customers at their locations. Onsite revenues consist of work conducted at customer premises outside India and our development centres outside India. The composition of our onsite and offshore revenues is determined by the project lifecycle. Typically, the work involving the design of new systems or relating to a system rollout would be conducted onsite, while the core software development, maintenance and support activity may be conducted offshore. We received 41% and 46% of our services revenues from onsite work and 59% and 54% from offshore work during the fiscal years 2014 and 2013 respectively.

Operating expenses

The operating expenses for services consists primarily of compensation expenses for our employees; cost of application software for internal use, travel expenses and professional fees paid to vendors, facilities related expenses and other overhead expenses associated with support and monitoring functions such as human resources, corporate marketing, information management systems, quality assurance and financial control and depreciation. We recognize these costs as incurred.

Business Process Outsourcing (BPO) Services Business

(Amounts in ₹ million)

	Year ended March 31, 2014	Year ended March 31, 2013
Revenues	1,013.44	991.54
Operating Expenses	(647.24)	(597.77)
Income from operations	366.20	393.77
Operating margin	36%	40%

Business Process Outsourcing (BPO) Services Revenues

Our BPO services revenues represented 3% of our total revenues for both the fiscal years ended March 31, 2014 and 2013. Our BPO services revenues were ₹ 1,013.44 million in the fiscal year ended March 31, 2014, an increase of 2% from ₹ 991.54 million in the fiscal year ended March 31, 2013.

Operating Expenses

The operating expenses for BPO Services consist primarily of compensation expenses for our professionals, travel expenses, professional fees paid to vendors, facilities related expenses and other expenses. We recognize these costs as incurred.

Geographic breakup of revenues

Our overall revenues continue to be well diversified. The following table represents the percentage breakup of our revenues for our products and services business by region:

	Year ended March 31, 2014			Year ended March 31, 2013		
	Products Revenues	Services Revenues	Total Revenues	Products Revenues	Services Revenues	Total Revenues
North America (NA)	30%	59%	36%	24%	59%	33%
Europe, Middle East, Africa (EMEA)	36%	26%	34%	37%	19%	32%
Asia Pacific (JAPAC)	34%	15%	30%	39%	22%	35%
Total	100%	100%	100%	100%	100%	100%

Customer concentration

Our operations and business depend on our relationships with a large number of customers. Our revenue from our top ten customers, as a percentage of our total revenues is at 40% for fiscal 2014 as against 38% for fiscal year 2013. The top ten customers in our services business contributed 66% of the total services revenues, and the top ten customers in our products business, contributed 41% of the total products revenues during fiscal 2014.

	Products Revenues		Services Revenues		Total Revenues	
	2014	2013	2014	2013	2014	2013
Largest customer	16%	18%	10%	10%	13%	14%
Top 5 customers	34%	31%	44%	41%	30%	29%
Top 10 customers	41%	40%	66%	60%	40%	38%

Trade receivables

Trade receivables as of fiscal March 31, 2014 and 2013 were ₹ 6,807.44 million and ₹ 7,279.58 million respectively. Our days sales outstanding (which is the ratio of sundry debtors to total sales in a particular year multiplied by 365) for fiscal 2014 and 2013 were approximately 66 and 77 respectively. The Group periodically reviews its trade receivables outstanding as well as the ageing, quality of the trade receivables, customer relationship and the history of the client. The following table represents the age profile of our trade receivables:

Period in days	Year ended March 31, 2014	Year ended March 31, 2013
0-180	93%	91%
More than 180	7%	9%
Total	100%	100%

Foreign currency and treasury operations

A substantial portion of our revenues is generated in foreign currencies while a majority of our expenses are incurred in Indian Rupees (INR), with the remaining expenses are incurred in US Dollars (USD) and European currencies.

Our philosophy for treasury operations is conservative and we invest funds predominantly in time deposits with well-known and highly rated Indian and foreign banks. The Group has ensured adequate internal controls over asset management, including cash management operations, credit management and debt collection.

The Group also maintains funds mainly in USD, EUR, GBP, JPY and SGD bank accounts or in deposits based on comparative exchange rates, interest rates and currency requirements. The Group books forward covers from time to time in line with its treasury management philosophy.

Comparison of fiscal 2014 with fiscal 2013

Revenues from operations

Our total revenues in the fiscal year ended March 31, 2014 were ₹ 37,413.21 million, an increase of 8% over our total revenues of ₹ 34,739.99 million in the fiscal year ended March 31, 2013. The increase in revenues was primarily attributable to an increase in the revenues from our products business.

Products revenues

Our products revenues in the fiscal year ended March 31, 2014 were ₹ 29,001.49 million, an increase of 12% over our products revenues of ₹ 26,011.00 million in the fiscal year ended March 31, 2013 on the strength of large customer wins in EMEA and JAPAC. The revenues from license fees comprised 10% of the revenues, implementation and customization fees comprised 63% and Annual Maintenance Contracts comprised 27% of the revenues for the fiscal 2014.

Services revenues

Our services revenues represented 20% and 22% of our total revenues for the fiscal year ended March 31, 2014 and March 31, 2013. Our services revenues were ₹ 7,398.28 million in the fiscal year ended March 31, 2014, a decrease of 4% from ₹ 7,737.45 million in the fiscal year ended March 31, 2013. Revenues from time and material contracts comprised 72% of the services revenues and fixed price contracts comprised 28% for the fiscal 2014.

Business Process Outsourcing (BPO) Revenues

Our revenues from BPO services in the fiscal year ended March 31, 2014 were ₹ 1,013.44 million, increase of 2% over our revenues from BPO services of ₹ 991.54 million in the fiscal year ended March 31, 2013.

Other income, net

Our other income in the fiscal year ended March 31, 2014, was ₹ 6,736.48 million, as compared to ₹ 4,595.44 million in the fiscal year ended March 31, 2013. The higher interest income on Bank deposits of ₹ 1,132.09 million and increase in net foreign exchange gain of ₹ 947.67 million have primarily attributed to overall increase of ₹ 2,141.04 million in other income.

Expenses

Employee Costs

Our employee costs increased by 6% to ₹ 18,404.78 million in the fiscal year ended March 31, 2014 from ₹ 17,306.59 million in the fiscal year ended March 31, 2013. Employee costs relate to salaries and bonuses paid to employees.

Travel related Expenses (Net of recoveries)

Our travel related expenditure decreased by 13% to ₹ 1,405.81 million in the fiscal year ended March 31, 2014 from ₹ 1,607.14 million in the fiscal year ended March 31, 2013. The overall travel expenses represents 4% and 5% of revenue from operations for the fiscal year ended March 31, 2014 and March 31, 2013 respectively.

Professional fees

Our professional fees related expenditure increased by 0.4% to ₹ 1,818.33 million in the fiscal year ended March 31, 2014 from ₹ 1,810.51 million in the fiscal year ended March 31, 2013. The overall professional fees represents 5% of revenue from operations for both the years ended March 31, 2014 and March 31, 2013. Professional fees include services hired from external consultants for various projects.

Other expenses

Our other expenditure decreased by 2% to ₹ 1,790.44 million in the fiscal year ended March 31, 2014 from ₹ 1,824.16 million in the fiscal year ended March 31, 2013. The other expenses represent 5% of revenue from operations for both the years ended March 31, 2014 and 2013. Other expenses primarily consist of various facilities costs, application software, communication and other miscellaneous expenses.

Depreciation and amortization

Our Depreciation and amortization charge for the year was ₹ 716.72 million and ₹ 655.02 million for the year ended March 31, 2014 and March 31, 2013 respectively representing 2% of revenues from operations for both the years ended March 31, 2014 and 2013.

Exceptional item

There are no exceptional items reported during the years ended March 31, 2014 and March 31, 2013.

Income taxes

Our provision for income taxes in the fiscal year ended March 31, 2014 was ₹ 6,420.42 million, an increase of 19% over our provision for income taxes of ₹ 5,380.58 million in the fiscal year ended March 31, 2013. Our effective tax rate was 32% in the fiscal year ended March 31, 2014 compared to 33% in the fiscal year ended March 31, 2013.

Income taxes also include foreign taxes representing income taxes payable overseas by us in various countries.

Profit for the year

As a result of the foregoing factors, net profit has increased by 26% to ₹ 13,593.19 million in fiscal 2014 from ₹ 10,751.43 million in fiscal 2013. Our net profit margin has improved to 36% for the fiscal year 2014 as against 31% in the fiscal year 2013. We define profit margins for a particular period as the ratio of profit for the year to revenue from operations during such period.

Liquidity and capital resources

Our capital requirement relate primarily to financing the growth of our business. We have historically financed the majority of our working capital, capital expenditure and other requirements through our operating cash flow. During fiscal 2014 and 2013, we generated cash from operations of ₹ 6,732.12 million and ₹ 11,343.52 million respectively.

We are a zero debt company. We expect that our primary financing requirements in the future will be capital expenditure and working capital requirements in connection with the expansion of our business. We believe that the cash generated from operations will be sufficient to satisfy our currently foreseeable capital expenditure and working capital requirements.

Human capital

We recruit graduates from leading engineering and management institutions. We also hire functional experts from the financial services industry. The blend of functional knowledge and technical expertise, coupled with in-house training and real-life, experiences in working with financial institutions make our employees unique. We enjoy cordial relationships with our employees and endeavour to give them an excellent, professionally rewarding and enriching work environment. We operate an effective performance management system, with a focus on employee development. This measures key result areas, competencies and training requirements ensuring all-round employee development.

Our employee headcount at the end of the fiscal year ended March 2014 was 9,220 as compared to the employee headcount as on March 2013 at 9,969.

Risks and concerns

Quantitative and Qualitative Disclosures about Market Risk

Our primary market risk exposures are due to the following:

- Foreign exchange rate fluctuations
- Fluctuations in interest rates.

As of March 31, 2014, we had Cash and Bank Balances of ₹ 66,726.07 million out of which ₹ 61,716.95 million was in interest bearing bank deposits. Consequently, we face an exposure on account of fluctuation in interest rates. These funds were mainly invested in bank deposits of longer maturity (more than 90 days) to earn a higher rate of interest income.

A substantial portion of our revenues is generated in foreign currencies while a majority of our expenses are incurred in Indian Rupees and the balance in US Dollars and European currencies. Our functional currency for Indian operations and consolidated financials is the Indian Rupee. We expect that the majority of our revenues will continue to be generated in foreign currencies for the foreseeable future and a significant portion of our expenses, including personnel costs and capital and operating expenditure, to continue to be incurred in Indian Rupees.

In addition, we face normal business risks such as global competition and country risks pertaining to countries that we operate in.

Analysis of our Unconsolidated Results

The following discussion is based on our audited unconsolidated financial statements, which have been prepared in conformity with accounting principles generally accepted in India and complying in all material respects with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs.

You should read the following discussion of our financial condition and results of operations together with the detailed unconsolidated Indian GAAP financial statements and the notes to those statements. Our fiscal year ends on March 31 of each year.

Our total revenues in fiscal 2014 were ₹ 31,594.68 million, representing an increase of 8% from ₹ 29,377.01 million in fiscal 2013. The net income in fiscal 2014 was ₹ 11,483.62 million, against ₹ 10,292.60 million in fiscal 2013. Our net income margin in fiscal 2014 is at 36% as against 35% in fiscal 2013. We define income margins for a particular period as the ratio of profit for the year to revenue from operations during such period.

Products business

(Amounts in ₹ million)		
	Year ended March 31, 2014	Year ended March 31, 2013
Product revenues	24,426.47	22,397.34
Operating expenses	(14,059.20)	(12,327.08)
Income from operations	10,367.27	10,070.26
Operating margin	42%	45%

Products revenues

As of March 31, 2014, our product revenues were ₹ 24,426.47 million, an increase of 9% from ₹ 22,397.34 million during the fiscal year ended March 31, 2013. Product revenues represented 77% and 76% of total revenues for fiscal years ended 2014 and 2013 respectively.

Our products revenues comprise license fees, professional fees for implementation and enhancement services and annual maintenance contract (Post Contract Support – PCS) fees for our products.

License fee

Our standard licensing arrangements for products provide the bank a right to use the product up to a limit on number of users or sites or such other usage metric upon the payment of a license fee. The license fee is a function of a variety of quantitative and qualitative factors, including the number of copies sold, the number of users supported, the number and combination of the modules sold and the number of sites and geographical locations supported. The licenses are perpetual, non-exclusive, personal, non transferable and royalty free.

Consulting fee

Along with licenses for our products, our customers can also optionally avail consulting services related to the implementation of products at their sites, integration with other systems or enhancements to address their specific requirements. The customer is typically charged a service fee on either a fixed price basis or a time and material basis based on the professional efforts incurred and associated out of pocket expenses.

Annual maintenance contract (PCS) fees

Customers typically sign an Annual Maintenance Contract with us under which, we provides technical support, maintenance, problem resolution and upgrades for the licensed products. These support agreements generally cover a period of 12 months.

The revenues generated from license fees and consulting services rendered by us depend on factors such as the number of new customers added, milestones achieved, implementation time, etc. Therefore, such revenues typically vary from year to year. The annual maintenance contracts generate steady revenues and would grow to the extent that new customers are entering into a support agreement.

The percentages of our revenues from these streams are as follows:

	Year ended March 31, 2014	Year ended March 31, 2013
License fees	10%	15%
Consulting fees	63%	58%
PCS arrangements	27%	27%
Total	100%	100%

Operating expenses

The operating expenses of our product business segment consist of costs attributable to the implementation, enhancement, maintenance and continued development, including research and development efforts, of our products. These costs primarily consist of compensation expenses for all professionals working in the products business, project related travel expenses, professional fees paid to software services vendors, the cost of application software for internal use, selling and marketing expenses that consist of, product advertising and marketing expenses and allocated overhead expenses associated with support and monitoring functions such as facilities and infrastructure expenses, depreciation and amortization. We recognize these expenses as incurred.

Research and development costs are expensed as incurred. Software product development costs are expensed as incurred unless technical feasibility of project is established, future economic benefits are probable, the Group has an intention and ability to complete and use or sell the software and the cost can be measured reliably. Software product development costs incurred subsequent to the achievement of technological feasibility are not material and are expensed as incurred.

Services business

	(Amounts in ₹ million)	
	Year ended March 31, 2014	Year ended March 31, 2013
Services revenues	7,168.21	6,979.67
Operating expenses	(5,717.99)	(5,675.33)
Income from operations	1,450.22	1,304.34
Operating margin	20%	19%

Services revenues

Our services revenues represented 23% and 24% of our total revenues for the fiscal year ended March 31, 2014 and 2013 respectively. Our services revenues were ₹ 7,168.21 million in the fiscal year ended March 31, 2014 and ₹ 6,979.67 million in the fiscal year ended March 31, 2013.

The contracts relating to our services business are either time or material contracts or fixed price contracts. The percentage of total services revenues from time and material contracts was 74% in fiscal 2014 and 71% in fiscal 2013, with the remainder of our services revenues attributable to fixed price contracts.

We render services through offshore centres located in India, onsite teams operating at our customers' premises and our development centres located in other parts of the world. Offshore services revenues consists of revenues from work conducted at our development centres in India and for Indian customers at their locations. Onsite revenues consist of work conducted at customer premises outside India and our development centre's outside India. The composition of our onsite and offshore revenues is determined by the project lifecycle. Typically, the work involving the design of new systems or relating to a system rollout would be conducted onsite, while the core software development, maintenance and support activity may be conducted offshore. We received 43% our services revenues from onsite work and 57% from offshore work during the fiscal years 2014 as against 48% and 52% respectively in the fiscal year 2013.

Operating expenses

The operating expenses for services consists primarily of compensation expenses for our software professionals; cost of application software for internal use, travel expenses, professional fees paid to software services vendors, selling and marketing expense, general and administrative expenses and allocated overhead expenses associated with support and monitoring functions such as facilities and infrastructure expenses, and depreciation and amortization. We recognize these expenses as incurred.

Geographic breakup of revenues

Our overall revenues continue to be well diversified. The following table represents the percentage breakup of our revenues for our products and services business by region:

	Year ended March 31, 2014			Year ended March 31, 2013		
	Products Revenues	Services Revenues	Total Revenues	Products Revenues	Services Revenues	Total Revenues
North America (NA)	27%	55%	33%	22%	54%	30%
Europe, Middle East, Africa (EMEA)	39%	28%	37%	39%	22%	35%
Asia Pacific (JAPAC)	34%	17%	30%	39%	24%	35%
Total	100%	100%	100%	100%	100%	100%

Customer concentration

Our operations and business depend on our relationships with a large number of customers. Our revenues from our top ten customers, as a percentage of our total revenues are at 40% for fiscal 2014 and 2013. The top ten customers in our services business contributed 66% of the total services revenues and the top ten customers in our products business, contributed 42% of the total products revenues during fiscal 2014.

The percentage of total revenues during fiscal years 2014 and 2013 that we derived from our largest customer, largest five customers and largest ten customers is provided in the accompanying table.

	Products Revenues		Services Revenues		Total Revenues	
	2014	2013	2014	2013	2014	2013
Largest customer	16%	18%	10%	11%	12%	14%
Top 5 customers	34%	32%	42%	42%	30%	30%
Top 10 customers	42%	42%	66%	63%	40%	40%

Trade receivables

Trade receivables as of fiscal March 31, 2014 and 2013 were ₹ 11,569.95 million and ₹ 9,685.82 million respectively. Our days sales outstanding (which is the ratio of Trade receivables to total revenue from operations in a particular year multiplied by 365) for fiscal 2014 and 2013 were approximately 134 and 120 respectively. The Company periodically reviews its trade receivables outstanding as well as the aging, quality of the trade receivables, customer relationship and history of the client. The following table represents the age profile of our trade receivables:

Ageing Period in days	Year ended March 31, 2014	Year ended March 31, 2013
0-180	73%	81%
More than 180	27%	19%
Total	100%	100%

Foreign currency and treasury operations

A substantial portion of our revenues is generated in foreign currencies while a majority of our expenses are incurred in Indian Rupees (INR), with the remaining expenses are incurred in various currencies mainly in US Dollars (USD) Australian Dollars (AUD), Singapore Dollars (SGD) and European currencies.

Our philosophy for treasury operations is conservative and we invest funds predominantly in time deposits with well-known and highly rated Indian and foreign banks. The Company has ensured adequate internal controls over asset management, including cash management operations, credit management and debt collection.

The Company also maintains funds in USD, EUR, GBP and INR accounts based on comparative exchange rates, interest rates and currency requirements.

Comparison of fiscal 2014 with fiscal 2013

Revenues from operations

Our total revenues from operations in the fiscal year ended March 31, 2014, were ₹ 31,594.68 million, an increase of 8% over our total revenues of ₹ 29,377.01 million in the fiscal year ended March 31, 2013. The increase in revenues was primarily attributable to an increase in the revenues from our products business.

Products revenues

Our products revenues in the fiscal year ended March 31, 2014, stood at ₹ 24,426.47 million, an increase of 9% over our products revenues of ₹ 22,397.34 million in the fiscal year ended March 31, 2013 on the strength of large customer wins in USA. The revenues from license fees comprised 10% of the revenues, implementation and customization fees comprised 63%, and Annual Maintenance Contracts comprised 27% of the revenues for the fiscal 2014.

Services revenues

Our services revenues represented 23% and 24% of our total revenues in the fiscal year 2014 and 2013. Our services revenues were ₹ 7,168.21 million in the fiscal year ended March 31, 2014. Revenues from time and material contracts comprised 75% of services revenues and fixed price contracts comprised 25% for the fiscal 2014.

Other Income, net

Our other income in the fiscal year ended March 31, 2014, was ₹ 6,209.16 million, as compared to ₹ 4,403.20 million in the fiscal year ended March 31, 2013. The higher interest income on Bank deposits of ₹ 1,126.32 million and increase in net foreign exchange gain of ₹ 635.31 million have primarily attributed to overall increase of ₹ 1,805.96 million in other income.

Expenses

Employee Costs

Our employee costs increased by 9% to ₹ 15,762.32 million in the fiscal year ended March 31, 2014 from ₹ 14,419.55 million in the fiscal year ended March 31, 2013. Employee costs relate to salaries and bonuses paid to employees in India and at overseas.

Travel related Expenses (net of recoveries)

Our travel related expenditure reduced by 7% to ₹ 1,112.61 million in the fiscal year ended March 31, 2014 from ₹ 1,199.73 million in the fiscal year ended March 31, 2013. The overall travel expenses represents 4% of Revenue from operations for the year ended March 31, 2014 and 2013 respectively.

Professional fees

Our professional fees related expenditure was ₹ 1,708.12 million in the fiscal year ended March 31, 2014 as against ₹ 1,345.96 million in the fiscal year ended March 31, 2013. The overall professional fees represent around 5% of Revenue from operations. Professional fees include services hired from subsidiaries and that from external consultants for various projects.

Other expenses

Our other expenditure increased by 7% to ₹ 1,269.28 million in the fiscal year ended March 31, 2014 from ₹ 1,181.29 million in the fiscal year ended March 31, 2013. The other expenses represent 4% of Revenue from operations for the year ended March 31, 2014 and 2013 respectively. Other expenses primarily consist of various facilities costs, application software, communication and other miscellaneous expenses.

Depreciation and amortization

Our Depreciation and amortization charge for the year was ₹ 643.46 million and ₹ 586.08 million for the year ended March 31, 2014 and 2013 respectively representing 2% of revenues from operations.

Income taxes

Our provision for income tax in the fiscal year ended March 31, 2014, was ₹ 5,824.43 million as against ₹ 4,755 million in the fiscal year ended March 31, 2013. Our effective tax rate was 34% for the fiscal year ended March 31, 2014 as against 32% for the fiscal year ended March 31, 2013.

Income taxes also include foreign taxes representing income taxes payable overseas by us in various countries.

Profit for the year

As a result of the foregoing factors, net profit for the year ended March 31, 2014 is ₹ 11,483.62 million as against ₹ 10,292.60 million during the year ended March 31, 2013. Our net profit margin was 36% for the fiscal year 2014 as against 35% in the fiscal year 2013. We define profit margins for a particular period as the ratio of profit for the year to revenue from operations during such period.

Liquidity and capital resources

Our capital requirement relate primarily to financing the growth of our business. We have historically financed the majority of our working capital, capital expenditure and other requirements through our operating cash flow. During fiscal 2014 and 2013 we generated cash from operations of ₹ 6,277.72 million and ₹ 11,461.23 million respectively.

We are a zero debt company. We expect that our primary financing requirements in the future will be capital expenditure and working capital requirements in connection with the expansion of our business. We believe that the cash generated from operations will be sufficient to satisfy our currently foreseeable capital expenditure and working capital requirements.

Human capital

We recruit graduates from leading engineering and management institutions. We also hire functional experts from the banking industry. The blend of functional knowledge and technical expertise, coupled with in-house training and real life, experiences in working with financial institutions make our employees unique. We enjoy cordial relationships with our employees and endeavour to give them an excellent, professionally rewarding and enriching work environment. We operate an effective performance management system, with a focus on employee development. This measures key result areas, competencies and training requirements ensuring all-round employee development.

Our employee headcount at the end of the fiscal year ended March 2014 was 7,306 as compared to the employee headcount as on March 2013 at 7,817.

Risks and concerns

Quantitative and Qualitative Disclosures about Market Risk

Our primary market risk exposures are due to the following:

- Foreign exchange rate fluctuations
- Fluctuations in interest rates
- Fluctuations in the value of our investments.

As of March 31, 2014, we had Cash and Bank Balances of ₹ 61,866.33 million, out of which ₹ 61,284.95 million was in interest bearing bank deposits. Consequently, we face an exposure on account of fluctuation in interest rates. These funds were mainly invested in bank deposits of longer maturity (more than 90 days) to earn a higher rate of interest income.

A substantial portion of our revenues is generated in foreign currencies, while a majority of our expenses are incurred in Indian Rupees and the balance in US Dollars, Australian Dollars, Singapore Dollars and European currencies. Our functional currency for Indian operations is the Indian Rupee. We expect that the majority of our revenues will continue to be generated in foreign currencies for the foreseeable future and a significant portion of our expenses, including personnel costs and capital and operating expenditure, to continue to be incurred in Indian Rupees.

In addition, we face normal business risks such as global competition and country risks pertaining to countries that we operate in.

Consolidated Financials

Financial statements for the year ended March 31, 2014 prepared in accordance with Indian Generally Accepted Accounting Principles (Indian GAAP) (Consolidated).

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Independent Auditor's Report

To the Board of Directors of
Oracle Financial Services Software Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Oracle Financial Services Software Limited (the 'Company'), its subsidiaries and an associate, which comprise the consolidated balance sheet as at March 31, 2014, and the consolidated statement of profit and loss and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated balance sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W

per Amit Majmudar
Partner
Membership No.: 36656

Mumbai, India
May 16, 2014

Consolidated balance sheet

as at March 31, 2014

		(Amounts in ₹ million)	
	Notes	March 31, 2014	March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	420.72	420.33
Reserves and surplus	4	87,344.77	73,644.04
		87,765.49	74,064.37
Share application money pending allotment	3 (e)	3.59	—
Non- current liabilities			
Deferred tax liability	5	67.82	39.56
Other Long-term liabilities	6	260.26	276.98
Long-term provisions	7	719.12	601.09
		1,047.20	917.63
Current liabilities			
Trade payables	6	473.67	180.27
Other current liabilities	6	6,589.14	7,760.76
Short-term provisions	7	1,372.23	1,245.20
		8,435.04	9,186.23
TOTAL		97,251.32	84,168.23
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8 (a)	3,448.48	3,858.39
Intangible assets	8 (b)	6,086.63	6,086.63
Capital work-in-progress	8 (a)	125.20	132.70
Non-current investments	9	—	—
Deferred tax assets	5	866.95	711.75
Long-term loans and advances	11	5,134.23	6,127.92
Other non-current assets	12	0.25	1.25
		15,661.74	16,918.64
Current assets			
Current investments	10	—	9.98
Trade receivables	13	6,807.44	7,279.58
Cash and bank balances	14	66,726.07	54,710.29
Short-term loans and advances	11	948.41	789.60
Other current assets	12	7,107.66	4,460.14
		81,589.58	67,249.59
TOTAL		97,251.32	84,168.23
Summary of significant accounting policies	2		
The accompanying notes form an integral part of the consolidated financial statements.			

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W

per Amit Majmudar
Partner
Membership No. 36656

Mumbai, India
May 16, 2014

For and on behalf of the Board of Directors of
Oracle Financial Services Software Limited

S Venkatachalam
Chairman

Y M Kale
Director

Mumbai, India
May 16, 2014

Chaitanya Kamat
Managing Director
& Chief Executive Officer

Hoshi D Bhagwagar
Company Secretary
& Compliance Officer

Consolidated statement of profit and loss

for the year ended March 31, 2014

(Amounts in ₹ million, except share data)			
	Notes	Year ended March 31, 2014	Year ended March 31, 2013
INCOME			
Revenue from operations	15	37,413.21	34,739.99
Other income, net	16	6,736.48	4,595.44
Total income		44,149.69	39,335.43
EXPENSES			
Employee costs	17	18,404.78	17,306.59
Travel related expenses (net of recoveries)		1,405.81	1,607.14
Professional fees		1,818.33	1,810.51
Other expenses	18	1,790.44	1,824.16
Depreciation and amortization	8	716.72	655.02
Total expenses		24,136.08	23,203.42
Profit before tax		20,013.61	16,132.01
Tax expenses			
Current tax	26	6,546.81	5,441.83
Deferred tax		(126.39)	(61.25)
Total tax expenses		6,420.42	5,380.58
Profit for the year		13,593.19	10,751.43
Earnings per equity share of par value of ₹ 5 (March 31, 2013 ₹ 5) each (in ₹)	19		
Basic		161.64	127.98
Diluted		160.96	127.40
Summary of significant accounting policies	2		
The accompanying notes form an integral part of the consolidated financial statements.			

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W

per Amit Majmudar
Partner
Membership No. 36656

Mumbai, India
May 16, 2014

For and on behalf of the Board of Directors of
Oracle Financial Services Software Limited

S Venkatachalam
Chairman

Y M Kale
Director

Mumbai, India
May 16, 2014

Chaitanya Kamat
Managing Director
& Chief Executive Officer

Hoshi D Bhagwagar
Company Secretary
& Compliance Officer

Notes annexed to and forming part of consolidated financial statements for the year ended March 31, 2014

Note 1: Corporate information

Oracle Financial Services Software Limited (the “Company”) was incorporated in India with limited liability on September 27, 1989. The Company is a subsidiary of Oracle Global (Mauritius) Limited (“Oracle”) with Oracle holding 74.93% (March 31, 2013 - 80.27%) ownership interest in the Company as at March 31, 2014.

