



**Oracle Financial Services Software Limited**  
Annual Report  
2014-15



## From the Chairman's desk

It is my pleasure to report the results for the financial year ended March 31, 2015. On consolidated basis, your Company's revenue stood at ₹ 39,049 million this year, an increase of 4.4% over the previous financial year. The operating income was ₹ 14,827 million this year, an increase of 12% over the last financial year, and the license revenue grew 53% over the last financial year. On several other parameters, your Company delivered a strong operating performance including highest ever operating margins and lowest ever days of sales outstanding.

Your Company's list of clients across both banking and analytical application offerings has steadily grown through the year to include leading banks across the world. Nearly 70% of the Systematically Important Financial Institutions (SIFIs) use Oracle Financial Services Analytical Applications in one or more areas - Risk, Marketing, Treasury, Compliance and Finance. Several tier-1 banks across Europe and US adopted your Company's solutions for risk and compliance. Your Company expanded its foot print across several countries where the local leading banks adopted Oracle FLEXCUBE to consolidate and grow both their domestic and international operations. Oracle FLEXCUBE is increasingly becoming the standard bearer for banks offering Shariah-compliant products and services. Oracle FLEXCUBE's capabilities were also endorsed by leading analysts. CEB Towergroup, in its technology analysis of online banking software solutions ranked Oracle FLEXCUBE's capabilities as "Best-in-Class" in all four ranking categories: Customer Experience, Design and Security, Operations Management and Enterprise Support.

Your Company's newer offering the Oracle Banking Platform won customers in advanced markets. In the analytical product space, your Company's offerings continue to strengthen their market leadership. In the Operational Risk and Regulation Awards - 2014, your Company's software to combat fraud and financial crime was selected the winner. Oracle also ranked as Category Leader in the Financial Crime Risk Management Report 2014 published by Chartis, the leading research firm.

Banks the world over are facing sweeping changes and are having to deal with disruptive trends. They face uncertain and weak economies in many regions; they have new and non-traditional competitors using innovative technology threatening to take their business away; digitization is catching the imagination of a new generation of customers; and their regulatory environment is getting more demanding. Banks need to redesign their approach to a "customer in" approach that builds sustainable information driven and value centric relationship as opposed to the typical "product out" approach. Digital remains a significant area of focus for your Company as its products enable progressive transformation to help banks create a strong digital presence.

Another major area of disruption is the potential of the "Cloud". With the need to commit a large upfront investment eliminated, Cloud offers access to a level playing field for small players to compete effectively with large banks. Oracle is a leading provider of cloud services including Infrastructure as a Service (IaaS), Platform as a Service (PaaS) and Software as a Service (SaaS). Together with Oracle, your Company provides Oracle Financial Services Lending and Leasing on a SaaS model for consumer finance companies. Oracle FLEXCUBE customers have a choice to deploy it on the Oracle Managed Cloud Services or as a Business Process Service from a certified partner. Your Company continues to invest significantly in the research and development to maintain its position as innovator in the global financial services industry and offer relevant and high quality solutions to them.

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 the Company to achieve the 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**

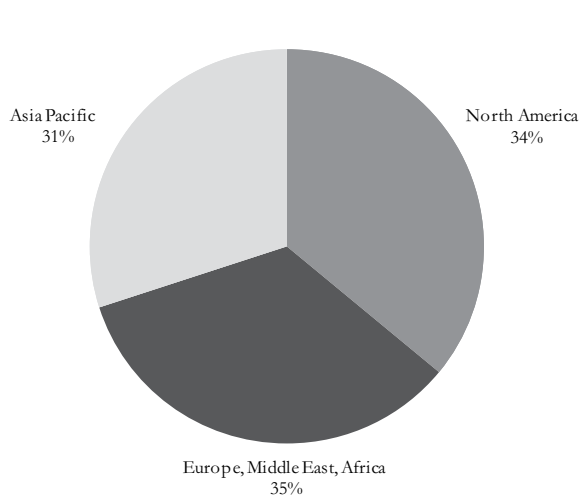
Day and Date	:	Friday, September 11, 2015
Time	:	2.30 p.m.
Venue	:	The Westin Mumbai Garden City International Business Park Oberoi Garden City, Goregaon (East) Mumbai 400063

## Financials at a glance

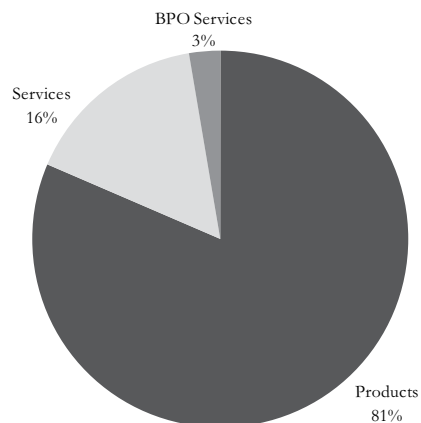
### Key performance indicators 2014-15

As per Indian GAAP Consolidated results

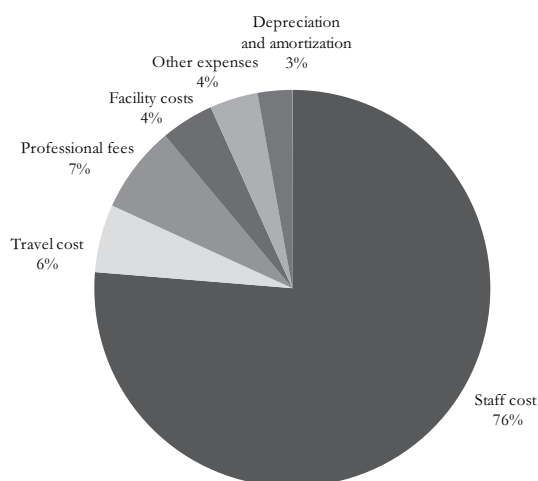
Fiscal year 2014-15 break up in terms of operating revenue by region, operating revenue by portfolio and expense by category



Operating revenue by region



Operating revenue by portfolio



Expense by category

(Amounts in ₹ million except EPS & Book Value)

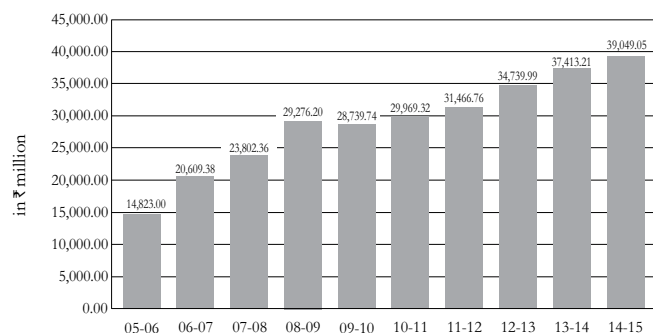
### Ten years in the industry

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Operating Revenue	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	39,049.05
Interest and Other Income (expense)	290.54	367.28	631.16	1,763.89	(858.03)	1,668.26	4,217.49	4,595.44	6,736.48	3,481.34
Total Revenue	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	42,530.39
Total Expenses	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	24,222.02
EBT	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	18,308.37
Tax	560.41	415.95	441.68	835.36	1,197.69	1,370.12	5,076.29	5,380.58	6,420.42	6,385.17
EAT	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	11,923.20
EPS	28.09	44.00	49.12	87.05	91.43	131.30	107.46	127.06	160.65	140.91
Book Value	163.05	279.13	328.20	414.21	506.95	638.85	746.60	875.31	1,037.23	407.03

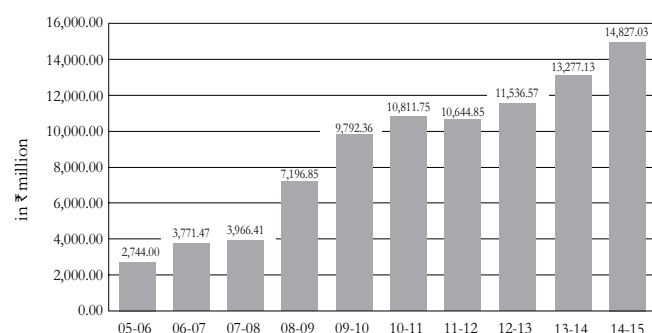
Note: All EPS and Book Values are computed based on the current equity capital base of 84,614,859 shares as on March 31, 2015.

## Key metrics 2005-2015

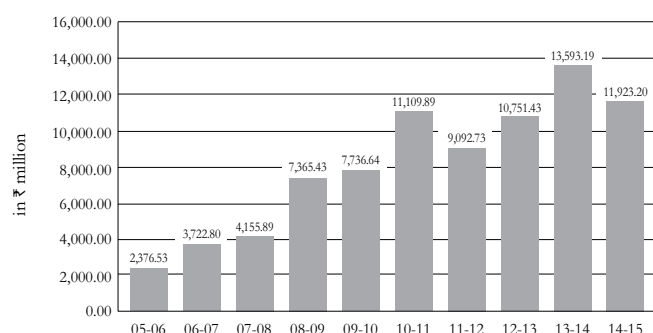
### Operating revenue



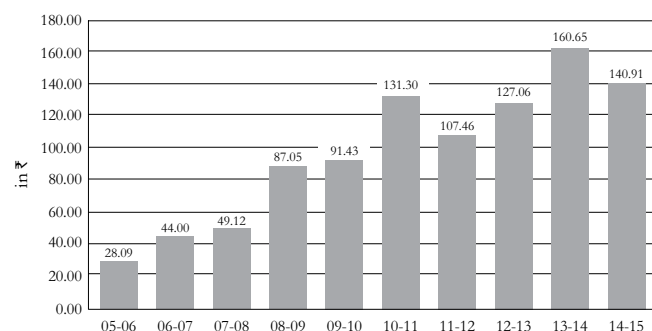
### Operating income



### Net income

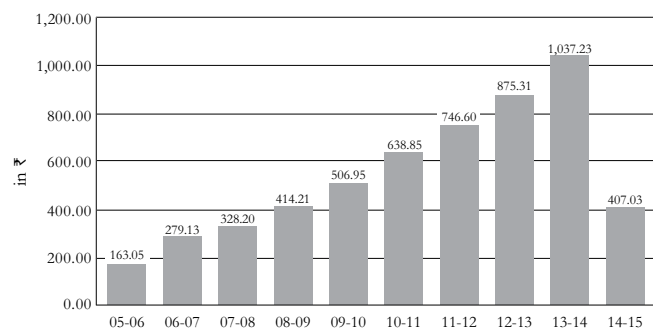


### Earnings per share



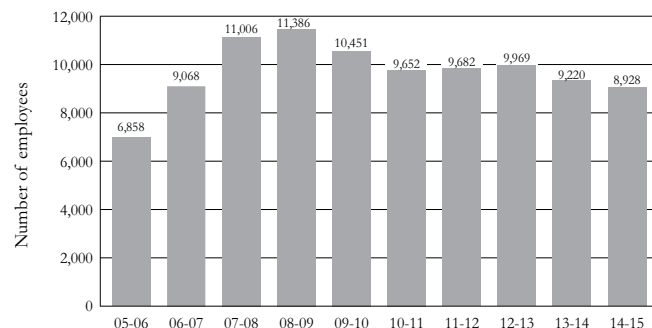
Earnings per share is computed on the equity capital base of 84,614,859 shares as on March 31, 2015.

### Book value

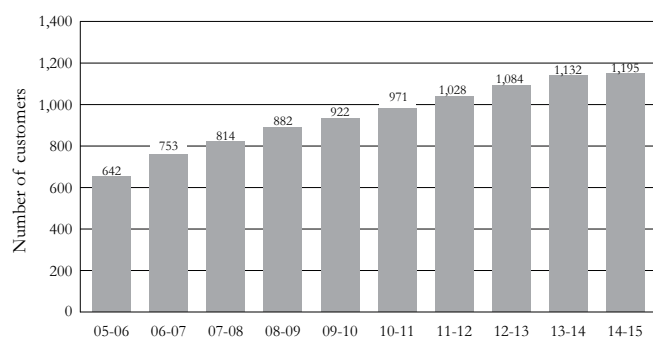


Book Value is computed on the equity capital base of 84,614,859 shares as on March 31, 2015.

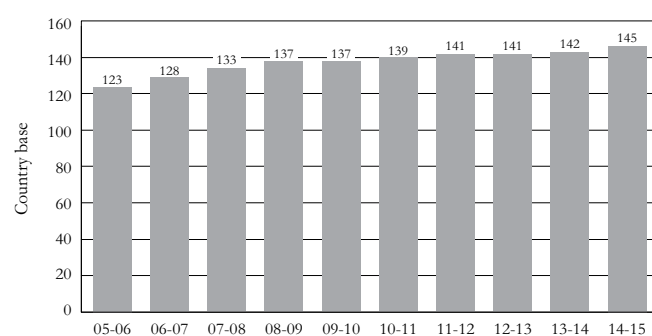
### Number of employees including subsidiaries



### 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

Maria Smith

Richard Jackson

Robert K Weiler

Samantha Wellington

Sridhar Srinivasan

#### Chief Financial Officer

Makarand Padalkar

#### Chief Accounting Officer

Avadhut (Vinay) Ketkar

#### Company Secretary

Onkarnath Banerjee

#### Legal Counsel

Mohamed Yacob

#### Auditors

S. R. Batliboi & Associates LLP

#### Bankers

Bank of India

Canara Bank

Citibank, N.A.

Deutsche Bank AG

HDFC Bank Ltd.

HSBC Bank

Kotak Mahindra Bank Ltd.

J P Morgan Chase

Syndicate Bank

Yes Bank Ltd.

#### Registrars & Transfer Agents

Link Intime India Private Limited

C-13 Pannalal Silk Mills Compound

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

Mumbai 400078

#### Management Team

Abhik Ray

Arvind Gulhati

Bhaskar Jayaraman

Bindu Venkatesh

Deepak Kewalramani

Dinesh V Shetty

Edwin Niranjana Moses

George Thomas

H S Teji

Jambu Natarajan P V

Karthick R Prasad

Karthik Vaidyanathan

Kishore Kapoor

Laura Balachandran

Mahesh Kandavar Rao

Manish Chandra Gupta

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 Kumar Ghosh

Sanjay V Deshpande

Sanjeet Prakash Rao

Surendra Shukla

Suresh Kumar Pinglay

Umesh Arora

Venkata Subramanian

Venkatesh Srinivasan

Vijay Alexander

Vikram Gupta

Vinayak L Hampihallikar



## Registered Office

Oracle Financial Services Software Limited  
Oracle Park  
Off Western Express Highway  
Goregaon (East)  
Mumbai 400063, Maharashtra, India  
CIN : L72200MH1989PLC053666

## 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

2nd Floor, Office Park  
Dubai Internet City  
Dubai, UAE

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

## 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 12, 15, 16 & 36, ASEM Tower  
159-1 Samsung-dong, Kangnam-ku  
Seoul 135-798, South Korea

Level 8, 4 Julius Avenue  
North Ryde  
Sydney, NSW 2113, Australia

Level 4  
417 St. Kilda Road  
Melbourne VIC 3004  
Australia

18th Floor, International Finance Place  
No. 8 Huaxia Road, Pearl River New City  
Tianhe District  
Guangzhou 510623  
China

6 Temasek Boulevard  
#18-01 Suntec Tower Four  
Singapore 038986

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

## **Subsidiary Offices - Europe**

Oracle Financial Services Software B.V.  
Barbara Strozilaan 201  
NL-1083 HN Amsterdam  
The Netherlands

## **Offices**

Mainzer Landstrasse 49a  
D-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  
F-92700 Colombes, France

Molyneux House  
Bride Street, Dublin 8  
Ireland

Oracle Financial Services Software SA  
265 Mesogheion Avenue  
Neo Psychico 15451  
Athens, Greece

## **Subsidiary Offices - North America**

Oracle Financial Services Software America, Inc.  
Oracle Financial Services Software, Inc. & Mantas Inc.  
399 Thornall 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

Building 7, Basement Section K  
Row I, 500 Eldorado Boulevard  
Broomfield, Colorado 80021  
USA

## **Subsidiary Offices - South America**

Oracle Financial Services Software Chile Limitada  
Avenida del Valle 537 - 2nd Floor  
Ciudad Empresarial  
Huechuraba  
Santiago, Chile, CP 8580678

## **Subsidiary Offices - 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.  
17901 Von Karman Avenue Suite # 800  
Irvine, CA 92614 USA

Oracle (OFSS) BPO Services Limited  
DLF Infinity Tower A, 3rd Floor  
DLF Cyber City, Phase II  
Gurgaon 122002 Haryana, India

# Directors' report

## Financial year 2014-15

Dear Members,

The Directors present their report on the business and operations of your Company along with the Annual Report and audited financial statements of the Company for the financial year 2014-15.

### Financial highlights

As per Indian GAAP Consolidated financial statements:

Particulars	(Amounts in ₹ million)	
	Year ended March 31, 2015	Year ended March 31, 2014
Revenue from operations	39,049.05	37,413.21
Other income, net	3,481.34	6,736.48
Total income	42,530.39	44,149.69
Depreciation and amortization	(680.92)	(716.72)
Profit before tax	18,308.37	20,013.61
Tax expenses	(6,385.17)	(6,420.42)
Profit for the year	11,923.20	13,593.19

As per Indian GAAP Unconsolidated financial statements:

Particulars	(Amounts in ₹ million)	
	Year ended March 31, 2015	Year ended March 31, 2014
Revenue from operations	33,410.95	31,594.68
Other income, net	3,758.99	6,209.16
Total income	37,169.94	37,803.84
Depreciation and amortization	(634.37)	(643.46)
Profit before tax	16,136.29	17,308.05
Tax expenses	(5,556.09)	(5,824.43)
Profit for the year	10,580.20	11,483.62

### Performance

On consolidated basis, your Company's revenue stood at ₹ 39,049 million this year, an increase of 4.4% from ₹ 37,413 million of the previous financial year. The net income was ₹ 11,923 million this year, a decrease of 12.3% primarily on account of lower interest income.

On an unconsolidated basis, your Company's revenue grew to ₹ 33,411 million during the financial year 2014-15 from ₹ 31,595 million last year. This represents a growth of 5.8%. The Company's net profit for the financial year 2014-15 was ₹ 10,580 million, a decrease of 7.9% over the previous financial year primarily on account of lower interest income.

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 Company had distributed an interim dividend of ₹ 485 per equity share of ₹ 5 each in September 2014. Further, your Board is pleased to recommend a final dividend of ₹ 180 per equity share of face value of ₹ 5 each for the financial year ended March 31, 2015.

The Register of Members and Share Transfer Books will remain closed from Monday, September 7, 2015 to Friday, September 11, 2015 for the purpose of payment of the final dividend for the financial year ended March 31, 2015, and the Annual General Meeting. The Annual General Meeting is scheduled to be held on Friday, September 11, 2015. The dividend, if approved at the forthcoming Annual General Meeting, will be paid to those shareholders whose names appear on the Register of Members as on Friday, September 4, 2015.

### Transfer to reserves

The Company does not propose to transfer any amount to the General Reserve out of the amount available for appropriation.

## Particulars of loans, guarantees or investments

Pursuant to Section 186 of the Companies Act, 2013, there are no new loans granted or investments made by the Company during the financial year 2014-15.

## Share capital

During the year the Company allotted 470,725 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, 2015, the paid-up equity share capital of the Company was ₹ 423,074,295 divided into 84,614,859 equity shares of face value of ₹ 5 each.

## Extract of annual return

Pursuant to Section 92(3) of the Companies Act, 2013 ("the Act") and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of annual return (in form MGT-9) is annexed as Annexure 1.

## Directors and key managerial personnel

Mr. Derek H Williams, Mr. Chaitanya Kamat and Ms. Samantha Wellington, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Pursuant to Section 161 of the Companies Act, 2013, Ms. Maria Smith and Mr. Sridhar Srinivasan were appointed as Additional Directors of the Company on July 23, 2015 and hold office up to the date of ensuing Annual General Meeting. The Company has received Notices in writing from Members, pursuant to Section 160 of the Companies Act, 2013, proposing the candidature of Ms. Maria Smith and Mr. Sridhar Srinivasan for the office of the Director.

In accordance with 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. Sridhar Srinivasan is recommended to be appointed as an Independent Director of the Company for a term up to March 31, 2020, not liable to retire by rotation.

The Board recommends to the Members the resolutions for re-appointment of Mr. Derek H Williams, Mr. Chaitanya Kamat and Ms. Samantha Wellington as Directors of the Company and appointments of Ms. Maria Smith as a Director and Mr. Sridhar Srinivasan as an Independent Director of the Company.

Mr. Y M Kale, Non-Executive Independent Director, resigned with effect from December 15, 2014. The Board placed on record its appreciation of the valuable contributions rendered by Mr. Kale during his tenure as a Director of the Company.

Mr. William Corey West, Non-Executive Non-Independent Director, resigned with effect from July 22, 2015. The Board placed on record its appreciation of the valuable contributions rendered by Mr. William Corey West during his tenure as a Director of the Company.

Every new independent director of the Board attends a familiarization program. The program provides an insight into the Company's products, competition, emerging technologies, etc. to gain a better understanding of the business environment as also covers the regulatory landscape. The familiarization program for Independent Directors is available on Company's website, <http://www.oracle.com/us/industries/financial-services/financial-familiarization-program-2547373.pdf>

A formal letter of appointment outlining his/her role, function, duties and responsibilities is issued to the Independent Director at the time of appointment. The model of the letter of appointment of Independent Director is available on Company's website, <http://www.oracle.com/us/industries/financial-services/model-letter-appointment-director-2399432.pdf>

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

As stipulated under Clause 49 of the Listing Agreement, 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 of Directors at its meeting held on May 16, 2014 appointed Mr. Chaitanya Kamat, Managing Director & CEO, Mr. Makarand Padalkar, Chief Financial Officer and Mr. Hoshi D Bhagwagar, Company Secretary and Compliance Officer as the whole-time Key Managerial Personnel (KMP) of the Company effective April 1, 2014. Mr. Hoshi D Bhagwagar resigned as the Company Secretary and Compliance Officer with effect from June 6, 2014. Mr. Jayant Joshi was appointed as the Company Secretary and Compliance Officer of the Company with effect from September 29, 2014. Mr. Jayant Joshi relinquished the position as the Company Secretary and Compliance Officer with effect from May 31, 2015. The Board of Directors at its meeting held on May 15, 2015 has appointed Mr. Onkarnath Banerjee as the Company Secretary and Compliance Officer and a whole-time Key Managerial Personnel (KMP) of the Company effective June 1, 2015.

## **Board diversity policy**

The Board Diversity Policy sets out the guidelines for composition of the Board comprising of members with relevant professional qualifications and wide industry experience. The policy also sets out the gender diversity norms and composition of independent directors in compliance with the Companies Act, 2013 and the Listing Agreement.

## **Board evaluation policy**

In accordance with the requirements of the Companies Act, 2013 and the Clause 49 of the Listing Agreement, the Directors perform annual evaluation of the Board. The evaluation process is led by the Chairman of the Nomination and Remuneration Committee who obtains the feedback of the Board members on contribution of the members, effectiveness of Board processes and areas of improvement. The feedback is used to enhance Board effectiveness and helps in validating that the Board has the right level of expertise.

During the year, the performance of the Board and its Committees was evaluated after seeking inputs from all the directors on the basis of the criteria such as the contribution, participation, effectiveness of Board processes, timeliness and relevance of information to the Board, etc. The evaluation also included evaluation of individual directors. In a separate meeting of Independent Directors, performance of non-independent directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the board meeting that followed.

## **Directors' appointment policy**

The Nomination and Remuneration Committee ("NRC") of the Company has formulated the policy on Directors' Appointment. As per the Policy, NRC frames the criteria in terms of skills and experience based on the feedback from the Board and executive management. NRC may utilize services of a search firm or use other networks to shortlist the candidates. The selection process involves meetings / review of the candidates by at least three other directors.

The tenure of the Independent Directors shall not exceed two consecutive terms of 5 years each.

## **Remuneration policy**

The Nomination and Remuneration Committee determines the quantum of commission payable to the Directors within the limits approved by the shareholders. Periodic review of the commission paid to the Independent Non-Executive Directors is made based on industry benchmarks.

The remuneration to Key Managerial Personnel and Senior Management consists of fixed pay and incentive pay, in compliance with the policies of the Company.

The Committee determines the stock options and other share based awards / payments to be made to Key Managerial Personnel and employees of the Company.

## **Material subsidiary policy**

The Company has framed a Material Subsidiary Policy for identification and governance of the same. The policy is available at Company's website, <http://www.oracle.com/us/industries/financial-services/policy-determining-material-2615655.pdf>

## **Subsidiaries**

Your Company has subsidiaries in Greece, India, Republic of Chile, Republic of China, Republic of Mauritius, Singapore, The Netherlands and United States of America.

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 129 of the Companies Act, 2013 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, 2015. Pursuant to sub-section 3 of Section 129 of the Companies Act, 2013 ("the Act"), the statement containing the salient feature of the financial statement of the subsidiaries is attached to the financial statements in form AOC-1.

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](http://www.oracle.com/financialservices)

## Related party transactions

The Company has framed a related party transactions policy in accordance with the provisions of the Companies Act, 2013 and the Listing Agreement. All related party transactions which were entered into during the financial year 2014-15 were on an arm's length basis and in the ordinary course of business. Form AOC-2 providing the details of related party transactions of the Company is annexed to this report as Annexure 2.

The policy is available at: <http://www.oracle.com/us/industries/financial-services/ofss-party-transactions-policy-2288144.pdf>

## Partners and alliances

Your Company continues to focus on building, nurturing and growing a robust partner ecosystem, which helps deliver the solutions that address the nuanced needs of diverse countries, regions and markets of the world efficiently. Your Company conducts periodic knowledge transfer for its products and services offerings empowering the partner, as indeed the user, community. These programs provide users with superior product knowledge and services capabilities, as well as a better understanding of partners' resources and implementation capabilities.

In August 2014, your Company hosted the third annual Oracle FLEXCUBE Developers Conclave in India. More than 150 customers and partners from 40+ countries attended and received training on how to leverage Oracle FLEXCUBE open development tools to meet new business requirements by leveraging Oracle FLEXCUBE web services for integration. Besides, the new Oracle University certifications for Oracle FLEXCUBE have also been made available, allowing partners to train and obtain certification for functional, technical, and advanced levels.

## Research and Development

Your Company continuously makes significant investments in research and development to develop solutions that the global banking industry needs today and will need tomorrow. Your Company strives to be at the forefront of innovation, at the same time taking the technology risk away from the banks by future proofing their investments. Your Company's dedicated in-house research and development (R&D) centres have produced a number of products that are today used by banks in more than 120 countries around the world for running their most critical operations. The investments your Company makes in building applications coupled with access to Oracle's technology provides a unique competitive edge to its offerings.

## Fixed deposits

During the financial year 2014-15, the Company has not accepted any fixed deposits within the meaning of Rule 2(c) of the Companies (Acceptance of Deposits) Rules, 2014, 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 regulations and related requirements as envisaged under Clause 49 of the Listing Agreement entered with the stock exchanges.

Your Company has constituted seven committees consisting of Board Members and other senior officials of the Company, namely, Audit Committee, Nomination and Remuneration Committee, ESOP Allotment Committee, Transfer Committee, Stakeholder's Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. There is a separate report on Corporate Governance which forms a part of this Annual Report alongwith a certificate of Practicing Company Secretary with regard to compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

The Practicing Company Secretary has noted in his certificate on Corporate Governance, and Secretarial Audit Report that the Composition of Board of Directors of the Company was not as per Section 149(4) of the Companies Act, 2013 and Clause 49IIA(2) of the Listing Agreement during the period from 15th December, 2014 to 31st March, 2015. The Directors clarify that the Company had initiated all necessary steps to fill in the position as quickly as possible. After following the appropriate selection process, the Company has appointed Mr. Sridhar Srinivasan, as a Non-Executive, Independent director on July 23, 2015. Accordingly, the composition of the Board of Directors and its Committees is as per aforesaid regulations.

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, 2015, was placed before the Board of Directors and the Board had noted the same. The said certificate is annexed to the Directors' report.

## Secretarial audit

In terms of Section 204 of the Companies Act 2013, and the Rules made thereunder, the Secretarial Audit report issued by Practicing Company Secretary is enclosed as Annexure 3 to this report.

## Vigil mechanism / whistle blower policy

The Company has established a Code of Ethics and Business Conduct ("Code") which is applicable to its employees. The Code also extends to the Company's suppliers and partners. Regular dissemination of the Code and trainings are conducted to reinforce the concepts and ensure that any changes are communicated. The Company's vigil mechanism deals with reporting and dealing with instances of fraud and mismanagement, and forms part of the Code. The Company has in place a confidential reporting mechanism for any whistle blower to report a matter.

In terms of Companies Act, 2013 and Clause 49 of the Listing Agreement entered with the stock exchanges, the Vigil Mechanism / Whistle Blower Policy forms part of the Company's Code of Ethics and Business Conduct which is placed on website of the Company at <http://www.oracle.com/us/industries/financial-services/046571.html>

## 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](http://www.oracle.com/financialservices). The 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 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"). Accordingly, the Company has granted 1,950,500 options under the Scheme 2011. Nomination and Remuneration Committee in their meeting held on August 7, 2014 approved Oracle Financial Services Software Limited Stock Option Plan 2014 ("OFSS Stock Plan 2014") and during the year 2014-15, the Company granted 58,370 Stock Options and 147,889 Restricted Stock Units (RSUs) under OFSS Stock Plan 2014.

The Stock Options granted under the Scheme 2002, Scheme 2010 and Scheme 2011, each of 20% of the total options granted will vest 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.

The Stock Options / RSUs granted in Financial year 2014-15 under OFSS Stock Plan 2014, each of 25% of the total Stock Options / RSUs will vest on completion of 12, 24, 36 and 48 months from the date of grant and is subject to continued employment of the employee of 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.

The details of the options / RSUs granted under the Scheme 2002, Scheme 2010, Scheme 2011 and OFSS Stock Plan 2014 to eligible employees / directors from time to time are given below:

Particulars	Scheme 2002	Scheme 2010	Scheme 2011	OFSS Stock Plan 2014	OFSS Stock Plan 2014	Total
		(Stock Options)			(RSUs)	
Pricing Formula	At the market price as on the date of grant				₹ 5	
Variation of terms of options / RSUs	None	None	None	None	None	
Number of options / RSUs granted till March 31, 2015	5,167,920	638,000	1,950,500	58,370	147,889	7,962,679
Number of options / RSUs lapsed*	614,725	267,962	208,250	—	—	1,090,937
Number of options / RSUs exercised	4,516,795	205,348	327,622	—	—	5,049,765
Total number of options / RSUs in force as on March 31, 2015	36,400	164,690	1,414,628	58,370	147,889	1,821,977

\* includes number of options / RSUs forfeited.



The details of Options / RSUs granted to Directors and Senior Managerial Personnel under Scheme 2011 and OFSS Stock Plan 2014 during the financial year ended March 31, 2015 are as follows:

Particulars	Number of Options (Scheme 2011)	Number of RSUs (OFSS Stock Plan 2014)
i. Director:		
Mr. Chaitanya Kamat	Nil	25,000
Senior Managerial Personnel:		
Mr. Arvind Gulhati	Nil	5,000
Mr. Avadhut Ketkar	Nil	1,687
Mr. Edwin N Moses	Nil	3,750
Mr. Jayant Joshi	Nil	2,000
Mr. Mahesh Rao	Nil	3,750
Mr. Makarand Padalkar	Nil	10,000
Mr. Manmath Kulkarni	Nil	3,125
Ms. Meenakshy Iyer	Nil	375
Mr. Mohamed Yacob	Nil	250
Mr. M. Ravikumar	Nil	3,125
Mr. Vikram Gupta	Nil	5,000
Mr. Vinayak Hampihallikar	Nil	1,750
ii. Any other employee, who receives grant in any one year of option amounting to 5% or more of option / RSUs granted during the year		
Mr. James Finnegan	15,000	Nil
iii. Identified employees who were granted option / RSUs, 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	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	₹ 124.86	

Had compensation cost for the Company's ESOP been determined based on fair value at the grant dates, the 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, 2015
Profit as reported	10,580.20
Add: Employee stock compensation under intrinsic value method	Nil
Less: Employee stock compensation under fair value method	(643.82)
Proforma profit	9,936.38
Earnings per share	
Basic	
- As reported	125.38
- Proforma	117.75
Diluted	
- As reported	124.86
- Proforma	117.39

All stock options were granted at market price on the date of grant and RSUs were granted at the face value of the equity shares. The compensation cost arising on account of stock options and RSUs is calculated using the Intrinsic value method. Accordingly the disclosures in terms of Regulation 14 (C) (vii) of the SEBI (Share Based Employee Benefits) Regulations, 2014, are not applicable.



A summary of the activities in the Company's Scheme 2002, Scheme 2010 and Scheme 2011 for the year ended March 31, 2015 are as follows:

Particulars	Scheme 2002		Scheme 2010		Scheme 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	91,300	1,976	311,050	2,069	1,703,125	2,783
Granted	—	—	—	—	15,000	3,076
Exercised	(54,900)	1,975	(141,028)	2,075	(274,797)	2,535
Forfeited	—	—	(5,332)	2,050	(28,700)	2,667
Outstanding at end of the year	36,400	1,978	164,690	2,064	1,414,628	2,837
Vested options	24,400		91,901		347,178	
Unvested options	12,000		72,789		1,067,450	
Options vested during the year	12,000		70,103		344,550	
Options forfeited / lapsed during the year	Nil		5,332		28,700	

The weighted average share price for the year over which stock options were exercised was ₹ 3,347. Money realized by exercise of options during the financial year 2014-15 was ₹ 1,097.6 million. The Company has recovered perquisite tax on the options exercised by the employees during the year.

A summary of the activities in the Company's OFSS Stock Plan 2014 are as follows:

Particulars	Year ended March 31, 2015 OFSS Stock Plan 2014			
	Shares arising from RSUs	Weighted average exercise price (₹)	Shares arising from Options	Weighted average exercise price (₹)
Outstanding at beginning of year	—	—	—	—
Granted	147,889	5	58,370	3,241
Exercised	—	—	—	—
Forfeited	—	—	—	—
Outstanding at end of the year	147,889	5	58,370	3,241
Vested RSUs / Options	—		—	
Unvested RSUs / Option	147,889		58,370	

The fair value of stock options / RSUs granted on granted on July 14, 2014 under Scheme 2011 was ₹ 1,542 and Stock Options and RSUs granted on March 30, 2015 under OFSS Stock Plan 2014 was ₹ 2,753, calculated as per the Black Scholes valuation model as stated in 24b in the notes to accounts. There were no Options / RSUs vested during the financial year 2014-15.

The details of options unvested and options vested and exercisable as on March 31, 2015 are as follows:

Particulars	Exercise price (₹)	Number of options	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Options unvested	5	147,889	5	10.0
	1,930	180,700	1,930	6.7
	2,032	16,000	2,032	6.7
	2,050	64,789	2,050	5.4
	2,333	12,000	2,333	5.6
	2,342	8,000	2,342	6.3
	3,076	15,000	3,076	9.3
	3,077	499,800	3,077	8.5
	3,127	355,950	3,127	7.9
	3,241	58,370	3,241	10.0

Particulars	Exercise price (₹)	Number of options	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Options vested and exercisable	1,291	12,400	1,291	1.1
	1,930	123,428	1,930	6.7
	2,050	91,901	2,050	5.4
	2,333	12,000	2,333	5.6
	3,077	52,700	3,077	8.5
	3,127	171,050	3,127	7.9
		1,821,977	2,533	7.8

### Employee stock purchase scheme (“ESPS”)

The Company has adopted the ESPS administered through a Trust with name i-flex Employee Stock Option Trust (“the Trust”) to provide equity based incentives to key employees of the Company. i-flex Solution Trustee Company Ltd. is the Trustee of this Trust. 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 grant. 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.

No allocation of shares to the employees have been made through the Trust since 2005 and all selected employees under the Trust have exercised their right of purchase of shares prior to March 31, 2014. In this regard, the Trustee Company has also filed a petition in the Hon’ble Bombay High Court to seek directions for utilization of the remaining unallocated shares along with the other assets held by the Trust for the benefit of the employees of the Company and the matter is presently pending before the Hon’ble Bombay High Court.

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

Particulars	(Number of shares)	
	Year ended March 31, 2015	March 31, 2014
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
Shares exercised during the year	—	(2,750)
Shares forfeited during the year	—	—
Closing balance of allocated shares	—	—
Shares eligible for exercise	—	—
Shares not eligible for exercise	—	—
Total allocated shares	—	—

### Human resources

Your Company maintains a healthy and productive environment and offers clean and ergonomic workspaces. Human Resources are key assets of the your Company, and your Company invests continuously in imparting latest technology skills together with a range of soft skills to help them excel in their roles. Your Company has a strong performance management system together with a formal talent management processes to nurture employee careers, groom future leaders, and create a high performance workforce. Your Company follows global best HR practices.

Your Company’s total manpower at the end of March 31, 2015 was 8,928 as compared to 9,220 as on March 31, 2014 (including employees of subsidiaries).

During the financial year, one complaint was filed under Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, during the financial year and the same was resolved. There was no complaint outstanding as at the end of financial year.

### **Corporate social responsibility**

The Company has constituted a Corporate Social Responsibility Committee and the Committee has formulated the Company's Corporate Social Responsibility ("CSR") Policy. The CSR Policy is in line with the provisions listed in Section 135 and Schedule VII of the Companies Act, 2013.

