



**Oracle Financial Services Software Limited**  
Annual Report  
2015-16



## From the Chairman's desk

I am pleased to report the results for the financial year ended March 31, 2016. On a consolidated basis, your Company's revenue stood at ₹ 40,928 million this year, an increase of 5% over the previous financial year. The operating income was ₹ 16,058 million this year, an increase of 8% over the last financial year. Your Company achieved notable successes by continuing to win marquee clients during the year.

As the millennials are increasingly moving into a position of economic power and decision making, financial institutions need to adapt themselves to address demands of this new generation. Digital is an important strategy that financial institutions need to pursue to cater to the new requirements. Your Company launched the Oracle Banking Digital Experience solutions this year which is a compelling offering that empowers progressive transformation, and helps financial institutions to stay ahead of the Digital disruption that is taking place. The early strategic wins for the product reflect our success during the year.

Compliance is gaining increasing focus the world over. Regulators globally are far better connected with their counterparts in other countries. Seamless exchange of information across the borders is a reality. The world is more interlinked and regulatory frameworks are getting standardized across continents. Your Company offers the most comprehensive range of analytical applications spanning Risk, Compliance, Regulatory Reporting, Marketing, Treasury and Finance. Your Company has an enviable roster of the Systemically Important Financial Institutions (SIFIs) who use the Oracle Financial Services Analytical Applications to address the compliance and regulatory requirements. Leading banks around the world continue to sign up for Oracle's financial crime and compliance solutions.

Your Company provides solutions that eliminate complexity and enable business innovation. Your Company continues to invest significantly in research and development to build products that help financial institutions transform their core systems, accelerate delivery of innovative products, enhance customer experience, and improve margins to drive competitive advantage. Your Company's flagship offering, Oracle FLEXCUBE, continues to be the preferred choice of banks to consolidate and grow their domestic and international operations. The product is proven across over 120 countries and continues to be selected for many diverse situations. A recent win at T-Mobile in the USA was one such example of enabling the capability to finance mobile devices either on a loan or lease to customers.

The move to Cloud is one of the most significant disruptive forces sweeping the industry today. While financial institutions are slow to adopt Cloud as a platform for their mission critical applications, it is already a part of the discussions in the board rooms. Organizations need to rethink their internal structure and decision making processes to gain most value from the Cloud. Your Company has a strong portfolio in their area and continues to invest in the Cloud to create most compelling offerings to financial institutions.

Your Company's products continue to receive high rankings from independent industry analysts. The leading analyst firm, CEB Tower Group, ranked Oracle best-in-class in all four categories of their CX/CRM solutions for banking in a report published in December 2015. Your Company's offering was awarded the Best Regulatory Reporting Platform 2015 by Operational Risk & Regulation. Oracle moved up to #4 on the Chartis Risk Tech 100 for 2015.

The world is fast changing and these are exciting times for the financial services industry. Your Company is well equipped to meet these opportunities and lead the competition.

On behalf of the Board of Directors and Management of Oracle Financial Services Software, I would like to thank you for your support and look forward to your good wishes to help the Company to achieve its 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

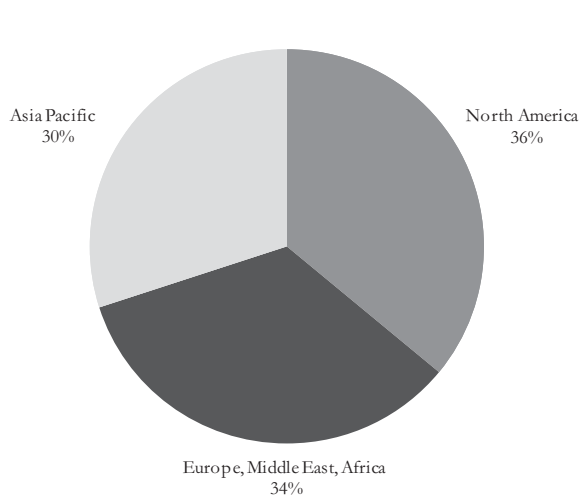
Day and Date	:	Wednesday, September 7, 2016
Time	:	2.30 p.m.
Venue	:	The Westin Mumbai Garden City International Business Park Oberoi Garden City, Goregaon (East) Mumbai 400063