The Company along with its subsidiaries and associate is principally engaged in the business of providing information technology solutions and knowledge processing services to the financial services industry worldwide. The Company has a suite of banking products, which caters to the needs of corporate, retail, investment banking, treasury operations and data warehousing.

The Company has following subsidiaries and associate (hereinafter collectively referred as the “OFSS group”):

Companies	Country of Incorporation	Ownership Interest	Relationship
Direct holding			
Oracle Financial Services Software B.V.	The Netherlands	100%	Subsidiary
Oracle Financial Services Software Pte. Ltd.	Singapore	100%	Subsidiary
Oracle Financial Services Software America, Inc.	United States of America	100%	Subsidiary
ISP Internet Mauritius Company	Republic of Mauritius	100%	Subsidiary
Oracle (OFSS) Processing Services Limited	India	100%	Subsidiary
Oracle (OFSS) ASP Private Limited	India	100%	Subsidiary
Oracle Financial Services Software Chile Limitada	Chile	100%	Subsidiary
Oracle Financial Services Software (Shanghai) Limited	Republic of China	100%	Subsidiary
Login SA	France	33%	Associate
Subsidiaries of Oracle Financial Services Software America, Inc.			
Oracle Financial Services Software, Inc.	United States of America	100%	Subsidiary
Mantas Inc.	United States of America	100%	Subsidiary
Subsidiaries of Mantas Inc.			
Mantas Limited (dissolved on April 10, 2012)	United Kingdom	100%	Subsidiary
Sotas Inc.	United States of America	100%	Subsidiary
Subsidiaries of Sotas Inc.			
Mantas India Private Limited	India	100%	Subsidiary
Subsidiary of Oracle Financial Services Software B.V.			
Oracle Financial Services Software SA	Greece	100%	Subsidiary
Subsidiary of Oracle Financial Services Software Pte. Ltd.			
Oracle Financial Services Consulting Pte. Ltd.	Singapore	100%	Subsidiary
Subsidiaries of ISP Internet Mauritius Company			
Oracle (OFSS) BPO Services Inc.	United States of America	100%	Subsidiary
Oracle (OFSS) BPO Services Limited	India	100%	Subsidiary

Note 2: Summary of significant accounting policies

(a) Basis of presentation and consolidation

The consolidated financial statements includes the accounts of the Company and its subsidiaries and are prepared under the historical cost convention, on the accrual basis of accounting, in conformity with accounting principles generally accepted in India and complying in all material respects with the Accounting Standards notified under the Companies Act, 1956 (the ‘Act’) read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies have been consistently applied by the OFSS group and are consistent with those used in the previous years. As these financial statements are not statutory financial statements, full compliance with the Act is not required and hence these financial statements do not reflect all the disclosure requirements of the Act.

The consolidated financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under Accounting Standard (‘AS’) 21, ‘Consolidated Financials Statements’ and AS 23, ‘Accounting for Investments in Associates in Consolidated Financial Statements’, notified by the Act read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. The financial statements of the

Company and its subsidiaries are consolidated on a line to line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealized profits or unrealized cash losses. Any excess of the cost to the parent company of its investment in a subsidiary over the parent company's portion of equity of subsidiary at the date, at which investment in the subsidiary is made, is described as goodwill and recognized separately as an asset in the consolidated financial statements. Investment in associate company is accounted under equity method in consolidated financial statements.

The significant accounting policies adopted by the OFSS group, in respect of the consolidated financial statements are set out as below:

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Fixed assets including intangibles and capital work-in-progress, depreciation, amortization and impairment

Fixed assets including intangibles and capital work-in-progress

Fixed assets including assets under finance lease arrangements are stated at cost less accumulated depreciation. The OFSS group capitalizes all direct costs relating to the acquisition and installation of fixed assets. The cost of fixed assets not ready to use before balance sheet date are disclosed under 'Capital work-in-progress'. Product intellectual property rights (IPRs) are capitalized based on a fair value. The OFSS group records the difference between considerations paid to acquire these IPRs and the fair value of assets and liabilities acquired as goodwill.

The OFSS group purchases certain specific-use application software, which is in ready to use condition, for internal use. It is estimated that such software has a relatively short useful life, usually less than one year. The OFSS group, therefore, charges to income the cost of acquiring such software.

Depreciation and amortization

Depreciation and amortization are computed using straight-line method, at the rates specified in Schedule XIV to the Act or based on the estimated useful life of assets, whichever is higher. Individual assets costing ₹ 5,000 or less are fully depreciated in the year of acquisition. The estimated useful life considered for depreciation of fixed assets is as follows:

Asset description	Asset life (in years)
Tangible assets	
Improvement of leasehold premises	Lesser of 7 years or lease term
Buildings	20
Computer equipments	3
Office equipments	2-7
Electricals and other installations	2-7
Furniture and fixtures	2-7
Vehicles under finance lease	Lesser of 3 to 5 years or lease term
Intangible assets	
Goodwill on acquisition	3 to 5
Product IPR	5
PeopleSoft ERP	5

Impairment

Goodwill arising on consolidation is evaluated for impairment annually.

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to assets. After impairment, depreciation is provided on a revised carrying amount of assets over its remaining useful life.

(d) Investments

Investments that are readily realizable and intended to be held for not more than a year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments. Trade investments

refer to the investments made with the aim of enhancing the OFSS group's business interests in providing information technology solutions to the financial services industry worldwide.

Long term investments are stated at cost less provision for diminution on account of other than temporary decline in the value of the investment.

Current investments are stated at lower of cost and fair value determined on an individual investment basis.

(e) Foreign currency transactions

Initial recognition

- Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

- Foreign currency denominated monetary items are translated into reporting currency at the closing rates of exchange prevailing at the date of the balance sheet. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Translation of integral and non-integral foreign operation

- Foreign operations of the OFSS group are classified under integral and non integral foreign operations. The financial statements of integral foreign operations are translated as if the transactions of foreign operations have been those of the Company itself.
- In translating the financial statements of non-integral foreign operations for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operations are translated at closing rate, income and expense items of the non-integral foreign operations are translated at the average exchange rate; all the resulting exchange differences are accumulated in foreign currency translation reserve until the disposal of the net investment.
- On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognized as income or expenses in the same period in which the gain or loss on disposal is recognized.
- When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

Exchange differences

- Exchange differences arising on the settlement of monetary items, or on reporting monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise except those arising from investments in non-integral operations.

Forward exchange contracts entered into to hedge foreign currency risk of an existing asset

- The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense / income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.

(f) Revenue recognition

Revenue is recognized as follows:

Product licenses and related revenue:

- License fees are recognized, on delivery and subsequent milestone schedule as per the terms of the contract with the end user.
- Implementation and customization services are recognized as services are provided, when arrangements are on a time and material basis. Revenue for fixed price contracts is recognized using the proportionate completion method till contracts reach 90% completion. Balance revenue is recognized at the time of receipt of customer acceptance.

Proportionate completion is measured based upon the efforts incurred to date in relation to the total estimated efforts to complete the contract. The OFSS group monitors estimates of total contract revenue and cost on a routine basis throughout the delivery period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

- Product maintenance revenue is recognized, over the period of the maintenance contract on a straight line basis.

IT solutions and consulting services:

- Revenue from IT solutions and consulting services are recognized as services are provided, when arrangements are on a time and material basis.
- Revenue from fixed price contracts is recognized using the proportionate completion method till contracts reach 90% completion. Balance revenue is recognized at the time of receipt of customer acceptance. Proportionate completion is measured based upon the efforts incurred to date in relation to the total estimated efforts to complete the contract. The OFSS group monitors estimates of total contract revenue and cost on a routine basis throughout the delivery period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

Business processing services (BPO):

- Revenue from BPO services are recognized as services are provided, as per the arrangement with customers.

The OFSS group presents revenues net of service tax and value added taxes in its consolidated statement of profit and loss.

Cost and revenue in excess of billing is classified as unbilled revenue while billing in excess of revenue is classified as deferred revenue.

Interest income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

(g) Research and development expenses for software products

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical feasibility of project is established, future economic benefits are probable, the OFSS group has an intention and ability to complete and use or sell the software and the cost can be measured reliably. Software product development costs incurred subsequent to the achievement of technical feasibility are not material and are expensed as incurred.

(h) Retirement and other employee benefits

Provident fund and superannuation fund are defined contribution schemes and the OFSS group has no further obligation beyond the contributions made to the fund. Contributions are charged to consolidated statement of profit and loss in the year in which they accrue.

Gratuity liability is a defined benefit obligation and is recorded based on actuarial valuation on projected unit credit method made at the end of the year. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The gratuity liability and net periodic gratuity cost is actuarially determined after considering discount rates, expected long term return on plan assets and increase in compensation levels. All actuarial gains / losses are immediately recorded to statement of profit and loss and are not deferred. The Company makes contributions to a fund administered and managed by the Life Insurance Corporation of India (LIC) to fund the gratuity liability. Under this scheme, the obligation to pay gratuity remains with the Company, although LIC administers the scheme.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method. All actuarial gains / losses are immediately recognized to the consolidated statement of profit and loss and are not deferred. The OFSS group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the balance sheet date.

(i) Leases

Where the Company is the lessee

Lease of assets under which substantially all the risks and benefits incidental to ownership are transferred to the Company are classified as finance leases. These assets are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognized as finance cost in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalized.

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as an expense in statement of profit and loss on a straight-line basis over the lease term.

(j) Income-tax

Tax expense comprises of current and deferred tax. Current income tax for the Company is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Tax expense relating to overseas operations is

determined in accordance with tax laws applicable in countries where such operations are domiciled. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid and income tax provisions arising in the same tax jurisdiction and enterprise.

Deferred income taxes are recognized for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in statement of profit and loss using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the company does not have a legal right to do so. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where there are carry forward losses, deferred tax asset is recognized only if there is virtual certainty supported by convincing evidence that future taxable income will be available against which deferred tax asset can be realized. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain or virtually certain that future taxable income will be available against which deferred tax assets can be realized.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the OFSS group will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India (ICAI), the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The OFSS group reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that OFSS group will pay normal income tax during the specified period.

(k) Earnings per share

The earnings considered in ascertaining the OFSS group's earnings per share comprise the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of shares, if any which would have been issued on the conversion of all dilutive potential equity shares. The weighted average number of shares and potentially dilutive equity shares are adjusted for the bonus shares and sub-division of shares. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(l) Share based compensation / payments

Measurement and disclosure of the employee share-based payment plans is done in accordance with Securities Exchange Board of India (SEBI) (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI. The OFSS group uses the intrinsic value method of accounting for its employee share based compensation plan and other share based arrangements. Under this method compensation expense is recorded over the vesting period of the option on straight line basis, if the fair market value of the underlying stock exceeds the exercise price at the grant date.

(m) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

(n) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the OFSS group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The OFSS group does not recognize a contingent liability but discloses its existence in the financial statements.

(o) Cash and cash equivalents

Cash and cash equivalents for purpose of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

Note 3: Share capital

Authorized:

100,000,000 (March 31, 2013 - 100,000,000) equity shares of ₹ 5 each	500.00	500.00
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Issued, subscribed and fully paid-up:

84,144,134 (March 31, 2013 - 84,065,478) equity shares of ₹ 5 each	420.72	420.33
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- (a) The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

- (b) Details of shareholders holding more than 5% equity shares in the Company

Name of shareholder	March 31, 2014		March 31, 2013	
	No. of equity shares	% of equity shares	No. of equity shares	% of equity shares
Oracle Global (Mauritius) Limited, holding company	63,051,197	74.93%	67,481,698	80.27%

As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of equity shares.

- (c) Reconciliation of equity shares outstanding at the beginning and at the end of the year

	March 31, 2014		March 31, 2013	
	No. of equity shares	Amounts in ₹ million	No. of equity shares	Amounts in ₹ million
Outstanding at the beginning of year	84,065,478	420.33	83,973,757	419.87
Issued during the year - ESOP	78,656	0.39	91,721	0.46
Outstanding at the end of year	84,144,134	420.72	84,065,478	420.33

- (d) Refer note 23 (b) for details of shares reserved for issue under the employee stock option (ESOP) plan of the Company.

- (e) Share application money pending allotment for the year ended March 31, 2014 represents the money received from employees of the Company towards exercise of 1,000 options at the exercise price of ₹ 2,050.00 under Employee Stock Option Plan 2010 Scheme ("Scheme 2010") and 800 options at the exercise price of ₹ 1,929.95 under Employee Stock Option Plan 2011 Scheme ("Scheme 2011"). Each option will entitle one equity share of ₹ 5 each of the Company at a premium of ₹ 2,045.00 under the Scheme 2010 and ₹ 1,924.95 under the Scheme 2011.

Note 4: Reserves and surplus

Securities premium

Balance, beginning of the year	9,809.61	9,648.38
Received during the year on exercise of employee stock options	141.54	161.23
Balance, end of the year	9,951.15	9,809.61

General reserve	10,145.19	10,145.19
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Foreign currency translation reserve

Balance, beginning of the year	(875.09)	(852.68)
Addition during the year on net investment in Non integral operations	(34.00)	(22.41)
Balance, end of the year	(909.09)	(875.09)

Surplus in the statement of profit and loss

Balance, beginning of year	54,564.33	43,812.90
Profit for the year	13,593.19	10,751.43
Balance, end of the year	68,157.52	54,564.33

Total reserves and surplus	87,344.77	73,644.04
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Note 5: Deferred tax asset (liability)

Deferred tax asset

Difference between book and tax depreciation	60.63	60.93
Provision for compensated absence	206.29	173.25
Provision for gratuity	174.21	167.45
Provision for doubtful debts	207.53	173.27
Others	218.29	136.85
	866.95	711.75

Deferred tax liability

Deferred revenue	(67.82)	(39.56)
	(67.82)	(39.56)
	799.13	672.19

	March 31, 2014		March 31, 2013	
	Non-current	Current	Non-current	Current

Note 6: Liabilities

Trade payables

- Micro and small enterprises*	—	—	—	—
- Others	—	473.67	—	180.27
	—	473.67	—	180.27

Accrued Expenses	252.43	2,246.51	252.15	2,655.46
Deferred Revenue	7.83	3,644.06	24.83	4,472.85
Advance from customers	—	83.99	—	1.88
Investor Education and Protection Fund to be credited by unclaimed dividends**	—	—	—	1.54
Other liabilities				
- Withholding and other taxes	—	460.89	—	475.90
- Other statutory dues	—	153.69	—	153.13
	260.26	6,589.14	276.98	7,760.76
	260.26	7,062.81	276.98	7,941.03

* The identification of Micro and Small Enterprises is based on Management's knowledge of their status.

** There is no amount due and outstanding as at balance sheet date to be credited to the Investor Education and Protection Fund.

Note 7: Provisions

For employee benefits

For gratuity	472.84	69.69	446.03	77.78
For compensated absence	—	832.19	—	685.04
	472.84	901.88	446.03	762.82

Other Provision

Taxation, net of advance tax	246.28	470.35	155.06	482.38
	246.28	470.35	155.06	482.38
	719.12	1,372.23	601.09	1,245.20

Note 8 (a): Tangible assets

Particulars	(Amounts in ₹ million)											
	Gross block				Depreciation				Net block			
	As at April 01, 2013	Additions	Sale/ deletions	Translation gain (loss)	As at March 31, 2014	As at April 01, 2013	For the year	Sale/ deletions	Translation gain (loss)	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Freehold Land	538.31	—	—	—	538.31	—	—	—	—	—	538.31	538.31
Improvement to leasehold premises	554.59	—	—	—	554.59	216.14	88.03	—	—	304.17	250.42	338.45
Buildings [Refer note below]	1,987.05	—	—	—	1,987.05	436.69	99.35	—	—	536.04	1,451.01	1,550.36
Computer equipments	1,934.06	291.43	120.47	1.22	2,106.24	1,539.35	293.91	119.13	1.22	1,715.35	390.89	394.71
Office equipments	221.93	6.94	5.67	0.18	223.38	174.18	27.66	5.66	0.18	196.36	27.02	47.75
Electricals and other installations	1,057.98	0.58	—	—	1,058.56	466.49	126.31	—	—	592.80	465.76	591.49
Furniture and fixtures	871.18	9.62	5.30	0.09	875.59	479.45	77.24	5.14	0.04	551.59	324.00	391.73
Vehicles under finance lease	25.72	—	10.41	—	15.31	20.13	4.22	10.11	—	14.24	1.07	5.59
Total	7,190.82	308.57	141.85	1.49	7,359.03	3,332.43	716.72	140.04	1.44	3,910.55	3,448.48	3,858.39
As at March 31, 2013	6,716.55	793.05	319.56	0.78	7,190.82	2,989.66	655.02	313.03	0.78	3,332.43		
									Capital work-in-progress		125.20	132.70
											3,573.68	3,991.09

Note:

Includes 10 (March 31, 2013 - 10) shares of ₹ 50 each in Takshila Building No. 9, Co-op Housing Society Ltd., Mumbai.

Note 8 (b): Intangible assets

Particulars	(Amounts in ₹ million)											
	As at April 01, 2013	Additions	Gross block			Amortization and impairment losses				Net block		
			As at April 01, 2013	Sale/ deletions	Translation gain (loss)	As at March 31, 2014	As at April 01, 2013	For the year	Sale/ deletions	Translation gain (loss)	As at March 31, 2014	As at March 31, 2013
Goodwill on consolidation [Refer note below]	6,137.76	—	—	—	—	6,137.76	51.13	—	—	—	51.13	6,086.63
Goodwill on acquisition	197.47	—	—	—	—	197.47	197.47	—	—	—	197.47	—
Product IPR	138.62	—	—	—	—	138.62	138.62	—	—	—	138.62	—
PeopleSoft ERP	53.77	—	—	—	—	53.77	53.77	—	—	—	53.77	—
Total	6,527.62	—	—	—	—	6,527.62	440.99	—	—	—	440.99	6,086.63
As at March 31, 2013	6,527.62	—	—	—	—	6,527.62	440.99	—	—	—	440.99	6,086.63

Note:

Accumulated amortization and impairment losses as at April 1, 2013 consists of impairment of goodwill of SuperSolutions Corporation [merged with Oracle Financial Services Software, Inc. effective January 2, 2008] amounting to ₹ 51.13 million.

**Note 9: Non-current investments (trade) (unquoted)
(at cost, unless otherwise stated)**

Sarvatra Technologies Private Limited		
242,240 (March 31, 2013 - 242,240) equity shares of ₹ 10 each, fully paid-up	45.00	45.00
Less: Provision for diminution in value of investment	(45.00)	(45.00)
Aggregate amount of unquoted investments	—	—
Aggregate amount of provision for diminution in value of unquoted trade investments	45.00	45.00

**Note 10: Current investments
(at cost or fair value, whichever is lower)**

Non trade (quoted)		
9% Dhanalakshmi Bank Bond Series VI		
Nil (March 31, 2013 - 10) Bonds of ₹ 1,000,000 each, fully paid-up	—	9.98
Aggregate market value of quoted investment	—	9.98

	March 31, 2014		March 31, 2013	
	Non-current	Current	Non-current	Current
Note 11: Loans and advances (unsecured, considered good)				
Advances recoverable in cash or in kind or for value to be received:				
Deposits for premises and others	1,153.53	68.02	2,470.01	69.10
Prepaid expenses	1.49	251.02	8.74	168.32
Forward contract receivable, net	—	181.42	—	23.48
Other advances	458.42	390.60	425.52	353.96
Advance tax, net of provision for taxes ₹ 19,130.72 million (March 31, 2013 ₹ 13,379.48 million)	3,498.79	57.35	3,193.51	174.74
MAT credit entitlement	22.00	—	30.14	—
	5,134.23	948.41	6,127.92	789.60

Note 12: Other assets

Non-current bank balances [Refer note 14]	—	—	1.06	—
Interest accrued on Bank deposits	0.25	1,735.11	0.19	916.81
Unbilled revenue	—	5,220.86	—	3,401.76
Recoverable expenses - billed	—	151.69	—	141.57
	0.25	7,107.66	0.19	4,460.14
	0.25	7,107.66	1.25	4,460.14

Note 13: Trade receivables (unsecured)

(a) Outstanding for a period exceeding six months from date they are due for payment				
Consider good	—	459.46	—	673.51
Consider doubtful	163.81	476.67	170.74	338.98
	163.81	936.13	170.74	1,012.49
Provision for doubtful receivables	(163.81)	(476.67)	(170.74)	(338.98)
	—	459.46	—	673.51
(b) Other receivables				
Consider good	—	6,347.98	—	6,606.07
Consider doubtful	—	—	—	16.27
	—	6,347.98	—	6,622.34
Provision for doubtful receivables	—	—	—	(16.27)
	—	6,347.98	—	6,606.07
	—	6,807.44	—	7,279.58

(Amounts in ₹ million)

	March 31, 2014		March 31, 2013	
	Non-current	Current	Non-current	Current

Note 14: Cash and bank balances

(a) Cash and cash equivalents				
Cash on hand	—	—	—	1.82
Balances with banks:				
Current accounts	—	5,009.12	—	4,988.63
Deposits with original maturity of less than three months	—	185.00	—	53.00
Unclaimed dividend accounts	—	—	—	1.54
	—	5,194.12	—	5,044.99
(b) Other bank balances				
Balances with banks:				
Deposits with original maturity for more than 3 months but less than 12 months	—	61,526.64	—	49,659.95
Margin money deposits	—	5.31	1.06	5.35
	—	61,531.95	1.06	49,665.30
Amount disclosed under non-current assets	—	—	(1.06)	—
Amount disclosed under current assets	—	66,726.07	—	54,710.29

	Year ended March 31, 2014	Year ended March 31, 2013
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Note 15: Revenue from operations

Product licenses and related activities	29,001.49	26,011.00
IT solutions and consulting services	7,398.28	7,737.45
Business processing services	1,013.44	991.54
	37,413.21	34,739.99

Note 16: Other income, net

a) Interest income		
Interest on:		
Bank deposits	5,094.89	3,962.80
Bonds	0.30	0.37
Income tax refund	82.83	71.45
	5,178.02	4,034.62
b) Other income, net		
Foreign exchange gain, net	1,452.48	504.81
Profit on sale of fixed assets, net	2.60	2.93
Miscellaneous income	103.38	53.08
	1,558.46	560.82
	6,736.48	4,595.44

Note 17: Employee cost

Salaries and bonus [Refer note below]	16,874.29	16,122.32
Staff welfare expenses	874.21	635.53
Contribution to provident and other funds	656.28	548.74
	18,404.78	17,306.59

Employee costs for the year ended March 31, 2014 are net of ₹ 243.51 million (March 31, 2013 - ₹ 86.85) pertaining to write back of bonus provision of earlier years, no longer required. Employee costs for the year ended March 31, 2014 includes reversal of payroll taxes accrual related to prior year of ₹ 102.26 million.

(Amounts in ₹ million)

	Year ended March 31, 2014	Year ended March 31, 2013
Note 18: Other expenses		
Application software	70.90	152.08
Communication expenses	144.49	163.49
Rent	580.57	538.57
Advertising expenses	6.27	3.47
Power	204.66	233.95
Insurance	29.78	35.33
Repairs and maintenance:		
Buildings and leasehold premises	46.34	35.15
Computer equipments	11.88	42.91
Others	79.45	59.59
Rates and taxes	89.33	181.40
Finance charge on leased assets	0.76	1.46
Provision for doubtful debts, net	105.35	(351.28)
Bad debts	24.98	444.31
Miscellaneous expenses	395.68	283.73
	1,790.44	1,824.16

Note 19: Reconciliation of basic and diluted shares used in computing earnings per share

	(Number of equity shares)	
	Year ended March 31, 2014	Year ended March 31, 2013
Weighted average shares outstanding for basic earnings per share	84,094,954	84,005,687
Add: Effect of dilutive stock options	354,697	385,300
Weighted average shares outstanding for diluted earnings per share	84,449,651	84,390,987

(Amounts in ₹ million)

Note 20: Capital and other commitments

Particulars	March 31, 2014	March 31, 2013
Contracts remaining to be executed on capital account not provided for (net of advances)	169.83	193.41

Note 21: Leases**Where Company is lessee****Finance lease**

The OFSS group takes vehicles under finance lease of upto five years. None of the lease agreements have an escalation clause. Future minimum lease payments under finance lease as at March 31, 2014 and 2013 are as follows:

	As at March 31, 2014		
	Principal	Interest	Total
Not later than one year	1.67	0.08	1.75
Later than one year but not later than five years	—	—	—
Total minimum payments	1.67	0.08	1.75
	As at March 31, 2013		
	Principal	Interest	Total
Not later than one year	5.00	0.52	5.52
Later than one year but not later than five years	1.73	0.08	1.81
Total minimum payments	6.73	0.60	7.33

Operating lease

The OFSS group has taken certain office premises and residential premises for employees under operating lease, which expire at various dates through year 2025. Some of these lease agreements have a price escalation clause. Gross rental expenses for the year

ended March 31, 2014 aggregated to ₹ 575.45 million (March 31, 2013 - ₹ 532.64 million). The minimum rental payments to be made in future in respect of these leases are as follows:

	(Amounts in ₹ million)	
	March 31, 2014	March 31, 2013
Not later than one year	479.50	552.86
Later than one year but not later than five years	1,149.68	1,604.35
Later than five years	703.59	950.18
	2,332.77	3,107.39

Note 22: Derivative instruments and unhedged foreign currency exposure

The Company enters into forward foreign exchange contracts where the counter party is a bank. The Company purchases forward foreign exchange contracts to mitigate the risks of change in foreign exchange rate on receivables denominated in certain foreign currencies. The Company considers the risk of non-performance by the counter party as non-material. As at March 31, 2014 the Company has following outstanding derivative instrument:

	(Amounts in US Dollar million)	
Particulars	March 31, 2014	March 31, 2013
Forward contracts - Sell in US Dollar	75.70	66.82

As of balance sheet date, the OFSS group's net foreign currency exposure that is not hedged is ₹ 14,980.30 million (March 31, 2013 - ₹ 13,873.62 million).

Note 23: Share based compensation / payments

a) Employee Stock Purchase Scheme ("ESPS")

The Company has adopted the ESPS administered through a Trust ("the Trust") to provide equity based incentives to key employees of the Company. As per the scheme, the Trust can purchase shares of the Company from market using the proceeds of loans obtained from the Company. Such shares are allocated by the Trust to nominated employees at an exercise price, which approximates the fair value on the date of the grant. The shares vest in the employees over a period of five years and the employees can purchase the shares from the Trust over a period of ten years based on continued employment, until which, the Trust holds the shares for the benefit of the employees. The employees are entitled to receive dividends, bonus, etc., that may be declared by the Company from time to time for the entire portion of shares held by the Trust on behalf of the employees.

On the acceptance of the offer, the selected employee undertakes to purchase the shares from the Trust within ten years from the date of acceptance of the offer. In case an employee resigns from employment, the rights relating to vested shares, which are eligible for exercise, may be purchased by the employee by payment of the exercise price whereas, the balance shares are forfeited in favor of the Trust. The Trustees have the right of recourse against the employees for any amounts that may remain unpaid on the shares accepted by them. As of the Balance Sheet date, the Trust has repaid the entire loan obtained from the Company on receipt of payments from employees against shares exercised.

The Securities and Exchange Board of India ("SEBI") has issued the Employee Stock Option Scheme and Stock Purchase Guidelines, 1999 ("SEBI guidelines"), which are applicable to stock purchase schemes for employees of all Indian listed companies. In accordance with these guidelines, the excess of market price of the underlying equity shares on the date of grant of the stock options over the exercise price of the options is to be recognized in the books of account and amortized over the vesting period. However, no compensation cost has been recorded as the scheme terms are fixed and the exercise price equals the market price of the underlying stock on the grant date.