The policy is available at: <http://www.oracle.com/us/industries/financial-services/ofss-social-responsibility-2437852.pdf>

Pursuant to Rule 8 of Companies (Corporate Social Responsibility) Rules, 2014, a report on the CSR activities for the financial year ended March 31, 2015 is enclosed as Annexure 4.

### **Risk management policy**

The Company has established a Risk Management Policy ("Policy") which sets out the Company's principles and processes with regard to identification, analysis and management of applicable risks. The policy mandates the ways in which respective risks are expected to be mitigated and monitored.

The Board has constituted a Risk Management Committee to monitor and review the Risk Management Plan for the Company.

### **Internal financial controls**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Business Assessment & Audit team ("BAA") function is defined in the Internal Audit Charter. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee.

The BAA monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, risk management system, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report of BAA, the Company undertakes corrective actions in their respective areas thereby strengthening the controls. Significant audit observations and corrective actions thereon are presented by the BAA to the Audit Committee.

### **Directors' responsibility statement**

As required under clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013, for the financial year ended on March 31, 2015, the Directors hereby confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had 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 and loss of the company for that period;
- c) the directors had 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;
- d) the directors had prepared the annual accounts on a going concern basis; and
- e) the directors, had laid down internal financial controls followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **Auditors**

M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration no. 101049W), were appointed as the Statutory Auditors of the Company by the Members at their Twenty Fifth Annual General Meeting held on September 12, 2014 to hold office till the conclusion of the Annual General Meeting to be held in the year 2017, subject to the ratification of their appointment at every Annual General Meeting. M/s. S.R. Batliboi & Associates LLP 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.

### **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 ₹ 1.88 Crs. The Company and the employees ensure tax compliance in such countries as advised by the tax consultants.

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

The particulars as prescribed under sub-section (1)(e) of Section 134 of the Companies Act, 2013 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:** Your Company 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.

**Network Migration:** As an organization wide initiative migration of the enterprise networks to MPLS technology has commenced. This migration was strategized and designed during this financial year. The implementation has also commenced and will continue to progress through the next 6 months. The technology reduces latency thereby increasing operational efficiencies. This is possible through a mesh network architecture vis-à-vis point to point architecture. This also improvises on the data and control plane protection aspects of the unified network architecture thereby creating a more secure operating environment.

**Online trainings:** A new initiative launched during this financial year is the new online internal video platform. From individual contributors to executives, every employee now has access to securely find, share, record and store high-quality video content internally. This platform empowers individual to create and edit video messages, slides accompanied by audio, web camera recordings. This enhances communication across the globe, minimizing travel, increasing efficiencies from a support perspective as well by making self service operations easier and effective.

**Mobile Device Management:** Management of external devices to an organization is constant challenge and this year, your Company introduced the Mobile Device Management platform which tracks, monitors and has the capability to delete company information from mobile devices in the event that it device is lost / stolen. This has led to better control over corporate data and thereby minimized the possibility of data loss or compromise.

**Availability Management:** As a part of improvising on the availability requirements across the organization, there has been a dual initiative of management and back up of product source codes, as well as provisioning of infrastructure to manage any business disruption based on the criticality of business requirements. This has led to a more robust operating environment, creating increased operating efficiencies.

**VOIP:** During the year, your Company further expanded the communication infrastructure with the objective to provide a seamless multi-channel communication to all the 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 led to better performance, better utilization of resources (i.e., space and power), increased operating efficiencies and leads to a greener work environment.

All these initiatives planned lead to a more secure and efficient operating environment.

### ii. Foreign exchange earnings and outgo

(Amounts in ₹ million)

Foreign Exchange Earnings (excluding reimbursement of travelling expenses)	31,743.62
Foreign Exchange Outgo (including capital goods & other expenditure)	8,586.74

#### 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. The Company 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

A variety of changes are shaping the complexion and direction of the Banking and Financial Services (BFSI) industry, these challenges also raise several new opportunities. World-over, the banks are in a hurry to become relevant and competitive in the changing business landscape, and they aspire to adopt the same tools and technologies that have run one of the finest global banks.

The compelling drive for banks to find a response to the digital opportunities, adopting globally proven product that enable them to take a several notches up in their capability, the need to leverage the power of technology such as big data, cloud and analytics to deliver superior customer experience.

Digitization is sweeping the banking world. Digitization means utilizing the right technology to deliver memorable customer experiences well into the future. Facing severe disruptive threats from young and nimble players that promise a unique financial convenience through the use of technology, financial institutions are urgently called upon to deliver superior customer experiences at the time and place determined by customers. The young generation with their here and now demand creates an opportunity for the banks to use their wealth of experience and strength of reliability to create a delightful customer experience. Banks are now strategically investing in platforms that are highly flexible, process-centric, scalable and sustainable well into the future.

With a portfolio of offerings that addresses this very need, your Company sees this as a significant opportunity, and is maintaining an unrelenting focus on it. Your Company's wins in the last year have demonstrated that its products are relevant not just large banks in developed markets, but also small and specialized institutions in emerging and frontier markets. Through these and other similar successes, your Company has helped banks achieve their business vision by providing technology which preserves their investments for the long-term. Your Company will continue to pursue such opportunities vigorously.

## Employee particulars

The information required under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given below:

Following guidelines have been used when preparing this statement. For statistically relevant computation of median value of employee remuneration, employees who have served the entire 12 months in the corresponding fiscal year were used. Further, the expression "median" means the numerical value separating the higher half of a population from the lower half and the median of a finite list of numbers may be found by arranging all the observations from lowest value to highest value and picking the middle one; and if there is an even number of observations, the median is the average of the two middle values. The remuneration used for the analysis in this section excludes the (perquisite) value of the difference between the fair market value and the exercise price on the date of exercise of options, to make the comparisons relevant.

### (i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

Name of the Director	Ratio to median remuneration
<i>Non Executive Directors</i>	
Mr. S Venkatachalam <sup>1</sup>	3
Mr. Derek H Williams	—
Mr. Harinderjit Singh	—
Mr. Richard Jackson	2
Mr. Robert K Weiler	—
Ms. Samantha Wellington	—
Mr. William Corey West	—
Mr. Y M Kale <sup>2</sup>	2
<i>Executive Directors</i>	
Mr. Chaitanya Kamat <sup>1</sup>	43

<sup>1</sup> Excludes the value towards difference between the fair market value and the exercise price on the date of exercise of options.

<sup>2</sup> For the period April 1, 2014 to December 15, 2014.

### (ii) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary in the financial year:

Name and Title	Percentage increase of remuneration in FY 2015 as compared to FY 2014
Mr. S Venkatachalam <sup>1</sup>	9%
Mr. Derek H Williams	—
Mr. Harinderjit Singh	—
Mr. Richard Jackson <sup>2</sup>	32%
Mr. Robert K Weiler	—
Ms. Samantha Wellington	—
Mr. William Corey West	—
Mr. Y M Kale <sup>3</sup>	—
Mr. Chaitanya Kamat <sup>1</sup>	(18%)
Mr. Makarand Padalkar <sup>1</sup> , Chief Financial Officer	(5%)
Mr. Hoshi Bhagwagar <sup>4</sup> , Company Secretary	NA
Mr. Jayant Joshi <sup>5</sup> , Company Secretary	NA

<sup>1</sup> Excludes the (perquisite) value towards difference between the fair market value and the exercise price on the date of exercise of options.

<sup>2</sup> Increase on account of additional committee memberships in line with compensation policy of the Company.

<sup>3</sup> For the period April 1, 2014 to December 15, 2014 and being for part of the year, comparison with the previous year is not relevant.

<sup>4</sup> For the period April 1, 2014 to June 6, 2014 and being for part of the year, comparison with the previous year is not relevant.

<sup>5</sup> For the period September 29, 2014 to March 31, 2015 and being for part of the year, comparison with the previous year is not relevant.

(iii) The percentage increase in the Median Remuneration of Employees in fiscal 2015, as compared to fiscal 2014: 17%.

(iv) The number of permanent employees on the rolls of the Company: 7,151

(v) The explanation on the relationship between average increase in remuneration and Company performance:

The increase in the remuneration is based on individual performance of each employee within overall budget reflecting the overall performance of the Company, strategic priorities, and talent market dynamics. On a consolidated basis, Company's operating income in the fiscal 2015 increased by 12% as compared to fiscal 2014. During the year the employees received average increase in the compensation of 13%.

(vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

The remuneration of key managerial personnel is compared with the consolidated revenue (₹ 39,049 million) and net profits (₹ 11,923 million) of the Company for the fiscal 2015.

(Amounts in ₹ thousand)

Name of the key managerial personnel (KMP)	Remuneration in fiscal 2015	As % of Revenues	As % of Net profit
Aggregate remuneration of KMP <sup>1</sup>	53,030	0.14%	0.44%

<sup>1</sup> Excludes an amount of ₹ 126,040 towards perquisite on ESOPs exercised in financial year 2014-15. Including this, the percentages above would have been 0.46% and 1.5% respectively.

(vii) Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year:

Particulars	March 31, 2015	March 31, 2014	% Change
Market Capitalization as per NSE Price (₹ Crs.)	27,585	25,979	6.2%
Price Earnings Ratio	26	23	15.0%

Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer on June 28, 2002:

Particulars	March 31, 2015	June 28, 2002*	Change
Market Price (NSE)	₹ 3,260.05	₹ 250.53	1,201%
Market Price (BSE)	₹ 3,257.60	₹ 249.73	1,204%

\*Adjusted for any corporate actions.

(viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

During the financial year 2014-15, the average increments given to the employee other than the managerial personnel was around 13%. The Average percentile change in the compensation of KMP shows decrease of 17% as compared to previous financial year excluding the perquisite value of the options exercised.

(ix) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company;

The comparison of the remuneration of key managerial personnel is done with the consolidated revenue (₹ 39,049 million) and net profits (₹ 11,923 million) of the Company for the fiscal 2015.

(Amounts in ₹ thousand)

Name of the key managerial personnel (KMP)	Remuneration in fiscal 2015	As % of Revenues	As % of Net profit
Mr. Chaitanya Kamat <sup>1</sup> , Managing Director and CEO	41,542	0.11%	0.35%
Mr. Makarand Padalkar <sup>2</sup> , Chief Financial Officer	9,047	0.02%	0.08%
Mr. Hoshi Bhagwagar <sup>3</sup> , Company Secretary	1,522	NA	NA
Mr. Jayant Joshi <sup>4</sup> , Company Secretary	919	NA	NA

<sup>1</sup> Excludes an amount of ₹ 92,894 towards perquisite on ESOPs exercised in FY 2014-15. Including this, the percentages above would have been 0.34% and 1.13% respectively.

<sup>2</sup> Excludes an amount of ₹ 32,717 towards perquisite on ESOPs exercised in FY 2014-15. Including this, the percentages above would have been 0.11% and 0.35% respectively.

<sup>3</sup> For the period April 1, 2014 to June 6, 2014; Excludes an amount of ₹ 429 towards perquisite on ESOPs exercised in FY 2014-15 and being for part of the year, the percentages to revenue and net profit are not relevant.

<sup>4</sup> For the period September 29, 2014 to March 31, 2015 and being for part of the year, the percentages to revenue and net profit are not relevant.

**(x) The key parameters for any variable component of remuneration availed by the directors:**

The Independent directors are entitled for such fees and remuneration including commission as the Board or the Nomination and Remuneration Committee may approve from time to time within the limits as approved by the Members in the past and subject to such limits, prescribed under the Companies Act, 2013.

Managing Director and CEO is entitled for Performance linked Bonus which is Payable annually or at other intervals, as may be decided by the Board of Directors of the Company ("the Board") or the Nomination and Remuneration Committee of the Board as approved by the Members in the past and subject to such limits, prescribed under the Companies Act, 2013.

**(xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:**

During the Financial year 2014-15, no employee received remuneration in excess of the highest-paid director.

**(xii) Affirmation that the remuneration is as per the remuneration policy of the Company:**

The Company affirms remuneration is as per the remuneration policy of the Company.

The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

## **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, 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

DIN: 00257819

July 23, 2015



**Form No. MGT-9****EXTRACT OF ANNUAL RETURN**

as on the financial year ended on March 31, 2015

of

ORACLE FINANCIAL SERVICES SOFTWARE LIMITED

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

**I. Registration and Other Details:**

I.	CIN	L72200MH1989PLC053666
II.	Registration Date	September 27, 1989
III.	Name of the Company	Oracle Financial Services Software Limited
IV.	Category / Sub-Category of the Company	Company Limited by shares / Indian Non-Government Company
V.	Address of the Registered Office and contact details	Oracle Park Off Western Express Highway, Goregaon (East) Mumbai 400063 Maharashtra, India Tel : 91 22 6718 3000 Fax : 91 22 6718 4604 Email : investors-vp-ofss_in_grp@oracle.com Website : www.oracle.com/financialservices
VI.	Whether listed company - Yes / No	Yes
VII.	Name, Address and contact details of Registrar & Transfer Agents (RTA), if any	Link Intime India Private Limited 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 Email: rnt.helpdesk@linkintime.co.in

**II. Principal Business Activities of the Company**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the company
1.	The Company is engaged in developing, selling and marketing computer software, computer systems; providing consultancy and other information technology related activities	62011	100



### III. Particulars of Holding, Subsidiary and Associate Companies-

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares Held	Applicable Section
1.	Oracle Global (Mauritius) Limited c/o Citco (Mauritius) Limited 4th Floor, 1 Cyber City Cyber City, Ebene, Mauritius	—	Holding	74.52	Section 2(46)
2.	Oracle Financial Services Software b.v. Barbara Strozzi laan 201 1083 HN Amsterdam The Netherlands	—	Subsidiary	100.00	Section 2(87)
3.	Oracle Financial Services Software SA 265 Mesogion Avenue 154 51, Neo Psychiko, Athens, Greece	—	Subsidiary	100.00	Section 2(87)
4.	Oracle Financial Services Software Pte. Ltd. 27 International Business Park #02-01 iQuest@IBP Singapore 609924	—	Subsidiary	100.00	Section 2(87)
5.	Oracle Financial Services Consulting Pte. Ltd. 27 International Business Park #04-01 iQuest@IBP Singapore 609924	—	Subsidiary	100.00	Section 2(87)
6.	Oracle Financial Services Software America Inc. 399 Thornall street, 6th floor, Edison NJ 08837	—	Subsidiary	100.00	Section 2(87)
7.	Oracle Financial Services Software Inc. 399 Thornall street, 6th floor, Edison NJ 08837	—	Subsidiary	100.00	Section 2(87)
8.	Mantas Inc. 13650 Dulles Technology Drive, Suite 300 Herndon, VA 20171, USA	—	Subsidiary	100.00	Section 2(87)
9.	Sotas Inc. 13650 Dulles Technology Drive, Suite 300 Herndon, VA 20171, USA	—	Subsidiary	100.00	Section 2(87)
10.	Mantas India Private Limited 105, Anupam Plaza - I 6, Local Shopping Centre Ghazipur, New Delhi 110096	U72900DL1999PTC099923	Subsidiary	100.00	Section 2(87)
11.	Oracle (OFSS) ASP Private Limited Oracle Park, Off Western Express Highway Goregaon (East), Mumbai 400063 Maharashtra, India	U72900MH2001PTC131264	Subsidiary	100.00	Section 2(87)
12.	Oracle(OFSS) Processing Services Limited Oracle Park, Off Western Express Highway Goregaon (East), Mumbai 400063 Maharashtra, India	U72900MH2005PLC151334	Subsidiary	100.00	Section 2(87)
13.	ISP Internet Mauritius Company (Mauritius) C/o CIM CORPORATE SERVICES LTD Les Cascades Building Edith Cavell Street Port -Louis, Mauritius	—	Subsidiary	100.00	Section 2(87)
14.	Oracle (OFSS) BPO Services Inc. 17682 Mitchell N., Suite 200 Irvine, CA - 92614 USA	—	Subsidiary	100.00	Section 2(87)
15.	Oracle (OFSS) BPO Services Limited A-16 / 9 Vasant Vihar New Delhi 110057 India	U72900DL2002PLC180572	Subsidiary	100.00	Section 2(87)

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares Held	Applicable Section
16.	Oracle Financial Services Software Chile Limitada Av. del Valle 537, piso 3 Huechuraba Santiago - Chile	—	Subsidiary	100.00	Section 2(87)
17.	Oracle Financial Services Software (Shanghai) Limited Room 806, No 155 Tianjin Road, Huangpu District, Shanghai, PRC China	—	Subsidiary	100.00	Section 2(87)
18.	Sarvatra Technologies Private Limited 242, Shaniwar Peth Pune 411030 Maharashtra, India	U72309PN2000PTC015028	Associate	6.06	Section 2(6)
19.	LOGIN S.A. 56, boulevard de la Mission Marchand 92400 Courbevoie France	—	Associate	33.00	Section 2(6)

#### IV. Share Holding Pattern (Equity share capital breakup as percentage of Total Equity)

##### (i) Category-wise Share Holding

Category Code	Category of Shareholders	No. of Shares held at the beginning of the year, as on April 1, 2014				No. of Shares held at the end of the year as on March 31, 2015				% Change during the year
		Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
I	II	III	IV	V	VI	VII	VIII	IX	X	XI
(A)	Promoter									
(1)	Indian									
	(a) Individual / Hindu Undivided Family	—	—	—	—	—	—	—	—	—
	(b) Central Government	—	—	—	—	—	—	—	—	—
	(c) State Government(s)	—	—	—	—	—	—	—	—	—
	(d) Bodies Corporate	—	—	—	—	—	—	—	—	—
	(e) Banks / Financial Institutions	—	—	—	—	—	—	—	—	—
	(f) Any Other	—	—	—	—	—	—	—	—	—
	Sub-total (A) (1)	—	—	—	—	—	—	—	—	—
(2)	Foreign									
	(a) NRIs - Individuals	—	—	—	—	—	—	—	—	—
	(b) Other - Individuals	—	—	—	—	—	—	—	—	—
	(c) Bodies Corporate	63,051,197	—	63,051,197	74.93	63,051,197	—	63,051,197	74.52	0.41
	(d) Banks / Financial Institutions	—	—	—	—	—	—	—	—	—
	(e) Any other	—	—	—	—	—	—	—	—	—
	Sub-total (A) (2)	63,051,197	—	63,051,197	74.93	63,051,197	—	63,051,197	74.52	0.41
Total shareholding of Promoter		63,051,197	—	63,051,197	74.93	63,051,197	—	63,051,197	74.52	0.41
(A) = (A)(1)+(A)(2)										

Category Code	Category of Shareholders	No. of Shares held at the beginning of the year, as on April 1, 2014				No. of Shares held at the end of the year as on March 31, 2015				% Change during the year
		Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
I	II	III	IV	V	VI	VII	VIII	IX	X	XI
(B)	Public Shareholding									
(1)	Institutions									
	(a) Mutual Funds / UTI	1,340,534	—	1,340,534	1.59	3,074,086	—	3,074,086	3.63	2.04
	(b) Banks / Financial Institutions	4,978	—	4,978	0.01	19,830	—	19,830	0.02	0.01
	(c) Central Government	4,000	—	4,000	—	4,000	—	4,000	0.01	0.01
	(d) State Government(s)	—	—	—	—	—	—	—	—	—
	(e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
	(f) Insurance Companies	—	—	—	—	—	—	—	—	—
	(g) Foreign Institutional Investors	10,296,433	—	10,296,433	12.24	9,176,148	—	9,176,148	10.85	(1.39)
	(h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
	(i) Others	—	—	—	—	—	—	—	—	—
	Sub-total (B)(1)	11,645,945	—	11,645,945	13.84	12,274,064	—	12,274,064	14.51	0.67
(2)	Non-Institutions		—				—			
	(a) Bodies Corporate									
	i. Indian	973,441	—	973,441	1.16	1,039,001	—	1,039,001	1.23	0.07
	ii. Overseas	—	—	—	—	—	—	—	—	—
	(b) Individuals									
	i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	3,161,538	377,846	3,539,384	4.21	3,257,841	363,297	3,621,138	4.28	0.07
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1,140,631	234,000	1,374,631	1.63	1,058,131	122,000	1,180,131	1.40	(0.23)
	(c) Others									
	i. Non-Resident Indians (Repatriate)	125,127	12,000	137,127	0.16	155,966	—	155,966	0.18	0.02
	ii. Non-Resident Indians (Non-Repatriate)	744,936	3,200	748,136	0.89	742,155	3,200	745,355	0.88	(0.01)
	iii. Foreign Nationals	—	—	—	—	1,760	—	1,760	—	—
	iv. Foreign Mutual Fund	2,442,005	—	2,442,005	2.90	1,708,991	—	1,708,991	2.02	(0.88)
	v. Clearing Member	50,317	—	50,317	0.06	36,983	—	36,983	0.04	(0.02)
	vi. Directors / Relatives	2,000	—	2,000	—	9,741	—	9,741	0.01	0.01
	vii. Hindu Undivided Family	4,912	—	4,912	0.01	4,095	—	4,095	—	(0.01)
	viii. Market Maker	128	—	128	—	3,076	—	3,076	—	—
	ix. Overseas Bodies Corporate	800	—	800	—	800	—	800	—	—
	x. Trusts	174,111	—	174,111	0.21	172,472	—	172,472	0.20	(0.01)
	xi. Foreign Portfolio Investor (Corporate)	—	—	—	—	610,089	—	610,089	0.72	0.72
	Sub-total (B)(2)	8,819,946	627,046	9,446,992	11.23	8,801,101	488,497	9,289,598	10.97	(0.26)
	Total Public Shareholding (B)=(B)(1)+(B)(2)	20,465,891	627,046	21,092,937	25.07	21,075,165	488,497	21,563,662	25.48	0.41
(C)	Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
	Grand Total (A+B+C)	83,517,088	627,046	84,144,134	100.00	84,126,362	488,497	84,614,859	100.00	0.00

## (ii) Shareholding of Promoters

Name of the Shareholders	Shareholding at the beginning of the year as on April 1, 2014			Share holding at the end of the year as on March 31, 2015			% change in share holding during the year
	No. of Shares	% of Total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of Total shares of the Company	% of Shares Pledged / encumbered to total shares	
Oracle Global Mauritius Limited	63,051,197	74.93	–	63,051,197	74.52	–	(0.41)
Total	63,051,197	74.93	–	63,051,197	74.52	–	(0.41)

## (iii) Change in Promoters' Shareholding

Name of the Shareholders	Shareholding at the beginning of the year as on April 1, 2014		Cumulative shareholding during the year	
	No. of Shares	% of Total shares of the Company	No. of Shares	% of Total shares of the Company
Oracle Global Mauritius Limited				
At the beginning of the year	63,051,197	74.93	63,051,197	74.93
Date wise Increase / Decrease in Promoters Share holding during the Year	–	–	–	–
At the end of the year			63,051,197	74.52

The decrease in the percentage of total shares of the Company from 74.93 % to 74.52 % is due to the exercise of ESOPs by eligible employees of the Company.

## (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the year as on April 1, 2014		Cumulative shareholding during the year	
		No. of Shares	% of Total shares of the Company	No. of Shares	% of Total shares of the Company
1.	ICICI Prudential Dynamic Plan				
	At the beginning of the year	653,196	0.78	653,196	0.78
	Transactions (purchase / sale) from April 1, 2014 to March 31, 2015	(459,349)	(0.55)	193,847	0.23
	At the end of the year			193,847	0.23
2.	HDFC Standard Life Insurance Company Limited				
	At the beginning of the year	714,367	0.85	714,367	0.85
	Transactions (purchase / sale) from April 1, 2014 to March 31, 2015	107,571	0.13	821,938	0.98
	At the end of the year			821,938	0.98
3.	Macquarie Bank Limited				
	At the beginning of the year	2,182,262	2.59	2,182,262	2.59
	Transactions (purchase / sale) from April 1, 2014 to March 31, 2015	(622,959)	(0.74)	1,559,303	1.85
	At the end of the year			1,559,303	1.85
4.	Mansfield (Mauritius) Limited				
	At the beginning of the year	1,969,171	2.34	1,969,171	2.34
	Transactions (purchase / sale) from April 1, 2014 to March 31, 2015	–	–	1,969,171	2.33
	At the end of the year			1,969,171	2.33
5.	Merrill Lynch Capital Markets Espana S.A. S.V.				
	At the beginning of the year	794,484	0.94	794,484	0.94
	Transactions (purchase / sale) from April 1, 2014 to March 31, 2015	(479,887)	(0.57)	314,597	0.37
	At the end of the year			314,597	0.37

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the year as on April 1, 2014		Cumulative shareholding during the year	
		No. of Shares	% of Total shares of the Company	No. of Shares	% of Total shares of the Company
6.	Morgan Stanley Asia (Singapore) Pte.				
	At the beginning of the year	497,562	0.59	497,562	0.59
	Transactions (purchase / sale) from April 1, 2014 to March 31, 2015	(497,562)	(0.59)	—	—
	At the end of the year			—	—
7.	Morgan Stanley Mauritius Company Limited				
	At the beginning of the year	457,938	0.54	457,938	0.54
	Transactions (purchase / sale) from April 1, 2014 to March 31, 2015	(457,938)	(0.54)	—	—
	At the end of the year			—	—
8.	Schroder International Selection Fund Asian Opportunities				
	At the beginning of the year	442,152	0.53	442,152	0.53
	Transactions (purchase / sale) from April 1, 2014 to March 31, 2015	54,741	0.07	496,893	0.60
	At the end of the year			496,893	0.60
9.	Suffolk (Mauritius) Limited				
	At the beginning of the year	2,772,805	3.30	2,772,805	3.30
	Transactions (purchase / sale) from April 1, 2014 to March 31, 2015	—	—	2,772,805	3.28
	At the end of the year			2,772,805	3.28
10.	Swiss Finance Corporation (Mauritius) Limited				
	At the beginning of the year	420,398	0.50	420,398	0.50
	Transactions (purchase / sale) from April 1, 2014 to March 31, 2015	(185,231)	(0.22)	235,167	0.28
	At the end of the year			235,167	0.28

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of the Directors / Key Managerial Personnel (KMP)	Shareholding at the beginning of the year as on April 1, 2014		Cumulative Shareholding during the year	
		No. of Shares	% of Total shares of the Company	No. of Shares	% of Total shares of the Company
1.	Mr. S Venkatachalam				
	At the beginning of the year April 1, 2014	1,000	0.00	1,000	0.00
	ESOP exercised on September 23, 2014	4,000	0.00	5,000	0.00
	At the end of the year			5,000	0.00
2.	Mr. Chaitanya Kamat				
	At the beginning of the year	—	—	—	—
	ESOP exercised on September 18, 2014	88,000	0.10	88,000	0.10
	Sale on September 25, 2014	(507)	0.00	87,493	0.10
	Sale on September 26, 2014	(195)	0.00	87,298	0.10
	Sale on September 30, 2014	(1,500)	0.00	85,798	0.10
	Sale on October 1, 2014	(10,000)	0.01	75,798	0.09
	Sale on October 7, 2014	(2,637)	0.00	73,161	0.09
	Sale on October 8, 2014	(8,347)	0.01	64,814	0.09
	Sale on October 10, 2014	(1,548)	0.00	63,266	0.07
	Sale on October 16, 2014	(52,031)	0.06	11,235	0.01

Sl. No.	Name of the Directors / Key Managerial Personnel (KMP)	Shareholding at the beginning of the year as on April 1, 2014		Cumulative Shareholding during the year	
		No. of Shares	% of Total shares of the Company	No. of Shares	% of Total shares of the Company
	Sale on October 22, 2014	(1,235)	0.00	10,000	0.01
	Sale on December 1, 2014	(2,759)	0.00	7,271	0.01
	Sale on December 3, 2014	(500)	0.00	6,741	0.01
	Sale on December 4, 2014	(2,000)	0.00	4,741	0.01
	Sale on December 5, 2014	(1,000)	0.00	3,741	0.00
	At the end of the year			3,741	0.00
3.	Mr. Makarand Padalkar - KMP				
	At the beginning of the year	34,000	0.04	34,000	0.04
	ESOP exercised on September 18, 2014	29,640	0.03	63,640	0.08
	Sale on September 24, 2014	(6,813)	0.01	56,827	0.07
	Sale on September 25, 2014	(7,646)	0.01	49,181	0.06
	Sale on October 9, 2014	(2,000)	0.00	47,181	0.06
	Sale on March 23, 2015	(25,000)	0.03	22,181	0.03
	At the end of the year			22,181	0.03
4.	Mr. Hoshi D Bhagwagar - KMP*				
	At the beginning of the year	300	0.00	300	0.00
	ESOP exercised on May 2, 2014	200	0.00	500	0.00
	Upto June 6, 2014			500	0.00

\* resigned with effect from June 6, 2014.

The following Directors / Key Managerial Personnel (KMP) did not hold any shares during the Financial Year 2014-15:

• Mr. Richard Jackson - Independent Director	• Mr. Harinderjit Singh - Director	• Ms. Samantha Wellington - Director
• Mr. Derek H Williams - Director	• Mr. Robert K Weiler - Director	• Mr. William Corey West - Director
• Mr. Y M Kale* - Independent Director	• Mr. Jayant Joshi - KMP	

\* resigned with effect from December 15, 2014.

## V. Indebtedness

The Company has not availed any loan during the year and is a debt-free company.

## VI. Remuneration of Directors and Key Managerial Personnel

### A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

(Amounts in ₹ thousand except No. of RSUs)

Sl. No.	Particulars of Remuneration	Total Amount (₹)
	Mr. Chaitanya Kamat, Managing Director & CEO	
1.	Gross salary	
(a)	Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	40,834
(b)	Value of perquisites u/s 17(2) Income-Tax Act, 1961	93,602
(c)	Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961	
2.	Stock Option (RSU)	25,000
3.	Sweat Equity	—
4.	Commission as % of profit	—
	others, specify...	—
5.	Others, please specify	—
	Total (A)	134,436
	Ceiling as per the Act (5% of the profits calculated under Section 198 of the Companies Act, 2013)	812,528

B. Remuneration to other directors:

(Amounts in ₹ thousand)

Sl. No.	Particulars of Remuneration	Name of Directors								Total Amount
		S Venkatachalam	Derek H Williams	Harinderjit Singh	Richard Jackson	Robert K Weiler	Samantha Wellington	William Corey West	Y M Kale*	
1.	Independent Directors									
	Fee for attending board / committee meetings	—	—	—	—	—	—	—	—	—
	Commission	2,833	—	—	1,709	—	—	—	1,533	6,075
	Others, please specify	—	—	—	—	—	—	—	—	—
	Total (1)	2,833	—	—	1,709	—	—	—	1,533	6,075
2.	Other Non-Executive Directors									
	Fee for attending board / committee meetings	—	—	—	—	—	—	—	—	—
	Commission	—	—	—	—	—	—	—	—	—
	Others, please specify	—	—	—	—	—	—	—	—	—
	Total (2)	—	—	—	—	—	—	—	—	—
	Total (B)=(1+2)	2,833	—	—	1,709	—	—	—	1,533	6,075
	Total Managerial Remuneration (A+B)									140,511
	Overall ceiling as per the Act (1% of the profits calculated under Section 198 of the Companies Act, 2013)	—	—	—	—	—	—	—	—	162,506

\* resigned with effect from December 15, 2014.

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

(Amounts in ₹ thousand)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount (₹)
		Company Secretary*	CFO	
1.	Gross salary			
(d)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	2,441	8,847	11,288
(e)	Value of perquisites u/s 17(2) Income-tax Act, 1961	429	32,916	33,345
(f)	Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	—	—	—
2.	Stock Option (RSU's)	—	—	—
3.	Sweat Equity	—	—	—
4.	Commission			
-	as % of profit	—	—	—
-	others, specify...	—	—	—
5.	Others, please specify	—	—	—
	Total	2,870	41,763	44,633

\* includes remuneration paid to Mr. Hoshi D Bhagwagar (April 1, 2014 to June 6, 2014) - Company Secretary and Compliance Officer and to Mr. Jayant Joshi (September 29, 2014 to March 31, 2015) - Company Secretary and Compliance Officer.

In addition to above, during the year 2014-15, 12,000 RSU's (Company Secretary - 2,000, CFO - 10,000) were granted.

VII. Penalties / Punishment / Compounding of Offences:

There were no penalties / punishments / compounding of offences under any section of the Companies Act, 2013, against the Company or its Directors or any of its other officers in default, if any, during the Financial year 2014-15.

## AOC - 2

**Particulars of contracts / arrangements made with related parties**

[Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014]

This Form pertains to the disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at arm's length basis**

There were no contracts or arrangements or transactions entered in to during the year ended March 31, 2015, which were not at arm's length basis.

**2. Details of material contracts or arrangement or transactions at arm's length basis**

The details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2015 are as follows :

Name of the related party	Nature of relationship	Duration of the contract	Salient terms of the contract (*)	Amounts in ₹ million
<b>Nature of Contract : Sale / purchase of banking software product licenses &amp; Consulting including Reimbursement / recovery of expenses</b>				
Oracle Corporation (South Africa) (Pty) Limited	Fellow subsidiaries	January 1, 2014 - ongoing	Distribution of Company's Products and to perform services based on agreed transfer pricing norms	1,271.94
Oracle Financial Services Software B.V.	Direct Subsidiaries	July 1, 2013 - ongoing	Distribution of Company's Products and to perform services based on agreed transfer pricing norms	8,516.27
Oracle Financial Services Software, Inc.	Direct Subsidiaries	July 1, 2013 - ongoing	Distribution of Company's Products and to perform services based on agreed transfer pricing norms	14,088.07
Oracle Financial Services Software Pte. Ltd.	Direct Subsidiaries	July 1, 2013 - ongoing	Distribution of Company's Products and to perform services based on agreed transfer pricing norms	10,019.28
Oracle Financial Services Software (Shanghai) Limited	Direct Subsidiaries	July 1, 2013 - ongoing	Distribution of Company's Products and to perform services based on agreed transfer pricing norms	866.90

**Date(s) of approval by the Board :** Not applicable, since the contracts were entered into in the Ordinary course of business and on arm's length basis.

(\*) Advances paid have been adjusted against billings, wherever applicable.

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

Mumbai  
July 23, 2015

**S Venkatachalam**  
Chairman



# SECRETARIAL AUDIT REPORT

Form No. MR-3

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015

[Pursuant to section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members

**ORACLE FINANCIAL SERVICES SOFTWARE LIMITED**

Oracle Park, Off. Western Express Highway

Goregaon (East), Mumbai - 400063

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good practices by **ORACLE FINANCIAL SERVICES SOFTWARE LIMITED** having CIN: L72200MH1989PLC053666 (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, whereas Overseas Direct Investment and External Commercial Borrowings were not applicable during the period;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; and
  - (d) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vi) Software Technology Parks of India rules and regulations.

As per the explanations given to me in the representations made by the management and relied upon by me, during the period under review, provisions of the following regulations were not applicable to the Company:

- (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

I have also examined compliance with the applicable clauses of the Listing Agreement for Equity Shares entered into by the Company with Stock Exchange(s).

Further to report that the Secretarial Standards issued by the Institute of Company Secretaries of India under the Companies Act, 2013 were not notified during the period and hence not verified.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to this report except following:

- (1) the Composition of Board of Directors of the Company was not as per Section 149(4) of the Companies Act, 2013 and Clause 49IIA(2) of the Listing Agreement during the period from 15th December, 2014 to 31st March, 2015.
- (2) the Composition of Nomination and Remuneration Committee of the Company was not as per Section 178(1) of the Companies Act, 2013 and Clause 49IVA of the Listing Agreement during the period from 15th December, 2014 to 31st March, 2015.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non - Executive Directors except Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance except for the Board Meeting held on 26th September, 2014 and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and as informed, there were no dissenting members' views and hence not recorded as part of the minutes.

I further report that as per the explanations given to me in the representations made by the management and relied upon by me there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

As per the explanations given to me in the representations made by the management and relied upon by me, I further report that, during the audit period, except for the issue and allotment of equity shares to the employees of the Company under Employee Stock Option Plan ("ESOP"), there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the Company's affairs.

**Prashant Diwan**

Practising Company Secretary

FCS: 1403 CP: 1979

Date: 23.07.2015

Place: Mumbai

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

To

The Members

**ORACLE FINANCIAL SERVICES SOFTWARE LIMITED**

Oracle Park, Off. Western Express Highway

Goregaon (East), Mumbai - 400063

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate, Specific and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**Prashant Diwan**

Practising Company Secretary

FCS: 1403 CP: 1979

Date: 23.07.2015

Place: Mumbai

## Annual Report on Corporate Social Responsibility Activities for Financial Year ended March 31, 2015

Pursuant to Section 135 of the Companies Act, 2013 read with Rule 8 of Companies (Corporate Social Responsibility) Rules, 2014

**1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

Oracle Financial Services Software Limited ("Oracle") is committed to using its resources to advance education, protect the environment, and enrich community life. Through a combination of grants, sponsorships, and volunteer support, Oracle works to improve the quality of life in communities where it does business.

The Company Policy governing Corporate Social Responsibility ("CSR") is in line with the regulation specified in section 135 and schedule VII of the Companies Act, 2013 ("the Act"). The policy is available at [www.oracle.com/financialservices](http://www.oracle.com/financialservices)

**CSR activities include, but are not be limited to, the following:**

- Award cash grants to nonprofit organizations, nongovernmental organizations (NGOs), and other implementation partners, incorporated in India, with track records of at least three years. Grants will:
  - advance education, especially science, technology, engineering and mathematics (STEM);
  - protect the environment and wildlife; and
  - enrich community life by addressing health, hunger, and a variety of other community needs.
- Develop, fund and execute Oracle Volunteers projects.
- Award in-kind grants of software, curriculum, training, and certification resources to educational institutions from the Oracle Academy.