## Financials at a glance

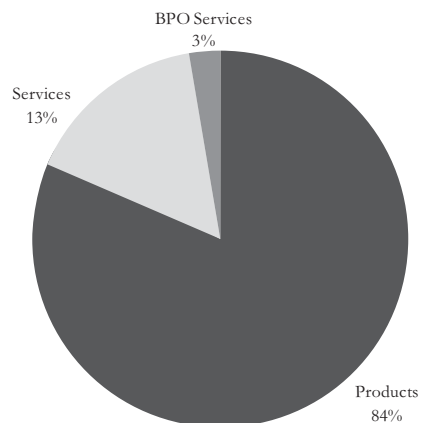
### Key performance indicators 2015-16

As per Indian GAAP Consolidated results

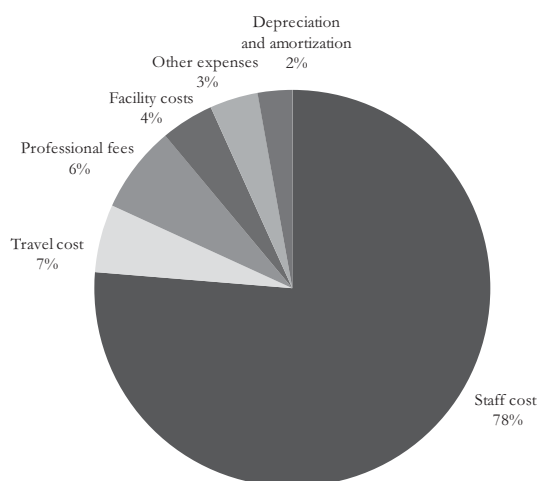
Fiscal year 2015-16 break up in terms of operating revenue by region, operating revenue by portfolio and expense by category



Operating revenue by region



Operating revenue by portfolio



Expense by category

### Ten years in the industry

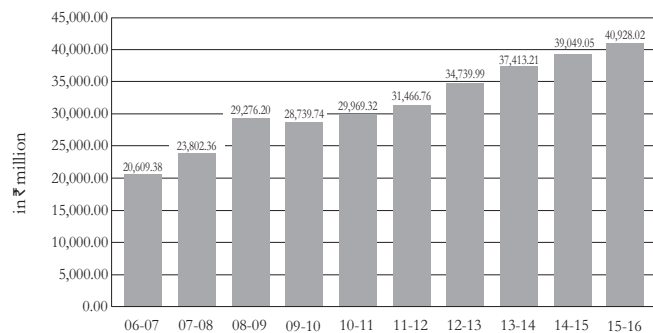
(Amounts in ₹ million except EPS & Book Value)

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Operating Revenue	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	40,928.02
Interest and Other Income (expense)	367.28	631.16	1,763.89	(858.03)	1,668.26	4,217.49	4,595.44	6,736.48	3,481.34	2,559.65
Total Revenue	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	43,487.67
Total Expenses	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	24,869.63
EBT	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	18,618.04
Tax	415.95	441.68	835.36	1,197.69	1,370.12	5,076.29	5,380.58	6,420.42	6,385.17	6,960.28
EAT	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	11,657.76
EPS	43.87	48.98	86.80	91.17	130.93	107.15	126.70	160.19	140.51	137.38
Book Value	278.34	327.26	413.04	505.51	637.04	744.48	872.82	1,034.29	405.87	433.10

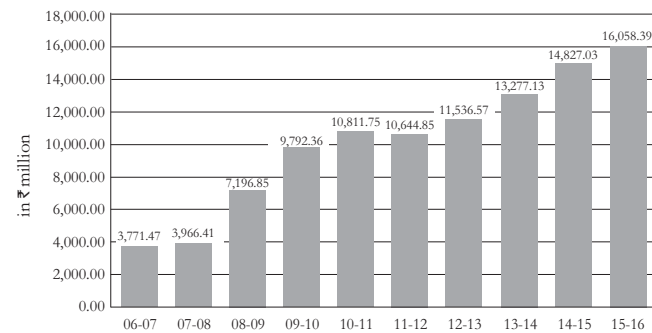
Note: All EPS and Book Values are computed based on the equity capital base of 84,856,178 shares as on March 31, 2016.