A summary of the activity in the Company's ESPS is as follows:

	Year ended March 31, 2014	Year ended March 31, 2013
	(Number of shares)	(Number of shares)
Opening balance of unallocated shares	166,142	166,142
Shares forfeited during the year	—	—
Closing balance of unallocated shares	166,142	166,142
Opening balance of allocated shares	2,750	18,817
Shares exercised during the year	(2,750)	(16,067)
Shares forfeited during the year	—	—
Closing balance of allocated shares	—	2,750
Shares eligible for exercise	—	2,750
Shares not eligible for exercise	—	—
Total allocated shares	—	2,750

In addition to 166,142 unallocated shares of the Company as stated above, the unaudited balance sheet of the Trust as at March 31, 2014 mainly consists of bank balance of ₹ 249.29 million and surplus in income & expenditure account of ₹ 248.57 million. There are no other material assets, liabilities or contingent liabilities of the Trust as on that date as per the unaudited financial statements. According to the provisions of the Trust Deed, the Trust is constituted as an irrevocable trust and in no event shall the funds and assets (including the unallocated shares) of the Trust revert to the Company. The Company has obtained a legal opinion which states that the Company has no right to the assets and funds of the Trust. In view of this position, the Company has not consolidated the financial statements of the Trust in the consolidated financial statements of the Company.

b) Employee Stock Option Plan (“ESOP”)

Pursuant to ESOP scheme approved by the shareholders of the Company on August 14, 2001, the Board of Directors, on March 4, 2002 approved the Employees Stock Option Scheme (“Scheme 2002”) for issue of 4,753,600 options to the employees and directors of the Company and its subsidiaries. According to the Scheme 2002, the Company has granted 4,548,920 options prior to the IPO and 619,000 options at various dates after IPO (including the grants of options out of options forfeited earlier).

On August 25, 2010, the Board of Directors approved the Employees Stock Option Plan 2010 Scheme (“Scheme 2010”) for issue of 618,000 options to the employees and directors of the Company and its subsidiaries. According to the Scheme 2010, the Company has granted 638,000 options (including the grants of options out of options forfeited earlier).

Pursuant to ESOP scheme approved by the shareholders of the Company in their meeting held on August 18, 2011, the Board of Directors approved the Employees Stock Option Plan 2011 Scheme (“Scheme 2011”) for issue of 5,100,000 options to the employees and directors of the Company and its subsidiaries. According to the Scheme 2011, the Company has granted 1,935,500 options till March 31, 2014.

As per the above schemes, each of 20% of the total options granted will vest to the eligible employees and directors on completion of 12, 24, 36, 48 and 60 months from the date of grant and is subject to continued employment of the employee or directorship of the director with the Company or its subsidiaries. Options have exercise period of 10 years from the date of grant. The employee pays the exercise price upon exercise of option.

A summary of the activity in the Company’s ESOP (Scheme 2002) is as follows:

	Year ended March 31, 2014		Year ended March 31, 2013	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	113,280	1,843	145,212	1,721
Granted	—	—	—	—
Exercised	(21,980)	1,291	(31,932)	1,290
Forfeited	—	—	—	—
Outstanding at end of the year	91,300	1,976	113,280	1,843
Vested options	67,300		77,280	
Unvested options	24,000		36,000	

A summary of the activity in the Company’s ESOP (Scheme 2010) is as follows:

	Year ended March 31, 2014		Year ended March 31, 2013	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	355,863	2,066	428,344	2,064
Granted	—	—	—	—
Exercised	(28,066)	2,050	(35,574)	2,050
Forfeited	(16,747)	2,050	(36,907)	2,050
Outstanding at end of the year	311,050	2,069	355,863	2,066
Vested options	164,036		121,853	
Unvested options	147,014		234,010	

A summary of the activity in the Company's ESOP (Scheme 2011) is as follows:

	Year ended March 31, 2014		Year ended March 31, 2013	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	1,171,335	2,591	617,500	1,937
Granted	650,000	3,077	645,000	3,131
Exercised	(28,610)	1,958	(24,215)	1,964
Forfeited	(89,600)	2,664	(66,950)	1,984
Outstanding at end of the year	1,703,125	2,783	1,171,335	2,591
Vested options	279,875		88,935	
Unvested options	1,423,250		1,082,400	

The weighted average share price for the year over which stock options were exercised was ₹ 2,857 (March 31, 2013 - ₹ 2,859).

The details of options unvested and options vested and exercisable as on March 31, 2014 are as follows:

	Exercise prices (₹)	Number of Options	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Options unvested	1,930	281,550	1,930	7.7
	2,032	24,000	2,032	7.7
	2,050	135,014	2,050	6.4
	2,333	24,000	2,333	6.6
	2,342	12,000	2,342	7.3
	3,077	633,500	3,077	9.5
	3,127	484,200	3,127	8.9
Options vested and exercisable	1,291	31,300	1,291	2.1
	1,930	158,825	1,930	7.7
	2,050	156,036	2,050	6.4
	2,333	36,000	2,333	6.6
	2,342	8,000	2,342	7.3
	3,127	121,050	3,127	8.9
		2,105,475	2,643	8.3

The details of options unvested and options vested and exercisable as on March 31, 2013 were as follows:

	Exercise prices (₹)	Number of Options	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Options unvested	1,930	408,400	1,930	8.7
	2,032	32,000	2,032	8.7
	2,050	218,010	2,050	7.4
	2,333	36,000	2,333	7.6
	2,342	16,000	2,342	8.3
	3,127	627,000	3,127	9.9
	3,320	15,000	3,320	9.8
Options vested and exercisable	1,291	53,280	1,291	3.1
	1,930	88,935	1,930	8.7
	2,050	117,853	2,050	7.4
	2,333	24,000	2,333	7.6
	2,342	4,000	2,342	8.3
		1,640,478	2,426	8.7

Stock Options granted during the financial year ended March 31, 2014:

The weighted average fair value of stock options granted during the year was ₹ 1,712 (March 31, 2013 - ₹ 1,765).

The Black Scholes valuation model has been used for computing the above weighted average fair value of stock options granted considering the following inputs:

	Scheme 2011
Weighted average share price (in ₹)	3,077
Exercise Price (in ₹)	3,077
Expected Volatility	39%
Weighted average life of options granted (in years)	6.5
Expected dividend rate	Nil
Average risk-free interest rate	8.75%

The expected volatility was determined based on historical volatility data; historical volatility includes early years of the Company's life; the Company expects the volatility of its share price to reduce as it matures.

The Company measures the cost of ESOP using intrinsic value method. Had compensation cost been determined in a manner consistent with the fair value approach, the OFSS Group's net profit and earnings per share as reported would have changed to the amounts indicated below:

	(Amounts in ₹ million except per share data)	
	March 31, 2014	March 31, 2013
Profit as reported	13,593.19	10,751.43
Add: Employee stock compensation under intrinsic value method	—	—
Less: Employee stock compensation under fair value method	(779.11)	(385.97)
Proforma profit	12,814.08	10,365.46
Earnings Per Share		
Basic		
- As reported	161.64	127.98
- Proforma	152.38	123.39
Diluted		
- As reported	160.96	127.40
- Proforma	151.86	123.03

Note 24: Employee benefits obligation

Defined contribution plans

During the year ended March 31, 2014 and 2013, the OFSS group contributed following amounts to defined contributions plans:

	(Amounts in ₹ million)	
Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Provident fund	254.80	246.81
Superannuation fund	113.25	108.17
	368.05	354.98

Defined benefit plan – gratuity

The amounts recognized in the statement of profit and loss are as follows:

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Current service cost	73.88	60.93
Interest cost	38.94	33.14
Past service cost - vested benefits	14.70	—
Past service cost - non vested benefits	1.52	—
Expected return on plan assets	(0.28)	(0.11)
Recognized net actuarial (gain) loss	(41.10)	41.54
Total included in 'employee benefit expense'	87.66	135.50
Actual return on plan assets	0.37	0.55

The amounts recognized in the balance sheet are as follows:

Particulars	(Amounts in ₹ million)	
	Year ended March 31, 2014	Year ended March 31, 2013
Present value of funded obligations	499.93	496.42
Present value of unfunded obligations	47.48	31.17
Fair value of plan assets	(4.88)	(3.78)
Net liability	542.53	523.81

Changes in present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Year ended	
	March 31, 2014	March 31, 2013
Defined benefit obligation at beginning of the year	527.59	436.89
Current service cost	73.88	60.93
Interest cost	38.94	33.14
Past service cost - vested benefits	14.70	—
Past service cost - non vested benefits	1.52	—
Benefits paid	(68.20)	(45.35)
Actuarial (gain) loss	(41.02)	41.98
Defined benefit obligation at end of the year	547.41	527.59

Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Year ended	
	March 31, 2014	March 31, 2013
Fair value of plan assets at beginning of the year	3.78	1.45
Expected return on plan assets	0.28	0.11
Actuarial gain	0.08	0.44
Contributions by employer	61.53	43.28
Benefits paid	(60.79)	(41.50)
Fair value of plan assets at end of the year	4.88	3.78

Plan assets are administered by LIC and 100% of the plan assets are invested in lower risk assets, primarily in debt securities.

The assumptions used in accounting for the gratuity plan are set out as below:

	March 31, 2014	March 31, 2013
Discount rate	4.25%-9.10%	8.00%
Expected returns on plan assets	7.50%	7.50%
Salary escalation rate	3.00%-8.00%	8.00%

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

The OFSS group evaluates these assumptions annually based on its long-term plans of growth and industry standards. The discount rates are based on current market yields on government bonds consistent with the currency and estimated term of the post employment benefits obligations. Plan assets are administered by the LIC and invested in lower risk assets, primarily debt securities. The expected rate of return on plan assets is based on the expected average long term rate of return on investments of the fund during the terms of the obligation.

The OFSS group's contribution to gratuity for the year ending March 31, 2015 is expected to be ₹ 69.69 million.

Present value of the defined benefit obligation, fair value of the plan assets, deficit and experience adjustments in the plan assets and liabilities for current and previous four years are as follows:

Particulars	(Amounts in ₹ million)				
	Year March 31, 2014	Year March 31, 2013	Year March 31, 2012	Year March 31, 2011	Year March 31, 2010
Present value of funded obligations	(499.93)	(496.42)	(408.90)	(370.12)	(257.77)
Present value of unfunded obligations	(47.48)	(31.17)	(27.99)	(24.12)	(16.04)
Fair value of plan assets	4.88	3.78	1.45	15.12	2.36
Deficit	(542.53)	(523.81)	(435.44)	(379.12)	(271.45)
Experience adjustments on plan liabilities	(48.01)	26.56	37.17	48.35	(10.68)
Experience adjustments on plan assets	0.08	0.44	0.28	0.45	(2.18)

Note 25: Names of Related Parties and description of relationship:

Relationship	Names of related parties
(i) Related parties where control exists	
Ultimate Holding Company	Oracle Corporation
Holding Company	Oracle Global (Mauritius) Limited
(ii) Related parties with whom transactions have taken place during the year	
Fellow Subsidiaries	<p>Oracle America, Inc.</p> <p>Oracle Austria GmbH</p> <p>Oracle Bilgisayar Sistemleri Limited Sirketi</p> <p>Oracle Canada ULC</p> <p>Oracle Caribbean, Inc.</p> <p>Oracle (China) Software Systems Company Limited</p> <p>Oracle Colombia Limitada</p> <p>Oracle Corporation (Thailand) Company Limited</p> <p>Oracle Corporation Australia Pty. Limited</p> <p>Oracle Corporation Japan</p> <p>Oracle Corporation Malaysia Sdn. Bhd.</p> <p>Oracle Corporation Singapore Pte. Ltd.</p> <p>Oracle Corporation (South Africa)(Pty) Limited</p> <p>Oracle Corporation UK Limited</p> <p>Oracle Czech s.r.o.</p> <p>Oracle Danmark ApS</p> <p>Oracle de Mexico, S.A. de C.V.</p> <p>Oracle Deutschland B.V & Co. KG</p> <p>Oracle de Venezuela, C.A.</p> <p>Oracle Do Brasil Sistemas Limitada</p> <p>Oracle East Central Europe Limited</p> <p>Oracle East Central Europe Services B.V.</p> <p>Oracle Egypt Limited</p> <p>Oracle EMEA Limited</p> <p>Oracle France, S.A.S.</p> <p>Oracle Hellas, S.A.</p> <p>Oracle Iberica, S.R.L.</p> <p>Oracle Hungary Kft.</p> <p>Oracle Italia S.r.l.</p>

Relationship	Names of related parties
	Oracle India Private Limited
	Oracle Information Systems (Japan) K.K.
	Oracle Korea, Ltd.
	Oracle Nederland B.V.
	Oracle New Zealand
	Oracle Norge AS
	Oracle (Philippines) Corporation
	Oracle Polska, Sp.z.o.o.
	Oracle Portugal - Sistemas de Informacao Lda.
	Oracle Research & Development Center, Shenzhen, Ltd.
	Oracle Research and Development Centre, Beijing, Ltd.
	Oracle Romania SRL
	Oracle Software (Schweiz) GmbH
	Oracle Software Systems Israel Limited
	Oracle Serbia and Montenegro d.o.o
	Oracle SRBIJA CRNA GORA d.o.o.
	Oracle Systems Hong Kong limited
	Oracle Systems Limited - Cyprus
	Oracle Systems Limited - Saudi Arabia
	Oracle Systems Limited - Dubai
	Oracle Systems Pakistan (Private) Limited
	Oracle Taiwan LLC
	Oracle Vietnam Pte. Ltd.
	PT Oracle Indonesia
	Sistemas Oracle de Chile, S.A.
	Sistemas Oracle del Peru, S.A.
Key Managerial Personnel ('KMP')	Chaitanya Kamat - Managing Director and Chief Executive Officer

Transactions and balances outstanding with these parties are described below:

	(Amounts in ₹ million)			
	Transaction		Amount receivable (payable)	
	Year ended March 31, 2014	Year ended March 31, 2013	As at March 31, 2014	As at March 31, 2013
Revenue				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	2,166.75	1,453.13	379.17	202.62
Oracle (Philippines) Corporation	42.68	63.28	9.69	18.34
Oracle Austria GmbH	3.33	5.05	—	—
Oracle Bilgisayar Sistemleri Limited Sirketi	12.04	69.23	1.59	42.46
Oracle Canada ULC	270.56	183.68	36.31	73.38
Oracle Caribbean, Inc.	19.94	31.87	7.60	—
Oracle (China) Software Systems Company Limited	15.40	12.77	18.52	—
Oracle Colombia Limitada	306.87	211.46	62.80	63.42
Oracle Corporation (South Africa)(Pty) Limited	796.57	665.66	155.96	304.60
Oracle Corporation (Thailand) Company Limited	(69.89)	158.05	(47.04)	31.82
Oracle Corporation Australia Pty. Limited	4,718.43	4,940.05	316.18	757.27
Oracle Corporation Malaysia Sdn. Bhd.	113.54	98.43	44.90	11.11
Oracle Corporation Singapore Pte. Ltd.	31.97	106.45	—	37.50
Oracle Corporation UK Limited	331.14	315.62	34.07	395.22
Oracle Czech s.r.o.	23.35	27.06	5.09	10.37

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2014	Year ended March 31, 2013	As at March 31, 2014	As at March 31, 2013
Oracle Danmark ApS	220.24	224.16	7.86	86.16
Oracle de Mexico, S.A. de C.V.	48.30	18.88	33.58	—
Oracle Deutschland B.V & Co. KG	28.44	148.55	—	28.62
Oracle de Venezuela, C.A.	0.08	—	0.53	—
Oracle Do Brasil Sistemas Limitada	23.00	—	25.39	2.17
Oracle East Central Europe Limited	170.78	88.99	62.20	77.26
Oracle East Central Europe Services B.V.	190.69	303.35	50.61	33.88
Oracle Egypt Limited	89.43	13.64	14.72	18.06
Oracle EMEA Limited	0.63	—	0.18	—
Oracle France, S.A.S.	26.72	54.78	3.42	76.73
Oracle Hellas, S.A.	1.64	7.45	—	10.02
Oracle Hungary Kft.	28.93	39.36	0.65	14.89
Oracle Iberica, S.R.L.	54.70	25.19	0.11	18.62
Oracle India Private Limited	15.87	17.96	16.51	—
Oracle Information Systems (Japan) K.K.	—	15.10	—	—
Oracle Italia S.r.l.	124.37	96.36	18.16	35.20
Oracle Korea, Ltd.	43.97	49.73	6.39	9.39
Oracle Nederland B.V.	169.23	54.25	9.23	68.40
Oracle New Zealand	74.49	10.60	—	—
Oracle Norge AS	—	24.78	—	0.11
Oracle Polska, Sp.z.o.o.	134.07	154.98	39.27	26.04
Oracle Portugal - Sistemas de Informacao Lda.	115.19	161.04	44.95	139.43
Oracle Software (Schweiz) GmbH	—	—	—	0.36
Oracle Serbia and Montenegro d.o.o	19.12	47.12	3.67	7.38
Oracle SRBIJA CRNA GORA d.o.o.	23.80	7.85	2.02	4.70
Oracle Systems Hong Kong limited	345.95	519.70	88.47	193.72
Oracle Systems Limited - Saudi Arabia	647.89	510.22	144.17	434.36
Oracle Systems Pakistan (Private) Limited	109.85	96.76	38.58	22.46
Oracle Taiwan LLC	116.89	100.55	23.30	48.35
Oracle Vietnam Pte. Ltd.	38.98	76.50	15.72	27.47
PT Oracle Indonesia	148.47	74.62	43.47	6.17
Oracle Romania SRL	373.95	214.43	176.52	27.00
Sistemas Oracle de Chile, S.A.	26.55	102.15	0.08	—
Sistemas Oracle del Peru, S.A.	2.67	—	2.58	—
Advance received from Customers				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	(39.39)	(28.49)	—	(39.39)
Oracle Colombia Limitada	(0.04)	0.04	—	(0.04)
Oracle Corporation Australia Pty. Limited	(61.37)	35.68	—	(61.37)
Oracle Corporation Singapore Pte. Ltd.	0.42	—	(0.42)	—
Oracle East Central Europe Services B.V.	(54.03)	54.03	—	(54.03)
Oracle France, S.A.S.	2.80	—	(2.80)	—
Oracle Portugal - Sistemas de Informacao Lda.	8.03	—	(8.03)	—
Oracle Systems Hong Kong Limited	0.65	—	(0.65)	—
Oracle Systems Limited - Saudi Arabia	8.04	—	(8.04)	—

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2014	Year ended March 31, 2013	As at March 31, 2014	As at March 31, 2013
Provision for doubtful debts				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	5.98	(7.92)	(7.30)	(1.32)
Oracle (Philippines) Corporation	1.38	0.01	(1.39)	(0.01)
Oracle Do Brasil Sistemas Limitada	0.77	1.63	(2.40)	(1.63)
Oracle Canada ULC	(3.13)	3.39	(0.26)	(3.39)
Oracle Colombia Limitada	0.68	—	(0.68)	—
Oracle Corporation (South Africa)(Pty) Limited	8.33	1.04	(9.36)	(1.04)
Oracle Corporation (Thailand) Company Limited	(4.52)	4.64	(0.13)	(4.64)
Oracle Corporation Australia Pty. Limited	9.12	3.44	(12.56)	(3.44)
Oracle Corporation Malaysia Sdn. Bhd.	(0.00)	0.12	(0.12)	(0.12)
Oracle Czech s.r.o.	0.01	—	(0.01)	—
Oracle Egypt Limited	0.41	5.82	(6.23)	(5.82)
Oracle EMEA Limited	0.18	—	(0.18)	—
Oracle Hungary Kft.	(0.04)	0.18	(0.14)	(0.18)
Oracle India Private Limited	0.30	—	(0.30)	—
Oracle Nederland B.V.	0.80	0.20	(1.00)	(0.20)
Oracle Polska, Sp.z.o.o.	2.04	0.15	(2.18)	(0.15)
Oracle Portugal - Sistemas de Informacao Lda.	3.26	9.48	(12.74)	(9.48)
Oracle Systems Hong Kong limited	(8.16)	10.36	(2.20)	(10.36)
Oracle Systems Limited - Saudi Arabia	3.85	0.05	(3.90)	(0.05)
Oracle Taiwan LLC	1.56	0.14	(1.71)	(0.14)
Oracle Vietnam Pte. Ltd.	6.29	0.24	(6.53)	(0.24)
PT Oracle Indonesia	0.12	1.17	(1.29)	(1.17)
Oracle Romania SRL	0.32	0.01	(0.33)	(0.01)
Oracle Serbia and Montenegro d.o.o	1.20	—	(1.20)	—
Oracle SRBIJA CRNA GORA d.o.o.	0.08	—	(0.08)	—
Unbilled revenue				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	—	—	530.84	157.73
Oracle Bilgisayar Sistemleri Limited Sirketi	—	—	1.42	—
Oracle (China) Software Systems Company Limited	—	—	0.07	—
Oracle Canada ULC	—	—	193.43	14.86
Oracle Colombia Limitada	—	—	7.62	15.65
Oracle Corporation (South Africa)(Pty) Limited	—	—	164.12	38.21
Oracle Corporation (Thailand) Company Limited	—	—	60.53	90.39
Oracle Corporation Australia Pty. Limited	—	—	1,106.94	1,160.65
Oracle Corporation Malaysia Sdn. Bhd.	—	—	41.17	10.52
Oracle Corporation Singapore Pte. Ltd.	—	—	13.64	19.66
Oracle Corporation UK Limited	—	—	111.17	(6.64)
Oracle Czech s.r.o.	—	—	14.74	0.75
Oracle Danmark ApS	—	—	35.94	19.12
Oracle East Central Europe Limited	—	—	137.90	8.19
Oracle de Mexico, S.A. de C.V.	—	—	6.08	18.88
Oracle do Brasil Sistemas Limitada	—	—	0.27	—
Oracle France, S.A.S.	—	—	11.82	—
Oracle East Central Europe Services B.V.	—	—	113.72	42.25
Oracle Egypt Limited	—	—	69.00	—

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2014	Year ended March 31, 2013	As at March 31, 2014	As at March 31, 2013
Oracle Hellas, S.A.	—	—	0.64	—
Oracle Hungary Kft.	—	—	5.14	0.26
Oracle Iberica, S.R.L.	—	—	11.36	—
Oracle India Private Limited	—	—	3.56	17.71
Oracle Italia S.r.l.	—	—	26.25	7.50
Oracle Korea, Ltd.	—	—	12.27	3.01
Oracle Nederland B.V.	—	—	44.80	—
Oracle New Zealand	—	—	2.91	—
Oracle (Philippines) Corporation	—	—	0.01	0.50
Oracle Serbia and Montenegro d.o.o	—	—	0.61	1.56
Oracle SRBIJA CRNA GORA d.o.o.	—	—	13.24	1.33
Oracle Polska, Sp.z.o.o.	—	—	13.59	6.63
Oracle Portugal - Sistemas de Informacao Lda.	—	—	18.86	9.67
Oracle Romania SRL	—	—	51.70	28.35
Oracle Systems Hong Kong limited	—	—	61.94	37.16
Oracle Systems Limited - Saudi Arabia	—	—	171.90	79.24
Oracle Systems Pakistan (Private) Limited	—	—	66.53	2.99
Oracle Taiwan LLC	—	—	127.46	13.91
Oracle Vietnam Pte. Ltd.	—	—	13.44	0.11
PT Oracle Indonesia	—	—	77.94	16.28
Sistemas Oracle de Chile, S.A.	—	—	17.91	—
Bad debts				
<i>Fellow subsidiaries</i>				
Oracle Portugal - Sistemas de Informacao Lda.	0.63	—	—	—
Oracle Systems Hong Kong limited	0.57	—	—	—
Oracle America, Inc.	0.07	—	—	—
Oracle Corporation Australia Pty. Limited	0.06	—	—	—
Oracle Colombia Limitada	0.01	—	—	—
Deferred Revenue				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	—	—	(32.82)	(89.77)
Oracle Austria GmbH	—	—	—	(2.98)
Oracle Bilgisayar Sistemleri Limited Sirketi	—	—	(1.24)	(4.18)
Oracle Canada ULC	—	—	(1.86)	(1.20)
Oracle Caribbean, Inc.	—	—	(1.00)	(7.43)
Oracle Colombia Limitada	—	—	(1.61)	(50.89)
Oracle Corporation (Thailand) Company Limited	—	—	(5.26)	(11.55)
Oracle Corporation Australia Pty. Limited	—	—	(39.51)	(320.75)
Oracle Corporation Malaysia Sdn. Bhd.	—	—	(8.06)	(9.69)
Oracle Corporation Singapore Pte. Ltd.	—	—	—	(14.48)
Oracle Corporation UK Limited	—	—	(3.20)	(174.01)
Oracle Corporation (South Africa)(Pty) Limited	—	—	(19.38)	(54.10)
Oracle East Central Europe Limited	—	—	(0.79)	(14.90)
Oracle Czech s.r.o.	—	—	—	(0.02)
Oracle Danmark ApS	—	—	—	(0.18)
Oracle de Mexico, S.A. de C.V.	—	—	(1.21)	—
Oracle de Venezuela, C.A.	—	—	(0.45)	—
Oracle Deutschland B.V & Co. KG	—	—	(4.70)	(4.55)

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2014	Year ended March 31, 2013	As at March 31, 2014	As at March 31, 2013
Oracle do Brasil Sistemas Limitada	—	—	(0.68)	—
Oracle East Central Europe Services B.V.	—	—	(11.08)	(17.16)
Oracle Egypt Limited	—	—	(0.35)	—
Oracle France, S.A.S.	—	—	(0.10)	(11.86)
Oracle Hellas, S.A.	—	—	—	(0.98)
Oracle Hungary Kft.	—	—	—	(0.45)
Oracle Iberica, S.R.L.	—	—	(0.92)	(7.64)
Oracle India Private Limited	—	—	(24.62)	(0.01)
Oracle Italia S.r.l.	—	—	—	(11.68)
Oracle Korea, Ltd.	—	—	—	(0.25)
Oracle Nederland B.V.	—	—	(4.97)	(20.87)
Oracle New Zealand	—	—	—	(7.54)
Oracle (Philippines) Corporation	—	—	(2.46)	(8.04)
Oracle Polska, Sp.z.o.o.	—	—	—	(1.98)
Oracle Portugal - Sistemas de Informacao Lda.	—	—	(0.45)	(32.37)
Oracle Serbia and Montenegro d.o.o	—	—	—	(2.70)
Oracle SRBIJA CRNA GORA d.o.o.	—	—	(0.25)	(0.80)
Oracle Systems Hong Kong limited	—	—	(15.56)	(33.75)
Oracle Systems Limited - Saudi Arabia	—	—	(31.25)	(58.53)
Oracle Systems Pakistan (Private) Limited	—	—	(2.81)	(8.83)
Oracle Taiwan LLC	—	—	(0.88)	(16.52)
Oracle Vietnam Pte. Ltd.	—	—	(0.42)	(7.36)
PT Oracle Indonesia	—	—	(6.66)	(16.89)
Oracle Romania SRL	—	—	(4.91)	(13.11)
Sistemas Oracle de Chile, S.A.	—	—	—	(8.44)
Professional fee expenses				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	—	20.21	(103.26)	(20.21)
Oracle India Private Limited	408.86	200.66	(122.61)	(181.11)
Oracle Research & Development Center, Shenzhen, Ltd.	114.57	114.61	(72.64)	(23.42)
Oracle Research and Development Centre, Beijing, Ltd.	2.45	—	(2.37)	—
Oracle Iberica, S.R.L.	—	8.01	—	(3.71)
Oracle Egypt Limited	—	—	(3.45)	—
Oracle EMEA Limited	16.95	—	(9.06)	—
Oracle Norge AS	—	—	(28.35)	(23.55)
Oracle Portugal - Sistemas de Informacao Lda.	9.85	—	(9.85)	—
Application software expenses				
<i>Fellow subsidiaries</i>				
Oracle India Private Limited	27.70	58.35	(6.30)	(11.33)
Oracle Caribbean, Inc.	—	1.19	—	(1.73)
Oracle Software Systems Israel Limited	—	0.86	(1.49)	(0.42)
Oracle Corporation Singapore Pte. Ltd.	0.28	2.77	—	—
Other expenses				
<i>Fellow subsidiaries</i>				
Oracle India Private Limited	1.46	4.21	(1.07)	—
Oracle Canada ULC	2.69	—	(2.69)	—

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2014	Year ended March 31, 2013	As at March 31, 2014	As at March 31, 2013
Oracle Corporation Singapore Pte. Ltd.	0.59	3.93	0.68	—
Oracle Corporation (South Africa)(Pty) Limited	53.29	12.40	(53.29)	—
Oracle Hellas, S.A.	—	0.08	—	—
Oracle Nederland B.V.	—	—	1.22	—
Oracle Norge AS	22.68	—	(21.83)	—
Oracle Polska, Sp.z.o.o.	7.18	—	(7.18)	—
Oracle Portugal - Sistemas de Informacao Lda.	16.68	—	(16.68)	—
Oracle Romania SRL	5.95	—	(5.95)	—
Oracle Corporation Malaysia Sdn. Bhd.	1.72	—	(1.72)	—
Oracle Corporation (Thailand) Company Limited	1.32	—	(1.32)	—
Oracle Vietnam Pte. Ltd.	3.88	—	(3.88)	—
Oracle (Philippines) Corporation	0.84	—	(0.84)	—
Procurement of fixed assets				
<i>Fellow Subsidiaries</i>				
Oracle Corporation Singapore Pte. Ltd.	1.16	64.23	(0.79)	—
Sale of fixed assets				
<i>Fellow Subsidiaries</i>				
Oracle India Private Limited	3.37	—	—	—
Security Deposit				
<i>Fellow Subsidiaries</i>				
Oracle India Private Limited	(0.89)	—	—	0.89
Rent expenses				
<i>Fellow subsidiaries</i>				
Oracle India Private Limited	1.67	4.22	—	—
Oracle Korea, Ltd.	0.26	0.12	(0.02)	(0.12)
Oracle (China) Software Systems Company Limited	0.74	0.52	(0.47)	(0.15)
Oracle Corporation Australia Pty. Limited	2.43	5.63	(1.45)	(3.43)
Oracle Corporation UK Limited	(11.25)	(6.96)	—	2.34
Oracle Corporation Singapore Pte. Ltd.	4.62	1.84	(2.75)	—
Oracle Corporation Malaysia Sdn. Bhd.	—	0.13	—	—
Oracle America, Inc.	(9.68)	18.59	—	—
Oracle Systems Hong Kong limited	0.11	1.06	—	(0.05)
Oracle Nederland B.V.	18.12	16.18	(2.97)	(1.63)
Oracle France, S.A.S.	2.72	2.32	—	—
Oracle Taiwan LLC	0.25	1.03	0.03	(0.09)
Oracle Corporation Japan	11.02	24.45	(1.09)	—
Sistemas Oracle de Chile, S.A.	9.57	—	—	—
Oracle Systems Limited - Dubai	22.87	12.02	—	—
Rent income				
<i>Fellow subsidiaries</i>				
Oracle India Private Limited	34.57	13.91	—	—
Key Managerial personnel				
Remuneration [Refer note 1 below]	50.25	27.94	—	—

Note 1: Remuneration includes salary, bonus and perquisites. The bonus is included on payment basis. As the liabilities for gratuity and compensated absence are provided on an actuarial basis for the Company as a whole, the amounts pertaining to individual KMP are not included above. During the year, 100,000 options under the Scheme 2011 (March 31, 2013 - 100,000 options under the Scheme 2011) were granted to KMP.