The Company will not make contributions to any political party or its affiliations.

**2. The Composition of the CSR Committee: The CSR Committee comprises of following Members:**

Mr. Chaitanya Kamat	Chairman of the Committee
Mr. S Venkatachalam	Member
Ms. Samantha Wellington	Member

**3. Average net profit of the Company for last three financial years:**

The average net profit of the company as per Rule 2(c)(f) of Companies (Corporate Social Responsibility) Rules is ₹ 16,476,554,473.

**4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) : ₹ 329,531,089**

**5. Details of CSR spent during the financial year:**

- (a) Total amount spent during the financial year: ₹ 119,320,718
- (b) Amount unspent: ₹ 210,210,371
- (c) Manner in which the amount spent during the financial year is detailed below.

During the year ended March 2015, Oracle spent the CSR funds across 33 programs / projects through various NGOs and other organizations in three areas of its focus, namely Education, Environment and Community. The particulars are given below:

Sr. No.	Particulars	Focus: Education	Focus: Environment	Focus: Community	Total
1	CSR project or activity identified.	19 projects / programs for promoting a) education and employment enhancing vocation skills, especially among children, women, elderly & differently abled persons and b) gender equality, empowering women, setting up homes and hostels for women and orphans; old age homes, daycare centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backwards groups.	5 projects / programs for promoting environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water.	9 rural development projects / programs for eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.	33 projects / programs through 33 NGO partners

Sr. No.	Particulars	Focus: Education	Focus: Environment	Focus: Community	Total
2	Sector in which the project is covered	Promoting Education & Gender Equality	Promoting environment sustainability	Rural development and eradicating poverty	
3	Projects or programs (1) Local area or other (2) Specify the State and District where projects or Programs was undertaken	Projects are implemented across several districts in multiple states (Andhra Pradesh, Gujarat, Haryana, Karnataka, Maharashtra, New Delhi, Odisha, Rajasthan, Tamil Nadu, Telangana and Uttar Pradesh) and 1 Union territory (Puducherry), and some projects are Pan India			
4	Amount outlay (Budget) Project or Programs wise (₹)	62,024,463	19,671,938	27,772,148	109,468,549
5	Amount spent on the projects or Programs (₹)	62,024,463	19,671,938	27,772,148	109,468,549
	(1) Direct expenditure on projects or programs (₹)	62,024,463	19,671,938	27,772,148	109,468,549
	(2) Overheads (₹)	5,582,202 (Agency Fees for services)	1,770,474 (Agency Fees for services)	2,499,493 (Agency Fees for services)	9,852,169
6	Cumulative expenditure up to the reporting period (₹)	67,606,665	21,442,412	30,271,641	119,320,718
7	Amount spent: Direct or through Implementing agency (₹)	67,606,665	21,442,412	30,271,641	119,320,718

Details of implementing agency: Charities Aid Foundation, a Trust registered under Indian Trusts Act 1882 and having registered office at 136, IIInd Floor, Vishal House, Jamrudpur, New Delhi, 110048.

6. **In case the company has failed to spend the two per cent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**

As per the requirements of Section 135 of the Companies Act, 2013 the Company was required to spend an amount of ₹ 329.50 million for financial year 2014-15 based on the average net profits of the three immediately preceding financial years. The Company has contributed an amount of ₹ 119.32 million during this financial year. This being the first year of CSR initiative, the Company is in the process of building up the CSR programs in a prudent way. The Company intends to spend the full 2% by the Financial Year 2016-17 on CSR activities.

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

We hereby confirm that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of the Company.

**Chaitanya Kamat**  
Chairman of the Committee

**S Venkatachalam**  
Member of the Committee

Place: Mumbai  
Date: July 14, 2015

# Corporate governance report

The detailed report on Corporate Governance of Oracle Financial Services Software Limited (“the Company”) for the financial year 2014-15 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, 2015, 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	3	Nil	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	1	Nil
Mr. Harinderjit Singh	Director	Non-Executive, Non-Independent Director	1	Nil	Nil
Mr. Richard Jackson	Director	Non-Executive, Independent Director	3	Nil	2
Mr. Robert K Weiler	Director	Non-Executive, Non-Independent Director	Nil	Nil	Nil
Ms. Samantha Wellington	Director	Non-Executive, Non-Independent Director	45	Nil	Nil
Mr. William Corey West	Director	Non-Executive, Non-Independent Director	6	Nil	Nil

Notes:

1. All Directorships of Mr. Derek H Williams, Mr. Harinderjit Singh, Mr. Richard Jackson and Mr. William Corey West are in foreign companies.
2. Majority of Directorships of Ms. Samantha Wellington are in foreign companies.
3. None of the directors on the Board hold directorships in more than ten public companies. Further, none of them is a Member of more than ten committees or Chairman of more than five committees across all the public companies in which he / she is a Director. Necessary disclosures regarding committee positions in other public companies as on March 31, 2015 have been made by the Directors. None of the Directors are related inter se.
4. 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 Stakeholders Relationship Committee are considered.
5. Independent Directors are Non-Executive Directors as defined under Clause 49(II)(B)(1) of the Listing Agreement entered into with the Stock Exchanges. The maximum tenure of the Independent Directors is in compliance with the Companies Act, 2013 (“Act”). All the Independent Directors have confirmed that they meet the criteria as mentioned under Clause 49 of the Listing Agreement and Section 149 of the Act.
6. Mr. William Corey West resigned with effect from July 22, 2015.
7. Ms. Maria Smith was appointed as an Additional Director on July 23, 2015.
8. Mr. Sridhar Srinivasan was appointed as an Additional Director on July 23, 2015.

## 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 2014-15, eight Board Meetings were held on the following dates:

May 16, 2014, July 24, 2014, August 7, 2014, September 8, 2014, September 12, 2014, September 26, 2014, November 12, 2014 and February 13, 2015. Necessary quorum was present for all the meetings.

During the year, a separate meeting of Independent Directors was held inter-alia to review the performance of Non-Independent Directors and the Board as a whole.

The attendance of the Directors at the Board Meetings and the Annual General Meeting held during the financial year 2014-15 was as under:

Name of the Director	Number of Board Meetings attended	Last AGM attended
Mr. S Venkatachalam	7	Yes
Mr. Chaitanya Kamat	6	Yes
Mr. Derek H Williams	8	Yes
Mr. Harinderjit Singh	6	No
Mr. Richard Jackson	7	Yes
Mr. Robert K Weiler	5	No
Ms. Samantha Wellington	7	Yes
Mr. William Corey West	5	No
Mr. Y M Kale*	5	No

\* resigned with effect from December 15, 2014.

## 2.3 Details of other directorships

Details of the directorships of the Company's Directors in other companies as on March 31, 2015 were as under:

Name of the Director	Other directorships
Mr. S Venkatachalam	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 Great Britain China Centre
Mr. Robert K Weiler	—
Ms. Samantha Wellington	AmberPoint Technology India Private Limited BEA Systems (China) Co., LTD BitzerMobile India Private Limited Eontec Limited FatWire Software India Private Ltd. Fidelio India Private Limited GoAhead Software India Private Limited GoldenGate Technologies South Asia Private Limited Hyperion Solutions (China) Ltd. J.D. Edwards Europe Limited J.D. Edwards Software India Private Limited Logical Apps Solutions Pvt. Ltd. Micros Fidelio Group Holdings Limited Micros Fidelio Holdings Limited OCAPAC Distributor Partner OCAPAC Hardware Partner OCAPAC Holding Company OCAPAC Mauritius Holding Company Limited

Name of the Director	Other directorships
	OCAPAC Research Company OCAPAC Research Partner Oracle Corporation (Thailand) Company Limited Oracle Hrvatska d.o.o. Oracle Hungary Kft. Oracle Romania SRL Oracle Senegal SARL Oracle Software (Nigeria) Limited Oracle Software d.o.o. Ljubljana Oracle Srbija & Crna Gora d.o.o. Beograd Oracle Technology Company Oracle Technology Systems (Ghana) Limited Oracle Technology Systems (Kenya) Limited PeopleSoft China Holding Corporation PeopleSoft India Private Ltd. Phase Forward Software Services India Private Limited ProfitLogic Software Private Limited Relsys (India) Private Limited Responsys Business Solutions India Private Limited Siebel Systems Ireland Holdings Limited Siebel Systems Software (India) Private Limited Sistemas Oracle de Chile, S.A. Sophoi Technologies Private Limited Sunday Bazar Internet Sales Private Limited Tekelec Systems India Private Limited Waban Software Private Limited Nihon Oracle Kabushika Kaisha
Mr. William Corey West	Oracle Australia Holdings Pty. Ltd. Oracle Consolidation Australia Pty. Ltd. Oracle Global (Mauritius) Limited Oracle Hong Kong Holdings Limited Oracle Singapore Holdings Pte. Ltd. Sun Microsystems Technology Ltd.

## 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 holds directorships. For this purpose, “Committees” include Audit Committee and Stakeholders’ Relationship 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, 2015 were as under:

Name of the Director	Audit Committee		Stakeholders’ Relationship Committee	
	Chairman	Member	Chairman	Member
Mr. S Venkatachalam	—	1	1	—
Mr. Chaitanya Kamat	—	—	—	1
Mr. Derek H Williams	—	—	—	—
Mr. Harinderjit Singh	—	—	—	—
Mr. Richard Jackson	1	—	—	—
Mr. Robert K Weiler	—	—	—	—
Ms. Samantha Wellington	—	—	—	—
Mr. William Corey West	—	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 outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. To investigate into any matter within the powers conferred by the Board.

### **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 statement is correct, sufficient and credible;
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor, the fixation of remuneration, including audit fees and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and the auditors' report thereon 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 Board's report in terms of Clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - 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 the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, 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;
14. Discussion with internal auditors any significant findings and follow up there on;
15. 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;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate;
20. Monitoring the end use of funds raised through public offers and related matters.

21. Review of following information:

- a. Management discussion and analysis of financial condition and results of operations;
- b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d. Internal audit reports relating to internal control weaknesses; and
- e. The appointment, removal and terms of remuneration of the Chief internal auditor;

and such other matters as may be prescribed and applicable from time to time.

### 3.3 Composition of the committee

The Composition of Audit Committee as on March 31, 2015 was as under:

Name of the Member	
Mr. Richard Jackson	Chairman, Non-Executive, Independent Director
Mr. S Venkatachalam	Member, Non-Executive, Independent Director
Mr. William Corey West	Member, Non-Executive, Non-Independent Director

Notes:

1. Mr. Y M Kale, Chairman of the Audit Committee resigned on December 15, 2014.
2. Mr. Richard Jackson was inducted in the Audit Committee and was appointed as the Chairman on December 16, 2014.
3. Mr. William Corey West resigned with effect from July 22, 2015.
4. Ms. Maria Smith was appointed as a Member of the Committee on July 23, 2015.

### 3.4 Meetings and attendance

During the financial year 2014-15, five meetings of the Committee were held on May 16, 2014, August 6, 2014, September 8, 2014, November 11, 2014 and February 13, 2015.

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

Name of the Member	Number of meetings attended
Mr. Richard Jackson*	1
Mr. Y M Kale**	4
Mr. S Venkatachalam	5
Mr. William Corey West***	4

\* Mr. Richard Jackson was appointed as the Chairman of Audit Committee on December 16, 2014.

\*\* Mr. Y M Kale resigned with effect from December 15, 2014.

\*\*\* Mr. William Corey West resigned with effect from July 22, 2015.

The Audit Committee invites the representatives of statutory and internal auditors, legal counsel and finance and other executives as appropriate for the meetings.

## 4. Nomination and Remuneration Committee

### 4.1 Brief description of terms of reference

The terms of reference of Nomination and Remuneration Committee are as follows:

- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- To decide the remuneration payable to the directors and key managerial personnel;
- 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) of the Company, 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;
- To formulate criteria for evaluation of Independent Directors and the Board;
- To devise a policy on Board diversity;

- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and to carry out evaluation of every director's performance, and;
- To appoint any personnel of the Company and to formulate a sub-committee to act on behalf of the NRC.

## 4.2 The Composition of the Committee, Meetings and Attendance

During the financial year 2014-15, two meetings of the Committee were held on August 7, 2014 and September 12, 2014. In addition to that business was dealt with by passing circular resolutions. The Composition of Nomination and Remuneration Committee as on March 31, 2015 and the details of the meetings attended by the members are given below:

Name of the Member		Number of meetings attended
Mr. Richard Jackson	Chairman, Non-Executive, Independent Director	2
Mr. Harinderjit Singh	Member, Non-Executive, Non-Independent Director	1
Mr. Y M Kale*	Member, Non-Executive, Independent Director	1

\* resigned with effect from December 15, 2014.

Notes:

1. The Compensation Committee has been renamed as Nomination and Remuneration Committee on May 16, 2014.
2. Mr. Sridhar Srinivasan was appointed as a Member of the committee on July 23, 2015.

## 4.3 Nomination and Remuneration Policy

The Nomination and Remuneration 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 Nomination and Remuneration 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.

## 4.4 Details of remuneration paid to the Directors during the financial year 2014-15:

(Amounts in ₹ thousand, except number of ESOPs)

Name of the Director	RSU granted under ESOPs during the year	Commission paid	Salary	Contribution to Provident Fund and other funds	Total Amount paid
Mr. S Venkatachalam	—	2,833	—	—	2,833
Mr. Chaitanya Kamat	25,000	—	39,055	1,779	40,834
Mr. Derek H Williams	—	—	—	—	—
Mr. Harinderjit Singh	—	—	—	—	—
Mr. Richard Jackson	—	1,709	—	—	1,709
Mr. Robert K Weiler	—	—	—	—	—
Ms. Samantha Wellington	—	—	—	—	—
Mr. William Corey West	—	—	—	—	—
Mr. Y M Kale*	—	1,533	—	—	1,533
<b>TOTAL</b>	<b>25,000</b>	<b>6,075</b>	<b>39,055</b>	<b>1,779</b>	<b>46,909</b>

\* resigned with effect from December 15, 2014.

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 Nomination and Remuneration Committee granted 25,000 Restricted Stock Units (RSUs) to Mr. Chaitanya Kamat, Managing Director & CEO under the OFSS Stock Plan 2014 at an exercise price of ₹ 5.

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, 2013. The remuneration paid to Mr. Y M Kale, Mr. S Venkatachalam and Mr. Richard Jackson, 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 2014-15 except as stated above.

During the financial year ended March 31, 2015, the Nomination and Remuneration Committee granted 15,000 options under Employees Stock Option Plan 2011 (“Scheme 2011”) and 58,370 Stock Options and 147,889 Restricted Stock Units (RSUs) under OFSS Stock Plan 2014 to the eligible employees including Directors of the Company and its Subsidiaries as under:

Date of Grant	No. of Options / RSUs granted	Exercise price (₹)
July 14, 2014	15,000	3,075.90
March 30, 2015 (Stock Options)	58,370	3,241.25
March 30, 2015 (RSUs)	147,889	5.00

The terms of Employee Stock Options / RSUs granted to the Directors were as under:

Name of the Director	Scheme <sup>@</sup>	Options / RSUs outstanding as at April 1, 2014	Options / RSUs exercised during the year	Options / RSUs outstanding as at March 31, 2015	Exercise price (₹)	Expiry Date
Mr. S Venkatachalam	2011	10,000	4,000	6,000	1,929.95	December 19, 2021
Mr. Chaitanya Kamat	2002	60,000	36,000	24,000	2,333.45	October 24, 2020
	2011	30,000	12,000	18,000	1,929.95	December 19, 2021
	2011	100,000	20,000	80,000	3,126.85	February 4, 2023
	2011	100,000	20,000	80,000	3,076.85	September 12, 2023
	2014 (RSUs)	—	—	25,000	5.00	March 29, 2025
Mr. Derek H Williams	—	—	—	—	—	—
Mr. Harinderjit Singh	—	—	—	—	—	—
Mr. Richard Jackson	—	—	—	—	—	—
Mr. Robert K Weiler	—	—	—	—	—	—
Ms. Samantha Wellington	—	—	—	—	—	—
Mr. William Corey West	—	—	—	—	—	—
Mr. Y M Kale <sup>*#</sup>	—	—	—	—	—	—

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

# resigned with effect from December 15, 2014.

<sup>@</sup> Options under Scheme 2002 and 2011 (2002 ESOP Plan and ESOP 2011 Scheme) were issued at prevailing market price of shares on the respective dates of grant. These options vest over a period of 5 years from the date of grant and are subject to continued employment / directorship with the Company. The Stock options under Scheme 2014 (OFSS Stock Plan 2014) were issued at prevailing market price of shares on the date of grant and the RSUs were issued at ₹ 5 each. The options/RSUs granted during the financial year 2014-15 vest over a period of 4 years from the date of grant and are subject to continued employment / directorship with the Company.

As on March 31, 2015, none of the Directors of the Company held any equity shares of the Company, except Mr. S Venkatachalam and Mr. Chaitanya Kamat, who hold 5,000 equity shares and 3,741 equity shares of the Company, respectively.

## 5. Stakeholders’ Relationship Committee

The scope of the Stakeholders’ Relationship 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 16, 2014, August 7, 2014, November 11, 2014 and February 13, 2015.

The composition of Stakeholders’ Relationship Committee as on March 31, 2015 and details of attendance of the meetings by the Members are as under:

Name of the Member		Number of meetings attended
Mr. S Venkatachalam	Chairman, Non-Executive, Independent Director	4
Mr. Chaitanya Kamat	Member, Executive, Non-Independent Director	2
Mr. Makarand Padalkar	Member, Chief Financial Officer	4

Notes:

- Shareholders’ Grievances Committee has been renamed as Stakeholders’ Relationship Committee effective October 1, 2014.
- Mr. Chaitanya Kamat was appointed as a Member of Stakeholders’ Relationship Committee with effect from May 16, 2014.

## 6. Transfer Committee

The scope of Transfer Committee is to consider and approve requests for transfer, transmission, rematerialization of shares and other investor related matters. The meetings are held as needed, based on such requests being received from the shareholders.

During the year, one meeting of the Committee was held on December 12, 2014.

The composition of Transfer Committee as on March 31, 2015 and the details of attendance of the meeting by the Members are as under:

Name of the Member		Number of meeting attended
Mr. S Venkatachalam	Chairman, Non-Executive, Independent Director	1
Mr. Makarand Padalkar	Member, Chief Financial Officer	1

## 7. 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, twelve meetings of the Committee were held on May 2, 2014, June 11, 2014, July 23, 2014, September 3, 2014, September 18, 2014, September 23, 2014, September 25, 2014, October 20, 2014, November 26, 2014, January 7, 2015, February 23, 2015 and March 24, 2015.

The composition of Committee as on March 31, 2015 and the details of attendance of the meetings by the Members are as under:

Name of the Member		Number of meetings attended
Mr. Y M Kale*	Chairman, Non-Executive, Independent Director	6
Mr. Chaitanya Kamat	Member, Managing Director and Chief Executive Officer	9
Mr. S Venkatachalam	Member, Non-Executive, Independent Director	12
Mr. Makarand Padalkar	Member, Chief Financial Officer	12

\* resigned from the Board on December 15, 2014.

## 8. Risk Management Committee

The scope of Risk Management Committee is to formulate Risk Management Policy of the Company which will identify elements of risk, if any, which in the opinion of the Board might threaten the existence of the Company.

During the financial year 2014-15, one meeting of the Committee was held on February 13, 2015.

The composition of Committee as on March 31, 2015 and the details of attendance of the meeting by the Members are as under:

Name of the Member		Number of meeting attended
Ms. Samantha Wellington	Chairman, Non-Executive, Non-Independent Director	1
Mr. Chaitanya Kamat	Member, Managing Director & Chief Executive Officer	—
Mr. Derek H Williams	Member, Non-Executive, Non-Independent Director	1
Mr. Jayant Joshi	Member, Company Secretary & Compliance Officer	1
Mr. Makarand Padalkar	Member, Chief Financial Officer	1

The Committee invites the representatives of internal auditor and other stakeholders / executives as needed for the meetings.

## 9. Corporate Social Responsibility Committee

The scope of Corporate Social Responsibility Committee is to 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 to provide updates to the Board.

During the financial year 2014-15, one meeting of the Committee was held on February 13, 2015.

The composition of Committee as on March 31, 2015 and the details of attendance of the meeting by the Members are as under:

Name of the Member		Number of meeting attended
Mr. Chaitanya Kamat	Chairman, Managing Director & Chief Executive Officer	—
Mr. S Venkatachalam	Member, Non-Executive, Independent Director	1
Ms. Samantha Wellington	Member, Non-Executive, Non-Independent Director	1

The Committee invites the executives from Corporate Citizen program and other members of management for the meetings.

## 10. Other Committees

The Company has a Business Responsibility Committee 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 BR policy. The Managing Director and Chief Executive Officer acts as the Chairman of the Committee and the other members are Chief Financial Officer, Chief Accounting Officer, Vice President and head HR, Legal Counsel and Compliance and Ethics Officer, Vice President Business Operations and Company Secretary & Compliance Officer.

## 11. Company Secretary and Compliance Officer

Company Secretary and Compliance Officer	Mr. Jayant Joshi (up to May 31, 2015) Mr. Onkarnath Banerjee (with effect from June 1, 2015)
Address	Oracle Financial Services Software Limited Oracle Park Off Western Express Highway Goregaon (East), Mumbai 400063 Maharashtra, India
Tel.	+ 91-22-6718 2814
Fax	+ 91-22-6718 4604
Email	jayant.joshi@oracle.com onkarnath.banerjee@oracle.com

## 12. Details of shareholders' complaints received, resolved and outstanding during the financial year 2014-15

Particulars	No. of Complaints
Complaints outstanding on April 1, 2014	Nil
Complaints received during the financial year ended March 31, 2015	42
Complaints resolved during the financial year ended March 31, 2015	42
Complaints outstanding on March 31, 2015	Nil

Number of pending share transfers as on March 31, 2015 - Nil

## 13. General body meetings

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

Financial Year	Venue	Day	Date	Time
2013-14	The Westin Garden City International Business Park Oberoi Garden City, Goregaon (East) Mumbai 400063	Friday	September 12, 2014	2.30 p.m.
2012-13	The Leela Kempinski Sahar, Andheri (East), Mumbai 400059	Wednesday	August 14, 2013	3.00 p.m.
2011-12	The Leela Kempinski Sahar, Andheri (East), Mumbai 400059	Friday	August 17, 2012	3.00 p.m.

### 13.2 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
2013-14	Friday September 12, 2014 at 2.30 p.m.	The Westin Garden City, International Business Park, Oberoi Garden City, Goregaon (East) Mumbai 400063	No special resolution was passed.
2012-13	Wednesday August 14, 2013 at 3.00 p.m.	The Leela Kempinski, Sahar, Andheri (East) Mumbai 400059	No special resolution was passed.
2011-12	Friday, August 17, 2012 at 3.00 p.m.	The Leela Kempinski, Sahar, Andheri (East) Mumbai 400059	No special resolution was passed.



**13.3 There was no Extra-Ordinary General Meeting held during the Financial Years 2011-12, 2012-13 and 2013-14.**

**13.4 There were no matter requiring approval of the Members through Postal Ballot during the financial year ended March 31, 2015.**

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

**13.6 Procedure for the Postal Ballot:**

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 Ltd. ("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.

**14. Disclosures**

- a. 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.
- b. 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.
- c. 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.
- d. The Company is 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 Nomination and Remuneration Committee and also has a Whistle Blower Policy in place.
- e. 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.
- f. 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 were 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, 2014	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, 2015	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.

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

## 15. Means of communication

During the Financial Year 2014-15:

- The quarterly and annual results of the Company were published in widely circulated English and Marathi newspapers, such as 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](http://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>
- 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, 2014.
- 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 Section 101 and Section 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 Shareholders of the company who have registered their email address either with the Company 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 Shareholders 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 Company / 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.

## 16. General shareholder information

Annual General Meeting	
Day and Date	Friday, September 11, 2015
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, 2014 to March 31, 2015
Dividend Payment Date	Tuesday, September 22, 2015
Date of Book Closure	Monday, September 7, 2015 to Friday, September 11, 2015 (both days inclusive) for Annual General Meeting and Final Dividend
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 2015-16 have been paid to BSE and NSE.

## 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. Since the amount of unclaimed dividend for all the financial years ended up to March 31, 2006 has been transferred to the 'Investor Education and Protection Fund' no further action is required in this regard.

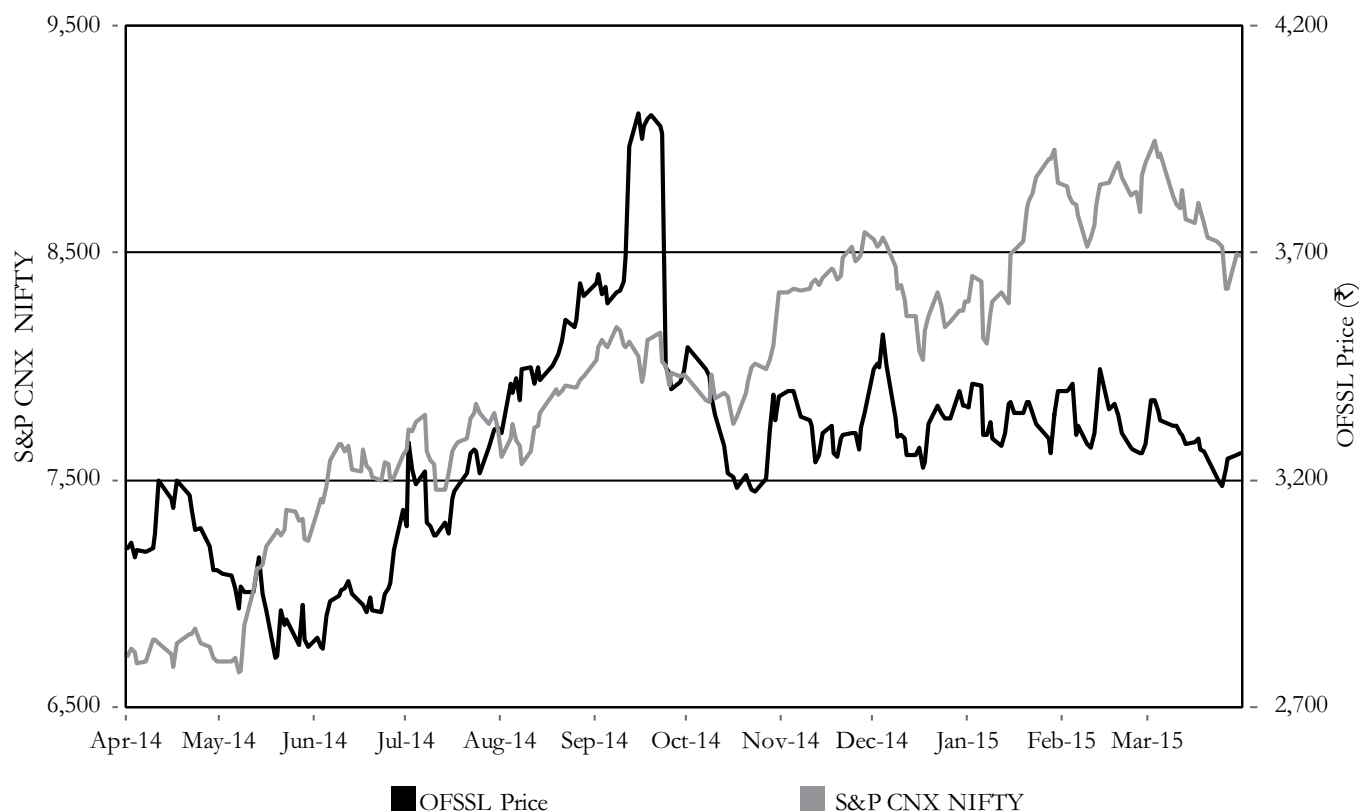
## 17. Market price data

Monthly high, low and volume of the shares of the Company traded on the stock exchanges from April 1, 2014 to March 31, 2015 are given below:

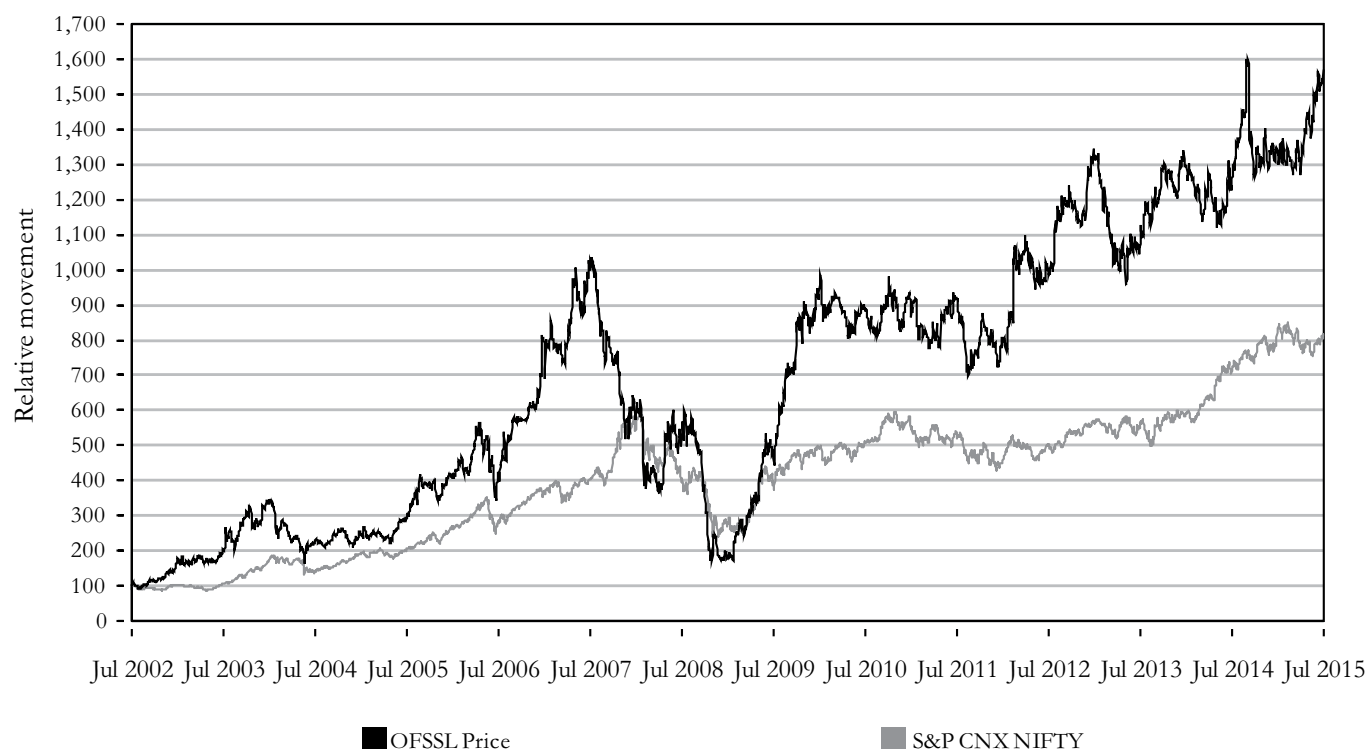
Month and Year	BSE			NSE		
	High (₹)	Low (₹)	Volume of Shares	High (₹)	Low (₹)	Volume of Shares
April 2014	3,270.00	2,977.60	33,314	3,271.20	2,975.10	422,841
May 2014	3,085.00	2,775.00	51,546	3,089.00	2,770.00	761,847
June 2014	3,142.00	2,805.00	59,341	3,144.00	2,812.30	667,289
July 2014	3,469.90	3,044.85	55,079	3,370.00	3,041.05	594,871
August 2014	3,643.00	3,259.60	162,427	3,644.00	3,259.70	917,693
September 2014	4,179.00	3,316.00	205,232	4,180.00	3,321.05	1,552,174
October 2014	3,553.70	3,152.05	31,979	3,557.95	3,150.00	556,758
November 2014	3,410.00	3,202.75	36,516	3,408.85	3,164.55	462,910
December 2014	3,565.30	3,174.50	485,882	3,565.05	3,162.60	739,256
January 2015	3,470.00	3,225.00	53,563	3,479.50	3,222.50	813,076
February 2015	3,466.00	3,225.00	34,537	3,475.50	3,228.00	339,369
March 2015	3,400.00	3,175.00	32,328	3,402.00	3,175.00	489,162

## Relative movement chart

The chart below gives the comparison of your Company's share price movement on NSE vis-à-vis the movement of S&P CNX NIFTY for the year 2014-15.



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



## 18. 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
Email	rnt.helpdesk@linkintime.co.in

## 19. 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.

## 20. Distribution of shareholding as on March 31, 2015

Paid-up shares 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	17,297	92.72	669,130	3,345,650	0.79
2,501 - 5,000	400	2.14	305,780	1,528,900	0.36
5,001 - 10,000	304	1.63	457,154	2,285,770	0.54
10,001 - 20,000	244	1.31	732,288	3,661,440	0.87
20,001 - 30,000	96	0.52	485,427	2,427,135	0.57
30,001 - 40,000	66	0.35	461,557	2,307,785	0.55
40,001 - 50,000	37	0.20	338,463	1,692,315	0.40
50,001 - 100,000	102	0.55	1,429,664	7,148,320	1.69
100,001 & Above	109	0.58	79,735,396	398,676,980	94.23
Total	18,655	100.00	84,614,859	423,074,295	100.00

## 21. Shareholding Pattern as on March 31, 2015

Category of shareholders	Number of shares	%
Promoters: Oracle Global (Mauritius) Limited	63,051,197	74.52
Mutual Funds / UTI	3,074,086	3.63
Financial Institutions / Banks	19,830	0.02
Central Government	4,000	0.01
Insurance Companies	—	—
Foreign Institutional Investors	9,176,148	10.85
Bodies Corporate	1,039,001	1.23
Individuals-		
i. Holding nominal share capital up to ₹ 1 lakh	3,621,138	4.28
ii. Holding nominal share capital in excess of ₹ 1 lakh	1,180,131	1.40
NRI (Repatriate)	155,966	0.18
NRI (Non-Repatriate)	745,355	0.88
Foreign Mutual Fund	1,708,991	2.02
Clearing Member	36,983	0.04
Directors / Relatives	9,741	0.01
HUF	4,095	0.01
Market Maker	3,076	0.00
Overseas Corporate Bodies	800	0.00
Trust	172,472	0.20
Foreign Nationals	1,760	0.00
Foreign Portfolio Investor	610,089	0.72
Total	84,614,859	100.00

During the financial year 2014-15:

1. The Company issued and allotted 470,725 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.

## 22. 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, 2015, 99.42% of the shares of the Company were in electronic form and 99.49% of the shareholders held shares in electronic form.

## **23. 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 3000  
Fax +91-22-6718 4604  
Email: [investors-vp-ofss\\_in\\_grp@oracle.com](mailto:investors-vp-ofss_in_grp@oracle.com)  
Website: [www.oracle.com/financialservices](http://www.oracle.com/financialservices)

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

# CEO & CFO CERTIFICATE

May 13, 2015

The Board of Directors  
Oracle Financial Services Software Limited  
Mumbai

## CEO & CFO Certificate pursuant to Clause 49(IX) of the listing agreement with stock exchanges

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 quarter and year ended March 31, 2015 and that to the best of our knowledge and belief:
  - 1. These statements do not contain any materially untrue statement / figures or omit any material fact or contain statements / figures that might be misleading;
  - 2. 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 quarter and year ended March 31, 2015 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 :
  - 1. Significant changes in internal control over financial reporting during the quarter and year ended March 31, 2015, if any;
  - 2. Significant changes in accounting policies during the quarter and year ended March 31, 2015, if any; and that the same have been disclosed in the notes to the financial statements; and
  - 3. 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, 2015.

For Oracle Financial Services Software Limited

**Chaitanya Kamat**  
Managing Director & CEO

**Makarand Padalkar**  
Chief Financial Officer

# CERTIFICATE ON CORPORATE GOVERNANCE

To the Members,

## **Oracle Financial Services Software Limited**

I have examined the compliance of conditions of Corporate Governance by Oracle Financial Services Software Limited for the year ended 31st March 2015, 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. My 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 my opinion and to the best of my information and according to the explanation given to me and based on the representations made by the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement except following:

- (1) The Composition of Board of Directors of the Company was not as per as Clause 49IIA(2) during the period from 15th December, 2014 to 31st March, 2015.
- (2) The Composition of Nomination Remuneration Committee of the Company was not as per Clause 49IVA during the period from 15th December, 2014 to 31st March, 2015.

I 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.

## **Prashant Diwan**

Practicing Company Secretary

FCS No.: 1403 / CP No.: 1979

Place: Mumbai

Date: 23.07.2015

## **Management's discussion and analysis**

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

## Technology trends in the financial services industry

Banks the world over are facing sweeping changes and are having to deal with disruptive trends. They face uncertain and weak economies in many regions; they have new and non-traditional competitors using innovative technology threatening to take their business away; digitization is catching the imagination of a new generation of customers; and their regulatory environment is getting more demanding.

The Technology environment today offers more choices than ever before. The Cloud is already proving to be a great leveller by dramatically reducing deployment cost and complexity. Technology advances in the area of big data have the potential to unlock the latent value of the vast storehouse of data that banks own.

We analyze these trends and what banks the world over are doing to navigate through these interesting and rapidly changing times.

Banks are custodian to very large amounts of data generated every day. However, in the past their focus was on transaction processing and therefore the data has been fragmented and maintained in silos. In the midst of all the rapid changes within their industry across the world, banks find it difficult to effectively integrate data that did not provide a holistic view of their own business, leave alone their customers. Even though they were in possession of vast and invaluable amounts of data on each customer, the bedrock of a business - the customer and the customer experience - traditionally took a back seat.