## Key metrics 2006-2016

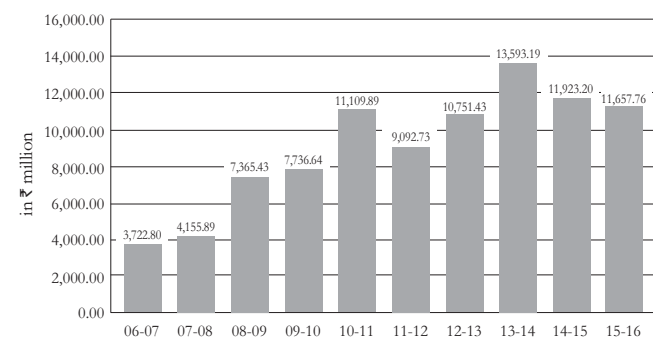
### Operating revenue



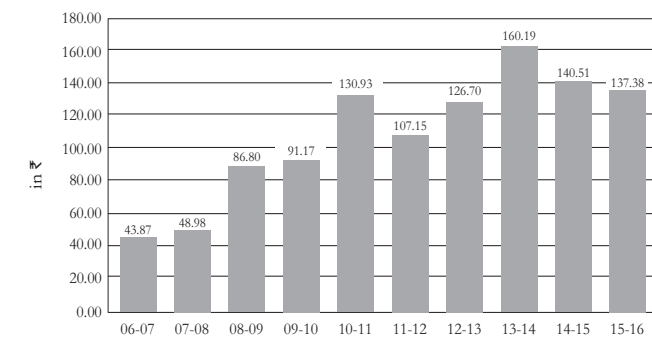
### Operating income



### Net income

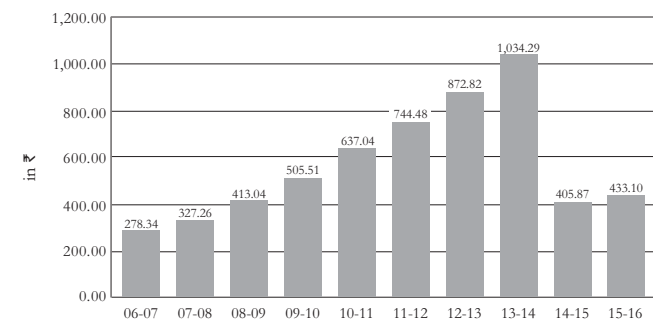


### Earnings per share



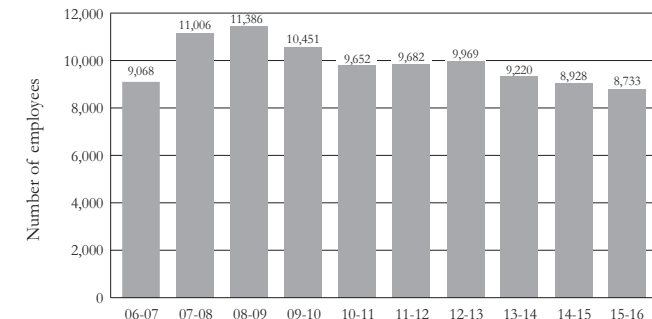
Earnings per share is computed on the equity capital base of 84,856,178 shares as on March 31, 2016.

### Book value

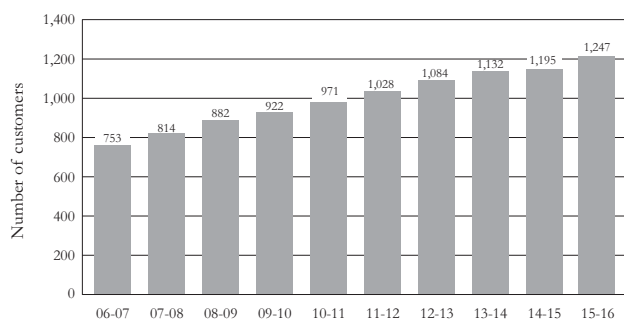


Book Value is computed on the equity capital base of 84,856,178 shares as on March 31, 2016.