Note 26: Tax expenses

Current tax charge for the year ended March 31, 2013 includes prior year net reversal of ₹ 321.15 million.

Note 27: Segment information

Business segments are defined as a distinguishable component of an enterprise that is engaged in providing a group of related products or services and that is subject to differing risks and returns and about which separate financial information is available. This information is reviewed and evaluated regularly by the management in deciding how to allocate resources and in assessing the performance.

The OFSS group is organized by business segment and geographically. For management purposes the OFSS group is primarily organized on a worldwide basis into three business segments:

- Product licenses and related activities ('Products')
- IT solutions and consulting services ('Services') and
- Business Processing Services ('BPO - Services')

The business segments are the basis on which the OFSS group reports its primary operational information to management. Product licenses and related activities segment deals with various banking software products. The related activities include enhancements, implementation and maintenance activities.

IT solutions and consulting services segment offers services spanning the entire lifecycle of applications used by financial service institutions. The division's portfolio includes Consulting, Application, Support and Technology Services that help institutions improve efficiency, optimize costs, meet risk and compliance mandates and implement IT solutions finely attuned to their business needs.

BPO - Services comprises of business process outsourcing services to the Lending, Collections, Customer Service, Capital Markets industry.

(Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Year ended March 31, 2014
				Total
Revenue	29,001.49	7,398.28	1,013.44	37,413.21
Segment result	12,559.36	1,520.91	366.20	14,446.47
Unallocable expenses				(1,169.34)
Other income, net				6,736.48
Profit before tax				20,013.61
Tax expenses				(6,420.42)
Net profit				13,593.19

Particulars	Products	Services	BPO - Services	Year ended March 31, 2013
				Total
Revenue	26,011.00	7,737.45	991.54	34,739.99
Segment result	10,621.12	1,586.00	393.77	12,600.89
Unallocable expenses				(1,064.32)
Other income, net				4,595.44
Profit before tax				16,132.01
Tax expenses [Refer note 26]				(5,380.58)
Net profit				10,751.43

Other information

(Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Unallocable	Year ended March 31, 2014
					Total
Capital expenditure by segment					
Tangible assets	199.93	75.42	11.18	22.04	308.57
Depreciation and amortization	465.01	164.93	36.95	49.83	716.72
Other non cash expenses	89.88	43.70	(3.25)	—	130.33
Segment assets	17,618.78	3,582.73	250.22	75,799.59	97,251.32
Segment liabilities	6,556.83	1,231.30	139.63	1,554.48	9,482.24
Share application money pending allotment				3.59	3.59
Shareholders' funds				87,765.49	87,765.49

Particulars	Products	Services	BPO - Services	Unallocable	Year ended March 31, 2013
					Total
Capital expenditure by segment					
Tangible assets	659.31	98.12	2.37	33.25	793.05
Depreciation and amortization	349.27	208.73	13.03	83.99	655.02
Other non cash expenses	71.11	22.90	(0.98)	—	93.03
Segment assets	16,663.71	4,485.05	242.86	62,776.61	84,168.23
Segment liabilities	7,606.14	2,177.00	153.45	167.27	10,103.86
Shareholders' funds	—	—	—	74,064.37	74,064.37

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 expenses which are not directly attributable to a business segment are classified as unallocable 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 customer, 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.

Geographical segments:

The following table shows the distribution of the OFSS group's consolidated sales by geographical market:

Regions	Year ended March 31, 2014		Year ended March 31, 2013	
	Amounts in ₹ million	%	Amounts in ₹ million	%
United States of America	12,392.27	33%	10,609.38	30%
Europe	7,305.17	20%	6,704.28	19%
Asia Pacific	9,677.67	26%	10,707.85	31%
Middle East, India and Africa	6,891.86	18%	5,837.87	17%
Latin America and Caribbean	1,146.24	3%	880.61	3%
	37,413.21	100%	34,739.99	100%

The following table shows the OFSS group's consolidated assets by geographical market:

Regions	Year ended March 31, 2014		Year ended March 31, 2013	
	Amounts in ₹ million	%	Amounts in ₹ million	%
United States of America	8,670.74	9%	8,227.02	10%
Europe	4,749.27	5%	4,519.13	5%
Asia Pacific	6,691.17	7%	7,193.02	9%
Middle East, India and Africa	76,315.72	78%	63,661.48	75%
Latin America and Caribbean	824.42	1%	567.58	1%
	97,251.32	100%	84,168.23	100%

The following table shows the OFSS group's consolidated additions to fixed assets and intangible assets by geographical market:

Regions	Year ended March 31, 2014		Year ended March 31, 2013	
	Amounts in ₹ million	%	Amounts in ₹ million	%
United States of America	3.53	1%	5.45	1%
Europe	1.57	1%	3.10	0%
Asia Pacific	4.58	1%	5.84	1%
Middle East, India and Africa	297.82	97%	777.84	98%
Latin America and Caribbean	1.07	0%	0.82	0%
	308.57	100%	793.05	100%

Note 28:

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

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W

per Amit Majmudar
Partner
Membership No. 36656

Mumbai, India
May 16, 2014

For and on behalf of the Board of Directors of
Oracle Financial Services Software Limited

S Venkatachalam
Chairman

Y M Kale
Director

Mumbai, India
May 16, 2014

Chaitanya Kamat
Managing Director
& Chief Executive Officer

Hoshi D Bhagwagar
Company Secretary
& Compliance Officer

Consolidated statement of cash flow

for the year ended March 31, 2014

(Amounts in ₹ million)

	Year ended March 31, 2014	Year ended March 31, 2013
Cash flows from operating activities		
Profit before tax	20,013.61	16,132.01
Adjustments to reconcile profit before tax to cash (used in) provided by operating activities :		
Depreciation and amortization	716.72	655.02
(Profit) on sale / write off of fixed assets, net	(2.60)	(2.93)
Provision for doubtful debts, net	105.35	(351.28)
Bad debts	24.98	444.31
Interest income	(5,178.02)	(4,034.62)
Effect of exchange rate changes in cash and cash equivalent	234.71	(139.40)
Unrealized exchange loss (gain), net	364.90	(418.35)
Deferred rent	18.50	26.25
Finance charge on leased assets	0.76	1.46
Operating Profit before Working Capital changes	16,298.91	12,312.47
Changes in assets and liabilities, net of effect of acquisition		
Increase (decrease) in trade payables	209.11	(33.80)
Increase in other long term liabilities	55.71	45.76
(Decrease) increase in current liabilities	(1,433.11)	862.84
Increase in long-term provisions	20.26	100.84
Increase in short-term provisions	150.21	95.16
Decrease in trade receivables	312.87	1,870.53
(Increase) in long-term loans and advances	(26.21)	(95.75)
(Increase) decrease in short-term loans and advances	(259.38)	155.45
(Increase) decrease in other current assets	(2,080.75)	776.57
Cash from operating activities	13,247.61	16,090.07
Payment of domestic and foreign taxes	(6,515.49)	(4,746.55)
Net cash provided by operating activities	6,732.12	11,343.52
Cash flows from investing activities		
Additions to fixed assets including capital work in progress	(310.79)	(428.71)
Refund of deposits for premises and others	1,313.14	335.59
Proceeds from sale of fixed assets	4.12	8.81
Proceeds received on Dhanalakshmi Bonds	10.22	—
Bank fixed deposits having maturity of more than three months matured	110,164.91	74,202.38
Bank fixed deposits having maturity of more than three months booked	(122,030.45)	(89,520.24)
Interest received	4,359.66	3,659.94
Net cash used in investing activities	(6,489.18)	(11,742.23)
Cash flows from financing activities		
Issue of shares under ESOP scheme	145.53	160.44
Payment of lease obligations	(4.63)	(8.47)
Net cash provided by financing activities	140.90	151.97

Consolidated statement of cash flow

for the year ended March 31, 2014 (continued)

	(Amounts in ₹ million)	
	Year ended March 31, 2014	Year ended March 31, 2013
Net increase (decrease) in cash and cash equivalents	383.83	(246.74)
Cash and cash equivalents at beginning of the year	5,044.99	5,152.33
Effect of exchange rate changes in cash and cash equivalents	(234.71)	139.40
Cash and cash equivalents at end of the year	5,194.12	5,044.99
Component of cash and cash equivalents		
Cash on hand	—	1.82
Balances with banks:		
Current accounts	5,009.12	4,988.63
Deposit accounts with original maturity of less than 3 months	185.00	53.00
Unclaimed dividend accounts	—	1.54
Total cash and cash equivalents [Refer note 14 (a)]	5,194.12	5,044.99

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W

per Amit Majmudar
Partner
Membership No. 36656

Mumbai, India
May 16, 2014

For and on behalf of the Board of Directors of
Oracle Financial Services Software Limited

S Venkatachalam
Chairman

Y M Kale
Director

Mumbai, India
May 16, 2014

Chaitanya Kamat
Managing Director
& Chief Executive Officer

Hoshi D Bhagwagar
Company Secretary
& Compliance Officer

Unconsolidated Financials

Financial statements for the year ended March 31, 2014 prepared in accordance with Indian Generally Accepted Accounting Principles (Indian GAAP) (Unconsolidated).

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Independent Auditor's Report

**To the Members of
Oracle Financial Services Software Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of Oracle Financial Services Software Limited (the 'Company'), which comprise the balance sheet as at March 31, 2014, and the statement of profit and loss and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 (the 'Act') read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The balance sheet, statement of profit and loss, and cash flow statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the balance sheet, the statement of profit and loss, and the cash flow statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs;
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W

per Amit Majmudar

Partner

Membership No.: 36656

Mumbai, India

May 16, 2014

Annexure referred to in paragraph [1] under Report on Legal and Other Regulatory Requirements of our report of even date

Re: Oracle Financial Services Software Limited (the 'Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 4 (ii) of the Order are not applicable to the Company.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4 (iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4 (iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets, sale of licenses and sale of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas. The activities of the Company do not involve purchase of inventory.
- (v) In our opinion there are no contracts or arrangements that need to be entered into the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4 (v) (b) of the Order is not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for the products of the Company.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there have been considerable delays in few cases of foreign income taxes, foreign value added tax and foreign withholding tax*. As explained to us, the Company did not have any dues of excise duty.
- (b) According to the information and explanations given to us, *undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable are as follows:*

Name of the statute	Nature of the dues	Amount (₹)	Period to which the amount relates	Due Date	Date of Payment
Foreign Tax	Income Tax	271,880,411	April 2005 to March 2013	Various dates	Not yet paid
	Value added Tax ('VAT')	27,229,963	April 2007 to March 2009	Various dates	Not yet paid
	Withholding Tax	23,578,496	December 2008 to March 2013	Various dates	Not yet paid

- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, custom duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
The Karnataka Value Added Tax Act, 2003	VAT and interest, penalty thereon	16,646,456	April 2005 to March 2007	Joint Commissioner of commercial taxes (Appeal)
The Central Sales Tax Act, 1956	CST and interest, penalty thereon	8,009,557	April 2002 to March 2003 and April 2005 to March 2007	Joint Commissioner of commercial taxes (Appeal)
The Karnataka Sales Tax Act, 1957	VAT	145,113	April 2002 to March 2004	Joint Commissioner of commercial taxes (Appeal)
The Karnataka Value Added Tax Act 2003	VAT and penalty thereon	581,668	April 2004 to March 2005	Appellate Tribunal, Bangalore
The Central Sales Tax Act 1956	CST and penalty thereon	616,622	April 2004 to March 2005	Appellate Tribunal, Bangalore
The Income Tax Act, 1961	Income Tax and interest thereon	81,279,735	April 2007 to March 2008	Commissioner of Appeal (Income-tax)
The Income Tax Act, 1961	Tax deduction at source and interest thereon	52,547,270	April 2008 to March 2009	Commissioner of Appeal (Income-tax)
The Income Tax Act, 1961	Income Tax and interest thereon	149,434,670	April 2008 to March 2009	Commissioner of Appeal (Income-tax)

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) The Company did not have any dues to any financial institution, bank or debenture holder during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W

per Amit Majmudar

Partner

Membership No.: 36656

Mumbai, India

May 16, 2014

Balance sheet

as at March 31, 2014

		(Amounts in ₹ million)	
	Notes	March 31, 2014	March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	420.72	420.33
Reserves and surplus	4	84,128.30	72,503.14
		84,549.02	72,923.47
Share application money pending allotment	3 (e)	3.59	—
Non-current liabilities			
Other long-term liabilities	5	174.38	183.12
Long-term provisions	6	449.21	421.41
		623.59	604.53
Current liabilities			
Trade payables	5	366.66	82.50
Other current liabilities	5	11,065.60	8,731.20
Short-term provisions	6	1,081.00	917.19
		12,513.26	9,730.89
TOTAL		97,689.46	83,258.89
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7 (a)	3,381.34	3,739.75
Intangible assets	7 (b)	—	—
Capital work-in-progress	7 (a)	124.33	132.70
Non-current investments	8	7,282.40	7,282.40
Deferred tax assets	9	793.05	667.71
Long-term loans and advances	11	5,767.28	6,607.41
Other non-current assets	12	181.20	158.36
		17,529.60	18,588.33
Current assets			
Current investments	10	—	9.98
Trade receivables	13	11,569.95	9,685.82
Cash and bank balances	14	61,866.33	50,183.44
Short-term loans and advances	11	662.62	668.63
Other current assets	12	6,060.96	4,122.69
		80,159.86	64,670.56
TOTAL		97,689.46	83,258.89
Summary of significant accounting policies	2		

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W

per Amit Majmudar
Partner
Membership No. 36656

Mumbai, India
May 16, 2014

For and on behalf of the Board of Directors of
Oracle Financial Services Software Limited

S Venkatachalam
Chairman

Y M Kale
Director

Mumbai, India
May 16, 2014

Chaitanya Kamat
Managing Director
& Chief Executive Officer

Hoshi D Bhagwagar
Company Secretary
& Compliance Officer

Statement of profit and loss

for the year ended March 31, 2014

(Amounts in ₹ million, except share data)			
	Notes	Year ended March 31, 2014	Year ended March 31, 2013
INCOME			
Revenue from operations	15	31,594.68	29,377.01
Other income, net	16	6,209.16	4,403.20
Total income		37,803.84	33,780.21
EXPENSES			
Employee costs	17	15,762.32	14,419.55
Travel related expenses (net of recoveries)		1,112.61	1,199.73
Professional fees		1,708.12	1,345.96
Other expenses	18	1,269.28	1,181.29
Depreciation and amortization	7	643.46	586.08
Total expenses		20,495.79	18,732.61
Profit before tax		17,308.05	15,047.60
Tax expenses			
Current tax	26	5,949.77	4,782.15
Deferred tax		(125.34)	(27.15)
Total tax expenses		5,824.43	4,755.00
Profit for the year		11,483.62	10,292.60
Earnings per equity share of par value of ₹ 5 (March 31, 2013 ₹ 5) each (in ₹)	19		
Basic		136.56	122.52
Diluted		135.98	121.96
Summary of significant accounting policies	2		

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W

per **Amit Majmudar**
Partner
Membership No. 36656

Mumbai, India
May 16, 2014

For and on behalf of the Board of Directors of
Oracle Financial Services Software Limited

S Venkatachalam
Chairman

Y M Kale
Director

Mumbai, India
May 16, 2014

Chaitanya Kamat
Managing Director
& Chief Executive Officer

Hoshi D Bhagwagar
Company Secretary
& Compliance Officer

Notes annexed to and forming part of financial statements for the year ended March 31, 2014

Note 1: Corporate information

Oracle Financial Services Software Limited (the “Company”) was incorporated in India with limited liability on September 27, 1989. The Company is a subsidiary of Oracle Global (Mauritius) Limited holding 74.93% (March 31, 2013 – 80.27%) ownership interest in the Company as at March 31, 2014.

The Company is principally engaged in the business of providing information technology solutions to the financial services industry worldwide. The Company has a suite of banking products, which caters to the needs of corporate, retail, investment banking, treasury operations and data warehousing.

Note 2: Summary of significant accounting policies

(a) Basis of presentation

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, in conformity with accounting principles generally accepted in India and complying in all material respects with the Accounting Standards notified under the Companies Act, 1956 (the ‘Act’) read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous years.

The significant accounting policies adopted by the Company, in respect of the financial statements are set out as below:

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates.

(c) Fixed assets including intangibles and capital work-in-progress, depreciation, amortization and impairment

Fixed assets including intangibles and capital work-in-progress

Fixed assets including assets under finance lease arrangements are stated at cost less accumulated depreciation. The Company capitalizes all direct costs relating to the acquisition and installation of fixed assets. The cost of fixed assets not ready to use before balance sheet date are disclosed under ‘Capital work-in-progress’. Product Intellectual Property Rights (IPRs) acquired as part of business acquisitions are capitalized based on a fair value. The Company records the difference between considerations paid to acquire these IPRs and the fair value of assets and liabilities acquired as goodwill.

The Company purchases certain specific-use application software, which is in ready to use condition, for internal use. It is estimated that such software has a relatively short useful life, usually less than one year. The Company, therefore, charges to income the cost of acquiring such software.

Depreciation and amortization

Depreciation and amortization are computed using straight-line method, at the rates specified in Schedule XIV to the Act or based on the estimated useful life of assets, whichever is higher. Individual assets costing ₹ 5,000 or less are fully depreciated in the year of acquisition. The estimated useful life considered for depreciation of fixed assets is as follows:

Asset description	Asset life (in years)
Tangible assets	
Improvement of leasehold premises	Lesser of 7 years or lease term
Buildings	20
Computer equipments	3
Office equipments	2-7
Electricals and other installations	2-7
Furniture and fixtures	2-7
Vehicles under finance Lease	Lesser of 3 to 5 years or lease term
Intangible assets	
Goodwill on acquisition	3-5
Product IPR	5
PeopleSoft ERP	5

Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to assets. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(d) Investments

Investments that are readily realizable and intended to be held for not more than a year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments. Trade investments refer to the investments made with the aim of enhancing the Company's business interests in providing information technology solutions to the financial services industry worldwide.

Long term investments are stated at cost less provision for diminution on account of other than temporary decline in the value of the investment.

Current investments are stated at lower of cost and fair value determined on an individual investment basis.

(e) Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency denominated monetary items are translated into reporting currency at the closing rates of exchange prevailing at the date of the balance sheet. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Exchange differences

Exchange differences arising on the settlement of monetary items, or on reporting monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or expenses in the year in which they arise.

Forward exchange contracts entered into to hedge foreign currency risk of an existing asset

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense / income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.

(f) Revenue recognition

Revenue is recognized as follows:

Product licenses and related revenue:

- License fees are recognized, on delivery and subsequent milestone schedule as per the terms of the contract with the end user.
- Implementation and customization services are recognized as services are provided, when arrangements are on a time and material basis. Revenue for fixed price contracts is recognized using the proportionate completion method till contracts reach 90% completion. Balance revenue is recognized at the time of receipt of customer acceptance.

Proportionate completion is measured based upon the efforts incurred to date in relation to the total estimated efforts to complete the contract. The Company monitors estimates of total contract revenue and cost on a routine basis throughout the delivery period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

- Product maintenance revenue is recognized, over the period of the maintenance contract on a straight line basis.

IT solutions and consulting services:

- Revenue from IT solutions and consulting services are recognized as services are provided, when arrangements are on a time and material basis.
- Revenue from fixed price contracts is recognized using the proportionate completion method till contracts reach 90% completion. Balance revenue is recognized at the time of receipt of customer acceptance. Proportionate completion is measured based upon the efforts incurred to date in relation to the total estimated efforts to complete the contract. The Company monitors estimates of total contract revenue and cost on a routine basis throughout the delivery period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

The Company presents revenues net of service tax and value added taxes in its statement of profit and loss.

Cost and revenue in excess of billings is classified as unbilled revenue while billing in excess of revenue is classified as deferred revenue.

Interest income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend income

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

(g) Research and development expenses for software products

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical feasibility of the project is established, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the cost can be measured reliably. Software product development costs incurred subsequent to the achievement of technical feasibility are not material and are expensed as incurred.

(h) Retirement and other employee benefits

Provident fund and superannuation fund are defined contribution schemes and the Company has no further obligation beyond the contributions made to the fund. Contributions are charged to statement of profit and loss in the year in which they accrue.

Gratuity liability is a defined benefit obligation and is recorded based on actuarial valuation on projected unit credit method made at the end of the year. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The gratuity liability and net periodic gratuity cost is actuarially determined after considering discount rates, expected long term return on plan assets and increase in compensation levels. All actuarial gains / losses are immediately recorded to statement of profit and loss and are not deferred. The Company makes contributions to a fund administered and managed by the Life Insurance Corporation of India (LIC) to fund the gratuity liability. Under this scheme, the obligation to pay gratuity remains with the Company, although LIC administers the scheme.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method. All actuarial gains / losses are immediately recognized to statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the balance sheet date.

(i) Leases

Where the Company is the lessee

Lease of assets under which substantially all the risks and benefits incidental to ownership are transferred to the Company are classified as finance leases. These assets are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognized as finance cost in statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalized.

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as an expense in statement of profit and loss on a straight-line basis over the lease term.

(j) Income-tax

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961 ('Indian Income Tax Act'). Tax expense relating to overseas operations is determined in accordance with tax laws applicable in countries where such operations are domiciled. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid and income tax provisions arising in the same tax jurisdiction and enterprise. Deferred income taxes are recognized for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which deferred tax assets can be realized. The carrying value of assets is reviewed at each balance sheet date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain, that sufficient future taxable income will be available against which deferred tax asset can be realized. Minimum Alternative tax ('MAT') credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India ('ICAI'), the said asset is created by way of a credit to statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

(k) Earnings per share

The earnings considered in ascertaining the Company's earnings per share comprise the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of shares, if any which would have been issued on the conversion of all dilutive potential equity shares. The weighted average number of shares and potentially dilutive equity shares are adjusted for the bonus shares and sub-division of shares. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(l) Share based compensation / payments

Measurement and disclosure of the employee share-based payment plans is done in accordance with Securities Exchange Board of India ('SEBI') (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI. The Company uses the intrinsic value method of accounting for its employee share based compensation plan and other share based arrangements. Under this method compensation expense is recorded over the vesting period of the option on a straight line basis, if the fair market value of the underlying stock exceeds the exercise price at the grant date.

(m) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

(n) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(o) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

Note 3: Share capital

Authorized:

100,000,000 (March 31, 2013 - 100,000,000) equity shares of ₹ 5 each	500.00	500.00
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Issued, subscribed and fully paid-up:

84,144,134 (March 31, 2013 - 84,065,478) equity shares of ₹ 5 each	420.72	420.33
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- (a) The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

- (b) Details of shareholders holding more than 5% equity shares in the Company

Name of shareholder	March 31, 2014		March 31, 2013	
	No. of equity shares	% of equity shares	No. of equity shares	% of equity shares
Oracle Global (Mauritius) Limited, holding company	63,051,197	74.93%	67,481,698	80.27%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of equity shares.

- (c) Reconciliation of equity shares outstanding at the beginning and at the end of the year

	March 31, 2014		March 31, 2013	
	No. of equity shares	Amounts in ₹ million	No. of equity shares	Amounts in ₹ million
Outstanding at the beginning of year	84,065,478	420.33	83,973,757	419.87
Issued during the year - ESOP	78,656	0.39	91,721	0.46
Outstanding at the end of year	84,144,134	420.72	84,065,478	420.33

- (d) Refer note 23 (b) for details of shares reserved for issue under the employee stock option (ESOP) plan of the Company.

- (e) Share application money pending allotment for the year ended March 31, 2014 represents the money received from employees of the Company towards exercise of 1,000 options at the exercise price of ₹ 2,050.00 under Employee Stock Option Plan 2010 Scheme ("Scheme 2010") and 800 options at the exercise price of ₹ 1,929.95 under Employee Stock Option Plan 2011 Scheme ("Scheme 2011"). Each option will entitle one equity share of ₹ 5 each of the Company at a premium of ₹ 2,045.00 under the Scheme 2010 and ₹ 1,924.95 under the Scheme 2011.

Note 4: Reserves and surplus

Securities premium

Balance, beginning of the year	9,809.31	9,648.08
Received during the year on exercise of employee stock options	141.54	161.23
Balance, end of the year	9,950.85	9,809.31

General reserve

10,145.19	10,145.19
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Surplus in the statement of profit and loss

Balance, beginning of the year	52,548.64	42,256.04
Profit for the year	11,483.62	10,292.60
Balance, end of the year	64,032.26	52,548.64

Total reserves and surplus

84,128.30	72,503.14
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	March 31, 2014		March 31, 2013	
	Non-current	Current	Non-current	Current
Note 5: Liabilities				
Trade payables				
- Micro and small enterprises*	—	—	—	—
- Others	—	366.66	—	82.50
	—	366.66	—	82.50
Amount due to subsidiaries	—	7,522.59	—	2,991.58
Accrued expenses	172.25	2,266.32	159.99	1,919.02
Deferred revenues	2.13	1,021.46	23.13	3,576.98
Advances from customers	—	16.77	—	—
Investor Education and Protection Fund to be credited by unclaimed dividends**	—	—	—	1.54
Other liabilities				
- Withholding and other taxes	—	170.14	—	182.75
- Other statutory dues	—	68.32	—	59.33
	174.38	11,065.60	183.12	8,731.20
	174.38	11,432.26	183.12	8,813.70

* The identification of Micro and Small Enterprises is based on Management's knowledge of their status.

** There is no amount due and outstanding as at balance sheet date to be credited to the Investor Education and Protection Fund.