But banks are having to change fast. In a world where financial products and their pricing, reviews and delivery are available at an instant on mobile devices, banks can no more take their customers or their business for granted. Add to this the changing demographic profile of their customers - millennials, who use technology in radically different ways from previous generations. These customers are accustomed to receiving information where it matters and in an instant. When their bank is unable to deliver the experience they are looking for, this mass segment is likely to move on. In the last couple of years, the banks have been under scrutiny by the regulators, and have been ended up paying billions of dollars in fines and penalties. Banks are spending more money, energy and time to keep pace and align to the regulations, both current and evolving.

It is against this backdrop that banks are now being forced to rethink their technology strategies. The focus is no more on how much information banks possess of their customers, but how intelligently and creatively they can utilize this data to reduce operational expenses, improve wallet share, grow by seizing cross-sell opportunities, comply with every changing laws and regulations, and, most importantly, deliver a highly engaging customer experience.

Smart banks today are marrying big data and digital technologies to create a unique experience for their customers. The analytics improve the ability to mine the customer data to create relevant offerings while at the same time reducing the risk and cost of reaching the customer. From being positioned as supporting multiple channels, banks are shifting focus to delivering channel agnostic digital experiences that are insight-driven. As the mobile revolution ushers in a new way of thinking, traditional banks are stepping up to offer the complete range of banking products and services. The main goals of the banks are to service customers better, reduce operational costs, increase revenue streams and provide the convenience of "anywhere, anytime, any device" banking.

Digital remains a significant area of focus for us as our products enable progressive transformation to help banks create a strong digital presence. With the Millennial customer demanding banks are connected with the digital ecosystem, banks needs to reorient themselves to a "customer in" approach that builds sustainable information driven and value centric relationship as opposed to the typical "product out" approach.

The second major area of disruption we are seeing is the potential of the "Cloud". With the need to commit a large upfront investment eliminated, Cloud offers access to a level playing field for small players to compete effectively with large banks. Even large banks are increasingly adopting Cloud based deployment to better manage their investments. Oracle is a leading provider of Cloud based services including Infrastructure as a Service (IaaS), Platform as a Service (PaaS) and Software as a Service (SaaS). Cloud IT models in banking and financial services have seen rapid adoption. The strategic relationship we have with our customers enables us to provide a significant number of deployment options to them, ranging from SaaS deployment for the Oracle Financial Services Lending and Leasing, Oracle FLEXCUBE on Managed Cloud Services or as a Business Process Service from a certified partner.

Islamic banking is another area where both conventional and pure play Islamic banks are enhancing their portfolio to offer Shariah-compliant products and services. Oracle FLEXCUBE for Islamic banking platform is market-leading in its ability to offer both conventional and Islamic banking services in a highly flexible, transparent and regulator-compliant manner.

Oracle FLEXCUBE Investor Services is an important asset in our product portfolio. We have several marquee customers across the world already, and see the recent trends such as the 'Asian Funds Passport' as opportunities that will help us expand our footprint further. Moreover, in economically thriving regions of the world the appetite for wealth management solutions and mutual funds is steadily growing.

## 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. Our dedicated research and development centres excel in innovation by producing world class products that strive to be ahead of the market. 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

### The suite of solutions delivering Digital Experience, Digital Engagement and Data Management

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.

**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 FLEXCUBE** is a complete banking product suite for consumer, corporate, investment, private wealth management, 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** has received the certification for SWIFT Certified Application Payments Label 2014. The SWIFT Certified Application - Payments label focuses on the certification of core banking or payments applications that enable the initiation, generation, processing, and settlement of interbank payments. This label is awarded to business applications that adhere to a specific set of criteria linked to the support of SWIFT messages, SWIFT connectivity, and SWIFT functionality.

The latest release of Oracle FLEXCUBE enables banks to comply with FATCA phase II, with capabilities to flag customers and track financial transactions for FATCA compliance. It further builds on the product's deep corporate banking capability with new features that allow banks to modernize their corporate banking capabilities with support for virtual accounts, corporate credit cards, corporate-to-bank connectivity, and advanced payment features. Corporate customers have easy modes of payment through physical instruments (such as checks, demand draft, and pay order), can get payment advice and balance movement reports, and can authorize transactions on the move from mobile and tablet devices. The platform also supports end-to-end servicing capabilities backed by improved functionality across retail bills, lending, deposits, current and savings accounts, treasury, and payment operations. The solution now also includes a credit appraisal management system to help streamline credit approval and sanction processes.

The latest release also delivers enhanced business process management capabilities enabled by Oracle FLEXCUBE Universal Banking Process Framework Base. The framework has work-list applications; tools for scoring, evaluation, and auto-decisioning; process enablers; integration adaptors; and factory-shipped process flows that help banks quickly create and maintain processes that can reduce time to market for new products, increase process automation, and improve operational efficiency.

**Oracle FLEXCUBE Direct Banking** enables bank to provide a superior digital channel banking experience to its customers. The solution supports seamless flow of information over a user-friendly interface with relevant add-ons like context based service offers, and wide range of relevant information. It also enables banks to deliver a more engaging and context-specific communications based on high-fidelity financial insight and transaction-specific triggers and alerts. Leveraging the mobile technology the solution also supports P2P payment capabilities using email id, mobile no or social media contacts. The solution enables a "customer in" approach to build sustainable, information driven and value centric relationship with the customer as opposed to the typical product out approach currently followed. Bank's customers can access banking services using a wide range of devices across multiple

operating systems and form factors. The solution provides personal financial management capabilities, which help bank's customers better manage their finances through improved spend analysis, budget management, goal-based savings accounts, and people-like-me comparison.

**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 analyzes 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 Financial Services Lending and Leasing Cloud** combines the power of Oracle's comprehensive, industry-leading lending and leasing solution with the simplicity, elasticity and security of Oracle Cloud and empowering lending institutions to grow and improve profitability of their core lending business. The solutions support the complete consumer lending operations and life cycle processing, from origination to servicing and collections- delivering accurate, actionable information from a single data source to help lending institutions make faster and more-informed decisions about loans, reduce risk, effectively manage the loan lifecycle, and manage delinquencies and losses. With an intuitive interface, navigation and context based account and customer sessions help to boost user productivity.

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

**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, pre-configured quantitative modeling techniques, pattern matching algorithms, highly configurable UI as well as the capability to add and modify them without technical intervention. This flexibility allows financial institutions to easily create custom rules / techniques / UI for their own analytical requirements and to cost effectively address ever changing compliance regulations. Any rule / technique / UI can be viewed and audited for its underlying definition to enable supervisory oversight.

In addition to pre-configured computing solutions for Risk and Regulatory Compliance, Oracle Financial Services Analytical Applications provide ability to generate highly formatted templates for regulatory reporting submission and e-filing.

The enterprise modeling capability allows financial institutions to use a variety of third party quantitative modeling languages, including Oracle R Enterprise and Open R to meet the institution's modeling needs. The framework also provides capability to access data sources other than the relational database, including structured and unstructured data hosted on HDFS - thus providing massively parallel computing architecture and reducing processing time.

## 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 Digital Transformation, Payments, Analytics, Risk and Compliance, IT architecture, Business 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, Wealth Management, Corporate Banking, Payments, 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 Cloud Adoption, Customer Experience, Business Process Management, Enterprise Integration, Business Intelligence, Big Data Analytics, Reporting, Quality Assurance 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, SOA Strategy & Governance, IT Architecture Planning, Product Evaluation & Selection, IT Portfolio Assessment, Program Management, IT architecture and Governance, Quality Consulting.

**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, 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.

## 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.

## Outlook

Your company is focused on providing technology to the global banking and financial services industry. Through its R&D initiatives, it continually invests in its offerings in order to maintain its leadership position in the market. The portfolio of your company's offerings strives to deliver the relevant solutions to clients, while protecting their investments for the future.

The world of banking and finance is fast changing, as explained in other sections of this report. On the heels of the trends sweeping the industry, your company sees significant opportunities arising for the near and far terms. At every point in the lifecycle of a financial transaction - even a potential transaction - your company's offerings help banks deliver to their clients strategic advice, relevant pricing and other information, instant updates across channels, and, overall, a superior transaction experience. From a bank's point of view, your company's technology solutions enable better services, sharper customer insight, relevant information for quicker and better decisions, while enabling operational efficiency and helping in regulatory compliance.

The Company is well placed to address these opportunities through its comprehensive and modern technology solutions together with world class portfolio of 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 under the section 133 of the Companies Act, 2013 (the 'Act'), read together with paragraph 7 of the Companies (Accounts) Rules 2014.

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, 2015.

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 2015 were ₹ 39,049.05 million, representing an increase of 4% from ₹ 37,413.21 million in fiscal 2014. Income from operations in fiscal 2015 was ₹ 14,827.03, representing an increase of 12% from ₹ 13,277.13 million in fiscal 2014. The profit for the year in fiscal 2015 was ₹ 11,923.20 million, as against ₹ 13,593.19 million in fiscal 2014. Our profit margin is at 31% and 36% for the fiscal years 2015 and 2014 respectively. We define profit margins for a particular period as the ratio of profit to total revenues from operations during such period.

## Products business

(All amounts in ₹ million)

	Year ended March 31, 2015	Year ended March 31, 2014
Products revenues	31,814.78	29,001.49
Operating expenses	(17,310.96)	(16,442.13)
Income from operations	14,503.82	12,559.36
Operating margin	46%	43%

### Products revenues

As of March 31, 2015, our product revenues were ₹ 31,814.78 million, an increase of 10% from ₹ 29,001.49 million during the fiscal year ended March 31, 2014. Product revenues represented 81% and 77% of total revenues for fiscal years ended 2015 and 2014, 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, 2015	Year ended March 31, 2014
License fees	15%	10%
Consulting fees	57%	63%
PCS fees	29%	27%
Total	100%	100%

### Operating expenses

The operating expenses of our product business segment consist of costs attributable to the implementation, enhancement, maintenance and research and development, of our products. These costs primarily consist of compensation expenses for employees, project related travel expenses, professional fees paid to vendors, the cost of application software for internal use, selling and marketing expenses (including commissions payable to our partners), research and development expenses, product advertising and marketing expenses and allocated overhead expenses associated with support functions such as human resources, finance, facilities and infrastructure, IT, 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

(All amounts in ₹ million)

	Year ended March 31, 2015	Year ended March 31, 2014
Services revenues	6,192.38	7,398.28
Operating expenses	(5,183.44)	(5,877.37)
Income from operations	1,008.94	1,520.91
Operating margin	16%	21%

### Services revenues

Our services revenues represented 16% and 20% of our total revenues for the fiscal year ended March 31, 2015 and March 31, 2014. Our services revenues were ₹ 6,192.38 million in the fiscal year ended March 31, 2015, representing a decrease of 16% from ₹ 7,398.28 million in the fiscal year ended March 31, 2014.

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 73% in fiscal 2015 and 72% in fiscal 2014, 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 on-site centres located in other parts of the world. Offshore services revenues consists of revenues from work conducted at our centres in India and for Indian customers at their locations. Onsite revenues consist of work conducted at customer premises outside India and our 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 40% and 41% of our services revenues from onsite work and 60% and 59% from offshore work during the fiscal years 2015 and 2014 respectively.

### Operating expenses

The operating expenses of our services business segment consist of costs attributable to the compensation expenses for employees, project related travel expenses, professional fees paid to vendors, the cost of application software for internal use, selling and marketing expenses, marketing expenses and allocated overhead expenses associated with support functions such as human resources, finance, facilities and infrastructure, IT, and depreciation and amortization.

We recognize these costs as incurred.

## Business Process Outsourcing (BPO) services business

(All amounts in ₹ million)

	Year ended March 31, 2015	Year ended March 31, 2014
Revenues	1,041.89	1,013.44
Operating Expenses	(720.59)	(647.24)
Income from operations	321.30	366.20
Operating margin	31%	36%

### Business Process Outsourcing (BPO) services revenues

Our BPO services revenues represented 3% of our total revenues for both the fiscal years ended March 31, 2015 and 2014. Our BPO services revenues were ₹ 1,041.89 million in the fiscal year ended March 31, 2015, an increase of 3% from ₹ 1,013.44 million in the fiscal year ended March 31, 2014.

### Operating expenses

The operating expenses for BPO Services consist primarily of compensation expenses for our employees, travel expenses, professional fees paid to vendors, facilities related expenses, corporate overheads and depreciation. 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, 2015			Year ended March 31, 2014		
	Products Revenues	Services Revenues	Total Revenues	Products Revenues	Services Revenues	Total Revenues
Americas (NAMER)	28%	61%	34%	30%	59%	36%
Europe, Middle East, Africa (EMEA)	37%	26%	35%	36%	26%	34%
Asia Pacific (JAPAC)	35%	13%	31%	34%	15%	30%
Total	100%	100%	100%	100%	100%	100%

## Customer concentration

Our business depends 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 37% for fiscal 2015 as against 40% for fiscal year 2014. The top ten customers in our services business contributed 67% of the total services revenues, and the top ten customers in our products business, contributed 39% of the total products revenues during fiscal 2015. It may be pertinent to note that the constituents of the customers forming part of the top 10% list could vary from year to year, especially in our Products business.

	Products Revenues		Services Revenues		Total Revenues	
	2015	2014	2015	2014	2015	2014
Largest customer	14%	16%	12%	10%	11%	13%
Top 5 customers	32%	34%	43%	44%	29%	30%
Top 10 customers	39%	41%	67%	66%	37%	40%

## Trade receivables

Trade receivables as of fiscal March 31, 2015 and 2014 were ₹ 6,016.21 million and ₹ 6,807.44 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 2015 and 2014 were approximately 51 and 66 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 ageing of our trade receivables:

Ageing in days	Year ended March 31, 2015	Year ended March 31, 2014
0-180	96%	93%
More than 180	4%	7%
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), Euro (EUR), Australian Dollars (AUD), British Pounds (GBP), and other foreign currencies where our operations are there.

Our philosophy for treasury operations is conservative and we invest surplus funds predominantly in time deposits with well-known and highly rated Indian and foreign banks. We have extensive internal controls over asset management; including cash management operations, credit management and debt collection.

We maintain funds mainly in USD, EUR, GBP, JPY, SGD and CNY currencies in 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 2015 with fiscal 2014

### Revenues from operations

Our total revenues in the fiscal year ended March 31, 2015 were ₹ 39,049.05 million, an increase of 4% over our total revenues of ₹ 37,413.21 million in the fiscal year ended March 31, 2014. 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, 2015 were ₹ 31,814.78 million, an increase of 10% over our products revenues of ₹ 29,001.49 million in the fiscal year ended March 31, 2014 on the strength of large customer wins in JAPAC and EMEA. The revenues from license fees comprised 15% of the revenues, implementation and customization fees comprised 57% and Annual Maintenance Contracts comprised 29% of the revenues for the fiscal 2015.

## Services revenues

Our services revenues represented 16% and 20% of our total revenues for the fiscal year ended March 31, 2015 and March 31, 2014. Our services revenues were ₹ 6,192.38 million in the fiscal year ended March 31, 2015, a decrease of 16% from ₹ 7,398.28 million in the fiscal year ended March 31, 2014. Revenues from time and material contracts comprised 73% of the services revenues and fixed price contracts comprised 27% for the fiscal 2015.

## Business Process Outsourcing (BPO) revenues

Our revenues from BPO services in the fiscal year ended March 31, 2015 were ₹ 1,041.89 million, increase of 3% over our revenues from BPO services of ₹ 1,013.44 million in the fiscal year ended March 31, 2014.

## Other income, net

Our other income in the fiscal year ended March 31, 2015, was ₹ 3,481.34 million, as compared to ₹ 6,736.48 million in the fiscal year ended March 31, 2014. The lower interest income on Bank deposits of ₹ 1,052.62 million on account of lower surplus cash balance along with lower interest rates and net increase in foreign exchange loss of ₹ 2,314.84 million have primarily attributed to overall decrease of ₹ 3,255.14 million in other income.

## Expenses

### Employee costs

Our employee costs increased by 0.4% to ₹ 18,479.02 million in the fiscal year ended March 31, 2015 from ₹ 18,404.78 million in the fiscal year ended March 31, 2014. Employee costs relate to salaries and bonuses paid to employees.

### Travel related Expenses (Net of recoveries)

Our travel related expenditure decreased by 4% to ₹ 1,343.44 million in the fiscal year ended March 31, 2015 from ₹ 1,405.81 million in the fiscal year ended March 31, 2014. The overall travel expenses represents 3% and 4% of revenue from operations for the fiscal year ended March 31, 2015 and March 31, 2014 respectively.

### Professional fees

Our professional fees related expenditure decreased by 5% to ₹ 1,718.66 million in the fiscal year ended March 31, 2015 from ₹ 1,818.33 million in the fiscal year ended March 31, 2014. The overall professional fees represents 4% and 5% of revenue from operations for the year ended March 31, 2015 and March 31, 2014 respectively. Professional fees include services hired from external consultants for various projects.

### Other expenses

Our other expenditure increased by 12% to ₹ 1,999.98 million in the fiscal year ended March 31, 2015 from ₹ 1,790.44 million in the fiscal year ended March 31, 2014. The other expenses represent 4% and 5% of revenue from operations for the years ended March 31, 2015 and 2014 respectively. Other expenses primarily consist of Corporate Social Responsibility expenditure, various facilities costs, application software, communication and other miscellaneous expenses.

## Depreciation and amortization

Our Depreciation and amortization charge for the year was ₹ 680.92 million and ₹ 716.72 million for the year ended March 31, 2015 and March 31, 2014 respectively representing 2% of revenues from operations for both the years ended March 31, 2015 and 2014.

## Exceptional item

There are no exceptional items reported during the years ended March 31, 2015 and March 31, 2014.

## Income taxes

Our provision for income taxes in the fiscal year ended March 31, 2015 was ₹ 6,385.17 million, a decrease of 1% over our provision for income taxes of ₹ 6,420.42 million in the fiscal year ended March 31, 2014. Our effective tax rate was 35% in the fiscal year ended March 31, 2015 compared to 32% in the fiscal year ended March 31, 2014.

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 decreased by 12% to ₹ 11,923.20 million in fiscal 2015 from ₹ 13,593.19 million in fiscal 2014. Our net profit margin has reduced to 31% for the fiscal year 2015 as against 36% in the fiscal year 2014. We define net 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 2015 and 2014, we generated cash from operations of ₹ 10,603.91 million and ₹ 6,732.12 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 endeavor 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 2015 was 8,928 as compared to the employee headcount as on March 2014 at 9,220.

## Risks and concerns

Our primary market risk exposures are due to the following:

- Foreign exchange rate fluctuations
- Fluctuations in interest rates.

As of March 31, 2015, we had Cash and Bank Balances of ₹ 35,638.25 million out of which ₹ 29,759.76 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, but, under 360 days).

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, British Pounds, Chinese Yuan, Singapore Dollars, Euro and other 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 Financial 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 section 133 of the Companies Act, 2013 (the 'Act'), read together with paragraph 7 of the Companies (Accounts) Rules 2014.

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 2015 were ₹ 33,410.95 million, representing an increase of 6% from ₹ 31,594.68 million in fiscal 2014. Income from operations in fiscal 2015 were ₹ 12,377.30, representing an increase of 12% from ₹ 11,098.89 million in fiscal 2014. The net income in fiscal 2015 was ₹ 10,580.20 million, against ₹ 11,483.62 million in fiscal 2014. Our net income margin in fiscal 2015 is at 32% as against 36% in fiscal 2014. 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

(All amounts in ₹ million)

	Year ended March 31, 2015	Year ended March 31, 2014
Product revenues	27,084.10	24,426.47
Operating expenses	(15,120.67)	(14,059.20)
Income from operations	11,963.43	10,367.27
Operating margin	44%	42%

## Products revenues

As of March 31, 2015, our product revenues were ₹ 27,084.10 million, an increase of 11% from ₹ 24,426.47 million during the fiscal year ended March 31, 2014. Product revenues represented 81% and 77% of total revenues for fiscal years ended 2015 and 2014 respectively.

Our products revenues comprises of 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, 2015	Year ended March 31, 2014
License fees	14%	10%
Consulting fees	59%	63%
PCS fees	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 research and development of our products. These costs primarily consist of compensation expenses for employees, project related travel expenses, professional fees paid to vendors, the cost of application software for internal use, selling and marketing expenses (including commission payable to our partners), research and development expenses, product advertising and marketing expenses and allocated overhead expenses associated with support functions such as human resources, finance, facilities and infrastructure expenses, IT 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

	(All amounts in ₹ million)	
	Year ended March 31, 2015	Year ended March 31, 2014
Services revenues	6,326.85	7,168.21
Operating expenses	(5,213.93)	(5,717.99)
Income from operations	1,112.92	1,450.22
Operating margin	18%	20%

## Services revenues

Our services revenues represented 19% and 23% of our total revenues for the fiscal year ended March 31, 2015 and 2014 respectively. Our services revenues were ₹ 6,326.85 million in the fiscal year ended March 31, 2015 and ₹ 7,168.21 million in the fiscal year ended March 31, 2014.

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 76% in fiscal 2015 and 74% in fiscal 2014, 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 on-site centres located in other parts of the world. Offshore services revenues consists of revenues from work conducted at our centres in India and for Indian customers at their locations. Onsite revenues consist of work conducted at customer premises outside India

and our 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 42% our services revenues from onsite work and 58% from offshore work during the fiscal years 2015 as against 43% and 57% respectively in the fiscal year 2014.

## Operating expenses

The operating expenses of our services business segment consist of costs attributable to the compensation expenses for employees, project related travel expenses, professional fees paid to vendors, the cost of application software for internal use, selling and marketing expenses, marketing expenses and allocated overhead expenses associated with support functions such as human resources, finance, facilities and infrastructure, IT, and depreciation and amortization. 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, 2015			Year ended March 31, 2014		
	Products Revenues	Services Revenues	Total Revenues	Products Revenues	Services Revenues	Total Revenues
Americas (NAMER)	27%	59%	33%	27%	55%	33%
Europe, Middle East, Africa (EMEA)	38%	28%	36%	39%	28%	37%
Asia Pacific (JAPAC)	35%	13%	31%	34%	17%	30%
Total	100%	100%	100%	100%	100%	100%

## Customer concentration

Our business depends 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 38% and 40% for fiscal 2015 and 2014 respectively. The top ten customers in our services business contributed 70% of the total services revenues and the top ten customers in our products business, contributed 40% of the total products revenues during fiscal 2015. It may be pertinent to note that the constituents of the customers forming part of the top 10% list could vary from year to year, especially in our Products business.

The percentage of total revenues during fiscal years 2015 and 2014 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	
	2015	2014	2015	2014	2015	2014
Largest customer	13%	16%	12%	10%	11%	12%
Top 5 customers	32%	34%	45%	42%	29%	30%
Top 10 customers	40%	42%	70%	66%	38%	40%

## Trade receivables

Trade receivables as of fiscal March 31, 2015 and 2014 were ₹ 6,910.80 million and ₹ 11,569.95 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 2015 and 2014 were approximately 76 and 134 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 ageing of our trade receivables:

Ageing in days	Year ended	Year ended
	March 31, 2015	March 31, 2014
0-180	81%	73%
More than 180	19%	27%
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), Euro (EUR), Australian Dollars (AUD), British Pounds (GBP) and other foreign currencies where our operations are there.

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

We maintain funds mainly in USD, EUR, GBP, and INR currencies in 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 2015 with fiscal 2014

### Revenues from operations

Our total revenues from operations in the fiscal year ended March 31, 2015, were ₹ 33,410.95 million, an increase of 6% over our total revenues of ₹ 31,594.68 million in the fiscal year ended March 31, 2014. 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, 2015, stood at ₹ 27,084.10 million, an increase of 11% over our products revenues of ₹ 24,426.47 million in the fiscal year ended March 31, 2014 on the strength of large customer wins in JAPAC and USA. The revenues from license fees comprised 14% of the revenues, implementation and customization fees comprised 59%, and Annual Maintenance Contracts comprised 27% of the revenues for the fiscal 2015.

### Services revenues

Our services revenues represented 19% and 23% of our total revenues in the fiscal year 2015 and 2014. Our services revenues were ₹ 6,326.85 million in the fiscal year ended March 31, 2015. Revenues from time and material contracts comprised 76% of services revenues and fixed price contracts comprised 24% for the fiscal 2015.

### Other income, net

Our other income in the fiscal year ended March 31, 2015, was ₹ 3,758.99 million, as compared to ₹ 6,209.16 million in the fiscal year ended March 31, 2014. The lower interest income on Bank deposits of ₹ 1,066.99 million on account of lower surplus cash balance along with lower interest rates and net increase in foreign exchange loss of ₹ 1,367.67 million have primarily attributed to overall decrease of ₹ 2,450.17 million in other income.

### Expenses

#### Employee costs

Our employee costs increased by 1% to ₹ 15,973.70 million in the fiscal year ended March 31, 2015 from ₹ 15,762.32 million in the fiscal year ended March 31, 2014. 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 3% to ₹ 1,073.84 million in the fiscal year ended March 31, 2015 from ₹ 1,112.61 million in the fiscal year ended March 31, 2014. The overall travel expenses represents 3% and 4% of Revenue from operations for the year ended March 31, 2015 and 2014 respectively.

#### Professional fees

Our professional fees related expenditure was ₹ 1,867.07 million in the fiscal year ended March 31, 2015 as against ₹ 1,708.12 million in the fiscal year ended March 31, 2014. The overall professional fees represent around 6% and 5% of Revenue from operations for the year ended March 31, 2015 and 2014 respectively. Professional fees include services hired from subsidiaries and that from external consultants for various projects.

#### Other expenses

Our other expenditure increased by 17% to ₹ 1,484.67 million in the fiscal year ended March 31, 2015 from ₹ 1,269.28 million in the fiscal year ended March 31, 2014. The other expenses represent 4% of Revenue from operations for the year ended March 31, 2015 and 2014. Other expenses primarily consist of Corporate Social Responsibility expenditure, various facilities costs, application software, communication and other miscellaneous expenses.

#### Depreciation and amortization

Our Depreciation and amortization charge for the year was ₹ 634.37 million and ₹ 643.46 million for the year ended March 31, 2015 and 2014 respectively representing 2% of revenues from operations.

#### Income taxes

Our provision for income tax in the fiscal year ended March 31, 2015, was ₹ 5,556.09 million as against ₹ 5,824.43 million in the fiscal year ended March 31, 2014. Our effective tax rate was 34% for both the fiscal years ended March 31, 2015 and March 31, 2014.

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

#### Profit for the year

As a result of the foregoing factors, net profit for the year ended March 31, 2015 is ₹ 10,580.20 million as against ₹ 11,483.62 million during the year ended March 31, 2014. Our net profit margin was 32% for the fiscal year 2015 as against 36% in the fiscal year 2014. We define net profit margins for a particular period as the ratio of net 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 2015 and 2014 we generated cash from operations of ₹ 9,743.53 million and ₹ 6,277.72 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 endeavor 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 2015 was 7,151 as compared to the employee headcount as on March 2014 at 7,306.

## Risks and concerns

Our primary market risk exposures are due to the following:

- Foreign exchange rate fluctuations
- Fluctuations in interest rates

As of March 31, 2015, we had Cash and Bank Balances of ₹ 30,154.06 million, out of which ₹ 29,245.14 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 and under 360 days).

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, British Pound, Euro and other 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, 2015 prepared in accordance with Indian Generally Accepted Accounting Principles (Indian GAAP) (Consolidated).**

# Independent Auditor's Report

## To the Members 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 (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising of the consolidated Balance Sheet as at March 31, 2015, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, 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 financial control relevant to the Holding Company's preparation 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 whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated 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 of the consolidated state of affairs of the Group and its associate as at March 31, 2015, their consolidated profit, and their consolidated 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, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditor's report of the Holding company and its subsidiaries incorporated in India, to whom the Order applies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143 (3) of the Act, we report, to the extent applicable, that:
  - (a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate - Refer Note 27 to the consolidated financial statements;
  - ii. The Group and its associate did not have any material foreseeable losses in long-term contracts including derivative contracts;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India.

#### **Other Matter**

- (a) The accompanying consolidated financial statements include total assets of ₹ 56.01 million as at March 31, 2015, and total revenues and net cash outflows of ₹ Nil and ₹ 1.22 million for the year ended on that date, in respect of two subsidiaries, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.
- (b) The accompanying consolidated financial statements include total assets of ₹ 658.01 million as at March 31, 2015, and total revenues and net cash outflows of ₹ Nil and ₹ 17.51 million for the year ended on that date, in respect of two subsidiaries, which have not been audited, which unaudited financial statements and other unaudited financial information have been furnished to us. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

#### **For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W

**per Amit Majmudar**

Partner

Membership Number: 36656

Place of Signature: Mumbai

Date: May 15, 2015

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

### **Re: The Group, comprising Oracle Financial Services Software Limited ('Holding Company') and its subsidiaries incorporated in India and to whom the provisions of the Order apply (together referred to as 'the Covered entities' in this report)**

- (i) (a) The Holding Company and the Covered entities of the Group have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management of the Holding Company and the covered entities of the Group during the year and no material discrepancies were identified on such verification.
- (ii) The business of the Holding Company and the Covered entities of the Group does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Holding Company and the Covered entities of the Group and hence not commented upon.
- (iii) According to the information and explanations given to us and as reported by the other auditors who audited the financial statements of certain entities of the Group, the Holding Company and the Covered entities of the Group have not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Covered entities of the Group and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us and as reported by the other auditors who audited the financial statements of certain covered entities of the Group there is an adequate internal control system commensurate with the size of the Holding Company and the covered entities of the Group and the nature of its businesses, for the purchase of fixed assets, sale of licenses and sale of services, to the extent applicable to the nature of the business of the covered entities of the Group. During the course of our audit and as reported by the other auditors who audited the financial statements of certain covered entities of the Group, no major weakness was observed or continuing failure to correct any major weakness in the internal control system of the Holding Company and the Covered entities of the Group in respect of these areas. The activities of the Group do not involve purchase of inventory.
- (v) The Holding Company and the Covered entities of the Group have not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained and as reported by the other auditors who audited the financial statements of certain covered entities of the Group, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Act, for the products / services of the Holding Company and the Covered entities of the Group.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, value added tax, 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 Holding Company and the covered entities of the Group did not have any dues of excise duty.
- (b) According to the information and explanations given to us, and as reported by other auditors who audited the financial statements of the certain covered entities in the Group, undisputed dues in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, value added tax, 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:

<b>Name of the statute</b>	<b>Nature of the dues</b>	<b>Amount (₹)</b>	<b>Period to which the amount relates</b>	<b>Due Date</b>	<b>Date of Payment</b>
Foreign Tax	Income Tax	346,150,029	April 2005 to March 2014	Various dates	Not yet paid
	Value added Tax ('VAT')	27,229,963	April 2007 to March 2009	Various dates	Not yet paid
	Withholding Tax	18,833,858	December 2008 to December 2013	Various dates	Not yet paid



- (c) According to the records of the Holding Company and the Covered entities of the Group and as reported by other auditors who audited the financial statements of certain covered entities in the Group, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax 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	17,228,123	April 2004 to March 2007	Appellate Tribunal, Bangalore
The Central Sales Tax Act, 1956	CST and interest, penalty thereon	7,547,310	April 2004 to March 2007	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)

- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and the Covered entities of the Group in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Holding Company and covered entities of the Group except one covered entity have no accumulated losses at the end of the financial year and they have not incurred cash losses in the current and immediately preceding financial year. Further, one covered entity of the Group has not incurred cash loss in current and immediately preceding financial year and its accumulated loss at the end of the financial year is less than fifty percent of its net worth.
- (ix) The Holding Company and covered entities of the Group did not have any dues to any financial institution, bank or debenture holder during the year.
- (x) According to the information and explanations given to us, the Holding Company and the Covered entities of the Group have not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) The Holding Company and the Covered entities of the Group did not have any term loans outstanding during the year.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the consolidated financial statements and as per the information and explanations given by the management and reports of the other auditors who audited the financial statements of certain covered entities of the group, which we have relied upon, we report that no fraud on or by the Holding Company and the Covered entities of the Group have 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 Number: 36656

Place of Signature: Mumbai

Date: May 15, 2015

# Consolidated balance sheet

as at March 31, 2015

		(Amounts in ₹ million)	
	Notes	March 31, 2015	March 31, 2014
<b>EQUITY AND LIABILITIES</b>			
Shareholders' funds			
Share capital	3	423.07	420.72
Reserves and surplus	4	34,017.61	87,344.77
		34,440.68	87,765.49
Share application money pending allotment	3 (e)	0.63	3.59
Non-current liabilities			
Deferred tax liability	5	19.11	67.82
Other Long-term liabilities	6	220.99	260.26
Long-term provisions	7	840.84	719.12
		1,080.94	1,047.20
Current liabilities			
Trade payables	6	361.76	473.67
Other current liabilities	6	6,932.87	6,589.14
Short-term provisions	7	19,890.09	1,372.23
		27,184.72	8,435.04
<b>TOTAL</b>		<b>62,706.97</b>	<b>97,251.32</b>
<b>ASSETS</b>			
Non-current assets			
Fixed assets			
Tangible assets	8 (a)	3,024.40	3,448.48
Intangible assets	8 (b)	6,086.63	6,086.63
Capital work-in-progress	8 (a)	3.33	125.20
Non-current investments	9	—	—
Deferred tax assets	5	1,006.09	866.95
Long-term loans and advances	10	5,865.65	5,134.23
Other non-current assets	11	—	0.25
		15,986.10	15,661.74
Current assets			
Trade receivables	12	6,016.21	6,807.44
Cash and bank balances	13	35,638.25	66,726.07
Short-term loans and advances	10	793.39	948.41
Other current assets	11	4,273.02	7,107.66
		46,720.87	81,589.58
<b>TOTAL</b>		<b>62,706.97</b>	<b>97,251.32</b>

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

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

**S Venkatachalam**  
Chairman

**Chaitanya Kamat**  
Managing Director  
& Chief Executive Officer

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

**Richard Jackson**  
Director

**Makarand Padalkar**  
Chief Financial Officer

**Jayant Joshi**  
Company Secretary  
& Compliance Officer

**Mumbai, India**  
**May 15, 2015**

**Mumbai, India**  
**May 15, 2015**

# Consolidated statement of profit and loss

for the year ended March 31, 2015

(Amounts in ₹ million, except share data)			
	Notes	Year ended March 31, 2015	Year ended March 31, 2014
INCOME			
Revenue from operations	14	39,049.05	37,413.21
Other income, net	15	3,481.34	6,736.48
Total income		42,530.39	44,149.69
EXPENSES			
Employee costs	16	18,479.02	18,404.78
Travel related expenses (net of recoveries)		1,343.44	1,405.81
Professional fees		1,718.66	1,818.33
Other expenses	17	1,999.98	1,790.44
Depreciation and amortization	8	680.92	716.72
Total expenses		24,222.02	24,136.08
Profit before tax		18,308.37	20,013.61
Tax expenses			
Current tax		6,577.75	6,546.81
Deferred tax		(192.58)	(126.39)
Total tax expenses		6,385.17	6,420.42
Profit for the year		11,923.20	13,593.19
Earnings per equity share of par value of ₹ 5 (March 31, 2014 ₹ 5) each (in ₹)	19		
Basic		141.30	161.64
Diluted		140.71	160.96
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 15, 2015**

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

**S Venkatachalam**  
Chairman

**Richard Jackson**  
Director

**Mumbai, India**  
**May 15, 2015**

**Chaitanya Kamat**  
Managing Director  
& Chief Executive Officer

**Makarand Padalkar**  
Chief Financial Officer

**Jayant Joshi**  
Company Secretary  
& Compliance Officer

# Notes annexed to and forming part of consolidated financial statements for the year ended March 31, 2015

## 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 74.52% (March 31, 2014 - 74.93%) ownership interest in the Company as at March 31, 2015.

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.			
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 the accounting principles generally accepted in India and complying in all material respects with the Accounting Standards notified under the section 133 of the Companies Act, 2013 (the ‘Act’), read together with paragraph 7 of the Companies (Accounts) Rules 2014. 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, except for the change in accounting policy described in note (c) below.

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 together with paragraph 7 of the Companies (Accounts) Rules 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) Change in accounting policy for depreciation on fixed assets

Till year ended March 31, 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the OFSS group was charging 100% depreciation on assets costing less than ₹5,000 in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the OFSS group has changed its accounting policy for depreciation of assets costing less than ₹5,000/. As per the revised policy, the OFSS group is depreciating such assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after April 1, 2014.

The change in accounting for depreciation of assets costing less than ₹ 5,000 did not have any material impact on consolidated financial statements of the company for the current year.

## (d) 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) acquired separately are measured on initial recognition at cost. The OFSS group records the difference between considerations paid to acquire the IPRs along with related assets and liabilities and the fair value of such acquired assets and liabilities 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 as per the straight-line method using the rates arrived at based on the useful lives estimated by the management. The estimated useful life considered for depreciation of fixed assets is as follows:

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

During the current year, the Group has changed the estimated useful life of office equipments from 7 years to 5 years. There is no material impact on depreciation for the year due to this change in estimated useful life.

The management has estimated, supported by an independent assessment by professionals, the useful lives of buildings as 20 years. These lives are lower than those indicated in schedule II.

The management has estimated, based on an internal assessment, the useful lives of the following classes of assets.

- The useful lives of servers and networking equipments forming part of computer equipments are estimated as 3 years. These lives are lower than those indicated in schedule II.
- The useful lives of furniture and fixtures and electrical and other installations estimated at 2-7 years. These lives are lower than those indicated in schedule II.