Note 6: Provisions

For employee benefits				
Gratuity	449.21	63.31	421.41	71.23
Compensated absence	—	706.93	—	579.70
	449.21	770.24	421.41	650.93
Other Provision				
Taxation, net of advance tax	—	310.76	—	266.26
	—	310.76	—	266.26
	449.21	1,081.00	421.41	917.19

Note 7 (a): Tangible assets

Particulars	(Amounts in ₹ million)					
	As at April 01, 2013	Gross block Additions	Sale / deletions	As at March 31, 2014	Depreciation and amortization For the year As at April 01, 2013	As at March 31, 2014
Freehold land	538.31	—	—	538.31	—	538.31
Improvement to leasehold premises	334.08	—	—	334.08	43.18	214.86
Buildings [Refer note below]	1,987.05	—	—	1,987.05	99.35	1,451.01
Computer equipments	1,589.25	271.91	88.88	1,772.28	273.58	375.03
Office equipments	177.81	4.78	0.62	181.97	22.64	38.10
Electricals and other installations	1,057.86	0.58	—	1,058.44	126.29	591.45
Furniture and fixtures	782.53	9.37	0.01	791.89	74.20	382.87
Vehicles under finance lease	25.72	—	10.41	15.31	4.22	1.07
Total	6,492.61	286.64	99.92	6,679.33	643.46	3,381.34
As at March 31, 2013	5,982.02	777.14	266.55	6,492.61	586.08	124.33
					Capital work-in-progress	3,505.67
						3,872.45

Note: Includes 10 (March 31, 2013 - 10) shares of ₹ 50 each in Takshila Building No. 9, Co-op Housing Society Limited, Mumbai.

Note 7 (b): Intangible assets

Particulars	(Amounts in ₹ million)					
	As at April 01, 2013	Gross block Additions	Sale / deletions	As at March 31, 2014	Amortization For the year As at April 01, 2013	As at March 31, 2014
Goodwill on acquisition	197.47	—	—	197.47	—	—
Product IPR	138.62	—	—	138.62	—	—
People Soft ERP	53.77	—	—	53.77	—	—
Total	389.86	—	—	389.86	—	—
As at March 31, 2013	389.86	—	—	389.86	—	389.86

**Note 8: Non-current investments (trade) (unquoted)
(at cost, unless otherwise stated)****(i) In wholly owned subsidiaries**

Oracle (OFSS) ASP Private Limited		
5,170,000 (March 31, 2013 - 5,170,000) equity shares of ₹ 10 each, fully paid-up	46.10	46.10
Less: Provision for diminution in value of investment	(46.10)	(46.10)
	—	—
Oracle Financial Services Software B.V.		
140,000 (March 31, 2013 - 140,000) equity shares of EUR 100 each, fully paid-up	776.31	776.31
Oracle Financial Services Software Pte. Ltd.		
250,000 (March 31, 2013 - 250,000) equity shares of SGD 1 each, fully paid up	6.63	6.63
Oracle Financial Services Software America, Inc.		
1 (March 31, 2013 - 1) equity share of USD 0.01 each, fully paid up	3,452.26	3,452.26
100 (March 31, 2013 - 100) Series A Convertible Participating Preference Shares of USD 0.01 each, fully paid up	2,839.49	2,839.49
Oracle Financial Services Software (Shanghai) Limited		
100% (March 31, 2013 - 100%) subscription to the registered capital	45.51	45.51
Oracle Financial Services Software Chile Limitada		
100% (March 31, 2013 - 100%) subscription to the registered capital	70.49	70.49
ISP Internet Mauritius Company [Refer note 32]		
30,000 (March 31, 2013 - 30,000) equity shares of USD 1 each, fully paid up	192.12	192.12
Less: Provision for diminution in value of investment	(120.00)	(120.00)
	72.12	72.12
Oracle (OFSS) Processing Services Limited		
1,300,000 (March 31, 2013 - 1,300,000) equity shares of ₹ 10 each, fully paid up	13.00	13.00

(ii) In associate

Login SA		
33,000 (March 31, 2013 - 33,000) equity shares of EUR 2 each, fully paid up	6.59	6.59

(iii) In other

Sarvatra Technologies Private Limited		
242,240 (March 31, 2013 - 242,240) equity shares of ₹ 10 each, fully paid-up	45.00	45.00
Less: Provision for diminution in value of investment	(45.00)	(45.00)
	—	—
Aggregate amount of unquoted investments	7,282.40	7,282.40
Aggregate amount of provision for diminution in value of unquoted trade investments	211.10	211.10

Note 9: Deferred tax assets

Difference between book and tax depreciation	60.46	60.59
Provision for compensated absence	206.29	173.25
Provision for gratuity	174.21	167.45
Provision for doubtful debts	209.34	173.82
Others	142.75	92.60
	793.05	667.71

Note 10: Current investment (at cost or fair value, whichever is lower)

Non trade (quoted)

9% Dhanalakshmi Bank Bonds Series VI

Nil (March 31, 2013 - 10) bonds of ₹ 1,000,000 each, fully paid up — 9.98

Aggregate market value of quoted investment — 9.98

	March 31, 2014		March 31, 2013	
	Non-current	Current	Non-current	Current
Note 11: Loans and advances (unsecured, considered good)				
Loan to subsidiaries [Refer note 25]	766.88	30.00	734.29	30.00
Advances recoverable in cash or in kind or for value to be received:				
Deposits for premises and others	1,123.43	45.99	2,432.11	50.36
Prepaid expenses	1.49	130.31	7.99	106.49
Forward contract receivable, net	—	181.42	—	23.48
Other advances	458.42	274.90	425.51	301.29
Advance tax, net of provision for taxes ₹ 18,472.97 (March 31, 2013 ₹ 12,729.19)	3,417.06	—	3,007.51	157.01
	5,767.28	662.62	6,607.41	668.63

Note 12: Other assets

Non-current bank balances [Refer note 14]	—	—	1.06	—
Interest accrued on :				
Bank deposits	—	1,729.33	0.19	911.52
Loan to subsidiaries	181.20	—	157.11	—
Unbilled revenue	—	4,013.68	—	3,007.55
Recoverable expenses - billed	—	317.95	—	203.62
	181.20	6,060.96	157.30	4,122.69
	181.20	6,060.96	158.36	4,122.69

Note 13: Trade receivables (unsecured)

(a) Outstanding for a period exceeding six months from the date they are due for payment:

Considered good	—	3,099.91	—	1,883.33
Considered doubtful	160.84	428.39	164.78	325.29
	160.84	3,528.30	164.78	2,208.62
Provision for doubtful receivables	(160.84)	(428.39)	(164.78)	(325.29)
	—	3,099.91	—	1,883.33

(b) Other receivables:

Considered good	—	8,470.04	—	7,802.49
Considered doubtful	—	—	—	2.26
	—	8,470.04	—	7,804.75
Provision for doubtful receivables	—	—	—	(2.26)
	—	8,470.04	—	7,802.49
	—	11,569.95	—	9,685.82

	March 31, 2014		March 31, 2013	
	Non-current	Current	Non-current	Current
Note 14: Cash and bank balances				
(a) Cash and cash equivalents				
Cash on hand	—	—	—	0.38
Balances with banks:				
Current accounts	—	581.38	—	866.68
Deposit accounts with original maturity of less than 3 months	—	150.00	—	—
Unclaimed dividend accounts	—	—	—	1.54
	—	731.38	—	868.60
(b) Other bank balances				
Balances with banks:				
Deposit accounts with original maturity of more than 3 months but less than 12 months	—	61,129.64	—	49,309.83
Margin money deposit	—	5.31	1.06	5.01
	—	61,134.95	1.06	49,314.84
Amount disclosed under non-current assets	—	—	(1.06)	—
Amount disclosed under current assets	—	61,866.33	—	50,183.44

	Year ended March 31, 2014	Year ended March 31, 2013
Note 15: Revenue from operations		
Product licenses and related activities	24,426.47	22,397.34
IT solutions and consulting services	7,168.21	6,979.67
	31,594.68	29,377.01

Note 16: Other income, net

a) Interest income		
Interest on:		
Bank deposits	5,051.28	3,924.96
Bonds	0.30	0.37
Loan to subsidiaries	7.61	8.38
Income tax refund	80.41	65.15
	5,139.60	3,998.86
b) Other income, net		
Foreign exchange gain, net	1,011.42	376.11
Profit (loss) on sale of fixed assets, net	2.70	1.10
Miscellaneous income	55.44	27.13
	1,069.56	404.34
	6,209.16	4,403.20

Note 17: Employee Cost

Salaries and bonus [Refer note below]	14,625.67	13,407.95
Staff welfare expenses	685.16	534.22
Contribution to provident and other funds	451.49	477.38
	15,762.32	14,419.55

Note: Employee costs for the year ended March 31, 2014 are net of ₹ 136 million (March 31, 2013 - ₹ 63.40 million) pertaining to write back of bonus provision of earlier years no longer required. Employee costs for the year ended March 31, 2014 includes reversal of payroll taxes accrual related to prior year of ₹ 102.26 million.

(Amounts in ₹ million)

	Year ended March 31, 2014	Year ended March 31, 2013
--	------------------------------	------------------------------

Note 18: Other expenses

Application software	51.88	118.01
Communication expenses	68.28	67.38
Rent	382.43	304.84
Advertising expenses	2.63	2.05
Power	178.52	196.47
Insurance	29.20	34.25
Repairs and maintenance:		
Buildings and leasehold premises	43.10	30.27
Computer equipments	10.29	33.77
Others	70.48	51.60
Rates and taxes	32.31	116.42
Finance charge on leased assets	0.76	1.46
Provision for doubtful debts, net	88.63	(283.83)
Bad debts	26.54	326.90
Auditors' remuneration	9.22	8.79
Miscellaneous expenses	275.01	172.91
	1,269.28	1,181.29

Note 19: Reconciliation of basic and diluted shares used in computing earnings per share

(Number of equity shares)

	Year ended March 31, 2014	Year ended March 31, 2013
--	------------------------------	------------------------------

Weighted average shares outstanding for basic earnings per share	84,094,954	84,005,687
Add: Effect of dilutive stock options	354,697	385,300
Weighted average shares outstanding for diluted earnings per share	84,449,651	84,390,987

Note 20: Capital commitments

(Amounts in ₹ million)

Particulars	March 31, 2014	March 31, 2013
Contracts remaining to be executed on capital account not provided for (net of advances).	169.83	193.41

Note 21: Leases**Where Company is lessee****Finance lease**

The Company takes vehicles under finance lease of upto five years. None of the lease agreements have an escalation clause. Future minimum lease payments under finance lease as at March 31, 2014 and 2013 are as follows:

(Amounts in ₹ million)

	As at March 31, 2014		
	Principal	Interest	Total
Not later than one year	1.67	0.08	1.75
Later than one year but not later than five years	—	—	—
Total minimum payments	1.67	0.08	1.75
	As at March 31, 2013		
	Principal	Interest	Total
Not later than one year	5.00	0.52	5.52
Later than one year but not later than five years	1.73	0.08	1.81
Total minimum payments	6.73	0.60	7.33

Operating lease

The Company has taken certain office premises and residential premises for employees under operating lease, which expire at various dates through year 2025. Some of the lease agreements have a price escalation clause. Gross rental expenses for the year ended March 31, 2014 aggregated to ₹ 379.24 million (March 31, 2013 - ₹ 297.86 million). The minimum rental payments to be made in future in respect of these leases are as follows:

	(Amounts in ₹ million)	
	March 31, 2014	March 31, 2013
Not later than one year	261.23	301.82
Later than one year but not later than five years	622.68	840.42
Later than five years	661.87	743.22
	1,545.78	1,885.46

Note 22: Derivative instruments and unhedged foreign currency exposure

The Company enters into forward foreign exchange contracts where the counter party is a bank. The Company purchases forward foreign exchange contracts to mitigate the risks of change in foreign exchange rate on receivables denominated in certain foreign currencies. The Company considers the risk of non-performance by the counter party as non-material. As at March 31, 2014 the Company has following outstanding derivative instrument:

	(Amounts in US Dollar million)	
Particulars	March 31, 2014	March 31, 2013
Forward contracts – Sell in US Dollar	75.70	66.82

As of the balance sheet date, the Company's net foreign currency exposure that is not hedged is ₹ 12,246.78 million (March 31, 2013 - ₹ 15,285.24 million).

Note 23: Share based compensation / payments

a) Employee Stock Purchase Scheme ("ESPS")

The Company has adopted the ESPS administered through a Trust ("the Trust") to provide equity based incentives to key employees of the Company. As per the scheme, the Trust can purchase shares of the Company from market using the proceeds of loans obtained from the Company. Such shares are allocated by the Trust to nominated employees at an exercise price, which approximates the fair value on the date of the grant. The shares vest in the employees over a period of five years and the employees can purchase the shares from the Trust over a period of ten years based on continued employment, until which, the Trust holds the shares for the benefit of the employees. The employees are entitled to receive dividends, bonus, etc., that may be declared by the Company from time to time for the entire portion of shares held by the Trust on behalf of the employees.

On the acceptance of the offer, the selected employee undertakes to purchase the shares from the Trust within ten years from the date of acceptance of the offer. In case an employee resigns from employment, the rights relating to vested shares, which are eligible for exercise, may be purchased by the employee by payment of the exercise price whereas, the balance shares are forfeited in favor of the Trust. The Trustees have the right of recourse against the employees for any amounts that may remain unpaid on the shares accepted by them. As of the balance sheet date, the Trust has repaid the entire loan obtained from the Company on receipt of payments from employees against shares exercised.

The Securities and Exchange Board of India ("SEBI") has issued the Employee Stock Option Scheme and Stock Purchase Guidelines, 1999 ("SEBI guidelines"), which are applicable to stock purchase schemes for employees of all Indian listed companies. In accordance with these guidelines, the excess of market price of the underlying equity shares on the date of grant of the stock options over the exercise price of the options is to be recognized in the books of account and amortized over the vesting period. However, no compensation cost has been recorded as the scheme terms are fixed and the exercise price equals the market price of the underlying stock on the grant date.

A summary of the activity in the Company's ESPS is as follows:

	Year ended March 31, 2014	Year ended March 31, 2013
	Number of shares	Number of shares
Opening balance of unallocated shares	166,142	166,142
Shares forfeited during the year	—	—
Closing balance of unallocated shares	166,142	166,142
Opening balance of allocated shares	2,750	18,817
Shares exercised during the year	(2,750)	(16,067)
Shares forfeited during the year	—	—
Closing balance of allocated shares	—	2,750
Shares eligible for exercise	—	2,750
Shares not eligible for exercise	—	—
Total allocated shares	—	2,750

In addition to 166,142 unallocated shares of the Company as stated above, the unaudited balance sheet of the Trust as at March 31, 2014 mainly consists of bank balance of ₹ 249.29 million and surplus in income & expenditure account of ₹ 248.57 million. There are no other material assets, liabilities or contingent liabilities of the Trust as on that date as per the unaudited financial statements. According to the provisions of the Trust Deed, the Trust is constituted as an irrevocable trust and in no event shall the funds and assets (including the unallocated shares) of the Trust revert to the Company. The Company has obtained a legal opinion which states that the Company has no right to the assets and funds of the Trust. In view of this position, the Company has not consolidated the financial statements of the Trust in the standalone financial statements of the Company.

b) Employee Stock Option Plan ("ESOP")

Pursuant to ESOP scheme approved by the shareholders of the Company on August 14, 2001, the Board of Directors, on March 4, 2002 approved the Employees Stock Option Scheme ("Scheme 2002") for issue of 4,753,600 options to the employees and directors of the Company and its subsidiaries. According to the Scheme 2002, the Company has granted 4,548,920 options prior to the IPO and 619,000 options at various dates after IPO (including the grants of options out of options forfeited earlier).

On August 25, 2010, the Board of Directors approved the Employees Stock Option Plan 2010 Scheme ("Scheme 2010") for issue of 618,000 options to the employees and directors of the Company and its subsidiaries. According to the Scheme 2010, the Company has granted 638,000 options (including the grants of options out of options forfeited earlier).

Pursuant to ESOP scheme approved by the shareholders of the Company in their meeting held on August 18, 2011, the Board of Directors approved the Employees Stock Option Plan 2011 Scheme ("Scheme 2011") for issue of 5,100,000 options to the employees and directors of the Company and its subsidiaries. According to the Scheme 2011, the Company has granted 1,935,500 options till March 31, 2014.

As per the above schemes, each of 20% of the total options granted will vest to the eligible employees and directors on completion of 12, 24, 36, 48 and 60 months from the date of grant and is subject to continued employment of the employee or directorship of the director with the Company or its subsidiaries. Options have exercise period of 10 years from the date of grant. The employee pays the exercise price upon exercise of option.

A summary of the activity in the Company's ESOP (Scheme 2002) is as follows:

	Year ended March 31, 2014		Year ended March 31, 2013	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	113,280	1,843	145,212	1,721
Granted	—	—	—	—
Exercised	(21,980)	1,291	(31,932)	1,290
Forfeited	—	—	—	—
Outstanding at end of the year	91,300	1,976	113,280	1,843
Vested options	67,300		77,280	
Unvested options	24,000		36,000	

A summary of the activity in the Company's ESOP (Scheme 2010) is as follows:

	Year ended March 31, 2014		Year ended March 31, 2013	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	355,863	2,066	428,344	2,064
Granted	—	—	—	—
Exercised	(28,066)	2,050	(35,574)	2,050
Forfeited	(16,747)	2,050	(36,907)	2,050
Outstanding at end of the year	311,050	2,069	355,863	2,066
Vested options	164,036		121,853	
Unvested options	147,014		234,010	

A summary of the activity in the Company's ESOP (Scheme 2011) is as follows:

	Year ended March 31, 2014		Year ended March 31, 2013	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	1,171,335	2,591	617,500	1,937
Granted	650,000	3,077	645,000	3,131
Exercised	(28,610)	1,958	(24,215)	1,964
Forfeited	(89,600)	2,664	(66,950)	1,984
Outstanding at end of the year	1,703,125	2,783	1,171,335	2,591
Vested options	279,875		88,935	
Unvested options	1,423,250		1,082,400	

The weighted average share price for the year over which stock options were exercised was ₹ 2,857 (March 31, 2013 - ₹ 2,859).

The details of options unvested and options vested and exercisable as on March 31, 2014 are as follows:

	Exercise prices (₹)	Number of Options	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Options unvested	1,930	281,550	1,930	7.7
	2,032	24,000	2,032	7.7
	2,050	135,014	2,050	6.4
	2,333	24,000	2,333	6.6
	2,342	12,000	2,342	7.3
	3,077	633,500	3,077	9.5
	3,127	484,200	3,127	8.9
Options vested and exercisable	1,291	31,300	1,291	2.1
	1,930	158,825	1,930	7.7
	2,050	156,036	2,050	6.4
	2,333	36,000	2,333	6.6
	2,342	8,000	2,342	7.3
	3,127	121,050	3,127	8.9
		2,105,475	2,643	8.3

The details of options unvested and options vested and exercisable as on March 31, 2013 were as follows:

	Exercise prices (₹)	Number of Options	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Options unvested	1,930	408,400	1,930	8.7
	2,032	32,000	2,032	8.7
	2,050	218,010	2,050	7.4
	2,333	36,000	2,333	7.6
	2,342	16,000	2,342	8.3
	3,127	627,000	3,127	9.9
	3,320	15,000	3,320	9.8
Options vested and exercisable	1,291	53,280	1,291	3.1
	1,930	88,935	1,930	8.7
	2,050	117,853	2,050	7.4
	2,333	24,000	2,333	7.6
	2,342	4,000	2,342	8.3
		1,640,478	2,426	8.7

Stock Options granted during the financial year ended March 31, 2014:

The weighted average fair value of stock options granted during the year was ₹ 1,712 (March 31, 2013 - ₹ 1,765).

The Black Scholes valuation model has been used for computing the above weighted average fair value considering the following inputs:

	Scheme 2011
Weighted average share price (in ₹)	3,077
Exercise Price (in ₹)	3,077
Expected Volatility	39%
Weighted average life of options granted (in years)	6.5
Expected dividend rate	Nil
Average risk-free interest rate	8.75%

The expected volatility was determined based on historical volatility data; historical volatility includes early years of the Company's life; the Company expects the volatility of its share price to reduce as it matures.

The Company measures the cost of ESOP using intrinsic value method. Had compensation cost been determined in a manner consistent with the fair value approach, the Company's net profit and earnings per share as reported would have changed to the amounts indicated below:

	(Amounts in ₹ million except per share data)	
	March 31, 2014	March 31, 2013
Profit as reported	11,483.62	10,292.60
Add: Employee stock compensation under intrinsic value method	—	—
Less: Employee stock compensation under fair value method	(779.11)	(385.97)
Proforma profit	10,704.51	9,906.63
Earnings Per Share		
Basic		
- As reported	136.56	122.52
- Proforma	127.29	117.93
Diluted		
- As reported	135.98	121.96
- Proforma	126.86	117.59

Note 24: Employee benefits obligation

Defined contribution plans

During the year ended March 31, 2014 and 2013, the OFSS group contributed following amounts to defined contributions plans:

Particulars	(Amounts in ₹ million)	
	Year ended March 31, 2014	Year ended March 31, 2013
Provident fund	248.37	240.30
Superannuation fund	113.25	108.17
	361.62	348.47

Defined benefit plan – gratuity

The amounts recognized in the statement of profit and loss for the year ended March 31, 2014 and 2013 are as follows:

Particulars	(Amounts in ₹ million)	
	Year ended March 31, 2014	Year ended March 31, 2013
Current service cost	69.22	57.20
Interest cost	36.71	31.46
Past service cost – vested benefits	14.43	–
Past service cost – non vested benefits	1.52	–
Expected return on plan assets	(0.28)	(0.11)
Recognized net actuarial (gain) loss	(40.19)	39.92
Total included in employee benefit expense	81.41	128.47
Actual return on plan assets	0.37	0.55

The amounts recognized in the balance sheet are as follows:

Particulars	(Amounts in ₹ million)	
	Year ended March 31, 2014	Year ended March 31, 2013
Present value of funded obligations	499.93	496.42
Present value of unfunded obligations	17.47	–
Fair value of plan assets	(4.88)	(3.78)
Net liability	512.52	492.64

Changes in present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	(Amounts in ₹ million)	
	Year ended March 31, 2014	Year ended March 31, 2013
Defined benefit obligation at beginning of the year	496.42	408.90
Current service cost	69.22	57.20
Interest cost	36.71	31.46
Past service cost – vested benefits	14.43	–
Past service cost – non vested benefits	1.52	–
Benefits paid	(60.79)	(41.50)
Actuarial (gain) loss	(40.11)	40.36
Defined benefit obligation at end of the year	517.40	496.42

Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Fair value of plan assets at beginning of the year	3.78	1.45
Expected return on plan assets	0.28	0.11
Actuarial gain (loss)	0.08	0.44
Contributions by employer	61.53	43.28
Benefits paid	(60.79)	(41.50)
Fair value of plan assets at end of the year	4.88	3.78

Plan assets are administered by LIC and 100% of the plan assets are invested in lower risk assets, primarily in debt securities.

The assumptions used in accounting for the gratuity plan are set out as below:

	March 31, 2014	March 31, 2013
Discount rate	4.25% - 8.90%	8.00%
Expected returns on plan assets	7.50%	7.50%
Salary escalation rate	3.00% - 8.00%	8.00%

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

The Company evaluates these assumptions annually based on its long-term plans of growth and industry standards. The discount rates are based on current market yields on government bonds consistent with the currency and estimated term of the post employment benefits obligations. Plan assets are administered by the LIC and invested in lower risk assets, primarily debt securities. The expected rate of return on plan assets is based on the expected average long term rate of return on investments of the fund during the terms of the obligation.

The Company's contribution to the fund for the year ending March 31, 2015 is expected to be ₹ 63.31 million.

Present value of the defined benefit obligation, fair value of the plan assets, deficit and experience adjustments in the plan assets and liabilities for the current year and previous four years are as follows:

(Amounts in ₹ million)					
Particulars	Year March 31, 2014	Year March 31, 2013	Year March 31, 2012	Year March 31, 2011	Year March 31, 2010
Present value of funded obligations	(499.93)	(496.42)	(408.90)	(370.11)	(257.77)
Present value of unfunded obligations	(17.47)	—	—	—	—
Fair value of plan assets	4.88	3.78	1.45	15.12	2.36
Deficit	(512.52)	(492.64)	(407.45)	(354.99)	(255.41)
Experience adjustments					
On plan liabilities	(46.97)	27.17	32.26	43.12	(13.35)
On plan assets	0.08	0.44	0.28	0.45	(2.18)

Note 25: Names of Related Parties and description of relationship:

Relationship	Names of related parties
(i) Related parties where control exists	
Ultimate Holding Company	Oracle Corporation
Holding Company	Oracle Global (Mauritius) Limited
Direct Subsidiaries	<p>Oracle Financial Services Software B.V.</p> <p>Oracle Financial Services Software Pte. Ltd.</p> <p>Oracle Financial Services Software Chile Limitada</p> <p>Oracle Financial Services Software (Shanghai) Limited</p> <p>Oracle Financial Services Software America, Inc.</p> <p>ISP Internet Mauritius Company</p> <p>Oracle (OFSS) Processing Services Limited</p> <p>Oracle (OFSS) ASP Private Limited</p>
Subsidiaries of Subsidiaries	<p>Subsidiary of Oracle Financial Services Software B.V.</p> <ul style="list-style-type: none"> - Oracle Financial Services Software SA <p>Subsidiary of Oracle Financial Services Software Pte. Ltd.</p> <ul style="list-style-type: none"> - Oracle Financial Services Consulting Pte. Ltd. <p>Subsidiaries of Oracle Financial Services Software America, Inc.</p> <ul style="list-style-type: none"> - Oracle Financial Services Software, Inc. - Mantas Inc. <p>Subsidiaries of Mantas Inc.</p> <ul style="list-style-type: none"> - Mantas Limited (dissolved on April 10, 2012) - Sotas Inc. <p>Subsidiary of Sotas Inc.</p> <ul style="list-style-type: none"> - Mantas India Private Limited <p>Subsidiaries of ISP Internet Mauritius Company</p> <ul style="list-style-type: none"> - Oracle (OFSS) BPO Services Inc. - Oracle (OFSS) BPO Services Limited
Associate	Login S. A.
(ii) Related parties with whom transactions have taken place during the year	
Fellow Subsidiaries	<p>Oracle America, Inc.</p> <p>Oracle Hungary Kft.</p> <p>Oracle Egypt Ltd.</p> <p>Oracle Polska, Sp.z.o.o.</p> <p>Oracle EMEA Limited</p> <p>Oracle Romania SRL</p> <p>Oracle Vietnam Pte. Ltd</p> <p>Oracle Canada ULC</p> <p>Oracle Norge AS</p> <p>Oracle Nederland B.V.</p> <p>Oracle Caribbean, Inc.</p> <p>Oracle Corporation Malaysia Sdn. Bhd.</p>

Relationship	Names of related parties
	Oracle Systems Limited - Saudi Arabia
	Oracle India Private Limited
	Oracle Software Systems Israel Limited
	Oracle Corporation Australia Pty. Limited
	Oracle Corporation Singapore Pte. Ltd.
	Oracle (Philippines) Corporation
	Oracle Corporation (Thailand) Company Limited
	Oracle do Brasil Sistemas Limitada
	Oracle Systems Limited - Cyprus
	Oracle Systems Limited - Dubai
	Oracle Software (Schweiz) GmbH
	Oracle Systems Pakistan (Private) Limited
	Oracle East Central Europe Services BV
	Oracle Corporation (South Africa)(Pty) Limited
	Oracle Portugal - Sistemas de Informação Lda.
	Oracle Solution Services (India) Private Ltd.
	Oracle Research & Development Center, Shenzhen, Ltd.
	Oracle Research & Development Center, Beijing, Ltd.
Key Managerial Personnel ('KMP')	Chaitanya Kamat - Managing Director and Chief Executive Officer

Transactions and balances outstanding with these parties are described below:

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2014	Year ended March 31, 2013	As at March 31, 2014	As at March 31, 2013
Revenue				
<i>Fellow subsidiaries</i>				
Oracle America, Inc	443.58	474.30	234.01	175.99
Oracle Corporation (South Africa)(Pty) Limited	776.46	649.37	155.81	303.10
Oracle Corporation Australia Pty. Limited	5.56	7.66	0.16	1.50
Oracle India Private Limited	15.87	17.96	16.51	—
Oracle Egypt Ltd.	69.74	—	14.72	11.40
Oracle Corporation (Thailand) Company Limited	—	—	—	0.02
Oracle Hungary Kft.	0.70	1.72	0.36	1.19
Oracle Systems Limited - Saudi Arabia	126.98	27.09	88.46	23.64
Oracle Portugal - Sistemas de Informação Lda.	0.69	22.63	8.45	46.65
Oracle do Brasil Sistemas Limitada	22.99	—	22.99	—
Oracle Software (Schweiz) GmbH	—	—	—	0.36
Oracle Systems Pakistan (Private) Limited	29.16	0.91	—	—
Oracle East Central Europe Services BV	0.05	115.55	—	16.70
<i>Subsidiaries</i>				
Oracle Financial Services Software B.V.	7,339.16	6,275.21	279.42	1,441.84
Oracle Financial Services Software, Inc.	9,678.02	7,353.46	4,470.96	2,838.99
Oracle Financial Services Software Pte. Ltd.	7,234.73	8,219.90	2,957.70	2,601.27
Oracle Financial Services Consulting Pte. Ltd.	—	—	—	2.12
Oracle Financial Services Software (Shanghai) Limited	593.07	641.99	2,058.48	1,627.06
Oracle Financial Services Software Chile Limitada	132.44	36.09	272.51	3.00
Oracle (OFSS) BPO Services Inc.	—	—	28.97	24.04
Oracle Financial Services Software SA	365.01	523.29	158.56	173.16
Oracle (OFSS) ASP Private Limited	—	—	—	0.41

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2014	Year ended March 31, 2013	As at March 31, 2014	As at March 31, 2013
Unbilled revenue				
<i>Fellow Subsidiaries</i>				
Oracle America, Inc	—	—	112.53	72.36
Oracle Corporation (South Africa)(Pty) Limited	—	—	149.52	38.21
Oracle do Brasil Sistemas Limitada	—	—	0.27	—
Oracle India Private Limited	—	—	3.56	17.71
Oracle Portugal - Sistemas de Informação Lda.	—	—	—	0.67
Oracle Systems Limited - Saudi Arabia	—	—	18.67	—
Oracle Egypt Ltd.	—	—	60.82	—
Oracle East Central Europe Services BV	—	—	—	2.69
Oracle Systems Pakistan (Private) Limited	—	—	30.44	0.91
<i>Subsidiaries</i>				
Oracle Financial Services Software B.V.	—	—	878.76	325.88
Oracle Financial Services Software, Inc.	—	—	662.44	693.10
Oracle Financial Services Software Pte. Ltd.	—	—	1,230.85	1,336.76
Oracle Financial Services Software (Shanghai) Limited	—	—	161.49	40.43
Oracle Financial Services Software Chile Limitada	—	—	3.90	137.11
Oracle Financial Services Software SA	—	—	37.45	58.25
Deferred revenue				
<i>Fellow Subsidiaries</i>				
Oracle America, Inc	—	—	—	(0.85)
Oracle Corporation (South Africa)(Pty) Limited	—	—	(10.15)	(39.32)
Oracle Corporation Australia Pty. Limited	—	—	(9.23)	(14.78)
Oracle do Brasil Sistemas Limitada	—	—	(0.68)	—
Oracle India Private Limited	—	—	(24.62)	—
Oracle Systems Limited - Saudi Arabia	—	—	(3.77)	—
Oracle Systems Pakistan (Private) Limited	—	—	(0.49)	—
Oracle Hungary Kft.	—	—	—	(0.45)
<i>Subsidiaries</i>				
Oracle Financial Services Software B.V.	—	—	(193.98)	(1,224.28)
Oracle Financial Services Software, Inc.	—	—	(137.71)	(392.00)
Oracle Financial Services Software Pte. Ltd.	—	—	(158.07)	(705.40)
Oracle Financial Services Software SA	—	—	(5.37)	(114.07)
Oracle Financial Services Software Chile Limitada	—	—	(3.54)	—
Oracle Financial Services Software (Shanghai) Limited	—	—	(14.62)	(145.28)
Bad debts				
<i>Fellow Subsidiaries</i>				
Oracle Portugal - Sistemas de Informação Lda.	0.63	—	—	—
<i>Subsidiaries</i>				
Oracle Financial Services Software B.V.	—	107.10	—	—
Oracle Financial Services Software, Inc.	0.68	74.40	—	—
Oracle Financial Services Software Pte. Ltd.	1.91	66.46	—	—
Oracle Financial Services Software SA	—	1.79	—	—

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2014	Year ended March 31, 2013	As at March 31, 2014	As at March 31, 2013
Provision for doubtful debts				
<i>Fellow Subsidiaries</i>				
Oracle America, Inc	(0.51)	1.32	(0.81)	(1.32)
Oracle Egypt Ltd.	0.85	5.38	(6.23)	(5.38)
Oracle Portugal - Sistemas de Informação Lda.	1.27	1.33	(1.97)	(1.33)
Oracle Corporation (South Africa)(Pty) Limited	8.48	0.77	(9.25)	(0.77)
Oracle Corporation Australia Pty. Limited	(0.15)	0.27	(0.12)	(0.27)
Oracle Hungary Kft.	(0.04)	0.18	(0.14)	(0.18)
Oracle Systems Limited - Saudi Arabia	3.85	0.05	(3.90)	(0.05)
Oracle Corporation (Thailand) Company Limited	(0.01)	0.01	—	(0.01)
Oracle India Private Limited	0.30	—	(0.30)	—
<i>Subsidiaries</i>				
Oracle Financial Services Software B.V.	(23.92)	(59.99)	(23.63)	(47.55)
Oracle Financial Services Software, Inc.	35.71	(46.71)	(186.44)	(151.41)
Oracle Financial Services Software Pte. Ltd.	16.50	(45.61)	(52.99)	(38.40)
Oracle Financial Services Software SA	3.26	2.31	(5.57)	(2.31)
Oracle Financial Services Software (Shanghai) Limited	27.38	53.56	(84.97)	(57.59)
Professional fee expenses				
<i>Fellow Subsidiary</i>				
Oracle America, Inc	—	20.21	—	(20.21)
Oracle India Private Limited	408.86	200.66	(122.61)	(181.11)
Oracle Research & Development Center, Shenzhen, Ltd.	114.57	114.61	(72.64)	(23.42)
Oracle Research and Development Centre, Beijing, Ltd.	2.45	—	(2.37)	—
Oracle EMEA Limited	16.95	—	(9.06)	—
Oracle Norge AS	—	—	(28.35)	(23.55)
<i>Subsidiaries</i>				
Oracle Financial Services Software, Inc.	24.40	27.70	(213.50)	(189.10)
Oracle (OFSS) ASP Private Limited	—	5.87	—	(6.14)
Oracle Financial Services Software Pte. Ltd.	1.86	—	(20.48)	(18.62)
Oracle Financial Services Software B.V.	1.03	—	(6.46)	(5.43)
Mantas Inc.	0.92	—	(9.60)	(8.68)
Oracle (OFSS) Processing Services Limited	129.34	92.54	(76.03)	(20.58)
Oracle Financial Services Software Chile Limitada	10.92	43.36	(52.66)	(41.74)
Oracle (OFSS) BPO Services Limited	29.56	—	(29.56)	—
Application software expenses				
<i>Fellow Subsidiaries</i>				
Oracle India Private Limited	27.70	58.35	(6.30)	(11.33)
Oracle Caribbean, Inc.	—	1.19	—	(1.73)
Oracle Corporation Singapore Pte. Ltd.	0.28	2.77	—	—
Oracle Software Systems Israel Limited	—	0.42	(1.49)	(0.42)
<i>Subsidiaries</i>				
Oracle Financial Services Software, Inc.	—	7.76	—	—

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2014	Year ended March 31, 2013	As at March 31, 2014	As at March 31, 2013
Reimbursement of expenses				
<i>Subsidiaries</i>				
Oracle Financial Services Software B.V.	1,064.95	1,073.83	(946.89)	(217.06)
Oracle Financial Services Software, Inc.	3,377.78	2,706.70	(3,893.05)	(1,680.15)
Oracle Financial Services Software Pte. Ltd.	2,541.68	2,594.49	(2,285.74)	(601.69)
Oracle Financial Services Software (Shanghai) Limited	225.66	224.84	(448.00)	(202.39)
Oracle (OFSS) Processing Services Limited	(9.17)	—	9.17	—
Oracle (OFSS) BPO Services Limited	3.94	—	(3.94)	—
Key managerial personnel				
Remuneration [Refer note 1 below]	50.25	27.94	—	—
Rent expenses				
<i>Fellow Subsidiaries</i>				
Oracle Nederland B.V.	8.61	8.08	(2.97)	—
Oracle Systems Limited - Dubai	22.87	12.02	—	—
Oracle India Private Limited	0.62	0.47	—	—
Rent income				
<i>Fellow Subsidiary</i>				
Oracle India Private Limited	34.57	13.91	—	—
Other expenses				
<i>Fellow Subsidiaries</i>				
Oracle India Private Limited	1.15	2.49	(1.07)	—
Oracle Corporation Singapore Pte. Ltd.	0.59	3.93	(0.13)	—
Oracle Norge AS	22.68	—	(21.83)	—
Oracle Corporation (South Africa)(Pty) Limited	53.29	12.40	(53.29)	—
Oracle Portugal - Sistemas de Informação Lda.	16.68	—	(16.68)	—
Oracle Polska, Sp.z.o.o.	7.18	—	(7.18)	—
Oracle Romania SRL	5.95	—	(5.95)	—
Oracle Vietnam Pte. Ltd	3.88	—	(3.88)	—
Oracle Canada ULC	2.69	—	(2.69)	—
Oracle Corporation Malaysia Sdn. Bhd.	1.72	—	(1.72)	—
Oracle Corporation (Thailand) Company Limited	1.32	—	(1.32)	—
Oracle (Philippines) Corporation	0.84	—	(0.84)	—
Procurement of fixed assets				
<i>Fellow Subsidiaries</i>				
Oracle Corporation Singapore Pte. Ltd.	0.37	64.23	—	—
Sale of fixed assets				
<i>Fellow Subsidiaries</i>				
Oracle India Private Limited	3.37	—	—	—

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2014	Year ended March 31, 2013	As at March 31, 2014	As at March 31, 2013
Loan outstanding				
<i>Subsidiaries</i>				
Oracle Financial Services Software America, Inc. [Refer note 2 below]	57.16	31.52	599.90	542.74
ISP Internet Mauritius Company [Refer note 2 below]	5.43	2.99	56.98	51.55
Oracle (OFSS) BPO Services Limited [Refer note 3 below]	(30.00)	(30.00)	140.00	170.00
Interest on loan given				
<i>Subsidiaries</i>				
Oracle Financial Services Software America, Inc.	5.57	6.54	162.51	142.02
ISP Internet Mauritius Company	2.04	1.84	18.69	15.09
Provision for diminution in investment				
<i>Subsidiaries</i>				
ISP Internet Mauritius Company	—	—	(120.00)	(120.00)
Oracle (OFSS) ASP Private Limited	—	—	(46.10)	(46.10)

Notes:

1. Remuneration includes salary, bonus and perquisites. The bonus is included on payment basis. As the liabilities for gratuity and compensated absence are provided on an actuarial basis for the Company as a whole, the amounts pertaining to individual KMP are not included above. During the year 100,000 options under the Scheme 2011 (March 31, 2013 - 100,000 options under the Scheme 2011) were granted to KMP.
2. Loan given to subsidiaries represents loan to Oracle Financial Services Software America, Inc. amounting to ₹ 599.90 million (interest LIBOR + 50 basis points) as at March 31, 2014 (March 31, 2013 - ₹ 542.74 million) and ISP Internet Mauritius Company amounting to ₹ 56.98 million (interest LIBOR + 50 basis points) as at March 31, 2014 (March 31, 2013 - ₹ 51.55 million). No additional loans have been given during the year. The amount shown above is towards the revaluation impact of the outstanding loans.
3. During the year ended March 31, 2011, the Company had signed a settlement agreement with Oracle (OFSS) BPO Services Limited whereby the outstanding amount is being repaid in 10 equal annual installments. No additional loan has been given during the year. The amount shown above is towards repayment of the existing loan.

Note 26: Tax expenses

Current tax charge for the year ended March 31, 2013 includes prior year net reversal of ₹ 295.37 million.

Note 27: Segment information

Business segments are defined as a distinguishable component of an enterprise that is engaged in providing a group of related products or services and that is subject to differing risks and returns and about which separate financial information is available. This information is reviewed and evaluated regularly by the management in deciding how to allocate resources and in assessing the performance.

The Company is organized by business segment and geographically. For management purposes the Company is primarily organized on a worldwide basis into two business segments:

- a) Product licenses and related activities ("Products") and
- b) IT solutions and consulting services ("Services").

The business segments are the basis on which the Company reports its primary operational information to management. Product licenses and related activities segment deals with various banking software products. The related activities include enhancements, implementation and maintenance activities.

IT solutions and consulting services segment offers services spanning the entire lifecycle of applications used by financial service institutions. The division's portfolio includes Consulting, Application, Support and Technology Services that help institutions improve efficiency, optimize costs, meet risk and compliance mandates and implement IT solutions finely attuned to their business needs.

(Amounts in ₹ million)

Particulars	Products	Services	Year ended March 31, 2014 Total
Revenue	24,426.47	7,168.21	31,594.68
Segment result	10,367.27	1,450.22	11,817.49
Unallocable expenses			(718.60)
Other income, net			6,209.16
Profit before tax			17,308.05
Tax expenses			(5,824.43)
Net profit			11,483.62

Particulars	Products	Services	Year ended March 31, 2013 Total
Revenue	22,397.34	6,979.67	29,377.01
Segment result	10,070.26	1,304.34	11,374.60
Unallocable expenses			(730.20)
Other income, net			4,403.20
Profit before tax			15,047.60
Tax expenses [Refer note 26]			(4,755.00)
Net profit			10,292.60

Other information

Particulars	Products	Services	Unallocable	Year ended March 31, 2014 Total
Capital expenditure by segment				
Tangible assets	199.93	75.42	11.29	286.64
Depreciation and amortization	420.41	187.29	35.76	643.46
Other non cash expenses	72.55	42.62	—	115.17
Segment assets	14,747.67	5,478.10	77,463.69	97,689.46
Segment liabilities	9,844.60	2,769.17	523.08	13,136.85
Share application money pending allotment	—	—	3.59	3.59
Shareholders' funds	—	—	84,549.02	84,549.02

Particulars	Products	Services	Unallocable	Year ended March 31, 2013 Total
Capital expenditure by segment				
Tangible assets	659.31	98.12	19.71	777.14
Depreciation and amortization	321.49	203.56	61.03	586.08
Other non cash expenses	44.11	(1.04)	—	43.07
Segment assets	13,771.30	4,734.07	64,753.52	83,258.89
Segment liabilities	7,672.19	1,910.13	753.10	10,335.42
Share application money pending allotment	—	—	—	—
Shareholders' funds	—	—	72,923.47	72,923.47

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 expenses which are not directly attributable to a business segment are classified as unallocable expenses.

Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consist principally of debtors, net of allowances, unbilled revenue, deposits for premises and fixed assets. Segment liabilities primarily includes deferred revenues, advance from customer, accrued employee cost and other current 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.

Geographical segments

The following table shows the distribution of the Company's sales by geographical market :

Regions	Year ended March 31, 2014		Year ended March 31, 2013	
	Amounts in ₹ million	%	Amounts in ₹ million	%
United States of America	10,037.32	32%	8,127.54	27%
Europe	6,421.29	20%	5,905.09	20%
Asia Pacific	7,975.47	25%	9,014.43	31%
Middle East, India and Africa	6,630.40	21%	5,709.61	19%
Latin America and Caribbean	530.20	2%	620.34	2%
	31,594.68	100%	29,377.01	100%

The following table shows the Company's assets by geographical market :

Regions	Year ended March 31, 2014		Year ended March 31, 2013	
	Amounts in ₹ million	%	Amounts in ₹ million	%
United States of America	12,450.08	13%	10,685.96	13%
Europe	2,723.23	3%	3,398.92	4%
Asia Pacific	6,906.78	7%	6,212.31	7%
Middle East, India and Africa	75,203.85	76%	62,740.83	74%
Latin America and Caribbean	405.52	1%	220.87	1%
	97,689.46	100%	83,258.89	100%

Total cost incurred during the year to acquire fixed assets within India is disclosed in Note 7.

Note 28: Payment to Auditors' (including service tax)

	(Amounts in ₹ million)	
	Year ended March 31, 2014	Year ended March 31, 2013
Statutory audits	2.95	2.50
Limited review	4.80	4.13
Tax audit	0.96	0.84
Certifications	0.87	1.80
Out-of-pocket expenses	0.78	0.61
	10.36	9.88

Note 29: Earnings in foreign currency (on accrual basis)

Product licenses and related activities	23,135.46	21,187.25
IT solutions and consulting services	7,089.52	6,899.24
Interest income	7.61	8.38
	30,232.59	28,094.87

Note 30: Expenditure in foreign currency (on accrual basis)

(Amounts in ₹ million)

	Year ended March 31, 2014	Year ended March 31, 2013
Employee costs	7,287.93	6,552.77
Travel related expenses (net of recoveries)	78.52	790.83
Professional fees	900.52	848.45
Application software	1.05	40.09
Foreign taxes	92.60	95.63
Miscellaneous expenses	180.55	111.33
	8,541.17	8,439.10

Note 31: Value of imports on CIF basis - capital goods

	Year ended March 31, 2014	Year ended March 31, 2013
Value of imports on CIF basis - capital goods	0.37	94.61

Note 32: Investments in wholly owned subsidiaries

As at March 31, 2014, the Company has total investment of ₹ 192.12 million in ISP Internet Mauritius Company ('ISP') which is the holding company of Oracle (OFSS) BPO Services Inc., US and Oracle (OFSS) BPO Services Limited, India, entities operating in business of Business Process Outsourcing (BPO). Further, the Company has an outstanding loan of ₹ 56.98 million from ISP and ₹ 140.00 million from Oracle (OFSS) BPO Services Limited as at March 31, 2014. On a consolidated basis, ISP and its subsidiaries ('ISP Group') have accumulated losses amounting to ₹ 152.65 million as at March 31, 2014. However ISP Group has posted a profit of ₹ 33.20 million for the year ended March 31, 2014. Based on the assessment of the estimated future cash flows from the operations of the Group and the results of the current year, the management of the Company believes that ₹ 120.00 million recorded as diminution in value of investment in earlier year is appropriate and no further diminution in value is considered necessary as at March 31, 2014.

Note 33:

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

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W

per Amit Majmudar
Partner
Membership No. 36656

Mumbai, India
May 16, 2014

For and on behalf of the Board of Directors of
Oracle Financial Services Software Limited

S Venkatachalam
Chairman

Y M Kale
Director

Mumbai, India
May 16, 2014

Chaitanya Kamat
Managing Director
& Chief Executive Officer

Hoshi D Bhagwagar
Company Secretary
& Compliance Officer

Statement of cash flow

for the year ended March 31, 2014

	(Amounts in ₹ million)	
	Year ended March 31, 2014	Year ended March 31, 2013
Cash flows from operating activities		
Profit before tax	17,308.05	15,047.60
Adjustments to reconcile profit before tax to cash (used in) provided by operating activities :		
Depreciation and amortization	643.46	586.08
(Profit) loss on sale of fixed assets, net	(2.70)	(1.10)
Interest income	(5,139.59)	(3,998.86)
Effect of exchange rate changes in cash and cash equivalent	103.49	90.05
Unrealized exchange (gain) loss, net	220.45	201.18
Finance charge on leased assets	0.76	1.46
Deferred rent	20.45	32.29
Provision for doubtful debts, net	88.63	(283.83)
Bad debts	26.54	326.90
Operating Profit before Working Capital changes	13,269.54	12,001.77
Movements in working capital		
(Increase) decrease in trade receivables	(2,193.74)	1,441.80
(Increase) decrease in other current assets	(1,120.45)	322.25
(Increase) decrease in short-term loans and advances	(311.90)	256.36
(Increase) in long-term loans and advances	(26.42)	(96.62)
Increase (decrease) in trade payables	293.88	(42.59)
Increase in other current liabilities	2,536.48	1,497.89
(Decrease) increase in other long-term liabilities	(8.74)	49.89
Increase in other short-term provisions	119.32	107.22
Increase in other long-term provisions	27.80	89.00
Cash from operating activities	12,585.77	15,626.97
Payment of domestic and foreign taxes	(6,308.05)	(4,165.74)
Net cash provided by operating activities	6,277.72	11,461.23
Cash flows from investing activities		
Additions to fixed assets including capital work-in-progress and advances	(288.00)	(412.52)
Repayment of current loan by subsidiary company	30.00	30.00
Refund of deposits for premises and others	1,313.06	313.62
Proceeds from sale of fixed assets	3.99	7.01
Proceeds received on maturity of Dhanalakshmi Bonds	10.22	—
Bank fixed deposits having maturity of more than three months matured	109,424.29	73,101.01
Bank fixed deposits having maturity of more than three months booked	(121,244.09)	(88,904.08)
Interest received	4,298.18	3,611.66
Net cash (used) in investing activities	(6,452.35)	(12,253.30)

Statement of cash flow

for the year ended March 31, 2014 (continued)

	(Amounts in ₹ million)	
	Year ended March 31, 2014	Year ended March 31, 2013
Cash flows from financing activities		
Issue of shares under employee stock option scheme	145.53	160.44
Payment of lease obligations	(4.63)	(8.47)
Net cash provided by financing activities	140.90	151.97
Net decrease in cash and cash equivalents	(33.73)	(640.10)
Cash and cash equivalents at beginning of the year	868.60	1,598.75
Effect of exchange rate changes	(103.49)	(90.05)
Cash and cash equivalents at end of the year	731.38	868.60
Component of cash and cash equivalents		
Cash on hand	—	0.38
Balances with banks:		
Current accounts	581.38	866.68
Deposit accounts with original maturity of less than 3 months	150.00	—
Unclaimed dividend accounts	—	1.54
Total cash and cash equivalents [Refer note 14(a)]	731.38	868.60

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W

per Amit Majmudar
Partner
Membership No. 36656

Mumbai, India
May 16, 2014

For and on behalf of the Board of Directors of
Oracle Financial Services Software Limited

S Venkatachalam
Chairman

Y M Kale
Director

Mumbai, India
May 16, 2014

Chaitanya Kamat
Managing Director
& Chief Executive Officer

Hoshi D Bhagwagar
Company Secretary
& Compliance Officer

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

(Amounts in ₹ million, except share data)					
The Financial Year of the Subsidiary Company ended on	Oracle Financial Services Software B.V.	Oracle Financial Services Software SA	Oracle Financial Services Software Pte. Ltd.	Oracle Financial Services Consulting Pte. Ltd.	Oracle Financial Services Software America, Inc.
	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014
Holding Company					
Holding Company's interest	Oracle Financial Services Software Limited	Oracle Financial Services Software B.V.	Oracle Financial Services Software Limited	Oracle Financial Services Software Pte. Ltd.	Oracle Financial Services Software Limited
	100%	100%	100%	100%	100%
Shares held by the Holding Company in the Subsidiary	140,000 equity shares of EUR 100 each, fully paid-up	60,000 shares of EUR 1 each, fully paid-up	250,000 shares of SGD 1 each, fully paid-up	16,185,170 shares of SGD 1 each, fully paid-up	1 Equity share of USD 0.01 each, fully paid-up
Net aggregate of profits / (losses) of the subsidiary so far as it concerns the Members of the Holding Company and is not dealt with in the accounts of the Holding Company					
a. for the financial year ended on March 31, 2014	347.86	61.82	406.76	(19.42)	(87.68)
b. for the previous financial years of the subsidiary since it became a subsidiary	841.75	396.36	788.79	(216.49)	(791.31)
Net aggregate of profits / (losses) of the subsidiary so far as it concerns the Members of the Holding Company and is dealt with or provided for in the accounts of the Holding Company					
a. for the financial year ended on March 31, 2014	—	—	—	—	—
b. for the previous financial years of the subsidiary since it became a subsidiary	—	—	—	—	—

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies (continued)

(Amounts in ₹ million, except share data)					
The Financial Year of the Subsidiary Company ended on	Oracle Financial Services Software, Inc.	Mantas Inc.	Sotas Inc.	Mantas India Private Limited	ISP Internet Mauritius Company
	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014
Holding Company	Oracle Financial Services Software America, Inc.	Oracle Financial Services Software America, Inc.	Mantas Inc.	Sotas Inc.	Oracle Financial Services Software Limited
Holding Company's interest	100%	100%	100%	100%	100%
Shares held by the Holding Company in the Subsidiary	NIL	1 share of USD 0.01 par value common stock at USD 1.00	NIL	1,500,000 Equity Shares of ₹ 10 each, fully paid up	25,200 Series A ordinary shares of No Par value 4,800 Series B ordinary shares of No Par value
Net aggregate of profits / (losses) of the subsidiary so far as it concerns the Members of the Holding Company and is not dealt with in the accounts of the Holding Company					
a. for the financial year ended on March 31, 2014	1,173.39	10.96	(0.52)	0.73	(2.04)
b. for the previous financial years of the subsidiary since it became a subsidiary	467.90	(34.09)	(0.49)	0.75	(31.82)
Net aggregate of profits / (losses) of the subsidiary so far as it concerns the Members of the Holding Company and is dealt with or provided for in the accounts of the Holding Company					
a. for the financial year ended on March 31, 2014	—	—	—	—	—
b. for the previous financial years of the subsidiary since it became a subsidiary	—	—	—	—	—

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies (continued)

(Amounts in ₹ million, except share data)						
The Financial Year of the Subsidiary Company ended on	Oracle (OFSS) BPO Services Inc. March 31, 2014	Oracle (OFSS) BPO Services Limited March 31, 2014	Oracle (OFSS) Processing Services Limited March 31, 2014	Oracle (OFSS) ASP Private Limited March 31, 2014	Oracle Financial Services Software Chile Limitada March 31, 2014	
Holding Company	ISP Internet Mauritius Company	ISP Internet Mauritius Company	Oracle Financial Services Software Limited	Oracle Financial Services Software Limited	Oracle Financial Services Software Limited	
Holding Company's interest	100%	100%	100%	100%	100%	100%
Shares held by the Holding Company in the Subsidiary	20,000 common stock of USD 0.01 each	5,819,360 equity shares of ₹ 10 each, fully paid-up	1,300,000 Equity shares of ₹ 10 each, fully paid-up	5,170,000 Equity Shares of ₹ 10 each, fully paid up		NA
Net aggregate of profits / (losses) of the subsidiary so far as it concerns the Members of the Holding Company and is not dealt with in the accounts of the Holding Company						
a. for the financial year ended on March 31, 2014	(6.30)	29.78	78.38	0.05		108.15
b. for the previous financial years of the subsidiary since it became a subsidiary	(364.20)	208.18	373.69	(19.82)		(100.06)
Net aggregate of profits / (losses) of the subsidiary so far as it concerns the Members of the Holding Company and is dealt with or provided for in the accounts of the Holding Company						
a. for the financial year ended on March 31, 2014	—	—	—	—		—
b. for the previous financial years of the subsidiary since it became a subsidiary	—	—	—	—		—

Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies (continued)

(Amounts in ₹ million, except share data)		
The Financial Year of the Subsidiary Company ended on	Oracle Financial Services Software (Shanghai) Limited	
Holding Company	March 31, 2014	
Holding Company's interest	Oracle Financial Services Software Limited	100%
Shares held by the Holding Company in the Subsidiary		NA
Net aggregate of profits / (losses) of the subsidiary so far as it concerns the Members of the Holding Company and is not dealt with in the accounts of the Holding Company		
a. for the financial year ended on March 31, 2014		7.31
b. for the previous financial years of the subsidiary since it became a subsidiary		150.80
Net aggregate of profits / (losses) of the subsidiary so far as it concerns the Members of the Holding Company and is dealt with or provided for in the accounts of the Holding Company		
a. for the financial year ended on March 31, 2014		—
b. for the previous financial years of the subsidiary since it became a subsidiary		—

For and on behalf of the Board of Directors of
Oracle Financial Services Software Limited

Chaitanya Kamat Managing Director & Chief Executive Officer	Y M Kale Director	S Venkatachalam Chairman
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Mumbai, India
July 24, 2014

Statement under Section 212(8) of the Companies Act, 1956 relating to Subsidiary Companies

Name of the subsidiary company	Reporting Currency	Exchange Rate ¹	Share Capital	Reserves ²	Total Assets	Total Liabilities	Investment other than Investment in Subsidiary	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation	(Amounts in ₹ million)	
												Proposed Dividend	Country of Incorporation
Oracle Financial Services Software B.V.	EUR	82.43	776.31	1,189.61	4,937.18	2,971.26	–	10,381.92	388.91	(41.05)	347.86	–	The Netherlands
Oracle Financial Services Software SA	EUR	82.43	723.65	467.62	1,624.25	432.98	–	446.80	65.13	(3.30)	61.82	–	Greece
Oracle Financial Services Software Pte. Ltd.	USD	59.99	6.63	1,195.55	6,531.32	5,329.14	–	11,398.33	685.21	(278.45)	406.76	–	Singapore
Oracle Financial Services Consulting Pte. Ltd.	USD	59.99	46.37	(235.91)	59.82	249.36	–	–	(19.42)	–	(19.42)	–	Singapore
Oracle Financial Services Software America, Inc.	USD	59.99	5,810.57	(339.22)	6,297.79	826.44	–	–	(87.17)	(0.51)	(87.68)	–	USA
Oracle Financial Services Software, Inc.	USD	59.99	–	2,186.52	7,166.36	4,979.84	–	12,120.76	1,326.19	(152.80)	1,173.39	–	USA
Mantas Inc.	USD	59.99	5,650.17	(761.50)	4,888.70	0.03	–	–	10.96	–	10.96	–	USA
Sotas Inc.	USD	59.99	–	–	–	–	–	–	(0.52)	–	(0.52)	–	USA
Mantas India Private Limited	INR	1.00	15.00	1.48	17.16	0.68	–	–	1.06	(0.33)	0.73	–	India
ISP Internet Mauritius Company	USD	59.99	72.12	278.69	426.48	75.67	–	–	(2.04)	–	(2.04)	–	Republic of Mauritius
Oracle (OFSS) BPO Services Inc.	USD	59.99	–	(515.62)	79.42	595.04	–	326.37	(6.30)	–	(6.30)	–	USA
Oracle (OFSS) BPO Services Limited	INR	1.00	58.19	237.97	522.75	226.59	–	251.18	49.57	(19.80)	29.78	–	India
Oracle (OFSS) Processing Services Limited	INR	1.00	13.00	452.07	504.67	39.60	–	278.69	119.50	(41.12)	78.38	–	India

Statement under Section 212(8) of the Companies Act, 1956 relating to Subsidiary Companies (continued)

Name of the subsidiary Company	Reporting Currency	Exchange Rate ¹	Share Capital	Reserves ²	Total Assets	Total Liabilities	Investment other than Investment in Subsidiary	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation	(Amounts in ₹ million)	
												Proposed Dividend	Country of Incorporation
Oracle (OFSS) ASP Private Limited	INR	1.00	51.70	(19.00)	34.09	1.39	–	–	0.05	–	0.05	–	India
Oracle Financial Services Software Chile Limitada	CLP	0.11	70.49	8.09	634.93	556.35	–	689.41	163.31	(55.16)	108.15	–	Chile
Oracle Financial Services Software (Shanghai) Limited	CNY	9.66	45.51	158.11	2,500.97	2,297.35	–	740.88	5.26	2.05	7.31	–	Republic of China

Notes:

¹ Exchange rate as of March 31, 2014

² The reserve figures have changed due to audit adjustment entries passed post balance sheet date

³ Accounting policy adopted for foreign currency transactions are similar to those adopted in consolidated financials.