#### *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.

### **(e) 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.

### **(f) 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.

## **(g) 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.

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. 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.

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.

## **(h) 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.

## **(i) 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 consolidated 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.

## **(j) 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.

#### **(k) 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.

#### **(l) 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.

#### **(m) 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") (Share Based Employee Benefit Regulations, 2014) 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, if the fair market value of the underlying stock exceeds the exercise price at the grant date.

#### **(n) 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.

#### **(o) 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.

#### **(p) 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, 2014 - 100,000,000) equity shares of ₹ 5 each 500.00 500.00

Issued, subscribed and fully paid-up:

84,614,859 (March 31, 2014 - 84,144,134) equity shares of ₹ 5 each 423.07 420.72

- (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.

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2015, the amount of per share dividend recognized as distributions to equity shareholder was ₹ 665 (March 31, 2014 - ₹ Nil).

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, 2015		March 31, 2014	
	No. of equity shares	% of equity shares	No. of equity shares	% of equity shares
Oracle Global (Mauritius) Limited, holding company	63,051,197	74.52%	63,051,197	74.93%

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, 2015		March 31, 2014	
	No. of equity shares	Amounts in ₹ million	No. of equity shares	Amounts in ₹ million
Outstanding at the beginning of year	84,144,134	420.72	84,065,478	420.33
Issued during the year - ESOP	470,725	2.35	78,656	0.39
Outstanding at the end of year	84,614,859	423.07	84,144,134	420.72

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

- (e) Share application money pending allotment for the year ended March 31, 2015 represents the money received from employees of the Company towards exercise of 40 options at the exercise price of ₹ 2,050.00 under Employee Stock Option Plan 2010 Scheme ("Scheme 2010") and 285 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.

(Amounts in ₹ million)

March 31, 2015 March 31, 2014

**Note 4: Reserves and surplus**

Securities premium

Balance, beginning of the year	9,951.15	9,809.61
Received during the year on exercise of employee stock options	1,095.20	141.54
Balance, end of the year	11,046.35	9,951.15

General reserve

10,145.19 10,145.19

Foreign currency translation reserve

Balance, beginning of the year	(909.09)	(875.09)
Addition during the year on net investment in Non integral operations	(25.49)	(34.00)
Balance, end of the year	(934.58)	(909.09)

Surplus in the statement of profit and loss

Balance, beginning of year	68,157.52	54,564.33
Profit for the year	11,923.20	13,593.19
Less: Appropriations		
Interim equity dividend [amount per share ₹ 485 (March 31, 2014 - ₹ Nil)]	(41,017.77)	—
Tax on interim equity dividend	(6,970.97)	—
Proposed final equity dividend [amount per share ₹ 180 (March 31, 2014 - ₹ Nil)]	(15,230.67)	—
Tax on proposed final equity dividend	(3,100.66)	—
Balance, end of the year	13,760.65	68,157.52

Total reserves and surplus

34,017.61 87,344.77

**Note 5: Deferred tax asset (liability)**

## Deferred tax asset

Difference between book and tax depreciation	112.37	60.63
Provision for compensated absence	252.26	206.29
Provision for gratuity	223.15	174.21
Provision for doubtful debts	191.30	207.53
Other timing differences	227.01	218.29
	1,006.09	866.95

## Deferred tax liability

Deferred revenue	(19.11)	(67.82)
	(19.11)	(67.82)
	986.98	799.13

	March 31, 2015		March 31, 2014	
	Non-current	Current	Non-current	Current

**Note 6: Liabilities**

## Trade payables

- Micro and small enterprises*	—	—	—	—
- Others	—	361.76	—	473.67
	—	361.76	—	473.67

Accrued Expenses	215.55	2,156.98	252.43	2,246.51
Deferred Revenue	5.44	3,851.31	7.83	3,644.06
Forward contract payable, net	—	11.32	—	—
Advance from customers	—	136.62	—	83.99
Unpaid dividends**	—	102.40	—	—
Other liabilities				
- Withholding and other taxes	—	516.52	—	460.89
- Other statutory dues	—	157.72	—	153.69
	220.99	6,932.87	260.26	6,589.14
	220.99	7,294.63	260.26	7,062.81

\* 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	606.67	78.84	472.84	69.69
For compensated absence	—	981.69	—	832.19
	606.67	1,060.53	472.84	901.88

## Other Provision

Proposed final equity dividend	—	15,230.67	—	—
Tax on proposed final equity dividend	—	3,100.66	—	—
Taxation, net of advance tax	234.17	498.23	246.28	470.35
	234.17	18,829.56	246.28	470.35
	840.84	19,890.09	719.12	1,372.23

**Note 8 (a): Tangible assets**

Particulars	(Amounts in ₹ million)											
	Gross block				Depreciation				Net block			
	As at April 01, 2014	Additions	Sale / deletions	Translation gain (loss)	As at March 31, 2015	As at April 01, 2014	For the year	Sale / deletions	Translation gain (loss)	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Freehold Land	538.31	—	—	—	538.31	—	—	—	—	—	538.31	538.31
Improvement to leasehold premises	554.59	3.80	3.78	0.08	554.69	304.17	61.32	1.93	(5.28)	358.28	196.41	250.42
Buildings [Refer note below]	1,987.05	104.66	6.71	—	2,085.00	536.04	120.68	3.69	—	653.03	1,431.97	1,451.01
Computer equipments	2,106.24	112.04	148.14	0.05	2,070.19	1,715.35	277.47	147.09	(0.89)	1,844.84	225.35	390.89
Office equipments	223.38	7.84	8.06	—	223.16	196.36	22.91	8.06	(2.50)	208.71	14.45	27.02
Electricals and other installations	1,058.56	6.38	48.01	—	1,016.93	592.80	112.48	26.08	—	679.20	337.73	465.76
Furniture and fixtures	875.59	38.61	10.48	(0.52)	903.20	551.59	85.00	9.44	(4.12)	623.03	280.17	324.00
Vehicles under finance lease	15.31	—	14.41	—	0.90	14.24	1.06	14.41	—	0.89	0.01	1.07
Total	7,359.03	273.33	239.59	(0.39)	7,392.38	3,910.55	680.92	210.70	(12.79)	4,367.98	3,024.40	3,448.48
As at March 31, 2014	7,190.82	308.57	141.85	1.49	7,359.03	3,332.43	716.72	140.04	1.44	3,910.55		
									Capital work-in-progress		3.33	125.20
											3,027.73	3,573.68

Note:

Includes 10 (March 31, 2014 - 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, 2014	Additions	Gross block			Amortization and impairment losses			Net block		
			Sale / deletions	Translation gain (loss)	As at March 31, 2015	As at April 01, 2014	For the year	Sale / deletions	Translation gain (loss)	As at March 31, 2015	As at March 31, 2014
Goodwill on consolidation [Refer note below]	6,137.76	—	—	—	6,137.76	51.13	—	—	—	6,086.63	6,086.63
Goodwill on acquisition	197.47	—	—	—	197.47	197.47	—	—	—	—	—
Product IPR	138.62	—	—	—	138.62	138.62	—	—	—	—	—
PeopleSoft ERP	53.77	—	—	—	53.77	53.77	—	—	—	—	—
Total	6,527.62	—	—	—	6,527.62	440.99	—	—	—	6,086.63	6,086.63
As at March 31, 2014	6,527.62	—	—	—	6,527.62	440.99	—	—	—	440.99	

### Note:

Accumulated amortization and impairment losses as at April 1, 2014 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, 2014 - 242,240) equity shares of ₹ 10 each, fully paid-up

Less: Provision for diminution in value of investment

Aggregate amount of unquoted investments

Aggregate amount of provision for diminution in value of unquoted trade investments

	March 31, 2015		March 31, 2014	
	Non-current	Current	Non-current	Current
<b>Note 10: Loans and advances (unsecured, considered good)</b>				
Advances recoverable in cash or in kind or for value to be received:				
Deposits for premises and others	1,074.62	138.71	1,153.53	68.02
Prepaid expenses	0.56	247.17	1.49	251.02
Forward contract receivable, net	—	—	—	181.42
Other advances	549.05	327.96	458.42	390.60
Advance tax, net of provision for taxes ₹ 24,344.09 million (March 31, 2014 ₹ 19,130.72 million)	4,220.02	79.55	3,498.79	57.35
MAT credit entitlement	21.40	—	22.00	—
	5,865.65	793.39	5,134.23	948.41

**Note 11: Other assets**

Non-current bank balances [Refer note 13]	—	—	—	—
Interest accrued on Bank deposits	—	197.86	0.25	1,735.11
Unbilled revenue	—	4,006.52	—	5,220.86
Recoverable expenses - billed	—	68.64	—	151.69
	—	4,273.02	0.25	7,107.66
	—	4,273.02	0.25	7,107.66

**Note 12: Trade receivables (unsecured)**

(a) Outstanding for a period exceeding six months from date they are due for payment				
Consider good	—	263.45	—	459.46
Consider doubtful	165.33	382.89	163.81	476.67
	165.33	646.34	163.81	936.13
Provision for doubtful receivables	(165.33)	(382.89)	(163.81)	(476.67)
	—	263.45	—	459.46
(b) Other receivables				
Consider good	—	5,752.76	—	6,347.98
Consider doubtful	—	68.57	—	—
	—	5,821.33	—	6,347.98
Provision for doubtful receivables	—	(68.57)	—	—
	—	5,752.76	—	6,347.98
	—	6,016.21	—	6,807.44

(Amounts in ₹ million)

	March 31, 2015		March 31, 2014	
	Non-current	Current	Non-current	Current
<b>Note 13: Cash and bank balances</b>				
(a) Cash and cash equivalents				
Balances with banks:				
Current accounts	—	5,776.09	—	5,009.12
Deposits with original maturity of less than 3 months	—	36.00	—	185.00
Unclaimed dividend account	—	102.40	—	—
	—	5,914.49	—	5,194.12
(b) Other bank balances				
Balances with banks:				
Deposits with original maturity for more than 3 months but less than 12 months	—	29,718.51	—	61,526.64
Margin money deposits	—	5.25	—	5.31
	—	29,723.76	—	61,531.95
Amount disclosed under non-current assets	—	—	—	—
Amount disclosed under current assets	—	35,638.25	—	66,726.07

	Year ended March 31, 2015	Year ended March 31, 2014
<b>Note 14: Revenue from operations</b>		
Product licenses and related activities	31,814.78	29,001.49
IT solutions and consulting services	6,192.38	7,398.28
Business processing services	1,041.89	1,013.44
	39,049.05	37,413.21

**Note 15: Other income, net**

a) Interest income		
Interest on:		
Bank deposits	4,042.27	5,094.89
Bonds	—	0.30
Income tax refund	61.76	82.83
	4,104.03	5,178.02
b) Other income, net		
Foreign exchange (loss) gain, net	(862.36)	1,452.48
(Loss) profit on sale of fixed assets, net	(10.23)	2.60
Miscellaneous income	249.90	103.38
	(622.69)	1,558.46
	3,481.34	6,736.48

**Note 16: Employee cost**

Salaries and bonus [Refer note below]	16,948.54	16,874.29
Staff welfare expenses	681.72	874.21
Contribution to provident and other funds	848.76	656.28
	18,479.02	18,404.78

Employee costs for the year ended March 31, 2014 are net of ₹ 243.51 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, 2015	Year ended March 31, 2014
--	------------------------------	------------------------------

**Note 17: Other expenses**

Application software	140.08	70.90
Communication expenses	123.91	144.49
Rent	543.89	580.57
Power	191.21	204.66
Insurance	28.79	29.78
Repairs and maintenance:		
Buildings and leasehold premises	60.10	46.34
Computer equipments	23.83	11.88
Others	103.59	79.45
Rates and taxes	119.14	89.33
Provision for doubtful debts, net	(43.25)	105.35
Bad debts	205.62	24.98
Corporate Social Responsibility expenditure	120.92	—
Miscellaneous expenses	382.15	402.71
	1,999.98	1,790.44

As per the requirements of Section 135 of the Companies Act, 2013 the Group was required to spend an amount of ₹ 333.81 million on Corporate Social Responsibility expenditure for the financial year 2014-15 based on the average net profits of the three immediately preceding financial years. During the current financial year, the Group has spent an amount of ₹ 120.92 million against Corporate Social Responsibility expenditure.

	Year ended March 31, 2015	Year ended March 31, 2014
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**Note 18: Net interim equity dividend remitted in foreign exchange**

Year of remittance (ending on)	March 31, 2015	—
Period to which it relates	March 31, 2015	—
Number of non-resident shareholders	1	—
Number of equity shares on which dividend was due	63,051,197	—
Amount remitted (in USD million)	497.41	—
Amount remitted (in ₹ million)	30,579.83	—

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

(Number of equity shares)

	Year ended March 31, 2015	Year ended March 31, 2014
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Weighted average shares outstanding for basic earnings per share	84,383,451	84,094,954
Add: Effect of dilutive stock options	353,851	354,697
Weighted average shares outstanding for diluted earnings per share	84,737,302	84,449,651

(Amounts in ₹ million)

	March 31, 2015	March 31, 2014
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**Note 20: Capital and other commitments**

Particulars

(a) Capital Commitments

Contracts remaining to be executed on capital account not provided for (net of advances)	177.24	169.83
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(b) Contingent liabilities

Nil	Nil
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## Note 21: Leases

### Where Company is lessee

#### Finance lease

The OFSS group takes vehicles under finance lease of up to five years. None of the lease agreements have an escalation clause. Future minimum lease payments under finance lease as at March 31, 2015 and 2014 are as follows:

(Amounts in ₹ million)			
	As at March 31, 2015		
	Principal	Interest	Total
Not later than one year	0.04	0.01	0.05
Later than one year but not later than five years	—	—	—
Total minimum payments	0.04	0.01	0.05
	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

#### Operating lease

The OFSS group has taken certain office premises 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, 2015 aggregated to ₹ 540.39 million (March 31, 2014 ₹ 575.45 million). The minimum rental payments to be made in future in respect of these leases are as follows:

(Amounts in ₹ million)		
	March 31, 2015	March 31, 2014
Not later than one year	518.50	479.50
Later than one year but not later than five years	1,055.83	1,149.68
Later than five years	627.99	703.59
	2,202.32	2,332.77

## 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, 2015 the Company has following outstanding derivative instrument:

(Amounts in US Dollar million)		
Particulars	March 31, 2015	March 31, 2014
Forward contracts - Sell in US Dollar	122.33	75.70

As of balance sheet date, the OFSS group's net foreign currency exposure that is not hedged is ₹ 10,947.55 million (March 31, 2014 ₹ 14,980.30 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.



In accordance with the Guidance Note on Accounting for Employee Share Based Payments issued by ICAI, 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, 2015	Year ended March 31, 2014
	(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
Shares exercised during the year	—	(2,750)
Shares forfeited during the year	—	—
Closing balance of allocated shares	—	—
Shares eligible for exercise	—	—
Shares not eligible for exercise	—	—
Total allocated shares	—	—

## 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"). Accordingly, the Company has granted 1,950,500 options under the Scheme 2011. Nomination and Remuneration Committee in their meeting held on August 7, 2014 approved Oracle Financial Services Software Limited Stock Plan 2014 ("OFSS Stock Plan 2014") and during the year 2014-15, the Company granted 58,370 Stock Options and 147,889 Restricted Stock Units (RSUs) under OFSS Stock Plan 2014. The issuance terms of RSUs are the same as for Stock Options, employees may elect to receive 1 RSU in lieu of 4 awarded Stock Options at their respective exercise price.

As per the Scheme 2002, Scheme 2010 and Scheme 2011, each of 20% of the total options granted will vest 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.

In respect of the Stock Options and RSUs granted in the Financial year 2014-15 under OFSS Stock Plan 2014, each of 25% of the total Stock Options / RSUs will vest on completion of 12, 24, 36 and 48 months from the date of grant and is subject to continued employment of the employee of 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, 2015		Year ended March 31, 2014	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	91,300	1,976	113,280	1,843
Granted	—	—	—	—
Exercised	(54,900)	1,975	(21,980)	1,291
Forfeited	—	—	—	—
Outstanding at end of the year	36,400	1,978	91,300	1,976
Vested options	24,400		67,300	
Unvested options	12,000		24,000	

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

	Year ended March 31, 2015		Year ended March 31, 2014	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	311,050	2,069	355,863	2,066
Granted	—	—	—	—
Exercised	(141,028)	2,075	(28,066)	2,050
Forfeited	(5,332)	2,050	(16,747)	2,050
Outstanding at end of the year	164,690	2,064	311,050	2,069
Vested options	91,901		164,036	
Unvested options	72,789		147,014	

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

	Year ended March 31, 2015		Year ended March 31, 2014	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	1,703,125	2,783	1,171,335	2,591
Granted	15,000	3,076	650,000	3,077
Exercised	(274,797)	2,535	(28,610)	1,958
Forfeited	(28,700)	2,667	(89,600)	2,664
Outstanding at end of the year	1,414,628	2,837	1,703,125	2,783
Vested options	347,178		279,875	
Unvested options	1,067,450		1,423,250	

A summary of the activity in the Company's ESOP (OFSS Stock Plan 2014) is as follows:

	Year ended March 31, 2015		Year ended March 31, 2014	
	Shares arising from Stock Options and RSUs	Weighted average exercise price (₹)	Shares arising from Stock Options and RSUs	Weighted average exercise price (₹)
Outstanding at beginning of year	—	—	—	—
Granted	206,259	921	—	—
Exercised	—	—	—	—
Forfeited	—	—	—	—
Outstanding at end of the year	206,259	921	—	—
Vested options and RSUs	—		—	
Unvested options and RSUs	206,259		—	

The Company has granted 58,370 stock options and 147,889 RSUs under OFSS Stock Plan 2014 at an exercise price of ₹ 3,241 and ₹ 5 respectively.

The weighted average share price for the year over which stock options were exercised was ₹ 3,347 (March 31, 2014 - ₹ 2,857).

The details of options unvested and options vested and exercisable as on March 31, 2015 are as follows:

	Exercise prices (₹)	Number of Options	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Options unvested	5	147,889	5	10.0
	1,930	180,700	1,930	6.7
	2,032	16,000	2,032	6.7
	2,050	64,789	2,050	5.4
	2,333	12,000	2,333	5.6
	2,342	8,000	2,342	6.3
	3,076	15,000	3,076	9.3
	3,077	499,800	3,077	8.5
	3,127	355,950	3,127	7.9
	3,241	58,370	3,241	10.0
Options vested and exercisable	1,291	12,400	1,291	1.1
	1,930	123,428	1,930	6.7
	2,050	91,901	2,050	5.4
	2,333	12,000	2,333	5.6
	3,077	52,700	3,077	8.5
	3,127	171,050	3,127	7.9
		1,821,977	2,533	7.8

The details of options unvested and options vested and exercisable as on March 31, 2014 were 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

Stock Options granted during the financial year ended March 31, 2015:

The weighted average fair value of stock options granted during the year was ₹ 2,671 (March 31, 2014 - ₹ 1,712).

The Black Scholes valuation model has been used for computing the above weighted average fair value of Stock Options / RSUs granted considering the following inputs:

	Scheme 2011	OFSS Stock Plan 2014 (Stock Option)	Year ended March 31, 2015 OFSS Stock Plan 2014 (RSU)	Year ended March 31, 2014 Scheme 2011
Weighted average share price (in ₹)	3,076	3,241	3,241	3,077
Exercise Price (in ₹)	3,076	3,241	5	3,077
Expected Volatility	28%	27%	27%	39%
Weighted average life of options granted (in years)	6.5	6.25	6.25	6.5
Expected dividend rate	Nil	Nil	Nil	Nil
Average risk-free interest rate	8.66%	7.78%	7.78%	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, 2015	March 31, 2014
Profit as reported	11,923.20	13,593.19
Add: Employee stock compensation under intrinsic value method	—	—
Less: Employee stock compensation under fair value method	(643.82)	(779.11)
Proforma profit	11,279.38	12,814.08
Earnings Per Share		
Basic		
- As reported	141.30	161.64
- Proforma	133.67	152.38
Diluted		
- As reported	140.71	160.96
- Proforma	133.26	151.86

## Note 24: Employee benefits obligation

### Defined contribution plans

During the year ended March 31, 2015 and 2014, the OFSS group contributed following amounts to defined contributions plans:

	(Amounts in ₹ million)	
Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Provident fund	305.46	254.80
Superannuation fund	116.46	113.25
	421.92	368.05

### Defined benefit plan - gratuity

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

	(Amounts in ₹ million)	
Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Current service cost	81.57	73.88
Interest cost	45.65	38.94
Past service cost - vested benefits	—	14.70
Past service cost - non vested benefits	1.52	1.52
Expected return on plan assets	(0.61)	(0.28)
Recognized net actuarial loss (gain)	77.87	(41.10)
Total included in 'employee benefit expense'	206.00	87.66
Actual return on plan assets	(0.50)	0.37

The amounts recognized in the balance sheet are as follows:

	(Amounts in ₹ million)	
Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Present value of funded obligations	621.82	499.93
Present value of unfunded obligations	69.51	47.48
Fair value of plan assets	(5.82)	(4.88)
Net liability	685.51	542.53

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, 2015	Year ended March 31, 2014
Defined benefit obligation at beginning of the year	547.41	527.59
Current service cost	81.57	73.88
Interest cost	45.65	38.94
Past service cost - vested benefits	—	14.70
Past service cost - non vested benefits	1.52	1.52
Benefits paid	(61.58)	(68.20)
Actuarial loss (gain)	76.76	(41.02)
Defined benefit obligation at end of the year	691.33	547.41

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

Particulars	(Amounts in ₹ million)	
	Year ended March 31, 2015	Year ended March 31, 2014
Fair value of plan assets at beginning of the year	4.88	3.78
Expected return on plan assets	0.61	0.28
Actuarial (loss) gain	(1.11)	0.08
Contributions by employer	60.09	61.53
Benefits paid	(58.65)	(60.79)
Fair value of plan assets at end of the year	5.82	4.88

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, 2015	March 31, 2014
Discount rate	3.50%-7.80%	4.25%-9.10%
Expected returns on plan assets	7.50%	7.50%
Salary escalation rate	3.00%-8.00%	3.00%-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, 2016 is expected to be ₹ 78.84 million (March 31, 2015 ₹ 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, 2015	Year March 31, 2014	Year March 31, 2013	Year March 31, 2012	Year March 31, 2011
Present value of funded obligations	(621.82)	(499.93)	(496.42)	(408.90)	(370.12)
Present value of unfunded obligations	(69.51)	(47.48)	(31.17)	(27.99)	(24.12)
Fair value of plan assets	5.82	4.88	3.78	1.45	15.12
Deficit	(685.51)	(542.53)	(523.81)	(435.44)	(379.12)
Experience adjustments on plan liabilities	36.53	(48.01)	26.56	37.17	48.35
Experience adjustments on plan assets	(1.11)	0.08	0.44	0.28	0.45

## 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 Belgium B.V.B.A/SPRL.</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 Consulting Kazakhstan LLP</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 Centroamerica, S.A.</p> <p>Oracle de Mexico, S.A. de C.V.</p> <p>Oracle Deutschland B.V &amp; 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 Hrvatska d.o.o.</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> <p>Oracle India Private Limited</p> <p>Oracle Korea, Ltd.</p> <p>Oracle Luxembourg S.a.r.l.</p> <p>Oracle Nederland B.V.</p> <p>Oracle New Zealand</p> <p>Oracle Norge AS</p> <p>Oracle (Philippines) Corporation</p> <p>Oracle Polska, Sp.z.o.o.</p>

Relationship	Names of related parties
	Oracle Portugal - Sistemas de Informacao Lda.
	Oracle Research & Development Center, Shenzhen, Ltd.
	Oracle Research and Development Centre, Beijing, Ltd.
	Oracle Romania SRL
	Oracle Software Systems Israel Limited
	Oracle Serbia and Montenegro d.o.o
	Oracle Solution Services (India) Private Ltd.
	Oracle Svenska AB
	Oracle SRBIJA CRNA GORA d.o.o.
	Oracle Systems Hong Kong Limited
	Oracle Systems Limited
	Oracle Systems Pakistan (Private) Limited
	Oracle Taiwan LLC
	Oracle Technology Systems (Kenya) Limited
	Oracle Vietnam Pte. Ltd.
	PT Oracle Indonesia
	Sistemas Oracle de Chile, S.A.
	Sistemas Oracle del Peru, S.A.
(iii) Key Managerial Personnel ('KMP')	Chaitanya Kamat - Managing Director and Chief Executive Officer Makarand Padalkar - Chief Financial Officer Hoshi D Bhagwagar - Company Secretary & Compliance Officer (till June 6, 2014) Jayant Joshi - Company Secretary & Compliance Officer (from September 29, 2014)
(iv) Independent Directors	S Venkatachalam Y M Kale (till December 15, 2014) Richard Jackson (from December 16, 2014)

Transactions and balances outstanding with these parties are described below:

	(Amounts in ₹ million)			
	Transaction		Amount receivable (payable)	
	Year ended March 31, 2015	Year ended March 31, 2014	As at March 31, 2015	As at March 31, 2014
Revenue				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	2,331.38	2,166.75	96.62	379.17
Oracle Austria GmbH	22.20	3.33	2.65	—
Oracle Belgium B.V.B.A/SPRL.	22.17	—	—	—
Oracle Bilgisayar Sistemleri Limited Sirketi	22.23	12.04	1.00	1.59
Oracle Canada ULC	627.43	270.56	177.98	36.31
Oracle Caribbean, Inc.	26.97	19.94	—	7.60
Oracle (China) Software Systems Company Limited	93.87	15.40	40.02	18.52
Oracle Colombia Limitada	244.03	306.87	34.97	62.80
Oracle Consulting Kazakhstan LLP	0.66	—	0.65	—
Oracle Corporation Japan	387.23	—	37.85	—
Oracle Corporation (South Africa)(Pty) Limited	1,219.18	796.57	(6.48)	155.96
Oracle Corporation (Thailand) Company Limited	191.25	(69.89)	(36.97)	(47.04)
Oracle Corporation Australia Pty. Limited	4,403.31	4,718.43	926.68	316.18
Oracle Corporation Malaysia Sdn. Bhd.	326.63	113.54	8.23	44.90
Oracle Corporation Singapore Pte. Ltd.	35.86	31.97	37.82	—
Oracle Corporation UK Limited	759.24	331.14	4.98	34.07
Oracle Czech s.r.o.	44.54	23.35	(1.49)	5.09
Oracle Danmark ApS	90.80	220.24	4.72	7.86

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2015	Year ended March 31, 2014	As at March 31, 2015	As at March 31, 2014
Oracle de Centroamerica, S.A.	16.21	—	0.36	—
Oracle de Mexico, S.A. de C.V.	133.39	48.30	9.11	33.58
Oracle Deutschland B.V & Co. KG	29.94	28.44	5.01	—
Oracle de Venezuela, C.A.	—	0.08	—	0.53
Oracle Do Brasil Sistemas Limitada	77.48	23.00	89.65	25.39
Oracle East Central Europe Limited	174.69	170.78	85.63	62.20
Oracle East Central Europe Services B.V.	144.77	190.69	32.59	50.61
Oracle Egypt Limited	201.81	89.43	70.85	14.72
Oracle EMEA Limited	—	0.63	—	0.18
Oracle France, S.A.S.	132.11	26.72	8.15	3.42
Oracle Hellas, S.A.	1.46	1.64	0.18	—
Oracle Hrvatska d.o.o.	0.23	—	0.02	—
Oracle Hungary Kft.	155.41	28.93	0.14	0.65
Oracle Iberica, S.R.L.	19.59	54.70	(3.59)	0.11
Oracle India Private Limited	207.58	15.87	0.08	16.51
Oracle Italia S.r.l.	78.23	124.37	9.60	18.16
Oracle Korea, Ltd.	41.39	43.97	6.51	6.39
Oracle Luxembourg S.a.r.l.	9.52	—	—	—
Oracle Nederland B.V.	220.87	169.23	13.35	9.23
Oracle New Zealand	77.55	74.49	0.84	—
Oracle (Philippines) Corporation	251.51	42.68	6.16	9.69
Oracle Polska, Sp.z.o.o.	77.92	134.07	13.13	39.27
Oracle Portugal - Sistemas de Informacao Lda.	87.66	115.19	(21.81)	44.95
Oracle Serbia and Montenegro d.o.o	22.08	19.12	16.09	3.67
Oracle SRBIJA CRNA GORA d.o.o.	28.91	23.80	(2.36)	2.02
Oracle Svenska AB	29.97	—	(3.01)	—
Oracle Systems Hong Kong Limited	222.56	345.95	15.47	88.47
Oracle Systems Limited	752.23	647.89	(27.60)	144.17
Oracle Systems Pakistan (Private) Limited	137.18	109.85	212.22	38.58
Oracle Taiwan LLC	108.39	116.89	20.27	23.30
Oracle Vietnam Pte. Ltd.	252.58	38.98	258.56	15.72
PT Oracle Indonesia	395.87	148.47	90.62	43.47
Oracle Romania SRL	297.03	373.95	46.75	176.52
Sistemas Oracle de Chile, S.A.	51.02	26.55	9.08	0.08
Sistemas Oracle del Peru, S.A.	0.36	2.67	0.18	2.58
Provision for doubtful debts				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	7.30	5.98	—	(7.30)
Oracle (Philippines) Corporation	1.39	1.38	—	(1.39)
Oracle Do Brasil Sistemas Limitada	2.40	0.77	—	(2.40)
Oracle Canada ULC	0.26	(3.13)	—	(0.26)
Oracle Colombia Limitada	0.68	0.68	—	(0.68)
Oracle Corporation (South Africa)(Pty) Limited	8.53	8.33	(0.83)	(9.36)
Oracle Corporation (Thailand) Company Limited	0.10	(4.52)	(0.02)	(0.13)
Oracle Corporation Australia Pty. Limited	12.47	9.12	(0.09)	(12.56)
Oracle Corporation Malaysia Sdn. Bhd.	0.12	—	—	(0.12)
Oracle Czech s.r.o.	0.01	0.01	—	(0.01)
Oracle Egypt Limited	6.23	0.41	—	(6.23)
Oracle EMEA Limited	0.18	0.18	—	(0.18)
Oracle Hungary Kft.	0.14	(0.04)	—	(0.14)
Oracle India Private Limited	0.30	0.30	—	(0.30)
Oracle Nederland B.V.	1.00	0.80	—	(1.00)
Oracle Polska, Sp.z.o.o.	2.18	2.04	—	(2.18)
Oracle Portugal - Sistemas de Informacao Lda.	4.83	3.26	(7.91)	(12.74)
Oracle Systems Hong Kong Limited	2.20	(8.16)	—	(2.20)
Oracle Systems Limited	3.20	3.85	(0.70)	(3.90)



(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2015	Year ended March 31, 2014	As at March 31, 2015	As at March 31, 2014
Oracle Taiwan LLC	1.15	1.56	(0.56)	(1.71)
Oracle Vietnam Pte. Ltd.	4.30	6.29	(2.23)	(6.53)
PT Oracle Indonesia	1.29	0.12	—	(1.29)
Oracle Romania SRL	0.06	0.32	(0.27)	(0.33)
Oracle Serbia and Montenegro d.o.o	0.99	1.20	(0.20)	(1.20)
Oracle SRBIJA CRNA GORA d.o.o.	0.08	0.08	—	(0.08)
Bad debts				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	6.47	0.07	—	—
Oracle (Philippines) Corporation	4.64	—	—	—
Oracle Canada ULC	0.25	—	—	—
Oracle Colombia Limitada	1.22	0.01	—	—
Oracle Corporation (South Africa)(Pty) Limited	7.98	—	—	—
Oracle Corporation (Thailand) Company Limited	1.71	—	—	—
Oracle Corporation Australia Pty. Limited	10.81	0.06	—	—
Oracle Corporation Malaysia Sdn. Bhd.	0.10	—	—	—
Oracle Do Brasil Sistemas Limitada	2.50	—	—	—
Oracle Egypt Limited	3.60	—	—	—
Oracle EMEA Limited	0.16	—	—	—
Oracle Hungary Kft.	0.18	—	—	—
Oracle India Private Limited	0.30	—	—	—
Oracle Korea, Ltd.	0.24	—	—	—
Oracle Polska, Sp.z.o.o.	0.23	—	—	—
Oracle Portugal - Sistemas de Informacao Lda.	1.15	0.63	—	—
Oracle Serbia and Montenegro d.o.o	0.77	—	—	—
Oracle Systems Hong Kong Limited	1.46	0.57	—	—
Oracle Systems Limited	1.90	—	—	—
Oracle Taiwan LLC	0.81	—	—	—
Oracle Vietnam Pte. Ltd.	0.84	—	—	—
PT Oracle Indonesia	1.16	—	—	—
Advance received from Customers				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	(22.09)	(39.39)	(22.09)	—
Oracle Belgium B.V.B.A/SPRL.	(1.43)	—	(1.43)	—
Oracle Colombia Limitada	—	(0.04)	—	—
Oracle Corporation Australia Pty. Limited	(55.81)	(61.37)	(55.81)	—
Oracle Corporation Singapore Pte. Ltd.	0.42	0.42	—	(0.42)
Oracle East Central Europe Limited	(0.53)	—	(0.53)	—
Oracle East Central Europe Services B.V.	—	(54.03)	—	—
Oracle France, S.A.S.	2.80	2.80	—	(2.80)
Oracle (Philippines) Corporation	(22.88)	—	(22.88)	—
Oracle Portugal - Sistemas de Informacao Lda.	8.03	8.03	—	(8.03)
Oracle Systems Hong Kong Limited	0.65	0.65	—	(0.65)
Oracle Systems Limited	1.58	8.04	(6.46)	(8.04)
PT Oracle Indonesia	(2.67)	—	(2.67)	—
Unbilled revenue				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	—	—	422.92	530.84
Oracle Austria GmbH	—	—	2.63	—
Oracle Belgium B.V.B.A/SPRL.	—	—	5.88	—
Oracle Bilgisayar Sistemleri Limited Sirketi	—	—	1.68	1.42
Oracle (China) Software Systems Company Limited	—	—	1.54	0.07
Oracle Canada ULC	—	—	68.54	193.43
Oracle Caribbean, Inc.	—	—	6.41	—

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2015	Year ended March 31, 2014	As at March 31, 2015	As at March 31, 2014
Oracle Colombia Limitada	—	—	15.41	7.62
Oracle Consulting Kazakhstan LLP	—	—	0.02	—
Oracle Corporation (South Africa)(Pty) Limited	—	—	212.03	164.12
Oracle Corporation (Thailand) Company Limited	—	—	6.22	60.53
Oracle Corporation Australia Pty. Limited	—	—	481.42	1,106.94
Oracle Corporation Malaysia Sdn. Bhd.	—	—	9.87	41.17
Oracle Corporation Singapore Pte. Ltd.	—	—	5.84	13.64
Oracle Corporation UK Limited	—	—	245.55	111.17
Oracle Czech s.r.o.	—	—	9.89	14.74
Oracle Danmark ApS	—	—	38.76	35.94
Oracle de Centroamerica, S.A.	—	—	9.47	—
Oracle Deutschland B.V & Co. KG	—	—	5.60	—
Oracle East Central Europe Limited	—	—	6.01	137.90
Oracle de Mexico, S.A. de C.V.	—	—	18.81	6.08
Oracle do Brasil Sistemas Limitada	—	—	4.34	0.27
Oracle France, S.A.S.	—	—	124.02	11.82
Oracle East Central Europe Services B.V.	—	—	10.75	113.72
Oracle Egypt Limited	—	—	25.82	69.00
Oracle Hellas, S.A.	—	—	1.74	0.64
Oracle Hungary Kft.	—	—	147.31	5.14
Oracle Iberica, S.R.L.	—	—	2.88	11.36
Oracle India Private Limited	—	—	73.03	3.56
Oracle Italia S.r.l.	—	—	11.52	26.25
Oracle Korea, Ltd.	—	—	2.19	12.27
Oracle Luxembourg S.a.r.l.	—	—	9.45	—
Oracle Nederland B.V.	—	—	16.16	44.80
Oracle New Zealand	—	—	56.13	2.91
Oracle (Philippines) Corporation	—	—	8.43	0.01
Oracle Serbia and Montenegro d.o.o	—	—	4.83	0.61
Oracle SRBIJA CRNA GORA d.o.o.	—	—	5.95	13.24
Oracle Polska, Sp.z.o.o.	—	—	1.16	13.59
Oracle Portugal - Sistemas de Informacao Lda.	—	—	11.34	18.86
Oracle Romania SRL	—	—	15.90	51.70
Oracle Systems Hong Kong Limited	—	—	21.00	61.94
Oracle Systems Limited	—	—	210.08	171.90
Oracle Systems Pakistan (Private) Limited	—	—	4.74	66.53
Oracle Taiwan LLC	—	—	17.41	127.46
Oracle Technology Systems (Kenya) Limited	—	—	47.82	—
Oracle Vietnam Pte. Ltd.	—	—	0.58	13.44
PT Oracle Indonesia	—	—	56.46	77.94
Sistemas Oracle de Chile, S.A.	—	—	47.53	17.91
Deferred Revenue				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	—	—	(12.85)	(32.82)
Oracle Austria GmbH	—	—	(0.27)	—
Oracle Bilgisayar Sistemleri Limited Sirketi	—	—	—	(1.24)
Oracle (China) Software Systems Company Limited	—	—	(0.10)	—
Oracle Canada ULC	—	—	(1.21)	(1.86)
Oracle Caribbean, Inc.	—	—	—	(1.00)
Oracle Colombia Limitada	—	—	(0.92)	(1.61)
Oracle Corporation (Thailand) Company Limited	—	—	(0.73)	(5.26)
Oracle Corporation Australia Pty. Limited	—	—	(22.73)	(39.51)
Oracle Corporation Japan	—	—	(5.56)	—
Oracle Corporation Malaysia Sdn. Bhd.	—	—	(6.04)	(8.06)
Oracle Corporation Singapore Pte. Ltd.	—	—	(0.01)	—
Oracle Corporation UK Limited	—	—	(15.22)	(3.20)