For and on behalf of the Board of Directors of
Oracle Financial Services Software Limited

Chaitanya Kamat Managing Director & Chief Executive Officer	Y M Kale Director	S Venkatachalam Chairman
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Mumbai, India
July 24, 2014

The Company presents audited consolidated financial statements under Indian GAAP in its Annual Report. The accounts and related reports of the subsidiary companies are not attached to the Annual Report of the Company for the year ended March 31, 2014 in terms of the general exemption provided by the Ministry of Company Affairs vide General Circular No. : 2/2011 dated February 8, 2011 and that the Company has fulfilled the conditions stated therein.

The Company will make available the accounts and reports of the subsidiary companies upon request by any member / investor of the Company or its subsidiary companies. The accounts and reports of the subsidiary companies will be kept open for inspection by any member at the registered office of the Company and the registered office of the subsidiaries during office hours of the Company / subsidiaries. The Company will also make the same available at its website www.oracle.com/financialservices

Reconciliation Statement of profit as per Indian GAAP unconsolidated and Indian GAAP consolidated

	(Amounts in ₹ million)	
	Year ended March 31, 2014	Year ended March 31, 2013
Net income as per Indian GAAP unconsolidated statement of profit and loss	11,483.62	10,292.60
Add:		
Revenue of subsidiaries, net		
Oracle Financial Services Software B.V. - consolidated	8,847.69	7,736.46
Oracle Financial Services Software Pte. Ltd. - consolidated	8,785.38	9,698.98
Oracle Financial Services Software America, Inc. - consolidated	11,778.48	9,543.90
ISP Internet Mauritius Company - consolidated	326.37	410.68
Oracle (OFSS) ASP Private Limited	—	3.92
Oracle Financial Services Software Chile Limitada	679.79	209.40
Oracle Financial Services Software (Shanghai) Limited	740.88	809.58
	31,158.59	28,412.92
Other income of subsidiaries, net	516.48	192.31
	31,675.07	28,605.23
Less:		
Expenditure of subsidiaries, net		
Oracle Financial Services Software B.V. - consolidated	8,564.34	7,787.99
Oracle Financial Services Software Pte. Ltd. - consolidated	8,537.35	9,606.43
Oracle Financial Services Software America, Inc. - consolidated	10,861.95	9,406.54
ISP Internet Mauritius Company - consolidated	323.63	391.41
Oracle (OFSS) Processing Services Limited	(52.90)	(95.10)
Oracle (OFSS) ASP Private Limited	0.99	(1.51)
Oracle Financial Services Software Chile Limitada	572.83	238.51
Oracle Financial Services Software (Shanghai) Limited	757.31	812.13
	29,565.50	28,146.40
Net income as per Indian GAAP consolidated statement of profit and loss	13,593.19	10,751.43

Notice of Annual General Meeting

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Notice to members

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of Oracle Financial Services Software Limited will be held at The Westin Mumbai Garden City, International Business Park, Oberoi Garden City, Goregaon (East), Mumbai 400063 on Friday, September 12, 2014 at 2.30 p.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as on March 31, 2014, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Robert K Weiler (DIN: 01531399), who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. William Corey West (DIN: 03056060), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the Annual General Meeting to be held in the year 2017 and to fix their remuneration and in this regard to consider and, if thought fit, to pass, with or without modification(s), as an Ordinary Resolution the following:

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, and pursuant to the recommendations of the Audit Committee of the Company, M/s. S. R. Batliboi & Associates LLP, Chartered Accountants (ICAI Firm Registration no. 101049W), be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the Annual General Meeting to be held in the year 2017 (subject to ratification of the appointment by the Members at every Annual General Meeting held after this Annual General Meeting) and that the Board of Directors of the Company be and is hereby authorized to fix such remuneration as may be determined in consultation with the Auditors plus applicable service tax and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit.”

Special Business:

5. To consider and, if thought fit, to pass, with or without modification(s), as an Ordinary Resolution the following:

“RESOLVED THAT pursuant to the provisions of Section 143(8) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder M/s. S. R. Batliboi & Associates LLP, Chartered Accountants (ICAI Firm Registration no. 101049W), be and are hereby appointed as the Branch Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the Annual General Meeting to be held in the year 2017 (subject to ratification of the appointment by the Members at every Annual General Meeting held after this Annual General Meeting) and that the Board of Directors of the Company be and is hereby authorized to fix such remuneration as may be determined in consultation with the Auditors plus applicable service tax and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit.”

6. To consider and, if thought fit, to pass, with or without modification(s), as an Ordinary Resolution the following:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Y M Kale (DIN: 00013782), who was appointed as a Director liable to retire by rotation and who retires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years up to March 31, 2019, not liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Y M Kale be paid such fees and remuneration including commission as the Board or the Nomination and Remuneration Committee may approve from time to time within the limits approved by the Members and subject to such limits, prescribed under the Companies Act, 2013.”

7. To consider and, if thought fit, to pass, with or without modification(s), as an Ordinary Resolution the following:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. S Venkatachalam (DIN: 00257819), who was appointed as a Director liable to retire by rotation and who retires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years up to March 31, 2019, not liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. S Venkatachalam be paid such fees and remuneration including commission as the Board or the Nomination and Remuneration Committee may approve from time to time within the limits approved by the Members and subject to such limits, prescribed under the Companies Act, 2013.”

8. To consider and, if thought fit, to pass, with or without modification(s), as an Ordinary Resolution the following:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Richard Jackson (DIN: 06447687), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years up to March 31, 2019, not liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Richard Jackson be paid such fees and remuneration including commission as the Board or the Nomination and Remuneration Committee may approve from time to time within the limits approved by the Members and subject to such limits, prescribed under the Companies Act, 2013.”

By Order of the Board of Directors

Chaitanya Kamat
Managing Director & CEO

Mumbai
July 24, 2014

Registered Office:
Oracle Park
Off Western Express Highway
Goregaon (East)
Mumbai 400063
Tel. no.: 91 22 6718 3000 Fax no.: 91 22 6718 3001
CIN: L72200MH1989PLC053666
Website: www.oracle.com/financialservices
Email: investors-vp-ofss_in_grp@oracle.com

Notes:

- a. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of item nos. 5 to 8 as mentioned in the above Notice is annexed hereto.
- b. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, September 8, 2014 to Friday, September 12, 2014, both days inclusive, for the purpose of Annual General Meeting.
- c. Corporate Members intending to send their authorized representatives to attend the meeting are requested to either send to the Company a certified true copy of the Board Resolution or such other authorization, authorizing the representative to attend and vote on their behalf at the meeting or the authorized representatives shall carry such authorization along with them for attending the meeting at the venue.
- d. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND THAT A PROXY NEED NOT BE A MEMBER.
- e. The instrument appointing proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- f. The Members / proxies are requested to bring duly completed Attendance Slips sent herewith for attending the meeting.
- g. The documents referred to in the Notice and the Explanatory Statement annexed hereto are available for inspection by the Members of the Company at the Registered Office of the Company between 2.00 p.m. to 4.00 p.m. on any working day of the Company.
- h. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the Annual General Meeting.
- i. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the Members at the Annual General Meeting.
- j. Members who hold shares in physical form are requested to notify promptly any change in their addresses and other relevant information to the Company's Registrars and Transfer Agents (RTA), Link Intime India Private Limited, having its office at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400078. Such Members are also requested to consider the option of holding shares in dematerialized form.
- k. Members holding shares in physical form are advised to make nomination in respect of their shareholding in the Company. Pursuant to Section 72 of the Companies Act, 2013 and rule 19(1) of the Companies (Share Capital and Debentures) Rules 2014, the nomination form (Form No. SH-13) can be downloaded from the website of the RTA <http://linkintime.co.in/newsite/download.jsp> under the section 'Nomination'.

Members who hold shares in demat mode are requested to make nomination in respect of their shareholding by contacting their Depository Participant. They should also notify promptly, any change in their addresses, bank particulars and other related information to their respective Depository Participants.

- l. Members may please note that the RTA has set up a separate cell to address various investor queries. Accordingly, the queries can be directed to +91-22-25946970 or can be e-mailed to rnt.helpdesk@linkintime.co.in
- m. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, required to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the RTA.
- n. As a part of Green Initiative in Corporate Governance, the Ministry of Corporate Affairs vide its Circular No. 17/2011 dated April 21, 2011 and Circular No. 18/2011 dated April 29, 2011 and pursuant to Sections 101, 136 and other applicable provisions, if any, of the Companies Act, 2013 read with relevant rules framed thereunder, Companies can serve Annual Reports and other communications through electronic mode to those members of the company who have registered their email address either with the RTA or with the Depository. The Securities and Exchange Board of India (SEBI) has also permitted listed entities to supply soft copies of full annual reports to all those Members who have registered their email addresses for the purpose under Clause 32 of the Listing Agreement executed with the stock exchanges. In case there is any change in your registered email address, please update the same with RTA / Depository. The Company has been annually sending communications to the incremental Members of the Company seeking their preference for receiving corporate documents and has issued / dispatched Annual Reports accordingly.
- o. Members who wish to seek any information / clarification with regard to the accounts are requested to write to the Company Secretary at the registered office address at an early date to enable the Management to keep the information ready.

- p. Members may kindly note that due to security reasons, there could be certain restrictions and limitations in terms of movement of people, hand baggage and vehicles at the venue of the meeting. People and their accompanied items would be subject to inspection. We solicit your co-operation.
- q. Members may please note that the Company has made arrangements of to and fro bus service for the Members to reach the venue of the Annual General Meeting. The details are:

Bus pick up:

From Goregaon (East), Railway Station (near Jayaleela Banquets, opposite DCB Bank ATM Centre) to the Venue	At 1.30 p.m.
From Ghatkopar (East) Railway Station (next to Platinum Mall) to the Venue	At 1.15 p.m.

Bus drop:

From the Venue to Goregaon (East) Railway Station	On conclusion of the meeting
From the Venue to Ghatkopar (East) Railway Station	On conclusion of the meeting

r. **Voting through electronic means**

In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is providing facility to exercise votes on the items of business given in the notice through electronic voting system, to the Members holding shares as on **Monday, July 28, 2014** being the cut-off date ("Record date" for the purpose of Rule 20(3)(vii) of the said Rules) fixed for determining voting rights of Members entitled to participate in the e-voting process through the e-voting platform provided by Central Depository Services (India) Limited (CDSL).

The e-voting rights of the Members / Beneficial Owners shall be reckoned on the equity shares held by them as on **Monday, July 28, 2014**.

The instructions for e-voting are as under:

A. For Members who receive notice of Annual General Meeting through e-mail:

- (i) Log on to the e-voting website www.evotingindia.com during the voting period.
- (ii) Click on "Shareholders" tab
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any other company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account / folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. e.g. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB [#]	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details [#]	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

[#]Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or the Company please enter the number of shares held by you as on the cut-off date in the Dividend Bank details field.

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, Members holding shares in Demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES / NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com. After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

B. For Members who receive the notice of the Annual General Meeting in physical form:

- (i) Please follow all steps from sl. no. (i) to sl. no. (xviii) above to cast vote.
- (ii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or you may send an email to helpdesk.evoting@cdslindia.com

C. For Members who wish to vote using ballot form:

- (i) Members may fill in the Ballot Form sent with the Annual Report and submit the same in a sealed prepaid envelope addressed to the Scrutinizer, Mr. Prashant Diwan, Practicing Company Secretary, C/o Link Intime India Private Limited, Unit: Oracle Financial Services Software Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400078, so as to reach by 6.00 p.m. IST on Monday, September 8, 2014. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the scrutinizer on the validity of the forms will be final.
- (ii) Ballot Form received after Monday, September 8, 2014 (6.00 p.m. IST) will be strictly treated as if the reply from the Members has not been received.
- (iii) Members have the option to request for physical copy of the Ballot Form by sending an e-mail to rnt.helpdesk@linkintime.co.in by mentioning their Folio / DP ID & Client ID.
- (iv) A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and voting done through Ballot Form shall be treated as invalid.

s. **General instructions**

- (i) The e-voting period commences on Saturday, September 6, 2014 (9.00 a.m. IST) and ends on Monday, September 8, 2014 (6.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on Monday, July 28, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- (ii) The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on Monday, July 28, 2014.
- (iii) The Company has appointed, Mr. Prashant Diwan, Practicing Company Secretary (Membership No. FCS 1403) as the Scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.
- (iv) The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith and submit the same to the Chairman of the Company.
- (v) The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.oracle.com/financialservices and on the website of Central Depository Services (India) Limited www.cdslindia.com within two days of the passing of the resolutions at the Twenty Fifth Annual General Meeting of the Company to be held on Friday, September 12, 2014 and communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

Annexure to notice

Explanatory Statement as required by Section 102(1) of the Companies Act, 2013

The following Explanatory Statement sets out all the material facts relating to the special business mentioned under item nos. 5 to 8 in the accompanying Notice dated July 24, 2014.

Item no. 5:

The Company has branch offices in India and abroad and may also open new branches in future. It is necessary to appoint branch auditors for conducting the audit of the books of accounts of the Company at such branches.

The Board of Directors of the Company ("the Board") seeks approval of the Members to appoint M/s. S. R. Batliboi & Associates LLP, Chartered Accountants (ICAI Firm Registration no. 101049W) as the Branch Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the Annual General Meeting to be held in the year 2017 (subject to ratification of the appointment by the Members at every Annual General Meeting held after this Annual General Meeting) and to fix their remuneration.

No Director, Key Managerial Personnel of the Company, or their relatives, is in any way concerned or interested in the resolution at item no. 5 of the Notice.

Your Directors recommend the resolution at item no. 5 of the Notice.

Item no. 6:

Mr. Y M Kale, was appointed as Director by the Members of the Company at the Annual General Meeting held on August 14, 2001, pursuant to Section 257 of the Companies Act, 1956. It may be noted that while Mr. Y M Kale was designated as an Independent Director, he fulfilled all criteria of Independent Director prescribed under the Listing Agreement viz., independence from management, no relation to promoter / promoter group, no substantial shareholding or any pecuniary relationship which may cause conflict of interest.

Further, in terms of Sections 149, 152 read with Schedule IV of the Companies Act, 2013, the Board of Directors ("the Board") have reviewed the declaration made by Mr. Y M Kale that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013, and the Board is of opinion that he fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder and is independent of the management. Hence, it is deemed fit to appoint Mr. Y M Kale as an Independent Director on the Board of the Company to hold office for a term of five consecutive years up to March 31, 2019, not liable to retire by rotation. A copy of the draft letter of appointment of Mr. Y M Kale as an Independent Director setting out the terms and conditions is available for inspection by the Members at the Company's Registered Office between 2.00 p.m. to 4.00 p.m. on any working day of the Company.

In terms of Section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and not liable to retire by rotation.

The Company has received notice from a Member, along with the requisite deposit under Section 160 of the Companies Act, 2013, proposing his candidature for appointment as an Independent Director of the Company.

The detailed profile of Mr. Y M Kale, Directorship and Committee position held by him in other Companies is included separately in this Notice and report on Corporate Governance forming part of the Annual Report.

Your Directors consider that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Y M Kale as an Independent Director.

Accordingly, your Directors recommend the Resolution for the approval of the Members appointing Mr. Y M Kale as an Independent Director of the Company for a period of five consecutive years, not liable to retire by rotation.

Except Mr. Y M Kale, no Director, Key Managerial Personnel of the Company, or their relatives, is in any way concerned or interested in the resolution at item no. 6 of the Notice.

Your Directors recommend the resolution at item no. 6 of the Notice.

Item no. 7:

Mr. S Venkatachalam, was appointed as Director by the Members of the Company at the Annual General Meeting held on August 18, 2011, pursuant to Section 257 of the Companies Act, 1956. It may be noted that while Mr. S Venkatachalam was designated as an Independent Director, he fulfilled all criteria of Independent Director prescribed under the Listing Agreement viz., independence from management, no relation to promoter / promoter group, no substantial shareholding or any pecuniary relationship which may cause conflict of interest.

Further, in terms of Sections 149, 152 read with Schedule IV of the Companies Act, 2013, the Board of Directors ("the Board") have reviewed the declaration made by Mr. S Venkatachalam that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013, and the Board is of opinion that he fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder and is independent of the management. Hence, it is deemed fit to appoint Mr. S Venkatachalam as an Independent Director on the Board of the Company to hold office for a term of five consecutive years up to March 31, 2019, not liable to retire by rotation. A copy of the draft letter of appointment of Mr. S Venkatachalam as an Independent Director setting

out the terms and conditions is available for inspection by the Members at the Company's Registered Office between 2.00 p.m. to 4.00 p.m. on any working day of the Company.

In terms of Section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and not liable to retire by rotation.

The Company has received notice from a Member, along with the requisite deposit under Section 160 of the Companies Act, 2013, proposing his candidature for appointment as an Independent Director of the Company.

The detailed profile of Mr. S Venkatachalam, Directorship and Committee position held by him in other Companies is included separately in this Notice and report on Corporate Governance forming part of the Annual Report.

Your Directors consider that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. S Venkatachalam as an Independent Director.

Accordingly, your Directors recommend the Resolution for the approval of the Members appointing Mr. S Venkatachalam as an Independent Director of the Company for a period of five consecutive years, not liable to retire by rotation.

Except Mr. S Venkatachalam, no Director, Key Managerial Personnel of the Company, or their relatives, is in any way concerned or interested in the resolution at item no. 7 of the Notice.

Your Directors recommend the resolution at item no. 7 of the Notice.

Item no. 8:

Mr. Richard Jackson, was appointed as Director by the Members of the Company at the Annual General Meeting held on August 14, 2013, pursuant to Section 257 of the Companies Act, 1956. It may be noted that while Mr. Richard Jackson was designated as an Independent Director, he fulfilled all criteria of Independent Director prescribed under the Listing Agreement viz., independence from management, no relation to promoter / promoter group, no substantial shareholding or any pecuniary relationship which may cause conflict of interest.

Further, in terms of Sections 149, 152 read with Schedule IV of the Companies Act, 2013, the Board of Directors ("the Board") have reviewed the declaration made by Mr. Richard Jackson that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013, and the Board is of opinion that he fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder and is independent of the management. Hence, it is deemed fit to appoint Mr. Richard Jackson as an Independent Director on the Board of the Company to hold office for a term of five consecutive years up to March 31, 2019, not liable to retire by rotation. A copy of the draft letter of appointment of Mr. Richard Jackson as an Independent Director setting out the terms and conditions is available for inspection by the Members at the Company's Registered Office between 2.00 p.m. to 4.00 p.m. on any working day of the Company.

In terms of Section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and not liable to retire by rotation.

The Company has received notice from a Member, along with the requisite deposit under Section 160 of the Companies Act, 2013, proposing his candidature for appointment as an Independent Director of the Company.

The detailed profile of Mr. Richard Jackson, Directorship and Committee position held by him in other Companies is included separately in this Notice and report on Corporate Governance forming part of the Annual Report.

Your Directors consider that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Richard Jackson as an Independent Director.

Accordingly, your Directors recommend the Resolution for the approval of the Members appointing Mr. Richard Jackson as an Independent Director of the Company for a period of five consecutive years, not liable to retire by rotation.

Except Mr. Richard Jackson, no Director, Key Managerial Personnel of the Company, or their relatives, is in any way concerned or interested in the resolution at item no. 8 of the Notice.

Your Directors recommend the resolution at item no. 8 of the Notice.

By Order of the Board of Directors

Chaitanya Kamat
Managing Director & CEO

Mumbai
July 24, 2014

Registered Office:
Oracle Park
Off Western Express Highway
Goregaon (East)
Mumbai 400063
Tel. no.: 91 22 6718 3000 Fax no.: 91 22 6718 3001
CIN: L72200MH1989PLC053666
Website: www.oracle.com/financialservices
Email: investors-vp-ofss_in_grp@oracle.com

ADDITIONAL INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH REGARD TO DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE TWENTY FIFTH ANNUAL GENERAL MEETING:

1. Mr. Robert K Weiler

Mr. Robert K. Weiler, born on February 9, 1951, is an Executive Vice President of Oracle's Global Business Units. Previously he was Chairman and CEO of Phase Forward, a leading provider of integrated data management solutions for clinical trials and drug safety. Mr. Weiler has more than 30 years of technology-industry leadership experience, including his previous tenure as Giga Information Group's Chairman, President and CEO. Earlier in his career, Mr. Weiler served as President and CEO of Eastman Software (formerly Wang Software), as well as Senior Vice President, Worldwide Sales and Marketing, for Lotus Development Corporation, where he was instrumental in expanding the company's Lotus Notes business.

Mr. Weiler recently served on the Board of SADD (Students Against Destructive Decisions), and he previously served on the Boards of the Directors of the Waterville Valley Company, Saint Anselm's College, Corporate Software, Distributed Management Systems, Cullinet Software, Interleaf, DataLogix, and Giga Information Group. Mr. Weiler received a B.A. from Saint Anselm's College, where he additionally received an honorary doctorate in 2000. He received the Ernst & Young Entrepreneur of the Year 2010 Award in the Healthcare IT category in New England. In 2006, he was named to the prestigious PharmaVOICE 100 list, and he was also named 2006 CEO of the Year by the Massachusetts Technology Leadership Council, an award that honors individuals who best exemplify leadership and excellence in business and technology. Subsequent to this award, Mr. Weiler was invited to become a trustee of the Council.

Mr. Weiler does not hold any equity share of the Company as on date.

Mr. Weiler does not hold any other directorships.

2. Mr. William Corey West

Mr. William Corey West, born on May 4, 1962, was appointed as Corporate Controller and Chief Accounting Officer of Oracle Corporation in April 2007. He is responsible for the overall global financial and management reporting. He brings more than 25 years of finance, accounting and executive management experience and expertise to his role at Oracle.

Prior to joining Oracle, Mr. West began his career with Arthur Andersen in 1984, as part of the accounting and audit practice. He served clients in a variety of industries for 14 years and left Arthur Andersen in 1998 as a partner. After leaving Arthur Andersen he worked in finance, accounting and executive management positions at RPC, Adecco, Cadence Design Systems, The Gap and Intuit. Mr. West joined Oracle Corporation on April 2, 2007.

Mr. West graduated from the University of Washington with a bachelor's degree in business, accounting and finance concentration. He is a Certified Public Accountant in California.

Mr. West is a Member of the Audit Committee of the Board and he does not hold any equity share of the Company as on date.

Mr. West holds directorships and committee memberships* in the following Companies:

List of other Directorships held	Membership in Committees of other companies	Chairmanship in Committees of other companies
Eontec Limited	—	—
J.D. Edwards Europe Limited	—	—
OCAPAC Distributor Partner	—	—
OCAPAC Hardware Partner	—	—
OCAPAC Holding Company	—	—
OCAPAC Research Company	—	—
OCAPAC Research Partner	—	—
Oracle Australia Holdings Pty. Ltd.	—	—
Oracle Consolidation Australia Pty. Ltd.	—	—
Oracle Global (Mauritius) Limited	—	—
Oracle Hong Kong Holdings Limited	—	—
Oracle Singapore Holdings Pte. Ltd.	—	—
Oracle Technology Company	—	—
Siebel Systems Ireland Holdings Limited	—	—
Sun Microsystems Technology Ltd.	—	—

*Only the Audit and Shareholders' Grievances Committees are considered.

3. Mr. Y M Kale

Mr. Y M Kale, born on November 4, 1947, was President of the Institute of Chartered Accountants of India (1995-1996) and is also a fellow Member of the Institute of Chartered Accountants in England and Wales. Mr. Y M Kale was on several prestigious committees of the Central Government, Securities & Exchange Board of India and Reserve Bank of India such as the National Drugs and Pharmaceutical Development Council of the Government of India, Securities & Exchange Board of

India Committee on Offer Documents, the Committee on Takeovers and the Committee on Accounting for Corporates by SEBI and the Group for the Introduction of Concurrent Audit of Banks by the Reserve Bank of India. Mr. Kale was India representative on the Board of the International Accounting Standards Committee from 1995 to 1998.

Mr. Kale is the Chairman of the Audit Committee, ESOP Allotment Committee and Member of Nomination and Remuneration Committee of the Board.

Mr. Kale does not hold any equity share of the Company as on date.

Mr. Kale holds directorships and committee memberships* in the following Companies:

List of other Directorships held	Membership in Committees of other companies	Chairmanship in Committees of other companies
Ashok Leyland Limited (Alternate Director)	—	—
Gulf Oil Marine Limited	—	—
Hinduja Foundries Limited (Alternate Director)	—	—
IndusInd Bank Limited (Alternate Director)	—	—
Hinduja Leyland Finance Limited	1	—

*Only the Audit and Shareholders' Grievances Committees are considered.

4. Mr. S Venkatachalam

Mr. S Venkatachalam, born on November 8, 1944, has served Citibank N. A. and its Group for nearly 30 years and has held Senior Positions. He is a Chartered Accountant by profession. He has served as an advisor to Fullerton India Credit Corporation Ltd., a subsidiary of Temasek Holding (Private) Limited. Prior to Citibank, he served as a Consultant with A. F. Ferguson & Co., Chartered Accountants, Mumbai (now a part of Deloitte Haskins & Sells). He has been an independent Director of the State Bank of India (2008-2014) and has served several of their Committees.

Currently he is on the Board of few Company and Advisor to few Financial Services Companies. He has rich experience in the field of Banking, Finance, Administration, Compliance, Taxation and labour Laws. He is well regarded in the financial services industry and by regulatory bodies.

Mr. Venkatachalam is also a Member of the Audit Committee, ESOP Allotment Committee, Shareholders' Grievances Committee and Transfer Committee of the Board.

Mr. Venkatachalam holds 1,000 equity shares of the Company as on date.

Mr. Venkatachalam holds directorships and committee memberships* in the following companies:

List of other Directorships held	Membership in Committees of other companies	Chairmanship in Committees of other companies
Equifax Credit Information Services Private Limited	—	—
Canara Robeco Asset Management Company Limited	—	—
Sam Foundation for Eco Friendly Environment	—	—

*Only the Audit and Shareholders' Grievances Committees are considered.