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2015	Year ended March 31, 2014	As at March 31, 2015	As at March 31, 2014
Oracle Corporation (South Africa)(Pty) Limited	—	—	(8.56)	(19.38)
Oracle East Central Europe Limited	—	—	(0.80)	(0.79)
Oracle de Mexico, S.A. de C.V.	—	—	(1.67)	(1.21)
Oracle de Venezuela, C.A.	—	—	—	(0.45)
Oracle Deutschland B.V & Co. KG	—	—	—	(4.70)
Oracle do Brasil Sistemas Limitada	—	—	(2.64)	(0.68)
Oracle East Central Europe Services B.V.	—	—	—	(11.08)
Oracle Egypt Limited	—	—	(24.77)	(0.35)
Oracle France, S.A.S.	—	—	(3.72)	(0.10)
Oracle Iberica, S.R.L.	—	—	(2.41)	(0.92)
Oracle India Private Limited	—	—	(53.45)	(24.62)
Oracle Nederland B.V.	—	—	(4.40)	(4.97)
Oracle New Zealand	—	—	(0.63)	—
Oracle (Philippines) Corporation	—	—	(2.77)	(2.46)
Oracle Polska, Sp.z.o.o.	—	—	(12.50)	—
Oracle Portugal - Sistemas de Informacao Lda.	—	—	(0.08)	(0.45)
Oracle Serbia and Montenegro d.o.o	—	—	(0.57)	—
Oracle SRBIJA CRNA GORA d.o.o.	—	—	—	(0.25)
Oracle Systems Hong Kong Limited	—	—	(35.96)	(15.56)
Oracle Systems Limited	—	—	(50.07)	(31.25)
Oracle Systems Pakistan (Private) Limited	—	—	(1.41)	(2.81)
Oracle Taiwan LLC	—	—	(0.88)	(0.88)
Oracle Vietnam Pte. Ltd.	—	—	(0.48)	(0.42)
PT Oracle Indonesia	—	—	—	(6.66)
Oracle Romania SRL	—	—	(0.91)	(4.91)
Sistemas Oracle del Peru, S.A.	—	—	(0.02)	—
Payment of interim equity dividend				
<i>Holding Company</i>				
Oracle Global (Mauritius) Limited	30,579.83	—	—	—
<i>Key Managerial personnel</i>	73.55	—	—	—
Professional fee expenses				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	31.39	—	(40.02)	(103.26)
Oracle Corporation (South Africa)(Pty) Limited	13.79	—	(13.79)	—
Oracle India Private Limited	434.64	408.86	(111.30)	(122.61)
Oracle Italia S.R.L.	0.45	—	(0.45)	—
Oracle Luxembourg S.a.r.l.	0.75	—	(0.75)	—
Oracle Systems Limited	16.43	—	(12.32)	—
Oracle Technology Systems (Kenya) Limited	0.83	—	(0.83)	—
Oracle Hungary Kft.	0.08	—	(0.08)	—
Oracle Romania SRL	0.06	—	(0.06)	—
Oracle East Central Europe Limited	1.50	—	(1.50)	—
Oracle East Central Europe Services B.V.	0.99	—	(0.99)	—
Oracle de Mexico, S.A. de C.V.	8.40	—	(8.40)	—
Oracle Research & Development Center, Shenzhen, Ltd.	89.69	114.57	(9.39)	(72.64)
Oracle Research and Development Centre, Beijing, Ltd.	2.60	2.45	(0.21)	(2.37)
Oracle Canada ULC	3.48	—	(3.48)	—
Oracle Do Brasil Sistemas Limitada	1.12	—	(1.12)	—
Oracle Corporation (Thailand) Company Limited	2.65	—	(2.65)	—
Oracle Corporation Malaysia Sdn. Bhd.	0.18	—	(0.18)	—
Oracle Egypt Limited	2.78	—	(2.78)	(3.45)
Oracle Polska, Sp.z.o.o.	1.71	—	(1.71)	—
Oracle EMEA Limited	4.28	16.95	(13.35)	(9.06)

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2015	Year ended March 31, 2014	As at March 31, 2015	As at March 31, 2014
Oracle Norge AS	—	—	—	(28.35)
Oracle (Philippines) Corporation	0.22	—	(0.22)	—
Oracle Portugal - Sistemas de Informacao Lda.	25.74	9.85	(7.70)	(9.85)
Oracle Systems Hong Kong limited	2.50	—	(2.50)	—
Oracle Vietnam Pte. Ltd.	1.14	—	(1.14)	—
Application software expenses				
<i>Fellow subsidiaries</i>				
Oracle India Private Limited	29.30	27.70	(1.28)	(6.30)
Oracle Software Systems Israel Limited	—	—	—	(1.49)
Oracle Corporation Singapore Pte. Ltd.	—	0.28	—	—
Other expenses				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	5.80	—	(1.04)	—
Oracle Italia S.R.L.	0.43	—	(0.43)	—
Oracle Corporation UK Limited	1.63	—	(1.63)	—
Oracle Taiwan LLC	3.03	—	(3.03)	—
Oracle Czech s.r.o.	0.72	—	(0.72)	—
Oracle Egypt Limited	9.20	—	(9.20)	—
Oracle East Central Europe Limited	2.94	—	(2.94)	—
Oracle India Private Limited	1.04	1.46	(0.30)	(1.07)
Oracle Canada ULC	20.81	2.69	(23.50)	(2.69)
Oracle Corporation Singapore Pte. Ltd.	(0.13)	0.59	—	0.68
Oracle Corporation (South Africa)(Pty) Limited	15.76	53.29	(69.05)	(53.29)
Oracle Hellas, S.A.	1.51	—	(1.51)	—
Oracle Nederland B.V.	—	—	—	1.22
Oracle Norge AS	60.95	22.68	(62.64)	(21.83)
Oracle Polska, Sp.z.o.o.	3.92	7.18	(11.10)	(7.18)
Oracle Portugal - Sistemas de Informacao Lda.	6.90	16.68	(23.58)	(16.68)
Oracle Romania SRL	0.48	5.95	(6.43)	(5.95)
Oracle Corporation Malaysia Sdn. Bhd.	0.66	1.72	(2.38)	(1.72)
Oracle Corporation (Thailand) Company Limited	1.12	1.32	(2.44)	(1.32)
Oracle Vietnam Pte. Ltd.	1.96	3.88	(5.84)	(3.88)
Oracle (Philippines) Corporation	0.75	0.84	(1.59)	(0.84)
Procurement of fixed assets				
<i>Fellow Subsidiaries</i>				
Oracle Corporation Singapore Pte. Ltd.	0.79	1.16	—	(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)	—	—
Rent expenses				
<i>Fellow subsidiaries</i>				
Oracle India Private Limited	1.24	1.67	—	—
Oracle Korea, Ltd.	0.09	0.26	—	(0.02)
Oracle (China) Software Systems Company Limited	1.32	0.74	(0.51)	(0.47)
Oracle Corporation Australia Pty. Limited	2.89	2.43	(0.88)	(1.45)
Oracle Corporation UK Limited	—	(11.25)	—	—
Oracle Corporation Singapore Pte. Ltd.	10.12	4.62	(3.34)	(2.75)
Oracle Hellas, S.A.	0.99	—	(0.99)	—

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2015	Year ended March 31, 2014	As at March 31, 2015	As at March 31, 2014
Oracle America, Inc.	21.19	(9.68)	—	—
Oracle Systems Hong Kong Limited	—	0.11	—	—
Oracle Nederland B.V.	15.40	18.12	—	(2.97)
Oracle France, S.A.S.	2.56	2.72	—	—
Oracle Taiwan LLC	—	0.25	0.04	0.03
Oracle Corporation Japan	8.92	11.02	(2.81)	(1.09)
Sistemas Oracle de Chile, S.A.	7.98	9.57	—	—
Oracle Systems Limited	22.10	22.87	—	—
Rent income				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	14.60	—	—	—
Oracle Corporation UK Limited	10.06	—	—	—
Oracle Solution Services (India) Private Ltd.	0.52	—	0.23	—
Oracle India Private Limited	58.78	34.57	3.52	—
Remuneration				
<i>Key Managerial personnel [Refer note 1 below]</i>				
Chaitanya Kamat	40.83	50.25	—	—
Makarand Padalkar	8.80	9.34	—	—
Others	1.77	3.09	—	—
Commission				
<i>Independent Directors</i>				
S Venkatachalam	2.83	2.60	—	—
Y M Kale	1.53	2.00	—	—
Richard Jackson	1.71	1.30	—	—

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, 37,000 options under the OFSS Stock Plan 2014 (March 31, 2014 - 141,000 options under the Scheme 2011) were granted to KMP.

## Note 26:

The expenditure on research and development activities recognized as expense in the statement of profit and loss is ₹ 3,027.49 million (March 31, 2014 ₹ 2,727.71 million).

## Note 27:

The Group has some litigations, the outcomes of which are considered probable, and in respect of which the Company has made aggregate provisions of ₹ 815.45 million.

## Note 28: Summary of Net Assets and Share in Profit or loss of the Group

(Amounts in ₹ million)

Name of the Entity	March 31, 2015				March 31, 2014			
	Net Assets	%	Share in Profit or loss	%	Net Assets	%	Share in Profit or loss	%
<b>Parent</b>								
Oracle Financial Services Software Limited	22,624.30	66%	10,580.20	89%	77,266.62	88%	11,483.62	84%
<b>Subsidiaries</b>								
<i>Indian</i>								
Oracle (OFSS) Processing Services Limited	503.25	1%	37.74	0%	465.51	1%	80.58	1%
Oracle (OFSS) BPO Services Limited	323.75	1%	26.20	0%	297.55	0%	31.54	0%
Oracle (OFSS) ASP Private Limited	36.28	0%	3.58	0%	32.70	0%	(0.93)	0%
Mantas India Private Limited	17.97	0%	1.16	0%	16.81	0%	1.05	0%
<i>Foreign</i>								
Oracle Financial Services Software B.V.	1,008.26	3%	(219.10)	(2%)	1,227.36	1%	343.83	3%
Oracle Financial Services Software SA	1,064.20	3%	(127.10)	(1%)	1,191.30	1%	61.81	0%
Oracle Financial Services Software Pte. Ltd.	1,311.30	4%	155.46	1%	1,155.84	1%	406.78	3%
Oracle Financial Services Consulting Pte. Ltd.	(183.38)	(1%)	6.18	0%	(189.56)	0%	(19.42)	0%
Oracle Financial Services Software America, Inc.	(859.29)	(2%)	(41.10)	0%	(818.19)	(1%)	(87.68)	(1%)
Oracle Financial Services Software, Inc.	3,537.42	10%	1,350.88	11%	2,186.54	2%	1,173.39	9%
Mantas Inc.	4,881.31	14%	7.65	0%	4,873.66	6%	10.96	0%
Sotas Inc.	—	0%	—	0%	—	0%	0.53	0%
ISP Internet Mauritius Company	293.53	1%	(2.07)	0%	292.78	0%	(2.04)	0%
Oracle (OFSS) BPO Services Inc.	(504.74)	(1%)	39.19	0%	(515.62)	(1%)	(6.30)	0%
Oracle Financial Services Software Chile Limitada	134.34	0%	55.76	0%	78.58	0%	108.16	1%
Oracle Financial Services Software (Shanghai) Limited	252.18	1%	48.57	0%	203.61	0%	7.31	0%
<b>Associate</b>								
<i>Foreign</i>								
Login SA	—	—	—	—	—	—	—	—
<b>Total</b>	<b>34,440.68</b>	<b>100%</b>	<b>11,923.20</b>	<b>100%</b>	<b>87,765.49</b>	<b>100%</b>	<b>13,593.19</b>	<b>100%</b>

## Note 29: 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 Outsourcing 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, 2015
				Total
Revenue	31,814.78	6,192.38	1,041.89	39,049.05
Segment result	14,503.82	1,008.94	321.30	15,834.06
Unallocable expenses				(1,007.03)
Other income, net				3,481.34
Profit before tax				18,308.37
Tax expenses				(6,385.17)
Net profit				11,923.20

(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

#### Other information

(Amounts in ₹ million)					
Particulars	Products	Services	BPO - Services	Unallocable	Year ended March 31, 2015
					Total
Capital expenditure by segment					
Tangible assets	174.77	68.52	3.43	26.61	273.33
Depreciation and amortization	473.31	138.67	37.05	31.89	680.92
Other non cash expenses	111.14	51.23	—	—	162.37
Segment assets	15,306.06	3,078.18	259.48	44,063.25	62,706.97
Segment liabilities	7,044.97	1,059.41	146.63	20,014.65	28,265.66
Share application money pending allotment				0.63	0.63
Shareholders' funds				34,440.68	34,440.68

(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

#### 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, 2015		Year ended March 31, 2014	
	Amounts in ₹ million	%	Amounts in ₹ million	%
United States of America	12,167.14	31%	12,392.27	32%
Europe	7,468.05	19%	7,305.17	20%
Asia Pacific	10,250.23	26%	9,677.67	26%
Middle East, India and Africa	8,174.87	21%	6,891.86	18%
Latin America and Caribbean	988.76	3%	1,146.24	3%
	39,049.05	100%	37,413.21	100%

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

Regions	Year ended March 31, 2015		Year ended March 31, 2014	
	Amounts in ₹ million	%	Amounts in ₹ million	%
United States of America	8,714.72	14%	8,670.74	9%
Europe	4,367.06	7%	4,749.27	5%
Asia Pacific	6,442.91	10%	6,691.17	7%
Middle East, India and Africa	42,579.50	68%	76,315.72	78%
Latin America and Caribbean	602.79	1%	824.42	1%
	62,706.97	100%	97,251.32	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, 2015		Year ended March 31, 2014	
	Amounts in ₹ million	%	Amounts in ₹ million	%
United States of America	6.15	2%	3.53	1%
Europe	4.32	2%	1.57	1%
Asia Pacific	7.02	3%	4.58	1%
Middle East, India and Africa	254.71	93%	297.82	97%
Latin America and Caribbean	1.13	0%	1.07	0%
	273.33	100%	308.57	100%

## Note 30:

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 15, 2015**

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

**S Venkatachalam**  
Chairman

**Richard Jackson**  
Director

**Mumbai, India**  
**May 15, 2015**

**Chaitanya Kamat**  
Managing Director  
& Chief Executive Officer

**Makarand Padalkar**  
Chief Financial Officer

**Jayant Joshi**  
Company Secretary  
& Compliance Officer



# Consolidated statement of cash flow

## for the year ended March 31, 2015

(Amounts in ₹ million)

	Year ended March 31, 2015	Year ended March 31, 2014
Cash flows from operating activities		
Profit before tax	18,308.37	20,013.61
Adjustments to reconcile profit before tax to cash (used in) provided by operating activities :		
Depreciation and amortization	680.92	716.72
Loss (profit) on sale / write off of fixed assets, net	10.23	(2.60)
Provision for doubtful debts, net	(43.25)	105.35
Bad debts	205.62	24.98
Interest income	(4,104.03)	(5,178.02)
Effect of exchange rate changes in cash and cash equivalent	249.13	234.71
Unrealized exchange loss (gain), net	612.51	364.90
Deferred rent	(8.15)	18.50
Finance charge on leased assets	0.08	0.76
Operating Profit before Working Capital changes	15,911.43	16,298.91
Changes in assets and liabilities, net of effect of acquisition		
(Decrease) increase in trade payables	(110.82)	209.11
(Decrease) increase in other long term liabilities	(39.60)	55.71
Increase (decrease) in current liabilities	498.22	(1,433.11)
Increase in long-term provisions	133.83	20.26
Increase in short-term provisions	163.94	150.21
Decrease in trade receivables	280.32	312.87
(Increase) in long-term loans and advances	(89.70)	(26.21)
Decrease (increase) in short-term loans and advances	230.67	(259.38)
Decrease (increase) in other current assets	1,033.33	(2,080.75)
Cash from operating activities	18,011.62	13,247.61
Payment of domestic and foreign taxes	(7,407.71)	(6,515.49)
Net cash provided by operating activities	10,603.91	6,732.12
Cash flows from investing activities		
Additions to fixed assets including capital work in progress	(151.45)	(310.79)
Refund of deposits for premises and others	6.22	1,313.14
Proceeds from sale of fixed assets	18.66	4.12
Proceeds received on Dhanalaxmi Bonds	—	10.22
Bank fixed deposits having maturity of more than three months matured	69,255.85	110,164.91
Bank fixed deposits having maturity of more than three months booked	(37,447.69)	(122,030.45)
Interest received	5,579.77	4,359.66
Net cash provided by (used in) investing activities	37,261.36	(6,489.18)
Cash flows from financing activities		
Issue of shares under ESOP scheme	1,094.59	145.53
Payment of lease obligations	(1.62)	(4.63)
Interim dividend paid on equity shares	(41,017.77)	—
Tax on equity dividend paid	(6,970.97)	—
Net cash (used in) provided by financing activities	(46,895.77)	140.90

# Consolidated statement of cash flow

for the year ended March 31, 2015 (continued)

	(Amounts in ₹ million)	
	Year ended March 31, 2015	Year ended March 31, 2014
Net increase in cash and cash equivalents	969.50	383.83
Cash and cash equivalents at beginning of the year	5,194.12	5,044.99
Effect of exchange rate changes in cash and cash equivalents	(249.13)	(234.71)
Cash and cash equivalents at end of the year	5,914.49	5,194.12
Component of cash and cash equivalents		
Balances with banks:		
Current accounts	5,776.09	5,009.12
Deposit accounts with original maturity of less than 3 months	36.00	185.00
Unclaimed dividend account*	102.40	—
Total cash and cash equivalents [Refer note 13 (a)]	5,914.49	5,194.12

\*These balances will be utilized only towards the respective unpaid dividend.

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 15, 2015**

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

**S Venkatachalam**  
Chairman

**Richard Jackson**  
Director

**Mumbai, India**  
**May 15, 2015**

**Chaitanya Kamat**  
Managing Director  
& Chief Executive Officer

**Makarand Padalkar**  
Chief Financial Officer

**Jayant Joshi**  
Company Secretary  
& Compliance Officer

**Statement pursuant to first proviso to sub-section (3) of section 129 of the Companies Act 2013, read with rule 5 of Companies (Accounts) Rules, 2014 in the prescribed Form AOC-1 relating to subsidiary companies**

Sl. No.	Name of the Subsidiary	Reporting period	Reporting Currency	Exchange rate	Share capital	Reserves and Surplus	Total assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	(Amounts in million)	
														Proposed Dividend	% of Shareholding
Subsidiaries															
1.	Oracle Financial Services Software B.V.	31-Mar-15	EUR	67.52	776.31	964.86	3,919.53	2,911.44	733.08	9,058.25	102.07	326.84	(224.77)	—	100%
2.	Oracle Financial Services Software SA	31-Mar-15	EUR	67.52	723.64	340.56	1,303.39	239.19	—	289.22	(122.17)	4.93	(127.10)	—	100%
3.	Oracle Financial Services Software Pte. Ltd.	31-Mar-15	USD	62.51	6.63	1,351.03	5,393.79	4,082.50	46.37	9,636.14	532.63	377.17	155.46	—	100%
4.	Oracle Financial Services Consulting Pte. Ltd.	31-Mar-15	USD	62.51	46.37	(229.75)	59.03	242.41	—	—	6.18	—	6.18	—	100%
5.	Oracle Financial Services Software America, Inc.	31-Mar-15	USD	62.51	5,810.57	(380.33)	5.33	864.62	6,289.53	—	(39.69)	1.41	(41.10)	—	100%
6.	Oracle Financial Services Software, Inc.	31-Mar-15	USD	62.51	0.00	3,537.42	5,843.85	2,306.43	—	12,289.66	1,401.25	50.37	1,350.88	—	100%
7.	Mantas Inc.	31-Mar-15	USD	62.51	5,650.17	(753.86)	4,881.31	0.00	15.00	—	7.68	0.03	7.65	—	100%
8.	Sotas Inc.	31-Mar-15	USD	62.51	—	—	—	—	—	—	—	—	—	—	100%
9.	Mantas India Private Limited	31-Mar-15	INR	1.00	15.00	2.26	18.28	1.02	—	—	1.13	0.35	0.78	—	100%
10.	ISP Internet Mauritius Company	31-Mar-15	USD	62.51	72.12	279.45	374.49	80.95	58.03	—	2.07	—	2.07	—	100%
11.	Oracle (OFSS) BPO Services Inc.	31-Mar-15	USD	62.51	—	(504.73)	91.24	595.97	—	336.33	39.40	0.05	39.19	—	100%
12.	Oracle (OFSS) BPO Services Limited	31-Mar-15	INR	1.00	58.19	269.24	524.30	196.87	—	281.36	46.29	15.02	31.27	—	100%
13.	Oracle (OFSS) Processing Services Limited	31-Mar-15	INR	1.00	13.00	502.45	559.33	44.05	0.17	255.24	71.89	21.51	50.39	—	100%
14.	Oracle (OFSS) ASP Private Limited	31-Mar-15	INR	1.00	51.70	(15.39)	37.73	1.42	—	—	4.62	1.01	3.61	—	100%
15.	Oracle Financial Services Software Chile Limitada	31-Mar-15	CLP	0.10	70.49	63.86	437.73	303.38	—	577.49	92.08	36.32	55.76	—	100%
16.	Oracle Financial Services Software (Shanghai) Limited	31-Dec-14	CNY	10.08	45.51	206.67	1,925.29	1,673.11	—	713.98	49.43	0.86	48.57	—	100%
Associate															
17.	Login SA	31-Dec-14	EUR	67.52	13.50	(6.16)	104.07	96.78	0.05	204.00	18.20	—	18.20	—	33%

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

**S Venkatachalam**  
Chairman

**Mumbai, India**  
**July 23, 2015**

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## **Unconsolidated financials**

**Financial statements for the year ended March 31, 2015 prepared in accordance with Indian Generally Accepted Accounting Principles (Indian GAAP) (Unconsolidated).**

# Independent Auditor's Report

## To the Members of Oracle Financial Services Software Limited

### Report on the Financial Statements

We have audited the accompanying standalone financial statements of Oracle Financial Services Software Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the 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 whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone 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 of the state of affairs of the Company as at March 31, 2015, its profit, and its 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, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and 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 it 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 aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 27 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 101049W

**per Amit Majmudar**

Partner

Membership No.: 36656

Place of Signature: Mumbai

May 15, 2015

# 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.
- (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 and hence not commented upon.
- (iii) 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 189 of the Act. Accordingly, the provisions of clause 3(iii)(a) and (b) 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) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products / services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, value added tax, 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, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, value added tax, 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	346,150,029	April 2005 to March 2014	Various dates	Not yet paid
	Value added Tax ('VAT')	27,229,963	April 2007 to March 2009	Various dates	Not yet paid
	Withholding Tax	18,833,858	December 2008 to December 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, value added tax 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	17,228,123	April 2004 to March 2007	Appellate Tribunal, Bangalore
The Central Sales Tax Act, 1956	CST and interest, penalty thereon	7,547,310	April 2004 to March 2007	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)



- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) 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.
- (ix) The Company did not have any dues to any financial institution, bank or debenture holder during the year.
- (x) 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.
- (xi) The Company did not have any term loans outstanding during the year.
- (xii) 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 15, 2015

# Balance sheet

as at March 31, 2015

		(Amounts in ₹ million)	
	Notes	March 31, 2015	March 31, 2014
<b>EQUITY AND LIABILITIES</b>			
Shareholders' funds			
Share capital	3	423.07	420.72
Reserves and surplus	4	29,483.63	84,128.30
		29,906.70	84,549.02
Share application money pending allotment	3 (e)	0.63	3.59
Non-current liabilities			
Other long-term liabilities	5	176.57	174.38
Long-term provisions	6	576.77	449.21
		753.34	623.59
Current liabilities			
Trade payables	5	242.65	366.66
Other current liabilities	5	7,604.68	11,065.60
Short-term provisions	6	19,524.47	1,081.00
		27,371.80	12,513.26
<b>TOTAL</b>		<b>58,032.47</b>	<b>97,689.46</b>
<b>ASSETS</b>			
Non-current assets			
Fixed assets			
Tangible assets	7 (a)	2,972.71	3,381.34
Intangible assets	7 (b)	—	—
Capital work-in-progress	7 (a)	2.96	124.33
Non-current investments	8	7,282.40	7,282.40
Deferred tax assets	9	919.81	793.05
Long-term loans and advances	10	6,471.62	5,767.28
Other non-current assets	11	196.16	181.20
		17,845.66	17,529.60
Current assets			
Trade receivables	12	6,910.80	11,569.95
Cash and bank balances	13	30,154.06	61,866.33
Short-term loans and advances	10	478.92	662.62
Other current assets	11	2,643.03	6,060.96
		40,186.81	80,159.86
<b>TOTAL</b>		<b>58,032.47</b>	<b>97,689.46</b>
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 15, 2015**

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

**S Venkatachalam**  
Chairman

**Richard Jackson**  
Director

**Mumbai, India**  
**May 15, 2015**

**Chaitanya Kamat**  
Managing Director  
& Chief Executive Officer

**Makarand Padalkar**  
Chief Financial Officer

**Jayant Joshi**  
Company Secretary  
& Compliance Officer

# Statement of profit and loss

for the year ended March 31, 2015

		(Amounts in ₹ million, except share data)	
	Notes	Year ended March 31, 2015	Year ended March 31, 2014
INCOME			
Revenue from operations	14	33,410.95	31,594.68
Other income, net	15	3,758.99	6,209.16
Total income		37,169.94	37,803.84
EXPENSES			
Employee costs	16	15,973.70	15,762.32
Travel related expenses (net of recoveries)		1,073.84	1,112.61
Professional fees		1,867.07	1,708.12
Other expenses	17	1,484.67	1,269.28
Depreciation and amortization	7	634.37	643.46
Total expenses		21,033.65	20,495.79
Profit before tax		16,136.29	17,308.05
Tax expenses			
Current tax		5,682.85	5,949.77
Deferred tax		(126.76)	(125.34)
Total tax expenses		5,556.09	5,824.43
Profit for the year		10,580.20	11,483.62
Earnings per equity share of par value of ₹ 5 (March 31, 2014 ₹ 5) each (in ₹)	18		
Basic		125.38	136.56
Diluted		124.86	135.98
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 15, 2015**

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

**S Venkatachalam**  
Chairman

**Richard Jackson**  
Director

**Mumbai, India**  
**May 15, 2015**

**Chaitanya Kamat**  
Managing Director  
& Chief Executive Officer

**Makarand Padalkar**  
Chief Financial Officer

**Jayant Joshi**  
Company Secretary  
& Compliance Officer

# Notes annexed to and forming part of financial statements for the year ended March 31, 2015

## 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 74.52% (March 31, 2014 - 74.93%) ownership interest in the Company as at March 31, 2015.

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 section 133 of the Companies Act, 2013 (the 'Act'), read together with paragraph 7 of the Companies (Accounts) Rules 2014. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous years, except for the change in accounting policy described in note (c) below.

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) Change in accounting policy for depreciation on fixed assets

Till year ended March 31, 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Company was charging 100% depreciation on assets costing less than ₹ 5,000 in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the Company has changed its accounting policy for depreciation of assets costing less than ₹ 5,000. As per the revised policy, the Company is depreciating such assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after April 1, 2014.

The change in accounting for depreciation of assets costing less than ₹ 5,000 did not have any material impact on financial statements of the company for the current year.

### (d) 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 separately are measured on initial recognition at cost. The Company records the difference between considerations paid to acquire the IPRs along with related assets and liabilities and the fair value of such acquired assets and liabilities 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 as per the straight-line method using the rates arrived at based on the useful lives estimated by the management. The estimated useful life considered for depreciation of fixed assets is as follows:

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

During the current year, the Company has changed the estimated useful life of office equipments from 7 years to 5 years. There is no material impact on depreciation for the year due to this change in estimated useful life.

The management has estimated, supported by an independent assessment by professionals, the useful lives of buildings as 20 years. These lives are lower than those indicated in schedule II.

The management has estimated, based on an internal assessment, the useful lives of the following classes of assets.

- The useful lives of servers and networking equipments forming part of computer equipments are estimated as 3 years. These lives are lower than those indicated in schedule II.
- The useful lives of furniture and fixtures and electrical and other installations estimated at 2-7 years. These lives are lower than those indicated in schedule II.

#### *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.

### **(e) 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.

### **(f) 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.

## **(g) 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. 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. 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.

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.

## **(h) 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.

## **(i) 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.

## **(j) 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.

#### **(k) 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.

#### **(l) 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.

#### **(m) 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') (Share Based Employee Benefit) Regulations, 2014 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, if the fair market value of the underlying stock exceeds the exercise price at the grant date.

#### **(n) 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.

#### **(o) 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.

#### **(p) 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.

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**Note 3: Share capital**

Authorized:

100,000,000 (March 31, 2014 - 100,000,000) equity shares of ₹ 5 each	500.00	500.00
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Issued, subscribed and fully paid-up:

84,614,859 (March 31, 2014 - 84,144,134) equity shares of ₹ 5 each	423.07	420.72
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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.

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended March 31, 2015, the amount of per share dividend recognized as distributions to equity shareholder was ₹ 665 (March 31, 2014 - ₹ Nil).

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, 2015		March 31, 2014	
	Number of equity shares	% of equity shares	Number of equity shares	% of equity shares
Oracle Global (Mauritius) Limited, holding company	63,051,197	74.52%	63,051,197	74.93%

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, 2015		March 31, 2014	
	Number of equity shares	Amounts in ₹ million	Number of equity shares	Amounts in ₹ million
Outstanding at the beginning of the year	84,144,134	420.72	84,065,478	420.33
Issued during the year - ESOP	470,725	2.35	78,656	0.39
Outstanding at the end of the year	84,614,859	423.07	84,144,134	420.72

- (d) Refer note 22 (b) for details of shares reserved for issue under the employee stock option plan (ESOP) of the Company.

- (e) Share application money pending allotment for the year ended March 31, 2015 represents the money received from employees of the Company towards exercise of 40 options at the exercise price of ₹ 2,050.00 under Employee Stock Option Plan 2010 Scheme ("Scheme 2010") and 285 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	9,950.85	9,809.31
Received during the year on exercise of employee stock options	1,095.20	141.54
Balance, end of the year	11,046.05	9,950.85

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	64,032.26	52,548.64
Profit for the year	10,580.20	11,483.62
Less : Appropriations		
Interim equity dividend [amount per share ₹ 485 (March 31, 2014 - ₹ Nil)]	(41,017.77)	—
Tax on interim equity dividend	(6,970.97)	—
Proposed final equity dividend [amount per share ₹ 180 (March 31, 2014 - ₹ Nil)]	(15,230.67)	—
Tax on proposed final equity dividend	(3,100.66)	—
Balance, end of the year	8,292.39	64,032.26

Total reserves and surplus

29,483.63	84,128.30
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	March 31, 2015		March 31, 2014	
	Non-current	Current	Non-current	Current
<b>Note 5: Liabilities</b>				
Trade Payables				
- Micro and small enterprises*	—	—	—	—
- Others	—	242.65	—	366.66
	—	242.65	—	366.66
Amount due to subsidiaries	—	3,582.34	—	7,522.59
Accrued expenses	176.57	2,296.65	172.25	2,266.32
Deferred revenues	—	643.14	2.13	1,021.46
Advances from customers	—	819.75	—	16.77
Unpaid dividends**	—	102.40	—	—
Forward contract payable, net	—	11.32	—	—
Other liabilities				
- Withholding and other taxes	—	80.75	—	170.14
- Other statutory dues	—	68.33	—	68.32
	176.57	7,604.68	174.38	11,065.60
	176.57	7,847.33	174.38	11,432.26

\* 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				
For Gratuity	576.77	72.48	449.21	63.31
For Compensated absence	—	861.95	—	706.93
	576.77	934.43	449.21	770.24
Other Provisions				
Taxation, net of advance tax	—	258.71	—	310.76
Proposed final equity dividend	—	15,230.67	—	—
Tax on proposed final equity dividend	—	3,100.66	—	—
	—	18,590.04	—	310.76
	576.77	19,524.47	449.21	1,081.00

### Note 7 (a): Tangible assets

Particulars	Gross block				Depreciation		Net block		
	As at April 01, 2014	Additions	Sale / deletions	As at March 31, 2015	As at April 01, 2014	For the year	Sale / deletions	As at March 31, 2015	As at March 31, 2014
Freehold land	538.31	—	—	538.31	—	—	—	538.31	538.31
Improvement to leasehold premises	334.08	3.80	—	337.88	119.22	44.54	—	174.12	214.86
Buildings [Refer note below]	1,987.05	104.66	6.71	2,085.00	536.04	120.68	3.69	1,431.97	1,451.01
Computer equipments	1,772.28	92.27	106.65	1,757.90	1,400.21	257.23	106.71	207.17	372.07
Office equipments	181.97	5.21	6.17	181.01	161.73	17.54	6.37	8.11	20.24
Electricals and other installations	1,058.44	6.38	48.01	1,016.81	592.70	112.48	26.08	337.71	465.74
Furniture and fixtures	791.89	38.61	7.81	822.69	473.85	80.84	7.31	275.31	318.04
Vehicles under finance lease	15.31	—	14.41	0.90	14.24	1.06	14.41	0.01	1.07
Total	6,679.33	250.93	189.76	6,740.50	3,297.99	634.37	164.57	2,972.71	3,381.34
As at March 31, 2014	6,492.61	286.64	99.92	6,679.33	2,752.86	643.46	98.33	2.96	124.33
							Capital work-in-progress	2,975.67	3,505.67

Note: Includes 10 (March 31, 2014 - 10) shares of ₹ 50 each in Takshila Building No. 9, Co-op Housing Society Limited, Mumbai.

### Note 7 (b): Intangible assets

Particulars	Gross block			Amortization		Net block		
	As at April 01, 2014	Additions	Sale / deletions	As at March 31, 2015	For the year	Sale / deletions	As at March 31, 2015	As at March 31, 2014
Goodwill on acquisition Product IPR PeopleSoft ERP	197.47	—	—	197.47	—	—	197.47	—
	138.62	—	—	138.62	—	—	138.62	—
	53.77	—	—	53.77	—	—	53.77	—
Total	389.86	—	—	389.86	—	—	389.86	—
As at March 31, 2014	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, 2014 - 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, 2014 - 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, 2014 - 250,000) equity shares of SGD 1 each, fully paid-up	6.63	6.63
Oracle Financial Services Software America, Inc.		
1 (March 31, 2014 - 1) equity share of USD 0.01 each, fully paid-up	3,452.26	3,452.26
100 (March 31, 2014 - 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, 2014 - 100%) subscription to the registered capital	45.51	45.51
Oracle Financial Services Software Chile Limitada		
100% (March 31, 2014 - 100%) subscription to the registered capital	70.49	70.49
ISP Internet Mauritius Company		
30,000 (March 31, 2014 - 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, 2014 - 1,300,000) equity shares of ₹ 10 each, fully paid-up	13.00	13.00

**(ii) In associate**

Login SA		
33,000 (March 31, 2014 - 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, 2014 - 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	112.11	60.46
Provision for compensated absence	249.19	206.29
Provision for gratuity	220.68	174.21
Provision for doubtful debts	191.30	209.34
Other timing differences	146.53	142.75
	919.81	793.05

	March 31, 2015		March 31, 2014	
	Non-current	Current	Non-current	Current
<b>Note 10: Loans and advances (unsecured, considered good)</b>				
Loan to subsidiaries [Refer note 24]	764.43	30.00	766.88	30.00
Advances recoverable in cash or in kind or for value to be received:				
Deposits for premises and others	1,036.36	127.79	1,123.43	45.99
Prepaid expenses	0.38	99.15	1.49	130.31
Forward contract receivable, net	—	—	—	181.42
Other advances	548.85	221.98	458.42	274.90
Advance tax, net of provision for taxes ₹ 23,686.66 million (March 31, 2014 ₹ 18,472.97 million)	4,121.60	—	3,417.06	—
	6,471.62	478.92	5,767.28	662.62

**Note 11: Other assets**

Non-current bank balances [Refer note 13]	—	—	—	—
Interest accrued on :				
Bank deposits	—	189.82	—	1,729.33
Loan to subsidiaries	196.16	—	181.20	—
Unbilled revenue	—	2,309.15	—	4,013.68
Recoverable expenses - billed	—	144.06	—	317.95
	196.16	2,643.03	181.20	6,060.96
	196.16	2,643.03	181.20	6,060.96

**Note 12: Trade receivables (unsecured)**

(a) Outstanding for a period exceeding six months from the date they are due for payment:				
Considered good	—	1,289.45	—	3,099.91
Considered doubtful	136.31	335.28	160.84	428.39
	136.31	1,624.73	160.84	3,528.30
Provision for doubtful receivables	(136.31)	(335.28)	(160.84)	(428.39)
	—	1,289.45	—	3,099.91
(b) Other receivables:				
Considered good	—	5,621.35	—	8,470.04
Considered doubtful	—	74.69	—	—
	—	5,696.04	—	8,470.04
Provision for doubtful receivables	—	(74.69)	—	—
	—	5,621.35	—	8,470.04
	—	6,910.80	—	11,569.95

	March 31, 2015		March 31, 2014	
	Non-current	Current	Non-current	Current
<b>Note 13: Cash and bank balances</b>				
(a) Cash and cash equivalents				
Balances with banks:				
Current accounts	—	806.52	—	581.38
Deposit accounts with original maturity of less than 3 months	—	—	—	150.00
Unclaimed dividend account	—	102.40	—	—
	—	908.92	—	731.38
(b) Other bank balances				
Balances with banks:				
Deposit accounts with original maturity of more than 3 months but less than 12 months	—	29,239.89	—	61,129.64
Margin money deposit	—	5.25	—	5.31
	—	29,245.14	—	61,134.95
Amount disclosed under non-current assets	—	—	—	—
Amount disclosed under current assets	—	30,154.06	—	61,866.33

Year ended  
March 31, 2015

Year ended  
March 31, 2014

**Note 14: Revenue from operations**

Product licenses and related activities	27,084.10	24,426.47
IT solutions and consulting services	6,326.85	7,168.21
	33,410.95	31,594.68

**Note 15: Other income, net**

a) Interest income		
Interest on:		
Bank deposits	3,984.29	5,051.28
Bonds	—	0.30
Loan to subsidiaries	7.25	7.61
Income tax refund	56.54	80.41
	4,048.08	5,139.60
b) Other income, net		
Foreign exchange (loss) gain, net	(356.25)	1,011.42
(Loss) profit on sale of fixed assets, net	(7.56)	2.70
Miscellaneous income	74.72	55.44
	(289.09)	1,069.56
	3,758.99	6,209.16

**Note 16: Employee Cost**

Salaries and bonus [Refer note below]	14,749.90	14,625.67
Staff welfare expenses	617.92	685.16
Contribution to provident and other funds	605.88	451.49
	15,973.70	15,762.32

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

(Amounts in ₹ million)

	Year ended March 31, 2015	Year ended March 31, 2014
<b>Note 17: Other expenses</b>		
Application software	86.17	51.88
Communication expenses	119.42	68.28
Rent	286.20	382.43
Power	172.38	178.52
Insurance	28.84	29.20
Repairs and maintenance:		
Buildings and leasehold premises	57.12	43.10
Computer equipments	19.12	10.29
Others	94.52	70.48
Rates and taxes	57.20	32.31
Provision for doubtful debts, net	(59.51)	88.63
Bad debts	186.05	26.54
Corporate Social Responsibility [Refer note below]	119.32	—
Auditors' remuneration	16.13	9.22
Miscellaneous expenses	301.71	278.40
	1,484.67	1,269.28

Note: As per the requirements of Section 135 of the Companies Act, 2013 the Company was required to spend an amount of ₹ 329.53 million on Corporate Social Responsibility expenditure for the financial year 2014-15 based on the average net profits of the three immediately preceding financial years. During the current financial year, the Company has spent an amount of ₹ 119.32 million against Corporate Social Responsibility expenditure.

**Note 18: Reconciliation of basic and diluted shares used in computing earnings per share**

	(Number of equity shares)	
	Year ended March 31, 2015	Year ended March 31, 2014
Weighted average shares outstanding for basic earnings per share	84,383,451	84,094,954
Add: Effect of dilutive stock options	353,851	354,697
Weighted average shares outstanding for diluted earnings per share	84,737,302	84,449,651

**Note 19: Capital commitments and contingent liabilities**

	(Amounts in ₹ million)	
Particulars	March 31, 2015	March 31, 2014
(a) Capital commitments		
Contracts remaining to be executed on capital account not provided for (net of advances).	177.24	169.83
(b) Contingent liabilities	Nil	Nil

**Note 20: Leases****Where Company is lessee****Finance lease**

The Company takes vehicles under finance lease of up to five years. None of the lease agreements have an escalation clause. Future minimum lease payments under finance lease as at March 31, 2015 and 2014 are as follows:

	(Amounts in ₹ million)		
	As at March 31, 2015		
	Principal	Interest	Total
Not later than one year	0.04	0.01	0.05
Later than one year but not later than five years	—	—	—
Total minimum payments	0.04	0.01	0.05
	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

## Operating lease

The Company has taken certain office premises 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, 2015 aggregated to ₹ 283.88 million (March 31, 2014 - ₹ 379.24 million). The minimum rental payments to be made in future in respect of these leases are as follows:

	(Amounts in ₹ million)	
	March 31, 2015	March 31, 2014
Not later than one year	261.83	261.23
Later than one year but not later than five years	463.60	622.68
Later than five years	565.23	661.87
	1,290.66	1,545.78

## Note 21: 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, 2015 the Company has following outstanding derivative instrument:

	(Amounts in US Dollar million)	
Particulars	March 31, 2015	March 31, 2014
Forward contracts - Sell in US Dollar	122.33	75.70

As of the balance sheet date, the Company's net foreign currency exposure that is not hedged is ₹ 6,398.74 million (March 31, 2014 - ₹ 12,246.78 million).

## Note 22: 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.

In accordance with the Guidance Note on Accounting for Employee Share Based Payments issued by ICAI, 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, 2015	Year ended March 31, 2014
	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
Shares exercised during the year	—	(2,750)
Shares forfeited during the year	—	—
Closing balance of allocated shares	—	—
Shares eligible for exercise	—	—
Shares not eligible for exercise	—	—
Total allocated shares	—	—

## 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"). Accordingly, the Company has granted 1,950,500 options under the Scheme 2011. Nomination and Remuneration Committee in their meeting held on August 7, 2014 approved Oracle Financial Services Software Limited Stock Plan 2014 ("OFSS Stock Plan 2014") and during the year 2014-15, the Company granted 58,370 Stock Options and 147,889 Restricted Stock Units (RSUs) under OFSS Stock Plan 2014. The issuance terms of RSUs are the same as for Stock Options, employees may elect to receive 1 RSU in lieu of 4 awarded Stock Options at their respective exercise price.

As per the Scheme 2002, Scheme 2010 and Scheme 2011, each of 20% of the total options granted will vest 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.

In respect of the Stock Options and RSUs granted in the Financial year 2014-15 under OFSS Stock Plan 2014, each of 25% of the total Stock Options / RSUs will vest on completion of 12, 24, 36 and 48 months from the date of grant and is subject to continued employment of the employee of 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, 2015		Year ended March 31, 2014	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	91,300	1,976	113,280	1,843
Granted	—	—	—	—
Exercised	(54,900)	1,975	(21,980)	1,291
Forfeited	—	—	—	—
Outstanding at end of the year	36,400	1,978	91,300	1,976
Vested options	24,400		67,300	
Unvested options	12,000		24,000	



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

	Year ended March 31, 2015		Year ended March 31, 2014	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	311,050	2,069	355,863	2,066
Granted	—	—	—	—
Exercised	(141,028)	2,075	(28,066)	2,050
Forfeited	(5,332)	2,050	(16,747)	2,050
Outstanding at end of the year	164,690	2,064	311,050	2,069
Vested options	91,901		164,036	
Unvested options	72,789		147,014	

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

	Year ended March 31, 2015		Year ended March 31, 2014	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	1,703,125	2,783	1,171,335	2,591
Granted	15,000	3,076	650,000	3,077
Exercised	(274,797)	2,535	(28,610)	1,958
Forfeited	(28,700)	2,667	(89,600)	2,664
Outstanding at end of the year	1,414,628	2,837	1,703,125	2,783
Vested options	347,178		279,875	
Unvested options	1,067,450		1,423,250	

A summary of the activity in the Company's ESOP (OFSS Stock Plan 2014) is as follows:

	Year ended March 31, 2015		Year ended March 31, 2014	
	Shares arising from Stock Options and RSUs	Weighted average exercise price (₹)	Shares arising from Stock Options and RSUs	Weighted average exercise price (₹)
Outstanding at beginning of year	—	—	—	—
Granted	206,259	921	—	—
Exercised	—	—	—	—
Forfeited	—	—	—	—
Outstanding at end of the year	206,259	921	—	—
Vested options and RSUs	—		—	
Unvested options and RSUs	206,259		—	

The Company has granted 58,370 stock options and 147,889 RSUs under OFSS Stock Plan 2014 at an exercise price of ₹ 3,241 and ₹ 5 respectively.

The weighted average share price for the year over which stock options were exercised was ₹ 3,347 (March 31, 2014 - ₹ 2,857).

The details of options unvested and options vested and exercisable as on March 31, 2015 are as follows:

	Exercise prices (₹)	Number of Options	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Options unvested	5	147,889	5	10.0
	1,930	180,700	1,930	6.7
	2,032	16,000	2,032	6.7
	2,050	64,789	2,050	5.4
	2,333	12,000	2,333	5.6
	2,342	8,000	2,342	6.3
	3,076	15,000	3,076	9.3
	3,077	499,800	3,077	8.5
	3,127	355,950	3,127	7.9
	3,241	58,370	3,241	10.0
Options vested and exercisable	1,291	12,400	1,291	1.1
	1,930	123,428	1,930	6.7
	2,050	91,901	2,050	5.4
	2,333	12,000	2,333	5.6
	3,077	52,700	3,077	8.5
	3,127	171,050	3,127	7.9
		1,821,977	2,533	7.8

The details of options unvested and options vested and exercisable as on March 31, 2014 were 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

Stock Options granted during the financial year ended March 31, 2015:

The weighted average fair value of stock options granted during the year was ₹ 2,671 (March 31, 2014 - ₹ 1,712).

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

	Year ended March 31, 2015			Year ended March 31, 2014
	Scheme 2011	OFSS Stock Plan 2014 (Stock Option)	OFSS Stock Plan 2014 (RSU)	Scheme 2011
Weighted average share price (in ₹)	3,076	3,241	3,241	3,077
Exercise Price (in ₹)	3,076	3,241	5	3,077
Expected Volatility	28%	27%	27%	39%
Weighted average life of options granted (in years)	6.5	6.25	6.25	6.5
Expected dividend rate	Nil	Nil	Nil	Nil
Average risk-free interest rate	8.66%	7.78%	7.78%	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, 2015	March 31, 2014
Profit as reported	10,580.20	11,483.62
Add: Employee stock compensation under intrinsic value method	—	—
Less: Employee stock compensation under fair value method	(643.82)	(779.11)
Proforma profit	9,936.38	10,704.51
Earnings per share		
Basic		
- As reported	125.38	136.56
- Proforma	117.75	127.29
Diluted		
- As reported	124.86	135.98
- Proforma	117.39	126.86

## Note 23: Employee benefits obligation

### Defined contribution plans

During year ended March 31, 2015 and 2014, the Company contributed following amounts to defined contributions plans:

Particulars	(Amounts in ₹ million)	
	Year ended March 31, 2015	Year ended March 31, 2014
Provident fund	290.05	248.37
Superannuation fund	116.46	113.25
	406.51	361.62

*Defined benefit plan - gratuity*

The amounts recognized in the statement of profit and loss for the year ended March 31, 2015 and 2014 are as follows:

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Current service cost	77.05	69.22
Interest cost	43.21	36.71
Past service cost - vested benefits	—	14.43
Past service cost - non vested benefits	1.52	1.52
Expected return on plan assets	(0.61)	(0.28)
Recognized net actuarial (gain) loss	75.82	(40.19)
Total included in employee benefit expense	196.99	81.41
Actual return on plan assets	(0.50)	0.37

The amounts recognized in the balance sheet are as follows:

(Amounts in ₹ million)		
Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Present value of funded obligations	621.83	499.93
Present value of unfunded obligations	33.24	17.47
Fair value of plan assets	(5.82)	(4.88)
Net liability	649.25	512.52

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

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Defined benefit obligation at beginning of the year	517.40	496.42
Current service cost	77.05	69.22
Interest cost	43.21	36.71
Past service - vested benefits	—	14.43
Past service - non vested benefits	1.52	1.52
Benefits paid	(58.83)	(60.79)
Actuarial loss (gain)	74.71	(40.11)
Defined benefit obligation at end of the year	655.06	517.40

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

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Fair value of plan assets at beginning of the year	4.88	3.78
Expected return on plan assets	0.61	0.28
Actuarial (loss) gain	(1.11)	0.08
Contribution by employer	60.09	61.53
Benefits paid	(58.65)	(60.79)
Fair value of plan assets at end of the year	5.82	4.88

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, 2015	March 31, 2014
Discount rate	3.50% - 7.80%	4.25% - 8.90%
Expected return on plan assets	7.50%	7.50%
Salary escalation rate	3.00% - 8.00%	3.00% - 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, 2016 is expected to be ₹ 72.48 million (March 31, 2015 - ₹ 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, 2015	Year March 31, 2014	Year March 31, 2013	Year March 31, 2012	Year March 31, 2011
Present value of funded obligations	(621.83)	(499.93)	(496.42)	(408.90)	(370.11)
Present value of unfunded obligations	(33.24)	(17.47)	—	—	—
Fair value of plan assets	5.82	4.88	3.78	1.45	15.12
Deficit	(649.25)	(512.52)	(492.64)	(407.45)	(354.99)
Experience adjustments					
On plan liabilities	36.93	(46.97)	27.17	32.26	43.12
On plan assets	(1.11)	0.08	0.44	0.28	0.45

## Note 24: 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> <p>- Oracle Financial Services Software SA</p> <p>Subsidiary of Oracle Financial Services Software Pte. Ltd.</p> <p>- Oracle Financial Services Consulting Pte. Ltd.</p> <p>Subsidiaries of Oracle Financial Services Software America, Inc.</p> <p>- Oracle Financial Services Software, Inc.</p> <p>- Mantas Inc.</p> <p>Subsidiaries of Mantas Inc.</p> <p>- Sotas Inc.</p> <p>Subsidiary of Sotas Inc.</p> <p>- Mantas India Private Limited</p> <p>Subsidiaries of ISP Internet Mauritius Company</p> <p>- Oracle (OFSS) BPO Services Inc.</p> <p>- Oracle (OFSS) BPO Services Limited</p>
(ii) Associate	Login S. A.
(iii) Related parties with whom transactions have taken place during the year	
Fellow Subsidiaries	<p>Oracle Norge AS</p> <p>Oracle Egypt Ltd.</p> <p>Oracle Canada ULC</p> <p>Oracle Taiwan LLC</p> <p>Oracle Romania SRL</p> <p>Oracle Hungary Kft.</p> <p>Oracle EMEA Limited</p> <p>Oracle Czech s.r.o.</p> <p>Oracle America, Inc.</p> <p>Oracle Nederland B.V.</p> <p>Oracle Vietnam Pte. Ltd.</p> <p>Oracle Italia S.R.L.</p> <p>Oracle Polska, Sp.z.o.o.</p>

Relationship	Names of related parties
	Oracle India Private Limited
	Oracle East Central Europe Limited
	Oracle Systems Hong Kong Limited
	Oracle Corporation UK Limited
	Oracle (Philippines) Corporation
	Oracle do Brasil Sistemas Limitada
	Oracle Corporation Malaysia Sdn. Bhd.
	Oracle Systems Limited
	Oracle Corporation Singapore Pte. Ltd.
	Oracle East Central Europe Services BV
	Oracle Software Systems Israel Limited
	Oracle Corporation Australia Pty. Limited
	Oracle Systems Pakistan (Private) Limited
	Oracle Solution Services (India) Private Ltd.
	Oracle Corporation (Thailand) Company Limited
	Oracle Portugal - Sistemas de Informação Lda.
	Oracle Corporation (South Africa) (Pty) Limited
	Oracle Research & Development Center, Beijing, Ltd.
	Oracle Research & Development Center, Shenzhen, Ltd.
	Oracle Technology Systems (Kenya) Limited
	Oracle Luxembourg S.a.r.l.
	Oracle de Mexico, S.A. de C.V.
(iv) Key Managerial Personnel ('KMP')	Chaitanya Kamat - Managing Director and Chief Executive Officer Makarand Padalkar - Chief Financial Officer Hoshi D Bhagwagar - Company Secretary & Compliance Officer (till June 6, 2014) Jayant Joshi - Company Secretary & Compliance Officer (from September 29, 2014)
(v) Independent Directors	S Venkatachalam Y M Kale (till December 15, 2014) Richard Jackson (from December 16, 2014)

Transactions and balances outstanding with these parties are described below:

	(Amounts in ₹ million)			
	Transaction		Amount receivable (payable)	
	Year ended March 31, 2015	Year ended March 31, 2014	As at March 31, 2015	As at March 31, 2014
Revenue				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	380.00	443.58	35.94	234.01
Oracle Corporation (South Africa) (Pty) Limited	1,239.66	776.46	(6.63)	155.81
Oracle Corporation Australia Pty. Limited	—	5.56	0.14	0.16
Oracle India Private Limited	210.97	15.87	0.08	16.51
Oracle Egypt Ltd.	209.64	69.74	70.85	14.72
Oracle Hungary Kft.	—	0.70	—	0.36
Oracle Systems Limited	129.87	126.98	66.10	88.46
Oracle Portugal - Sistemas de Informação Lda.	(0.08)	0.69	0.04	8.45
Oracle do Brasil Sistemas Limitada	76.39	22.99	88.37	22.99
Oracle Systems Pakistan (Private) Limited	(30.56)	29.16	—	—
Oracle East Central Europe Services BV	—	0.05	—	—
Oracle Technology Systems (Kenya) Limited	54.35	—	—	—

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2015	Year ended March 31, 2014	As at March 31, 2015	As at March 31, 2014
<i>Subsidiaries</i>				
Oracle Financial Services Software B.V.	7,475.24	7,339.16	63.40	279.42
Oracle Financial Services Software, Inc.	10,233.30	9,678.02	2,296.51	4,470.96
Oracle Financial Services Software Pte. Ltd.	7,976.55	7,234.73	2,459.04	2,957.70
Oracle Financial Services Software (Shanghai) Limited	570.69	593.07	1,436.55	2,058.48
Oracle Financial Services Software Chile Limitada	159.26	132.44	78.81	272.51
Oracle (OFSS) BPO Services Inc.	—	—	24.71	28.97
Oracle Financial Services Software SA	245.04	365.01	8.90	158.56
Advance from customers				
<i>Subsidiary</i>				
Oracle Financial Services Software B.V.	811.84	—	(811.84)	—
Unbilled revenue				
<i>Fellow Subsidiaries</i>				
Oracle America, Inc.	—	—	27.66	112.53
Oracle Corporation (South Africa) (Pty) Limited	—	—	212.04	149.52
Oracle do Brasil Sistemas Limitada	—	—	4.20	0.27
Oracle India Private Limited	—	—	73.03	3.56
Oracle Systems Limited	—	—	26.82	18.67
Oracle Egypt Ltd.	—	—	24.97	60.82
Oracle Systems Pakistan (Private) Limited	—	—	—	30.44
Oracle Technology Systems (Kenya) Limited	—	—	47.82	—
<i>Subsidiaries</i>				
Oracle Financial Services Software B.V.	—	—	670.04	878.76
Oracle Financial Services Software, Inc.	—	—	408.91	662.44
Oracle Financial Services Software Pte. Ltd.	—	—	387.36	1,230.85
Oracle Financial Services Software (Shanghai) Limited	—	—	75.17	161.49
Oracle Financial Services Software Chile Limitada	—	—	13.08	3.90
Oracle Financial Services Software SA	—	—	0.39	37.45
Deferred revenue				
<i>Fellow Subsidiaries</i>				
Oracle America, Inc.	—	—	(0.06)	—
Oracle Corporation (South Africa) (Pty) Limited	—	—	(8.56)	(10.15)
Oracle Corporation Australia Pty. Limited	—	—	—	(9.23)
Oracle do Brasil Sistemas Limitada	—	—	(2.17)	(0.68)
Oracle India Private Limited	—	—	(53.45)	(24.62)
Oracle Systems Limited	—	—	(1.51)	(3.77)
Oracle Systems Pakistan (Private) Limited	—	—	—	(0.49)
Oracle Egypt Ltd.	—	—	(24.77)	—
Oracle Portugal - Sistemas de Informação Lda.	—	—	(0.08)	—
<i>Subsidiaries</i>				
Oracle Financial Services Software B.V.	—	—	—	(193.98)
Oracle Financial Services Software, Inc.	—	—	2.69	(137.71)
Oracle Financial Services Software Pte. Ltd.	—	—	—	(158.07)
Oracle Financial Services Software SA	—	—	—	(5.37)
Oracle Financial Services Software Chile Limitada	—	—	—	(3.54)
Oracle Financial Services Software (Shanghai) Limited	—	—	(1.33)	(14.62)



	Transaction		Amount receivable (payable)	
	Year ended March 31, 2015	Year ended March 31, 2014	As at March 31, 2015	As at March 31, 2014
Bad debts				
<i>Fellow Subsidiaries</i>				
Oracle Portugal - Sistemas de Informação Lda.	0.30	0.63	—	—
Oracle America, Inc.	0.28	—	—	—
Oracle Corporation (South Africa) (Pty) Limited	7.96	—	—	—
Oracle Egypt Ltd.	3.60	—	—	—
Oracle Hungary Kft.	0.11	—	—	—
Oracle India Private Limited	0.30	—	—	—
Oracle Systems Limited	1.90	—	—	—
<i>Subsidiaries</i>				
Oracle Financial Services Software, Inc.	25.42	0.68	—	—
Oracle Financial Services Software Pte. Ltd.	21.65	1.91	—	—
Oracle Financial Services Software B.V.	22.90	—	—	—
Oracle Financial Services Software SA	2.59	—	—	—
Oracle Financial Services Software (Shanghai) Limited	54.96	—	—	—
Provision for doubtful debts				
<i>Fellow Subsidiaries</i>				
Oracle America, Inc.	0.81	(0.51)	—	(0.81)
Oracle Egypt Ltd.	6.23	0.85	—	(6.23)
Oracle Portugal - Sistemas de Informação Lda.	1.97	1.27	—	(1.97)
Oracle Corporation (South Africa) (Pty) Limited	8.56	8.48	(0.69)	(9.25)
Oracle Corporation Australia Pty. Limited	(0.02)	(0.15)	(0.14)	(0.12)
Oracle Hungary Kft.	0.14	(0.04)	—	(0.14)
Oracle Systems Limited	3.20	3.85	(0.70)	(3.90)
Oracle Corporation (Thailand) Company Limited	—	(0.01)	—	—
Oracle India Private Limited	0.30	0.30	—	(0.30)
<i>Subsidiaries</i>				
Oracle Financial Services Software B.V.	(39.23)	(23.92)	(62.86)	(23.63)
Oracle Financial Services Software, Inc.	34.96	35.71	(151.48)	(186.44)
Oracle Financial Services Software Pte. Ltd.	(26.64)	16.50	(79.63)	(52.99)
Oracle Financial Services Software SA	5.57	3.26	—	(5.57)
Oracle Financial Services Software (Shanghai) Limited	44.04	27.38	(40.93)	(84.97)
Oracle Financial Services Software Chile Limitada	(5.80)	—	(5.80)	—
Application software expenses				
<i>Fellow Subsidiaries</i>				
Oracle India Private Limited	29.30	27.70	(1.28)	(6.30)
Oracle Corporation Singapore Pte. Ltd.	—	0.28	—	—
Oracle Software Systems Israel Limited	—	—	—	(1.49)
Rent expenses				
<i>Fellow Subsidiaries</i>				
Oracle Nederland B.V.	7.09	8.61	—	(2.97)
Oracle Systems Limited	22.10	22.87	—	—
Oracle India Private Limited	0.62	0.62	—	—

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2015	Year ended March 31, 2014	As at March 31, 2015	As at March 31, 2014
Rent income				
<i>Fellow Subsidiaries</i>				
Oracle India Private Limited	58.78	34.57	3.52	—
Oracle Solution Services (India) Private Ltd.	0.52	—	0.23	—
<i>Subsidiary</i>				
Oracle (OFSS) Processing Services Limited	1.90	—	1.90	—
Payment of interim equity dividend				
<i>Holding Company</i>				
Oracle Global (Mauritius) Limited	30,579.83	—	—	—
<i>Key managerial personnel</i>	73.55	—	—	—
Professional fee expenses				
<i>Fellow Subsidiary</i>				
Oracle India Private Limited	434.64	408.86	(111.30)	(122.61)
Oracle Research & Development Center, Shenzhen, Ltd.	89.69	114.57	(9.39)	(72.64)
Oracle Research & Development Center, Beijing, Ltd.	2.60	2.45	(0.21)	(2.37)
Oracle EMEA Limited	4.28	16.95	(13.35)	(9.06)
Oracle Norge AS	—	—	—	(28.35)
Oracle Systems Limited	16.43	—	(12.32)	—
Oracle Portugal - Sistemas de Informação Lda.	8.33	—	(5.83)	—
Oracle de Mexico, S.A. de C.V.	8.40	—	(8.40)	—
Oracle Corporation (South Africa) (Pty) Limited	13.79	—	(13.79)	—
Oracle Polska, Sp.z.o.o.	1.71	—	(1.71)	—
Oracle Romania SRL	0.06	—	(0.06)	—
Oracle Vietnam Pte. Ltd	1.14	—	(1.14)	—
Oracle Canada ULC	3.48	—	(3.48)	—
Oracle Corporation Malaysia Sdn. Bhd.	0.18	—	(0.18)	—
Oracle Corporation (Thailand) Company Limited	2.65	—	(2.65)	—
Oracle (Philippines) Corporation	0.22	—	(0.22)	—
Oracle Italia S.R.L.	0.45	—	(0.45)	—
Oracle Egypt Ltd.	2.78	—	(2.78)	—
Oracle do Brasil Sistemas Limitada	1.12	—	(1.12)	—
Oracle East Central Europe Limited	1.50	—	(1.50)	—
Oracle Systems Hong Kong Limited	2.50	—	(2.50)	—
Oracle Hungary Kft.	0.08	—	(0.08)	—
Oracle East Central Europe Services BV	0.99	—	(0.99)	—
Oracle Technology Systems (Kenya) Limited	0.83	—	(0.83)	—
Oracle Luxembourg S.a.r.l.	0.75	—	(0.75)	—
<i>Subsidiaries</i>				
Oracle Financial Services Software, Inc.	42.76	24.40	(249.25)	(213.50)
Oracle Financial Services Software Pte. Ltd.	—	1.86	(19.27)	(20.48)
Oracle Financial Services Software B.V.	—	1.03	(5.29)	(6.46)
Mantas Inc.	—	0.92	—	(9.60)
Oracle (OFSS) ASP Private Limited	—	—	2.32	—
Oracle (OFSS) Processing Services Limited	255.24	129.34	(120.18)	(76.03)
Oracle Financial Services Software Chile Limitada	—	10.92	(54.86)	(52.66)
Oracle (OFSS) BPO Services Limited	—	29.56	—	(29.56)

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2015	Year ended March 31, 2014	As at March 31, 2015	As at March 31, 2014
Reimbursement of expenses				
<i>Subsidiaries</i>				
Oracle Financial Services Software B.V.	1,057.36	1,064.95	(446.47)	(946.89)
Oracle Financial Services Software, Inc.	3,794.39	3,377.78	(2,031.63)	(3,893.05)
Oracle Financial Services Software Pte. Ltd.	2,047.72	2,541.68	(1,063.25)	(2,285.74)
Oracle Financial Services Software Chile Limitada	(1.33)	—	1.47	—
Oracle Financial Services Software (Shanghai) Limited	197.21	225.66	(53.56)	(448.00)
Oracle (OFSS) Processing Services Limited	5.14	(9.17)	4.03	9.17
Oracle (OFSS) BPO Services Limited	(16.77)	3.94	12.79	(3.94)
Remuneration				
<i>Key managerial personnel [Refer note 1]</i>				
Chaitanya Kamat	40.83	50.25	—	—
Makarand Padalkar	8.80	9.34	—	—
Others	1.77	3.09	—	—
Commission				
<i>Independent Directors</i>				
S Venkatachalam	2.83	2.60	—	—
Y M Kale	1.53	2.00	—	—
Richard Jackson	1.71	1.30	—	—
Other expenses				
<i>Fellow Subsidiaries</i>				
Oracle America, Inc.	0.23	—	(0.23)	—
Oracle Corporation UK Limited	1.63	—	(1.63)	—
Oracle India Private Limited	1.04	1.15	(0.30)	(1.07)
Oracle Corporation Singapore Pte. Ltd.	(0.13)	0.59	—	(0.13)
Oracle Norge AS	60.95	22.68	(62.64)	(21.83)
Oracle Corporation (South Africa) (Pty) Limited	15.76	53.29	(69.05)	(53.29)
Oracle Portugal - Sistemas de Informação Lda.	6.90	16.68	(23.58)	(16.68)
Oracle Polska, Sp.z.o.o.	3.92	7.18	(11.10)	(7.18)
Oracle Romania SRL	0.48	5.95	(6.43)	(5.95)
Oracle Vietnam Pte. Ltd	1.96	3.88	(5.84)	(3.88)
Oracle Canada ULC	20.81	2.69	(23.50)	(2.69)
Oracle Corporation Malaysia Sdn. Bhd.	0.66	1.72	(2.38)	(1.72)
Oracle Corporation (Thailand) Company Limited	1.12	1.32	(2.44)	(1.32)
Oracle (Philippines) Corporation	0.75	0.84	(1.59)	(0.84)
Oracle Italia S.R.L.	0.43	—	(0.43)	—
Oracle Taiwan LLC	3.03	—	(3.03)	—
Oracle Czech s.r.o.	0.72	—	(0.72)	—
Oracle Egypt Ltd.	9.20	—	(9.20)	—
Oracle East Central Europe Limited	2.94	—	(2.94)	—
Procurement of fixed assets				
<i>Fellow Subsidiaries</i>				
Oracle Corporation Singapore Pte. Ltd.	0.79	0.37	—	—

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2015	Year ended March 31, 2014	As at March 31, 2015	As at March 31, 2014
Sale of fixed assets				
<i>Fellow Subsidiaries</i>				
Oracle India Private Limited	—	3.37	—	—
Loan outstanding				
<i>Subsidiaries</i>				
Oracle Financial Services Software America, Inc. [Refer note 2]	25.16	57.16	625.06	599.90
ISP Internet Mauritius Company [Refer note 2]	2.39	5.43	59.37	56.98
Oracle (OFSS) BPO Services Limited [Refer note 3]	(30.00)	(30.00)	110.00	140.00
Interest on loan given				
<i>Subsidiaries</i>				
Oracle Financial Services Software America, Inc.	5.18	5.57	174.58	162.51
ISP Internet Mauritius Company	2.06	2.04	21.58	18.69
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 37,000 options under the OFSS Stock Plan 2014 (March 31, 2014 - 141,000 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 ₹ 625.06 million (interest LIBOR + 50 basis points) as at March 31, 2015 (March 31, 2014 - ₹ 599.90 million) and ISP Internet Mauritius Company amounting to ₹ 59.37 million (interest LIBOR + 50 basis points) as at March 31, 2015 (March 31, 2014 - ₹ 56.98 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 25: 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, 2015
			Total
Revenue	27,084.10	6,326.85	33,410.95
Segment result	11,963.43	1,112.92	13,076.35
Unallocable expenses			(699.05)
Other income, net			3,758.99
Profit before tax			16,136.29
Tax expenses			(5,556.09)
Net profit			10,580.20

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

**Other information**

(Amounts in ₹ million)

Particulars	Products	Services	Unallocable	Year ended
				March 31, 2015
				Total
Capital expenditure by segment				
Tangible assets	174.77	68.52	7.64	250.93
Depreciation and amortization	444.73	165.11	24.53	634.37
Other non cash expenses	101.14	25.40	—	126.54
Segment assets	9,860.03	3,099.40	45,073.04	58,032.47
Segment liabilities	7,260.85	1,893.94	18,970.35	28,125.14
Share application money pending allotment	—	—	0.63	0.63
Shareholders' funds	—	—	29,906.70	29,906.70

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

**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, 2015		Year ended March 31, 2014	
	Amounts in ₹ million	%	Amounts in ₹ million	%
United States of America	10,443.49	31%	10,037.32	32%
Europe	6,197.18	19%	6,421.29	20%
Asia Pacific	8,450.90	25%	7,975.47	25%
Middle East, India and Africa	7,799.83	23%	6,630.40	21%
Latin America and Caribbean	519.55	2%	530.20	2%
	33,410.95	100%	31,594.68	100%

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

Regions	Year ended March 31, 2015		Year ended March 31, 2014	
	Amounts in ₹ million	%	Amounts in ₹ million	%
United States of America	9,914.47	17%	12,450.08	13%
Europe	1,926.93	3%	2,723.23	3%
Asia Pacific	4,654.91	8%	6,906.78	7%
Middle East, India and Africa	41,317.42	71%	75,203.85	76%
Latin America and Caribbean	218.74	1%	405.52	1%
	58,032.47	100%	97,689.46	100%

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

## Note 26

The expenditure on research and development activities recognized as expense in the statement of profit and loss is ₹ 3,027.49 million (previous year - ₹ 2,727.71 million).

## Note 27 : Litigations

The Company has some litigations, the outcomes of which are considered probable, and in respect of which the Company has made aggregate provisions of ₹ 806.30 million.

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

	(Amounts in ₹ million)	
	Year ended March 31, 2015	Year ended March 31, 2014
Audit fees	5.92	2.95
Limited review	6.08	4.80
Tax audit	1.01	0.96
Certifications	4.23	0.87
Out-of-pocket expenses	0.88	0.78
	18.12	10.36

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

(Amounts in ₹ million)

	Year ended March 31, 2015	Year ended March 31, 2014
Product licenses and related activities	25,414.54	23,135.46
IT solutions and consulting services	6,321.84	7,089.52
Interest income	7.24	7.61
	31,743.62	30,232.59

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

(Amounts in ₹ million)

	Year ended March 31, 2015	Year ended March 31, 2014
Employee costs	6,934.06	7,287.93
Travel related expenses (net of recoveries)	129.67	78.52
Professional fees	1,012.05	900.52
Application software	73.31	1.05
Foreign taxes	214.77	92.60
Miscellaneous expenses	211.42	180.55
	8,575.28	8,541.17

**Note 31: Net interim equity dividend remitted in foreign exchange**

	Year ended March 31, 2015	Year ended March 31, 2014
Year of remittance (ending on)	March 31, 2015	—
Period to which it relates	March 31, 2015	—
Number of non-resident shareholders	1	—
Number of equity shares on which dividend was due	63,051,197	—
Amount remitted (in USD million)	497.41	—
Amount remitted (in ₹ million)	30,579.83	—

**Note 32: Value of imports on CIF basis - capital goods**

(Amounts in ₹ million)

	Year ended March 31, 2015	Year ended March 31, 2014
Value of imports on CIF basis - capital goods	11.46	0.37

**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 15, 2015**

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

**S Venkatachalam**  
Chairman

**Richard Jackson**  
Director

**Mumbai, India**  
**May 15, 2015**

**Chaitanya Kamat**  
Managing Director  
& Chief Executive Officer

**Makarand Padalkar**  
Chief Financial Officer

**Jayant Joshi**  
Company Secretary  
& Compliance Officer

# Statement of cash flow

## for the year ended March 31, 2015

	(Amounts in ₹ million)	
	Year ended March 31, 2015	Year ended March 31, 2014
Cash flows from operating activities		
Profit before tax	16,136.29	17,308.05
Adjustments to reconcile profit before tax to cash (used in) provided by operating activities :		
Depreciation and amortization	634.37	643.46
Loss (profit) on sale of fixed assets, net	7.56	(2.70)
Interest income	(4,048.08)	(5,139.60)
Effect of exchange rate changes in cash and cash equivalent	(6.32)	103.49
Unrealized exchange (gain) loss, net	(252.70)	220.46
Finance charge on leased assets	0.08	0.76
Deferred rent	12.67	20.45
Provision for doubtful debts, net	(59.51)	88.63
Bad debts	186.05	26.54
Operating Profit before Working Capital changes	12,610.41	13,269.54
Movements in working capital		
Decrease (increase) in trade receivables	4,429.86	(2,193.74)
Decrease (increase) in other current assets	1,878.42	(1,120.45)
Decrease (increase) in short-term loans and advances	276.75	(311.90)
(Increase) in long-term loans and advances	(89.32)	(26.42)
(Decrease) increase in trade payables	(118.30)	293.88
(Decrease) increase in other current liabilities	(3,095.96)	2,536.48
Increase (decrease) in other long-term liabilities	2.19	(8.74)
Increase in other short-term provisions	164.18	119.32
Increase in other long-term provisions	127.56	27.80
Cash from operating activities	16,185.79	12,585.77
Payment of domestic and foreign taxes	(6,442.26)	(6,308.05)
Net cash provided by operating activities	9,743.53	6,277.72
Cash flows from investing activities		
Additions to fixed assets including capital work-in-progress and advances	(135.27)	(288.00)
Refund of deposits for premises and others	5.27	1,313.06
Proceeds from sale of fixed assets	17.63	3.99
Repayment of current loan by subsidiary company	30.00	30.00
Proceeds received on Dhanalaxmi Bonds	—	10.22
Bank fixed deposits having maturity of more than three months matured	68,403.52	109,424.29
Bank fixed deposits having maturity of more than three months booked	(36,513.78)	(121,244.09)
Interest received	5,516.09	4,298.18
Net cash provided by (used in) investing activities	37,323.46	(6,452.35)



# Statement of cash flow

for the year ended March 31, 2015 (continued)

	(Amounts in ₹ million)	
	Year ended March 31, 2015	Year ended March 31, 2014
Cash flows from financing activities		
Issue of shares under employee stock option scheme	1,094.59	145.53
Payment of lease obligations	(1.62)	(4.63)
Interim equity dividend paid	(41,017.77)	—
Tax on interim equity dividend paid	(6,970.97)	—
Net cash (used in) provided by financing activities	(46,895.77)	140.90
Net decrease in cash and cash equivalents	171.22	(33.73)
Cash and cash equivalents at beginning of the year	731.38	868.60
Effect of exchange rate changes	6.32	(103.49)
Cash and cash equivalents at end of the year	908.92	731.38
Component of cash and cash equivalents		
Balances with banks:		
Current accounts	806.52	581.38
Deposit accounts with original maturity of less than 3 months	—	150.00
Unclaimed dividend account *	102.40	—
Total cash and cash equivalents [Refer note 13(a)]	908.92	731.38

\* These balances will be utilized only towards the respective unpaid dividend.