5. Mr. Richard Jackson

Mr. Richard Jackson, born on March 2, 1956, prior to joining the Board of Oracle Financial Services Software Limited, he was for seven years in China as the President and CEO of Ping An Group's banking business, 21 years with Citibank in seven different countries including time as their country head in Korea and Hungary.

Mr. Richard Jackson served on the Boards of Bank Handlowy w Warsawie (Poland), Citibank (Hungary), Koram Bank (Korea), Shenzhen Commercial Bank and Shenzhen Development Bank (China).

Mr. Richard Jackson is a Fellow of the Chartered Insurance Institute in 1981 and was awarded the National Friendship Medal by the Chinese Government in 2007.

Mr. Jackson is also the Chairman of the Nomination and Remuneration Committee of the Board. He does not hold any equity share of the Company as on date.

Mr. Richard Jackson holds directorships and committee memberships* in the following companies:

List of other Directorships held	Membership in Committees of other companies	Chairmanship in Committees of other companies
Novoview Ltd.	—	—
ageas SA/NV	1	—
Great Britain China Centre	—	—

*Only the Audit and Shareholders' Grievances Committees are considered.

ATTENDANCE SLIP

ORACLE FINANCIAL SERVICES SOFTWARE LIMITED

Registered Office: Oracle Park, Off Western Express Highway, Goregaon (East), Mumbai 400063

CIN: L72200MH1989PLC053666 Tel. no.: 91 22 6718 3000 Fax no.: 91 22 6718 3001

Website: www.oracle.com/financialservices Email: investors-vp-ofss_in_grp@oracle.com

I hereby record my presence at the Twenty Fifth Annual General Meeting of the Company held on Friday, September 12, 2014 at 2.30 p.m. at The Westin Mumbai Garden City, International Business Park, Oberoi Garden City, Goregaon (East), Mumbai 400063

Full name of the Shareholder
(in block letters)

Ledger Folio No. DP ID Client ID.....

Number of Shares held

Full name of Proxy
(in block letters)

Signature of Shareholder or Proxy attending

Please provide full name of the 1st Joint Holder.

.....

Notes:

- (1) Members / Proxyholders are requested to produce the attendance slip duly signed for admission to the Meeting hall.
- (2) Members are requested to bring their copy of Annual Report for reference at the Meeting.



PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

ORACLE FINANCIAL SERVICES SOFTWARE LIMITED

Registered Office: Oracle Park, Off Western Express Highway, Goregaon (East), Mumbai 400063

CIN: L72200MH1989PLC053666 Tel. no.: 91 22 6718 3000 Fax no.: 91 22 6718 3001

Website: www.oracle.com/financialservices Email: investors-vp-ofss_in_grp@oracle.com

Name of the member(s)

Registered address

E-mail id

Folio No. / Client ID

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

DP ID

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

I / We, being the member(s) of Oracle Financial Services Software Limited holding.....equity shares of the above named company, hereby appoint

1. Name: Email Id:

Address:

..... Signature: _____ or failing him / her

2. Name: Email Id:

Address:

..... Signature: _____ or failing him / her

3. Name: Email Id:

Address:

..... Signature: _____



as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Twenty Fifth Annual General Meeting of the Company to be held on Friday, September 12, 2014 at 2.30 p.m. at The Westin Mumbai Garden City, International Business Park, Oberoi Garden City, Goregaon (East), Mumbai 400063 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution number	Resolutions	Vote (optional)*		
		For	Against	Abstain
Ordinary Business				
1	Adoption of Balance Sheet as on March 31, 2014, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.			
2	Appointment of a Director in place of Mr. Robert K Weiler (DIN: 01531399), who retires by rotation and, being eligible, offers himself for re-appointment.			
3	Appointment of a Director in place of Mr. William Corey West (DIN: 03056060), who retires by rotation and, being eligible, offers himself for re-appointment.			
4	Appointment of M/s. S. R. Batliboi & Associates LLP, Chartered Accountants as the Statutory Auditors of the Company and to fix their remuneration.			
Special Business				
5	Appointment of M/s. S. R. Batliboi & Associates LLP, Chartered Accountants as the Branch Auditors of the Company and to fix their remuneration.			
6	Appointment of Mr. Y M Kale (DIN: 00013782), as an Independent Director of the Company to hold office for a term of five consecutive years up to March 31, 2019, not liable to retire by rotation.			
7	Appointment of Mr. S Venkatachalam (DIN: 00257819), as an Independent Director of the Company to hold office for a term of five consecutive years up to March 31, 2019, not liable to retire by rotation.			
8	Appointment of Mr. Richard Jackson (DIN: 06447687), as an Independent Director of the Company to hold office for a term of five consecutive years up to March 31, 2019, not liable to retire by rotation.			

*it is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he / she may deem appropriate.

Signed this day of 2014.

Signature of Member

Signature of proxy holder (s)

Please affix
₹ 1/-
revenue
stamp and
sign across

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A person can act as proxy on behalf of Members upto and not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. Further, a Member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.

[illegible]

Notes



Oracle Financial Services Software Limited

Registered Office
Oracle Park
Off Western Express Highway
Goregaon (East)
Mumbai, 400063, Maharashtra
India

Investor Enquiries
Phone: + 91.22.6718.3000
Fax: + 91.22.6718.4604
oracle.com/financialservices

CIN: L72200MH1989PLC053666



| Oracle is committed to developing practices and products that help protect the environment

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Hardware and Software, Engineered to Work Together

Form A

1.	Name of the Company	Oracle Financial Services Software Limited
2.	Annual financial statements for the year ended	March 31, 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not applicable

For Oracle Financial Services Software Limited



Chaitanya Kamat
Managing Director &
Chief Executive Officer



Y.M. Kale
Chairman of Audit Committee




Makarand Padalkar
Chief Financial Officer

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No. 101049W



per Amit Majmudar
Partner
Membership No. 36656



Date : August 7, 2014

Independent Auditor's Report

To the Members of Oracle Financial Services Software Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Oracle Financial Services Software Limited (the 'Company'), which comprise the balance sheet as at March 31, 2014, and the statement of profit and loss and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 (the 'Act') read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Oracle Financial Services Software Limited Independent auditor's report

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The balance sheet, statement of profit and loss, and cash flow statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the balance sheet, the statement of profit and loss, and the cash flow statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs;
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W



per Amit Majmudar

Partner

Membership Number: 36656



Mumbai, India

May 16, 2014

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Oracle Financial Services Software Limited Independent auditor's report

**Annexure referred to in paragraph [1] under Report on Legal and Other Regulatory Requirements
of our report of even date**

Re: Oracle Financial Services Software Limited (the 'Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 4 (ii) of the Order are not applicable to the Company.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4 (iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4 (iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets, sale of licenses and sale of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas. The activities of the Company do not involve purchase of inventory.
- (v) In our opinion there are no contracts or arrangements that need to be entered into the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4 (v) (b) of the Order is not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for the products of the Company.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Oracle Financial Services Software Limited

Independent auditor's report

- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there have been considerable delays in few cases of foreign income taxes, foreign value added tax and foreign withholding tax*. As explained to us, the Company did not have any dues of excise duty.
- (b) According to the information and explanations given to us, *undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable are as follows:*

Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Due Date	Date of Payment
Foreign Tax	Income Tax	271,880,411	April 2005 to March 2013	Various dates	Not yet paid
	Value added Tax ('VAT')	27,229,963	April 2007 to March 2009	Various dates	Not yet paid
	Withholding Tax	23,578,496	December 2008 to March 2013	Various dates	Not yet paid

- (C) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, custom duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
The Karnataka Value Added Tax Act, 2003	VAT and interest, penalty thereon	16,646,456	April 2005 to March 2007	Joint Commissioner of commercial taxes (Appeal)
The Central Sales Tax Act, 1956	CST and interest, penalty thereon	8,009,557	April 2002 to March 2003 and April 2005 to March 2007	Joint Commissioner of commercial taxes (Appeal)
The Karnataka Sales Tax Act, 1957	VAT	145,113	April 2002 to March 2004	Joint Commissioner of commercial taxes (Appeal)
The Karnataka Value Added Tax Act 2003	VAT and penalty thereon	581,668	April 2004 to March 2005	Appellate Tribunal, Bangalore
The Central Sales Tax Act 1956	CST and penalty thereon	616,622	April 2004 to March 2005	Appellate Tribunal, Bangalore
The Income Tax Act, 1961	Income Tax and interest thereon	81,279,735	April 2007 to March 2008	Commissioner of Appeal (Income-tax)
The Income Tax Act, 1961	Tax deduction at source and interest thereon	52,547,270	April 2008 to March 2009	Commissioner of Appeal (Income-tax)
The Income Tax Act, 1961	Income Tax and interest thereon	149,434,670	April 2008 to March 2009	Commissioner of Appeal (Income-tax)



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Oracle Financial Services Software Limited Independent auditor's report

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) The Company did not have any dues to any financial institution, bank or debenture holder during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W

Amit Majmudar

per Amit Majmudar

Partner

Membership No.: 36656



Mumbai, India

May 16, 2014

Oracle Financial Services Software Limited

Registered Office: Oracle Park, Off Western Express Highway, Goregaon (East), Mumbai 400063

CIN: L72200MH1989PLC053666 **Tel. no.:** 91 22 6718 3000 **Fax no.:** 91 22 6718 4604

Website: www.oracle.com/financialservices **Email:** investors-vp-ofss_in_grp@oracle.com

BALLOT FORM

Sr.No:

SPECIMEN

- 1) Name and Registered Address of the Sole/First named Member
- 2) Name(s) of the Joint Holder(s) (if any)
- 3) Registered Folio No./ DP ID No. and Client ID No.
- 4) EVSN (Electronic Voting Sequence Number)
- 5) Number of Equity Share(s) held
- 6) I/We hereby exercise my/our vote(s) in respect of the following resolutions to be passed at the Annual General Meeting of the Company to be held on Friday, September 12, 2014, for the business stated in the Notice dated July 24, 2014 by conveying my/our assent or dissent to the following resolutions by placing the tick (✓) mark at the appropriate box below:

Resolution number	Resolutions	No. of Equity Shares	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
Ordinary Business				
1	Adoption of Balance Sheet as on March 31, 2014, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.			
2	Appointment of a Director in place of Mr. Robert K Weiler (DIN: 01531399), who retires by rotation and, being eligible, offers himself for re-appointment.			
3	Appointment of a Director in place of Mr. William Corey West (DIN: 03056060), who retires by rotation and, being eligible, offers himself for re-appointment.			
4	Appointment of M/s. S. R. Batliboi & Associates LLP, Chartered Accountants as the Statutory Auditors of the Company and to fix their remuneration.			
Special Business				
5	Appointment of M/s. S. R. Batliboi & Associates LLP, Chartered Accountants as the Branch Auditors of the Company and to fix their remuneration.			
6	Appointment of Mr. Y M Kale (DIN: 00013782), as an Independent Director of the Company to hold office for a term of five consecutive years up to March 31, 2019, not liable to retire by rotation.			
7	Appointment of Mr. S Venkatachalam (DIN: 00257819), as an Independent Director of the Company to hold office for a term of five consecutive years up to March 31, 2019, not liable to retire by rotation.			
8	Appointment of Mr. Richard Jackson (DIN: 06447687), as an Independent Director of the Company to hold office for a term of five consecutive years up to March 31, 2019, not liable to retire by rotation.			

Place:

Date:

Signature of the Member or Authorised Representative

Note:

- (i) Last date for receipt of Assent/Dissent Form: Monday, September 8, 2014 upto 6.00 p.m. IST.
- (ii) Please read the instruction printed overleaf carefully before exercising your vote.

INSTRUCTIONS

General instructions

1. The notice of Annual General Meeting is dispatched/e-mailed to the Members whose names appear on the Register of Members as on Monday, July 28, 2014 and the voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the said date.
2. Members have option to vote either through e-voting i.e. electronic means or to convey assent/dissent in physical Ballot Form. A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and voting done through Ballot shall be treated as invalid.
3. Voting through physical assent/dissent Ballot Form cannot be exercised by a proxy. However, corporate and institutional Members shall be entitled to vote through their authorised representative with proof of their authorization, as stated below.
4. The e-voting period commences on Saturday, September 6, 2014 (9.00 a.m. IST) and ends on Monday, September 8, 2014 (6.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on Monday, July 28, 2014, may cast their vote electronically. For detailed instructions on e-voting, please refer to note 'r' of the Notice of Annual General Meeting.
5. This Ballot Form is provided for the benefit of Members who do not have access to e-voting facility.
6. The Scrutinizer will collate the votes downloaded from e-voting system and votes received through post to declare the final result for each of Resolutions forming part of the Notice of Annual General Meeting.

Instructions for voting physically on Assent/Dissent Form

1. A Member desiring to exercise vote by assent/dissent should complete this Ballot Form (no other form or photocopy thereof is permitted) and submit the same in the enclosed pre-paid envelope addressed to the Scrutinizer, Mr. Prashant Diwan, Practicing Company Secretary, C/o Link Intime India Private Limited, Unit: Oracle Financial Services Software Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400078, so as to reach by 6.00 p.m. IST on Monday, September 8, 2014. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the scrutinizer on the validity of the Ballot Forms will be final.
2. The Ballot Form should be signed by the Member as per the specimen signature registered with Link Intime India Private Limited, Registrars and Transfer Agents of the Company ("RTA")/Depositories. In case of joint holding, the Ballot Form should be completed and signed by the first named Member and in his/her absence, by the next named holder. A Power of Attorney (POA) holder may vote on behalf of a Member, mentioning the registration number of the POA registered with RTA, or enclosing attested copy of the POA. Exercise of vote by Ballot is not permitted through proxy.
3. In respect of shares held by corporate and institutional Members (Companies, Trusts, Societies, etc.), the duly completed Ballot Form should be accompanied by the certified copy of the relevant Board Resolution/appropriate authorization, with the specimen signature(s) of the authorized signatory(ies) duly attested.
4. Votes should be cast in case of each resolution, either in 'FOR' or 'AGAINST' by putting a tick (✓) mark in the appropriate column in the Ballot Form. The assent/dissent received in any other form shall not be considered valid.
5. Duly completed Ballot Form should reach the Scrutinizer not later than Monday, September 8, 2014 (6.00 p.m. IST). Ballot Form received after September 8, 2014 will be strictly treated as if the reply from the Members has not been received.
6. A Member may request for the duplicate Ballot Form, if so required, to RTA at the address mentioned in serial no. 1 above. However, duly filled in and signed duplicate Ballot Form should reach the Scrutinizer not later than date and time specified in serial no. 1 above.
7. A Ballot Form will be rejected if it is received torn, defaced or mutilated to an extent which makes it difficult for the Scrutinizer to identify either the Member or as to whether the votes are in favour or against or if the signature cannot be verified.
8. The decision of the Scrutinizer on the validity of the assent/dissent mentioned in the Ballot Form will be final and binding.
9. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.oracle.com/financialservices and on the website of Central Depository Services (India) Limited www.cdslindia.com within two days of the passing of the resolutions at the Twenty Fifth Annual General Meeting of the Company to be held on Friday, September 12, 2014 and communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

Business Responsibility

Report for the Financial Year 2013-2014

Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company	L72200MH1989PLC053666
2. Name of the Company	Oracle Financial Services Software Limited
3. Registered address	Oracle Park, Off Western Express Highway Goregaon (East), Mumbai 400 063
4. Website	www.oracle.com/financialservices
5. E-mail id	investors-vp-ofss_in_grp@oracle.com
6. Financial Year reported	April 1, 2013 to March 31, 2014
7. Sector(s) that the Company is engaged in (industrial activity code-wise) As per the National Industrial Classification codes of 2008	Group: 620 Class: 6201 Sub-class: 62011, 62013
8. List three key products/services that the Company manufactures/ provides (as in balance sheet)	Products Business Consulting Services BPO Services
9. Total number of locations where business activity is undertaken by the Company	
i. Number of International Locations (Provide details of major 5)	USA, Singapore, Netherlands, Greece, Chile
ii. Number of National Locations	6 offices in India
10. Markets served by the Company – Local/State/National/ International/	Global Banking and Financial Services Sector

Section B: Financial Details of the Company

1. Paid up Capital	₹ 420.72 million
2. Total Turnover	₹ 37,803.84 million
3. Total profit after taxes	₹ 11,483.62 million
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax	No separate spend on CSR in the reporting period.
5. List of activities in which expenditure in 4 above has been incurred	Not Applicable.

Section C: Other Details

1. Does the Company have any subsidiary company / companies?

The Company has subsidiary companies in Greece, India, Republic of Chile, Republic of China, Republic of Mauritius, Singapore, The Netherlands and USA to handle international operations, sales & marketing efforts, and post-sales support.

2. Do the subsidiary company / companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s).

The Company's Business Responsibility & Sustainability Policy (BR policy), which includes ethical conduct, anti-corruption, workplace and community, are applicable to its subsidiaries.

3. Do any other entity / entities that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

No. Other business partners of the Company do not directly participate in the Company's BR initiatives.

Section D: Business Responsibility Information

1. Details of Director and BR Head responsible for BR:

DIN Number	00969094
Name	Chaitanya Kamat
Designation	Managing Director & Chief Executive Officer
Telephone number	+91 22 6718 3000
Email ID	investors-vp-ofss_in_grp@oracle.com

2. Principle-wise (as per NVGs) BR Policy / Policies:

Principles as per the SEBI Business Responsibility Report Framework

Reference	Principles	Description
P1	Principle 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Principle 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Principle 3	Businesses should promote the wellbeing of all employees
P4	Principle 4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Principle 5	Businesses should respect and promote human rights
P6	Principle 6	Business should respect, protect, and make efforts to restore the environment
P7	Principle 7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Principle 8	Businesses should support inclusive growth and equitable development
P9	Principle 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

Sl. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders ? [†]	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national /international standards? If yes, specify ? [*]	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director? [§]	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy ?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate link for the policy to be viewed online	(1), (5)	(2)	(1), (4)	N	N	(1)	(1)	N	(3)
7	Has the policy been formally communicated to all relevant internal and external stakeholders ? ^{**}	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes, the Company maintains an "open door" policy with regard to the questions from customers, suppliers, partners and others, including any questions related to business conduct, ethics, anti-trust, unfair competition, employee relations concerns, environmental, health and safety concerns. Incidents can be reported to the regional legal counsel or logged using the Compliance and Ethics Helpline or reported through the Incident Reporting Website (https://www.compliance-helpline.com/oracle.jsp).								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? ^{††}	Y	N	N	N	Y	N	N	N	N

[†] The consultations are conducted as required and where relevant.

^{*} The BR policy of the Company is formulated on the basis of the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business.

[§] Oracle Global policies are applicable to the Company in terms of the Board approval and do not require any signature.

^{**} The policies are accessible to employees of the Company. The policies are available to other stakeholders on the internet or intranet as relevant and required.

^{††} The policies and practices at the Company are subject to internal audit and/or review from time to time.

Policies referenced in the above table:

- (1) Code of Ethics and Business Conduct - <http://www.oracle.com/us/corporate/investor-relations/cebc-176732.pdf>
- (2) Supplier Code of Ethics and Business Conduct - <http://www.oracle.com/us/corporate/supplier/coe-070625.pdf>
- (3) Services Privacy Policy - <http://www.oracle.com/us/legal/privacy/services-privacy-policy-078833.html>
- (4) Equal Employment Opportunity Policy - <http://www.oracle.com/us/corporate/citizenship/038115.htm>
- (5) Global Anti-Corruption Policy and Business Courtesy Guidelines - <https://secure.ethicspoint.com/domain/media/en/gui/31053/anticorruption.pdf>

2. a. If answer to S. No. 1 against any principle is 'No', provide explanation:

Not applicable

3. Governance related to BR:

- a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

Annually

- b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published ?**

The Company's Business Responsibility Report for the financial year 2013-14 is available on www.oracle.com/financialservices. The Business Responsibility Report is part of the Annual Report.

Section E: Principle-wise Performance

Principle 1: Ethics, transparency and accountability

1. Does the policy relating to ethics, bribery and corruption cover only the Company ?

The Company's Code of Ethics and Business Conduct and Anti-Corruption Policy covers aspects of improper payments, insider trading, anti-corruption and financial integrity, amongst others. These are applicable to its employees and Directors and business partners. The Supplier Code of Ethics and Business Conduct are applicable to its suppliers.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

In relation to policies governing this principle, there was one complaint received in Financial Year 2013-14 and pending as on March 31, 2014.

Principle 2: Safe and sustainable goods and services

1. List up to 3 of the Company's products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The Company has policies and clauses in the Code of Ethics and Business Conduct with regard to governing confidentiality and information security. It follows procedures to ensure these.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc) per unit of product (optional):

A. Reduction during sourcing / production / distribution achieved since the previous year

B. Reduction during usage by consumers (energy, water) achieved since the previous year

Not applicable.

3. Does the Company have procedures in place for sustainable sourcing (including transportation) ?

The Company strives to reduce its environmental impact by employing sustainable procurement practices and limiting business travel, wherever possible. In the process of selecting a supplier based on the product/ services required, suppliers are first evaluated through a set of prequalification criteria. These qualification criteria include BR-related aspects such as adherence to norms of compliance, Code of Ethics and Business Conduct and existence of Environment, Health and Safety (EHS) policy.

4. Has the Company undertaken any steps to procure goods and services from local and small producers, including communities surrounding their place of work ?

The Company engages with both local and global suppliers. Purchases are driven by open and transparent non-discriminatory procurement policy.

5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste? Also provide details.

The Company strives to recover, reuse, or recycle its workplace tools such as copiers, computers and paper. The policy for Asset Sale, Donation, and Disposal outlines what employees should do with technology assets that are not being fully utilized or have reached their end of useful life. Computers, monitors, computer accessories, printers, fax machines, projectors, and more are collected and managed by the Technology Recovery and E-Waste Recycling program. Surplus equipment from one department is given to another for immediate use, and assets that must be retired are mined for their useful parts before being donated or recycled.

Principle 3: Well-being of employees

- 1,2,3,4: Please indicate the Total number of employees, total number of employees hired on temporary/contractual/ casual basis, Number of permanent women employees and number of permanent employees with disabilities

Manpower	As on March 31, 2014 (in numbers)
Total number of employees	9,622
Permanent employees	9,170
Temporary/ contractual/ casual basis- employees	452
Permanent women employees	2,478
Employees with disabilities	Not available*

* in keeping with the policy of non-discrimination

5. Does the Company have an employee association that is recognized by management?

Considering the nature of the Company's business, this is not applicable.

6. What percentage of the Company's permanent employees is members of this recognized employee association?

Not applicable

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

There were no complaints relating to child labour, forced labour, involuntary labour, sexual harassment that the Company received in the financial year 2013-14 and pending as on March 31, 2014.

8. What percentage of Company's under mentioned employees were given safety & skill up-gradation training in the last year?

- Permanent Employees:** Over 85 % of permanent employees, including women employees, have received training in the last year. Employees based in India undergo fire drill and fire safety training every year.
- Permanent Women Employees:** Most permanent women employees have received training in the last year.
- Casual/Temporary/Contractual Employees:** Over 75% of casual/ temporary/ contractual employees have received training in the last year.
- Employees with Disabilities:** This information is not available, in keeping with the Company's policy of non-discrimination.

Principle 4: Responsiveness to all stakeholders

1. Has the company mapped its internal and external stakeholders?

Yes. The Company has identified its stakeholders in the BR policy. These include, but are not restricted to, shareholders, employees, clients, suppliers, business partners, and the wider community.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

The Company is committed to equal opportunity in its employment practices. As a practice within the organization, preference is placed for disadvantaged, vulnerable or marginalized candidates, given that they possess equal merit.

For employees, the Company has instituted policies such as i-respect (against unlawful discrimination and sexual harassment), Ergonomics & RSI (Repetitive Stress Injury) Consultation Policy, provisions of flexible-work hours and access to counsellor to promote a healthy, safe and productive workplace.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders.

The Company engages with each of its stakeholders through a variety of forums, including employee engagement initiatives, training programs, feedback process, customer satisfaction surveys and investor meets.

Principle 5: Promoting human rights

1. **Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?**

The Company policy expressly forbids employing child labour. The Code of Ethics and Business Conduct states specifically that the stakeholders must observe the laws of the land, and where the clauses of the Code are stricter, must comply with the Code. The Code further affirms equal employment opportunity policies and intolerance to any form of harassment of employees.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

Four complaints have been received by the Company in the financial year 2013-14. All complaints have been resolved as on March 31, 2014.

Principle 6: Protecting the environment

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/others.**

The Company has adopted the Oracle Global Environment, Health and Safety Policy which is applicable to its employees. As per the Code of Ethics and Business Conduct, the Company expects its suppliers and partners to be compliant with the Code and with applicable laws and regulations to an entity, including environmental laws and regulations.

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

The Company is committed to conducting its business in a manner that minimizes pollution and other adverse environmental impacts. It has adopted the Real Estate & Facilities Global Sustainability Program, which seeks to drive environmental stewardship by reduction of global energy and water consumption, reducing waste and diverting waste from landfill. The Company also supports Ministry of Corporate Affairs' Go Green initiative, which makes provision for electronic communication of the Annual Reports and other documents to shareholders.

3. **Does the Company identify and assess potential environmental risks?**

By virtue of nature of its operations, employees are required to work at their workstations for majority of the time. Therefore, the office environment for employees is of utmost importance. In cognizance of this, the Company has formulated an Ergonomics & RSI Consultation Policy, which allows the provision of consultation with a professional to evaluate issues of discomfort at the workplace experienced by the employees. The Company then implements the recommendations made based on the professional's assessment of seating area, lighting, seating and other environmental factors.

4. **Does the Company have any project related to Clean Development Mechanism?**

Given the nature of the Company's business, Clean Development Mechanism projects are not relevant to the business.

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.**

During the year, the Company continued its several initiatives to reduce energy requirements from the data centres. These are:

- A. Consolidation of data centres – three data centres in India and several international data centres have been consolidated,
- B. Refresh of servers – Several old servers were decommissioned and tech-refreshed to the latest environment-friendly equipment, or retired in the past year.
- C. Refresh of desktops – the Company has replaced several machines with the new ones which require reduced power and generate lower heat.

These initiatives have led to savings in energy required for running the equipment, air conditioning and maintenance of data centres in addition to the savings in space. The Company intends to continue to implement energy efficient measures in its operations.

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes, the emissions and waste generated by the Company are within the permissible limits of Pollution Control Board.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

Nil

Principle 7: Responsible policy advocacy

1. **Is the Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**
 - Bombay Chamber of Commerce and Industry
 - Confederation of Indian Industry (CII).
2. **Has the Company advocated/lobbied through above associations for the advancement or improvement of public good?**

The Company does not engage in influencing regulatory policy.

Principle 8: Supporting inclusive development

1. **Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8?**

The Company encourages its employees to be responsible members of the community. The Company has previously supported a program for children called “i-flex for children”. It had also undertaken initiatives such as construction of additional facilities at schools and hospitals, athletic event for children, scholarships for children with special needs and making transportation arrangements for special need schools.
2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

The initiatives listed above were managed by a committee of senior officials and volunteers from various divisions and locations in India.

3. **Have the Company done any impact assessment of Company's initiative?**

Not applicable
4. **What is the company's direct contribution to community development projects-Amount in INR and the details of the projects undertaken**

No direct contribution in the financial year 2013-14. The Company is however in the initial phase of developing a Corporate Social Responsibility (CSR) program as required by the newly introduced CSR clause in Section 135 of the Companies Act, 2013.

5. **Have the Company taken steps to ensure that this community development initiative is successfully adopted by the community?**

Not applicable

Principle 9: Providing value to customer

1. **What percentage of customer complaints/ consumer cases is pending as on the end of financial year?**

There is one case filed by an investor at the consumer forum that is pending before the State Commission as on March 31, 2014.
2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)**

The products are provided with a user manual. There are no legal mandatory requirements regarding the product information for the Company's products.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year.**

There were no complaints filed or pending against the Company regarding unfair trade practice, irresponsible advertising and/or anti-competitive behaviour in the last 5 years.

4. **Did the Company carry out any consumer survey/ consumer satisfaction trends?**

Yes, the Company conducts external customer satisfaction trends once every year. This is a measure of the health of customer relationships and is also the basis of identifying customer requirements and expectations in the long run. An internal customer satisfaction measure is tracked every quarter based on feedback from employees in customer-facing roles, primarily for immediate remedial actions.