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 15, 2015**

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

**S Venkatachalam**  
Chairman

**Richard Jackson**  
Director

**Mumbai, India**  
**May 15, 2015**

**Chaitanya Kamat**  
Managing Director  
& Chief Executive Officer

**Makarand Padalkar**  
Chief Financial Officer

**Jayant Joshi**  
Company Secretary  
& Compliance Officer

# Reconciliation Statement of profit as per Indian GAAP unconsolidated and Indian GAAP consolidated

	(Amounts in ₹ million)	
	Year ended March 31, 2015	Year ended March 31, 2014
Net income as per Indian GAAP unconsolidated statement of profit and loss	10,580.20	11,483.62
Add:		
Revenue of subsidiaries, net		
Oracle Financial Services Software B.V. - consolidated	12,351.04	8,847.69
Oracle Financial Services Software Pte. Ltd. - consolidated	12,620.21	8,785.38
Oracle Financial Services Software America, Inc. - consolidated	12,289.66	11,778.48
ISP Internet Mauritius Company - consolidated	617.33	326.37
Oracle (OFSS) Processing Services Limited	255.24	—
Oracle Financial Services Software Chile Limitada	577.49	679.79
Oracle Financial Services Software (Shanghai) Limited	713.98	740.88
	39,424.95	31,158.59
Other income from subsidiaries, net	(265.69)	516.48
	39,159.26	31,675.07
Less:		
Expenditure of subsidiaries, net		
Oracle Financial Services Software B.V. - consolidated	12,434.66	8,564.34
Oracle Financial Services Software Pte. Ltd. - consolidated	12,228.33	8,537.35
Oracle Financial Services Software America, Inc. - consolidated	11,123.80	10,861.95
ISP Internet Mauritius Company - consolidated	579.95	323.63
Oracle (OFSS) Processing Services Limited	247.61	(52.90)
Oracle (OFSS) ASP Private Limited	1.01	0.99
Oracle Financial Services Software Chile Limitada	478.49	572.83
Oracle Financial Services Software (Shanghai) Limited	722.41	757.31
	37,816.26	29,565.50
Net income as per Indian GAAP consolidated statement of profit and loss	11,923.20	13,593.19

## **Notice of Annual General Meeting**

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## Notice to members

NOTICE is hereby given that the Twenty Sixth 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 11, 2015 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, 2015, the Statement of Profit and Loss 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. Derek H Williams (DIN: 01266532), who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Chaitanya Kamat (DIN: 00969094), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Ms. Samantha Wellington (DIN: 02054439), who retires by rotation and, being eligible, offers herself for re-appointment.
5. To confirm the payment of interim dividend and to declare final dividend on equity shares for financial year ended March 31, 2015.
6. To ratify the appointment of the Statutory Auditors of the Company 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, as amended from time to time, and pursuant to the recommendations of the Audit Committee of the Company, and pursuant to the resolution passed by the Members at the Annual General Meeting of the Company held on Friday, September 12, 2014, the appointment of M/s. S. R. Batliboi & Associates LLP, Chartered Accountants (ICAI Firm Registration no. 101049W), as the Statutory Auditors of the Company, to hold office till the conclusion of the Annual General Meeting to be held in the year 2017 be and is hereby ratified and that the Board of Directors of the Company be and is hereby authorized to fix such remuneration for the financial year ending March 31, 2016, as may be determined in consultation with the Statutory Auditors plus applicable service tax and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit.”

### Special Business:

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 Section 143(8) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, and pursuant to the resolution passed by the Members at the Annual General Meeting of the Company held on Friday, September 12, 2014, the appointment of M/s. S. R. Batliboi & Associates LLP, Chartered Accountants (ICAI Firm Registration no. 101049W), as the Branch Auditors of the Company, to hold office till the conclusion of the Annual General Meeting to be held in the year 2017 be and is hereby ratified and that the Board of Directors of the Company be and is hereby authorized to fix such remuneration for the financial year ending March 31, 2016, as may be determined in consultation with the Branch Auditors plus applicable service tax and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit.”
8. To consider and, if thought fit, to pass, with or without modification(s), as an Ordinary Resolution the following:

“RESOLVED THAT Ms. Maria Smith (DIN: 07182337), who was appointed as an Additional Director of the Company and who holds office until the date of this Annual General Meeting pursuant to Section 161 of the Companies Act, 2013 and Article 109 of the Articles of Association of the Company, who holds office up to the date of the Annual General Meeting of the Company 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 her candidature of the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

9. To consider and, if thought fit, to pass, with or without modification(s), as an Ordinary Resolution the following:

“RESOLVED THAT Mr. Sridhar Srinivasan (DIN: 07240718), who was appointed as an Additional Director in the capacity of an Independent Director of the Company and who holds office until the date of this Annual General Meeting pursuant to Sections 149, 152, 161 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 and Article 109 of the Articles of Association of the Company, who holds office up to the date of the Annual General Meeting of the Company 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 of the office of a Director, be and is hereby appointed as an Independent Director of the Company, to hold office for a term up to March 31, 2020, 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. Sridhar Srinivasan 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

**Onkarnath Banerjee**  
Company Secretary and Compliance Officer  
Membership no. ACS 8547

Mumbai  
July 23, 2015

Registered Office:  
Oracle Park  
Off Western Express Highway  
Goregaon (East)  
Mumbai 400063  
Tel. no.: 91 22 6718 3000 Fax no.: 91 22 6718 4604  
CIN: L72200MH1989PLC053666  
Website: [www.oracle.com/financialservices](http://www.oracle.com/financialservices)  
Email: [investors-vp-ofss\\_in\\_grp@oracle.com](mailto: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. 7 to 9 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 7, 2015 to Friday, September 11, 2015, both days inclusive, for the purpose of payment of final dividend for the financial year ended March 31, 2015 and the Annual General Meeting.
- c. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with Mr. Onkarnath Banerjee, Company Secretary, at the Company's registered office. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund.
- d. 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.
- e. 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. A PERSON CAN ACT AS A PROXY ON BEHALF OF NOT EXCEEDING FIFTY (50) MEMBERS AND HOLDING IN AGGREGATE NOT MORE THAN TEN (10) PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A BLANK PROXY FORM IS ENCLOSED.
- f. Final dividend on equity shares, as recommended by the Board of Directors of the Company for the year ended March 31, 2015, if declared at the meeting, will be paid to all those Members whose names appear in the Company's Register of Members and to those persons whose names appear as beneficial owners (as per the details to be furnished by the Depositories in respect of the shares held in dematerialized form) as at the beginning of business hours on Monday, September 7, 2015. Dividend of ₹ 180 per share has been recommended by the Board of Directors of the Company for the year ended March 31, 2015 and subject to the approval of the Members at the Annual General Meeting, is proposed to be paid on or before Saturday, October 10, 2015.
- g. The Members / proxies are requested to bring duly completed Attendance Slip sent herewith for attending the meeting.
- h. The Members / proxies are requested to bring copy of the Annual Report.
- i. 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.
- j. 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.
- k. 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.
- l. The Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Clause 49 of the Listing Agreement executed with the stock exchanges.
- m. Details required as per Clause 49 of the Listing Agreement executed with the stock exchanges in respect of the directors seeking appointment / re-appointment at the Annual General Meeting, forms integral part of the Notice. The directors / candidates have furnished the requisite declarations and consents for their appointment / re-appointment.
- n. 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, Maharashtra, India. Such Members are also requested to consider the option of holding shares in dematerialized form.
- o. 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/website/Downloads.aspx> under the section 'General → 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.
- p. 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](mailto:rnt.helpdesk@linkintime.co.in)
- q. 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.

- r. As a part of Green Initiative in Corporate Governance, the Ministry of Corporate Affairs (“MCA”) vide its Circular No. 17/2011 dated April 21, 2011 and Circular No. 18/2011 dated April 29, 2011 and pursuant to Sections 20, 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 Members of the Company, whose email addresses are not registered with RTA / Depository, requesting them to communicate their preference for receiving corporate documents. Accordingly, the Company has issued / dispatched Annual Reports.
- s. 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.
- t. 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.
- u. 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

A map of the venue is enclosed at the back of the attendance slip.

- v. No gifts or gift coupons shall be distributed to members at or in connection with the meeting.

w. **Voting through electronic means**

In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, (each as amended or modified from time to time), 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 Friday, September 4, 2015, being the cut-off date fixed for determining voting rights of Members entitled to participate in the remote e-voting process through the remote 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 Friday, September 4, 2015.

The instructions for remote e-voting are as under:

**A. For Members who receive notice of Annual General Meeting through Email:**

- (i) The voting period begins on Tuesday, September 8, 2015 (9.00 a.m. IST) and ends on Thursday, September 10, 2015 (5.00 p.m. IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, September 4, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iv) Click on “Shareholders” tab
- (v) 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.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any other company, then your existing password is to be used.



- (viii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).
Dividend Bank Details or Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or the Company please enter DP ID Client ID / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) 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.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the Electronic Voting Sequence Number (EVSN) for ‘Oracle Financial Services Software Limited’ on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a Demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Not for Non-individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, should be uploaded 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. (xix) 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.com](http://www.evotingindia.com) under help section or you may send an email to [helpdesk.evoting@cdslindia.com](mailto: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 (Membership no. FCS 1403 and COP no. 1979) 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 5.00 p.m. IST on Thursday, September 10, 2015. 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 Thursday, September 10, 2015 (5.00 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 Email to [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) by mentioning their Folio No. / DP ID & Client ID.
- (iv) A Member can opt for only one mode of voting i.e. either through remote e-voting or by Ballot. If a Member casts votes by both modes, then voting done through remote e-voting shall prevail and voting done through Ballot Form shall be treated as invalid.

**x. General instructions**

- (i) The remote e-voting period commences on Tuesday, September 8, 2015 (9.00 a.m. IST) and ends on Thursday, September 10, 2015 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on Friday, September 4, 2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for remote 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 Friday, September 4, 2015.
- (iii) The facility of voting (either through electronic voting or ballot) will also be made available at the Annual General Meeting. Members attending the meeting who have not already cast their vote (either through electronic voting or ballot paper) will be able to exercise their right at the Annual General Meeting. Please note that the members who have cast their vote by e-voting prior to the Annual General Meeting may also attend the meeting but shall not be entitled to cast their vote again.
- (iv) The Company has appointed, Mr. Prashant Diwan, Practicing Company Secretary (Membership no. FCS 1403 and COP no. 1979) 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.
- (v) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favor of or against, if any, not later than three days after the conclusion of the AGM to the Chairman of the Company. The Chairman, or any other person authorized by the Chairman, shall declare the result of the voting forthwith.
- (vi) The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.oracle.com/financialservices](http://www.oracle.com/financialservices) and on the website of Central Depository Services (India) Limited [www.cdslindia.com](http://www.cdslindia.com), after the result is declared by the Chairman, and the same shall be communicated to BSE Limited and National Stock Exchange of India Limited, where the equity 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. 7 to 9 in the accompanying Notice dated July 23, 2015.

#### **Item no. 7:**

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.

Pursuant to the provisions of Section 143(8) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder the Members of the Company at the Annual General Meeting of the Company held on Friday, September 12, 2014 have appointed M/s. S. R. Batliboi & Associates LLP, Chartered Accountants (ICAI Firm Registration no. 101049W) as the Branch Auditors of the Company, to hold office 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) and to fix their remuneration.

The Board of Directors of the Company ("the Board") seeks approval of the Members to ratify and confirm the appointment of 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 conclusion of this Annual General Meeting till the conclusion of the Annual General Meeting to be held in the year 2016 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. 7 of the Notice.

Your Directors recommend the resolution at item no. 7 of the Notice.

#### **Item no. 8:**

Ms. Maria Smith (DIN: 07182337) was appointed as an Additional Director of the Company by the Board of Directors on July 23, 2015. Pursuant to and in accordance with the provisions of the Section 161 of the Companies Act, 2013, and Article 109 of the Articles of Association of the Company, Ms. Smith holds office up to the date of this Annual General Meeting and is eligible for appointment as a Director of the Company, liable to retire by rotation. Ms. Smith shall not draw any remuneration from the Company.

The Company has received a notice from a Member, along with the requisite deposit under Section 160 of the Companies Act, 2013, proposing her candidature for appointment as a Director of the Company. A brief write up on Ms. Smith is provided under additional information forming part of the Notice.

Ms. Smith is a very senior and experienced finance professional with global experience. The Company with its global operations would benefit from her experience.

Except Ms. Smith, 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.

#### **Item no. 9:**

Mr. Sridhar Srinivasan (DIN: 07240718) was appointed as an Additional Director in the capacity of an Independent Director of the Company by the Board of Directors on July 23, 2015. Pursuant to and in accordance with the provisions of Sections 149, 152, 161 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 and Article 109 of the Articles of Association of the Company, Mr. Srinivasan holds office up to the date of this Annual General Meeting and is eligible for appointment as a Director of the Company. It is proposed to appoint Mr. Srinivasan as an Independent Director of the Company for a term up to March 31, 2020, not liable to retire by rotation.

Mr. Srinivasan has given a declaration that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013. Mr. Srinivasan fulfils the conditions specified in the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement executed with the stock exchanges (each as amended from time to time) for his appointment as an Independent Director of the Company and is independent of the management.

The Company has received a notice from a Member, along with the requisite deposit under Section 160 of the Companies Act, 2013, proposing his candidature for appointment as a Director of the Company. A brief write up on Mr. Srinivasan is provided under additional information forming part of the Notice.

Mr. Srinivasan has over 30 years of experience in the Financial Services Industry and his skills and experience are highly valuable to the Company.

Except Mr. Srinivasan, no Director, Key Managerial Personnel of the Company, or their relatives, is in any way concerned or interested in the resolution at item no. 9 of the Notice.

Your Directors recommend the resolution at item no. 9 of the Notice.

## ADDITIONAL INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH REGARD TO DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE TWENTY SIXTH ANNUAL GENERAL MEETING:

### 1. Mr. Derek H Williams

Mr. Derek H Williams was appointed as an Additional Director on May 1, 2007. The Members of the Company at the Annual General Meeting held on August 24, 2007 had appointed Mr. Williams as a Director, liable to retire by rotation. Mr. Williams is Executive Vice President of Oracle Corporation. In this role, he provides overall leadership for Oracle Japan. He also serves as the Company's top ambassador for industry, government and policy within the Asia Pacific region.

Mr. Williams was responsible for Oracle's Asia Pacific operations from 1991 to 2009. As on date, Oracle has 75 offices in 29 countries in Asia Pacific and Japan.

Among his key accomplishments was the development of Oracle's business in China and India. In China, there are five development and solution centers including the Oracle Asia Research and Development Centers in Beijing, Shanghai and Shenzhen. In recognition of his contribution to the development of the Chinese software industry, Mr. Williams was awarded an honorary professorship from Shanghai Textile University in 1995.

Mr. Williams is a member of Oracle's Executive Committee, and a director for Oracle Japan.

Mr. Williams does not hold any equity share of the Company as on date.

Mr. Williams holds directorships and committee membership / chairmanship in the following companies:

List of other Directorships held	Membership in Committees of other companies	Chairmanship in Committees of other companies
Nihon Oracle Kabushiki Kaisha	Nomination Committee Compensation Committee	Audit Committee —
PeopleSoft Australia Pty. Ltd. (in liquidation)	—	—
PeopleSoft Worldwide (M) Sdn. Bhd. (in liquidation)	—	—
edocs Asia-Pacific Pty Limited (in liquidation)	—	—

### 2. Mr. Chaitanya Kamat

Mr. Chaitanya Kamat is the Managing Director & CEO of the Company since October 25, 2010.

Mr. Kamat has over 30 years of financial services, consulting and business transformation experience. His expertise in banking transformation has driven strong top line impact for both the products and services businesses at Oracle Financial Services Software. He is passionate in nurturing a culture of operational excellence and customer delight.

Prior to joining Oracle, Mr. Kamat was Managing Director at STG, a leading private equity firm focused on investing in software and enterprise services companies. At STG, he was responsible for the transformation and operations of its portfolio companies with a specific focus on their use of global operating models.

Earlier Mr. Kamat worked as the CEO of a retail financial services startup and at Accenture. Joining Accenture in 1986, he worked across Accenture locations in India, United States, Sweden, Hungary and the Philippines in a range of business consulting and large scale systems integration engagements. In his last role at Accenture, Mr. Kamat was Managing Partner of Accenture's India Delivery Centre Network where he was responsible for establishing from scratch and growing to a 13,000 strong unit serving over 200 global clients.

Mr. Kamat obtained his Masters in Computer Science from the University of Bombay and a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad. He has served as the Chairman of the Board of Directors at Teleca AB, and as a Director on the Boards of Netik Inc., Symphony Marketing Solutions Inc. and The Capital Markets Company NV.

The Members at the Annual General Meeting of the Company ('AGM') held on August 14, 2013 have approved the re-appointment of Mr. Kamat as the Managing Director and CEO of the Company for a period of three years up to October 24, 2016 at a remuneration and other perquisites as mentioned in the notice of the said AGM. Mr. Kamat is liable to retire by rotation.

Mr. Kamat is the Chairman of Corporate Social Responsibility Committee and Business Responsibility Committee of the Company. He is also a Member of ESOP Allotment Committee, Risk Management Committee and Stakeholders' Relationship Committee of the Company.

Mr. Kamat does not hold any directorship and he does not hold any equity share of the Company as on date.

### 3. Ms. Samantha Wellington

Ms. Samantha Wellington was appointed as an Additional Director on April 10, 2013. The Members of the Company at the Annual General Meeting held on August 14, 2013 had appointed Ms. Wellington as a Director, liable to retire by rotation. Ms. Wellington is Managing Counsel for Oracle Corporation. She has worked in Oracle's Australian, Asia Pacific and global businesses and brings more than 12 years of technology-industry legal experience and expertise to her role at Oracle. Prior to her position at Oracle, Ms. Wellington was a Lawyer for the Australian Communications and Media Authority, statutory

authority responsible for the regulation of broadcasting, the internet, radio communications and telecommunications and for FOXTEL, Australia's largest provider of subscription television services.

Ms. Wellington graduated from Australia's University of New South Wales with a LL.M in Media, Communications and Information Technology Law. She earlier received her LL.B from the University of Wollongong and also holds a BCA from the University of Wollongong. Ms. Wellington is admitted to practice law in both New South Wales, Australia and California, USA.

Ms. Wellington does not hold any equity share of the Company as on date.

Ms. Wellington holds directorships in the following companies:

List of other Directorships held	
AmberPoint Technology India Private Limited	Oracle Hungary Kft.
BEA Systems (China) Co., LTD	Oracle Romania SRL
BitzerMobile India Private Limited	Oracle Hrvatska d.o.o.
Eontec Limited	Oracle Corporation Japan
FatWire Software India Private Ltd.	Oracle Senegal SARL
Fidelio India Private Limited	Oracle Software (Nigeria) Limited
GoAhead Software India Private Limited	Oracle Software d.o.o. Ljubljana
GoldenGate Technologies South Asia Private Limited	Oracle Srbija & Crna Gora d.o.o. Beograd
Hyperion Solutions (China) Ltd.	Oracle Technology Company
J.D. Edwards Europe Limited	Oracle Technology Systems (Ghana) Limited
J.D. Edwards Software India Pvt. Ltd.	Oracle Technology Systems (Kenya) Limited
Logical Apps Solutions Pvt. Ltd.	PeopleSoft China Holding Corporation
Micros Fidelio Group Holdings Limited	PeopleSoft India Private Limited
Micros Fidelio Holdings Limited	Phase Forward Software Services India Private Limited
Micros-Fidelio (Thailand) Co., Ltd.	ProfitLogic Software Private Limited
Nihon Oracle Kabushiki Kaisha	Relsys (India) Private Limited
OCAPAC Distributor Partner	Responsys Business Solutions India Private Limited
OCAPAC Hardware Partner	Siebel Systems Ireland Holdings Limited
OCAPAC Holding Company	Siebel Systems Software (India) Private Limited
OCAPAC Mauritius Holding Company Limited	Sistemas Oracle de Chile, S.A.
OCAPAC Research Company	Sophoi Technologies Private Limited
OCAPAC Research Partner	Sunday Bazar Internet Sales Private Limited
Oracle (QFC) Systems LLC	Tekelec Systems India Private Limited
Oracle Corporation (Thailand) Company Limited	Waban Software Private Limited

Ms. Wellington does not hold any committee membership / chairpersonship in the above companies.

Ms. Wellington is the Chairperson of Risk Management Committee of the Company and also Member of Corporate Social Responsibility Committee of the Company.

#### 4. **Ms. Maria Smith**

Ms. Maria Smith was appointed as an Additional Director on July 23, 2015. Ms. Smith is Vice President, Assistant Corporate Controller and Vice President, Mergers and Acquisitions Integration for Oracle Corporation. In her role, Ms. Smith is responsible for leading Global Controller & Accounting Operations for EMEA, Americas and JAPAC and also Corporate Accounting.

Ms. Smith joined Oracle in 1999. Prior to Oracle, she was financial controller at Fujitsu Consulting and Amdahl Ireland. Ms. Smith began her career with Ernst and Young and brings over 25 years of financial accounting and executive management experience.

Ms. Smith graduated from Dublin City University with a bachelor's degree in Accounting and Finance. She is a Fellow of the Institute of Chartered Accountants in Ireland.

In 2014, Ms. Smith was a winner at WXN Ireland's Most Powerful Women in the Corporate Executive Category, which was sponsored by HSBC bank.

Ms. Smith does not hold any equity share of the Company as on date.

Ms. Smith holds directorships in the following companies:

List of other Directorships held	
Eontec Limited	OCAPAC Research Partner
J.D. Edwards Europe Limited	Oracle CAPAC Services
Micros Fidelio Group Holdings Limited	Oracle Corporation Australia Pty Limited
Micros Fidelio Holdings Limited	Oracle EMEA Holdings Limited
OCAPAC Distributor Partner	Oracle EMEA Limited
OCAPAC Hardware Partner	Oracle Technology Company
OCAPAC Holding Company	Siebel Systems Ireland Holdings Limited
OCAPAC Research Company	Oracle Nederland B.V.

Ms. Smith does not hold any committee membership / chairpersonship in the above companies.

Ms. Smith is a Member of Audit Committee of the Company.

## 5. Mr. Sridhar Srinivasan

Mr. Sridhar Srinivasan was appointed as an Additional Director on July 23, 2015. Mr. Srinivasan is a leading international expert in Financial Services. He has over 30 years of experience in the Financial Services Industry.

Mr. Sridhar Srinivasan is a Senior Advisor with Oliver Wyman, a global management consulting firm. He joined Oliver Wyman in early 2013 as a Partner and India Head. He works with CEOs, Boards of Directors and other senior leaders of top Financial Services companies in the region on topics such as Management Strategy, Risk Management, Client Coverage models, Product and Distribution strategies, Cost Optimization, Governance and Regulatory Compliance.

Prior to joining Oliver Wyman, he was Managing Director of Citigroup, based in London. He was with Citigroup for over 28 years and has worked in 6 countries across Asia, Africa and Europe. Some of the leadership positions he held with Citigroup included being the CEO for three countries, Corporate Bank Head for India and Transaction Services Head for Africa.

Mr. Srinivasan is a graduate of Delhi University and is also a Chartered Accountant.

Mr. Srinivasan does not hold any equity share of the Company as on date.

Mr. Srinivasan is a member of the Nomination and Remuneration Committee of the Company.

Mr. Srinivasan does not hold any directorships.

## DISCLOSURE IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT

There are no inter-se relationships between the Board members.

By Order of the Board of Directors

**Onkarnath Banerjee**  
Company Secretary and Compliance Officer  
Membership no. ACS 8547

Mumbai  
July 23, 2015

Registered Office:  
Oracle Park  
Off Western Express Highway  
Goregaon (East)  
Mumbai 400063  
Tel. no.: 91 22 6718 3000 Fax no.: 91 22 6718 4604

CIN: L72200MH1989PLC053666

Website: [www.oracle.com/financialservices](http://www.oracle.com/financialservices)  
Email: [investors-vp-ofss\\_in\\_grp@oracle.com](mailto:investors-vp-ofss_in_grp@oracle.com)

# 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 4604

Website: [www.oracle.com/financialservices](http://www.oracle.com/financialservices) Email: [investors-vp-ofss\\_in\\_grp@oracle.com](mailto:investors-vp-ofss_in_grp@oracle.com)

I hereby record my presence at the Twenty Sixth Annual General Meeting of the Company held on Friday, September 11, 2015 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 1<sup>st</sup> Joint Holder.

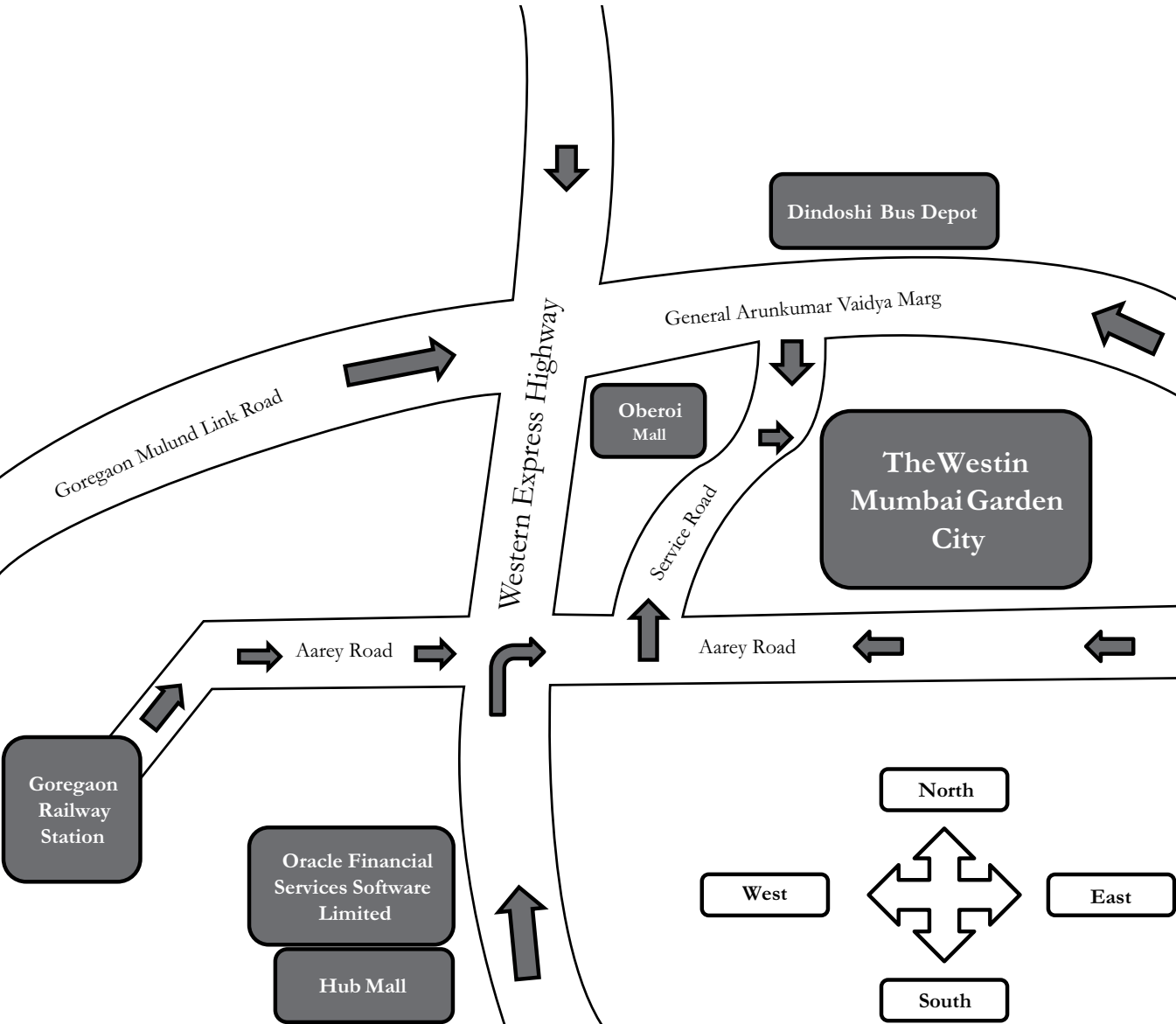
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Notes:

- (1) Members / Proxy holders 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.



Route map to the venue of the AGM





## 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 4604

Website: www.oracle.com/financialservices Email: investors-vp-ofss\_in\_grp@oracle.com

Name of the member(s)

Registered address

Email 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 Sixth Annual General Meeting of the Company to be held on Friday, September 11, 2015 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, 2015, the Statement of Profit and Loss 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. Derek H Williams (DIN: 01266532), who retires by rotation and, being eligible, offers himself for re- appointment.			
3	Appointment of a Director in place of Mr. Chaitanya Kamat (DIN: 00969094), who retires by rotation and, being eligible, offers himself for re-appointment.			
4	Appointment of a Director in place of Ms. Samantha Wellington (DIN: 02054439), who retires by rotation and, being eligible, offers herself for re-appointment.			
5	To confirm the payment of interim dividend and to declare final dividend on equity shares for financial year ended March 31, 2015.			
6	To ratify and confirm the appointment of M/s. S. R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration no. 101049W) as the Statutory Auditors of the Company and to fix their remuneration.			
Special Business				
7	To ratify and confirm the appointment of M/s. S. R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration no. 101049W), as the Branch Auditors of the Company and to fix their remuneration.			
8	Appointment of Ms. Maria Smith (DIN: 07182337), as a Director of the Company.			
9	Appointment of Mr. Sridhar Srinivasan (DIN: 07240718), as an Independent Director of the Company.			

\* 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 ..... 2015.

\_\_\_\_\_  
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 up to 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.





Oracle Financial Services Software Limited

Registered Office  
Oracle Park, Off Western Express Highway  
Goregaon (East), Mumbai 400063, Maharashtra, India  
CIN: L72200MH1989PLC053666

Investor Enquiries  
Phone: + 91.22.6718.3000  
Fax: + 91.22.6718.4604  
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## Integrated Cloud Applications & Platform Services

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Oracle is committed to developing practices and products that help protect the environment

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CIN: L72200MH1989PLC053666**Form A**

1.	Name of the Company	Oracle Financial Services Software Limited
2.	Annual financial statements for the year ended	March 31, 2015
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 OfficerRichard Jackson  
Chairman of Audit CommitteeMakarand 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 : 14/08/2015

# Business Responsibility Report

## for the Financial Year 2014-2015

### 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, 2014 to March 31, 2015
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, China
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 (as on March 31, 2015)	₹ 423.07 million
2. Total Turnover (for financial year ended March 31, 2015)	₹ 33,410.95 million
3. Total profit after taxes (for financial year ended March 31, 2015)	₹ 10,580.20 million
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax	1.13 %
5. List of activities in which expenditure in 4 above has been incurred	Education, Environment and Community

### 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 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 policies for each of the principles?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders? <sup>†</sup>	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? <sup>§</sup>	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 (See ref. below)	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? <sup>**</sup>	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 ( <a href="https://www.compliance-helpline.com/oracle.jsp">https://www.compliance-helpline.com/oracle.jsp</a> ).								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? <sup>††</sup>	Y	N	N	N	Y	N	N	N	N

<sup>†</sup> 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 2014-15 is available on <http://www.oracle.com/us/industries/financial-services/046571.html>. 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 no complaint received in the Financial Year 2014-15.

### **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.

Company has implemented an e-delivery mechanism for its software where by saving on physical media and infrastructure needed for shipping the media. This improved the productivity and made it environment friendly.

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**

Information collected over last two years shows that quarterly shipments which used to be about 200 each quarter, have reduced to just about 4-5 per quarter.

**B. Reduction during usage by consumers (energy, water) achieved since the previous year**

Same applies at the customer end also as they contribute towards these savings by making use of the e-delivery environment.

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. 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.



Company has enrolled multiple suppliers with preferences to a local vendor in several areas such as, office catering, local transportation, suppliers for subcontracted resources.

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.
- The company discourages use of paper wherever feasible. Internal processes have been enhanced to process significant amount of expenses through electronic submissions of the vouchers, receipts, and other voluminous documents significantly saving paper usage, movement and storage.
- Sewage Treatment Plants are installed in our owned office premises (Mumbai, Pune and Bangalore) where we treat the waste water and the treated waste water is re-used for non-drinking purposes.
- Company follows the process of safe handling and disposal of e-waste. Specialized agencies are hired to carry out the e-waste disposal as per the applicable local norms and in an environment friendly manner.

### 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, 2015 (in numbers)
Total number of employees	9,352
Permanent employees	8,928
Temporary/contractual/casual basis- employees	424
Permanent women employees	2,447
Employees with disabilities	Not applicable*

\* As per the data privacy and non-discrimination principles, Company does not disclose this information.

5. Does the Company have an employee association that is recognized by management?

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 that the Company received during the financial year 2014-15 and pending as on March 31, 2015. There was one complaint of sexual harassment received in the financial year 2014-15 and the issue has been addressed per the norms of Company policy.

8. What percentage of Company's under mentioned employees were given safety & skill up-gradation training in the last year?

- a. **Permanent Employees:** 95% of our 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.
- b. **Permanent Women Employees:** All employees (except employees who were on long medical leave) have undergone the safety training.
- c. **Casual/Temporary/Contractual Employees:** 90% of all contractual employees have undergone this training in the last year.
- d. **Employees with Disabilities:** Same as above. This data is not separately maintained.

## 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 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 policy is applicable to the Company, its subsidiaries and vendors. The commitment to human rights is embedded in the Oracle Code of Ethics and Business Conduct adopted by the Company. The Company requires vendors to comply with the relevant laws safeguarding labor rights and human rights in their respective jurisdiction, and where the clauses of the Code are stringent, 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?

No stakeholder complaints have been received by the Company in the financial year 2014-15.

## 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's Global Environment, Health and Safety Policy is applicable to all 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. Company's Real Estate & Facilities Global Sustainability Program 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 professional consultation to evaluate issues of discomfort at the workplace experienced by the employees. The Company implements the recommendations based on a professional 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, this is not relevant.

### 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 assets – major refresh of the laptops and desktops across the company was done during the year to deploy modern and energy efficient workstations.
- B. Commenced the migration of enterprise network to MPLS technology providing greater speed, reliability and security.

- C. Online presence –launched new online internal video platform that empowers individual to create and edit video messages, slides accompanied by audio, web camera recordings, in addition to on-line video presence. The platform offers wide applications such as remote training, remote meetings with much greater ease, reducing the need for travel and helps reduce costs and carbon foot-print.

These initiatives have led to savings in energy required for running the equipment, created more secure operating environment, facilitated communication across the globe. 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, Mumbai, India
- Confederation of Indian Industry (CII), India

**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?**

Pursuant to the introduction of Corporate Social Responsibility (CSR) requirement as set out in Section 135 of the Companies Act, 2013, the company has formulated a CSR policy for covering education, protecting the environment and enriching community life. The Company has awarded cash grants to non-profit organizations, non-governmental organizations and other implementation partners to carry out its CSR initiatives. Volunteering by employees as well as awarding in-kind grants of software, curriculum, training and certification resources to educational institutions also forms some of the initiatives the Company would undertake in this area.

Corporate Social Responsibility Report giving the requisite details of CSR spending for the financial year ended March 31, 2015 forms part of the Annual Report of the Company.

**2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

The Company would use a judicious blend of in-house expertise, along with Donor Aided Funds and NGOs to manage its CSR initiatives.

**3. Have the Company done any impact assessment of Company's initiative?**

As the CSR program of the Company is in its first year of implementation, impact assessment has not yet been carried out.

**4. What is the company's direct contribution to community development projects-Amount in INR and the details of the projects undertaken?**

The Company has spent an amount of ₹ 119.32 million for this Financial Year towards 33 programs / projects through various NGOs and other organizations in three areas of its focus, namely Education, Environment and Community. These projects are being implemented through 33 NGOs in the areas of Education (19 projects), Environment (5 projects) and Community (9 projects).

**5. Have the Company taken steps to ensure that this community development initiative is successfully adopted by the community?**

As the CSR program of the Company is in its first year of implementation, it is premature to comment on this aspect.

## 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, 2015.

**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 manuals. 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 behavior in the last five years.

**4. Did the Company carry out any consumer survey/ consumer satisfaction trends?**

The Company conducts customer satisfaction surveys twice every year. One for decision makers and influencers in the customer organization and the other for people at operational level. These provide a measure of health of customer relationships and are also the basis for identifying customer requirements and expectations.

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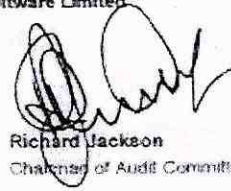
CIN: L72200MH1989PLC053666

## Form A

1.	Name of the Company	Oracle Financial Services Software Limited
2.	Annual financial statements for the year ended	March 31, 2015
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

  
Richard Jackson  
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 : 14/08/2015