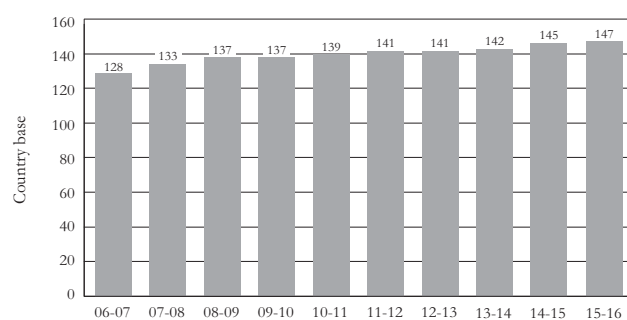
### Number of employees including subsidiaries



### 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

#### Company secretary and Compliance officer

Onkarnath Banerjee

#### Chief accounting officer

Avadhut (Vinay) Ketkar

#### Legal counsel

Mohamed Yacob

#### Registered office

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

CIN: L72200MH1989PLC053666

#### Registrars & Transfer Agents

Link Intime India Private Limited  
C-13 Pannalal Silk Mills Compound  
L.B.S. Marg, Bhandup (West)  
Mumbai 400078, Maharashtra, India

#### 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.

#### Management team

Abhik Ray

Arvind Gulhati

Bindu Venkatesh

Deepak Kewalramani

Dinakar Kini

Dinesh V Shetty

Edwin Niranjana Moses

George Thomas

Karthick R Prasad

Laura Balachandran

Mahesh Kandavar Rao

Manish Chandra Gupta

Manmath Kulkarni

Nikos Goutsoulas

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



## Offices

### India

Oracle Financial Services Software Limited  
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

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

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

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

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

### Asia Pacific

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

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, PRC, China

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

Oracle Financial Services Software (Shanghai) Limited  
Unit 806, Henderson Metropolitan Building  
155, Tianjin Road, Shanghai, PRC, China 200001

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

## Offices

### Europe, Middle East & Africa (EMEA)

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

Mainzer Landstrasse 49a  
60329 Frankfurt am Main, Germany

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

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

Molyneux House  
Bride Street, Dublin 8  
Ireland

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

Oracle Financial Services Software Limited  
bld.6/1, Village Moskovsky,  
22-nd km Kievskoe Route  
Moscow, Russian Federation, 142784

Park Rotana, Level One, Office 108  
Khalifa Park, Sector E-48  
PO Box 769441  
Abu Dhabi, UAE

Abdullah Omran Taryam Street  
Block A, Second Floor  
Units A201-A209  
Office Park, Dubai Internet City  
Dubai, UAE

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

### Americas

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

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

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

Oracle (OFSS) BPO Services Inc.  
17901 Von Karman Avenue Suite # 800  
Irvine, CA 92614 USA

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

# Directors' report

## Financial year 2015-16

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 2015-16.

### Financial highlights

As per Indian GAAP Consolidated financial statements:

(Amounts in ₹ million)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Revenue from operations	40,928.02	39,049.05
Other income, net	2,559.65	3,481.34
Total income	43,487.67	42,530.39
Depreciation and amortization	(529.27)	(680.92)
Profit before tax	18,618.04	18,308.37
Tax expenses	(6,960.28)	(6,385.17)
Profit for the year	11,657.76	11,923.20

As per Indian GAAP Unconsolidated financial statements:

(Amounts in ₹ million)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Revenue from operations	34,868.09	33,410.95
Other income, net	1,864.92	3,758.99
Total income	36,733.01	37,169.94
Depreciation and amortization	(497.72)	(634.37)
Profit before tax	15,010.95	16,136.29
Tax expenses	(5,722.45)	(5,556.09)
Profit for the year	9,288.50	10,580.20

### Performance

On consolidated basis, your Company's revenue stood at ₹ 40,928 million this year, an increase of 4.8% from ₹ 39,049 million of the previous financial year. The net income was ₹ 11,658 million this year, a decrease of 2.2% primarily on account of lower interest income.

On an unconsolidated basis, your Company's revenue grew to ₹ 34,868 million during the financial year 2015-16 from ₹ 33,411 million last year. This represents a growth of 4.4%. The Company's net income for the financial year 2015-16 was ₹ 9,289 million, a decrease of 12.2% 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

Your Board is pleased to recommend a final dividend of ₹ 100 per equity share of face value of ₹ 5 each for the financial year ended March 31, 2016.

The Register of Members and Share Transfer Books will remain closed from Thursday, September 1, 2016 to Wednesday, September 7, 2016 (both days inclusive) for the purpose of payment of final dividend for the financial year ended March 31, 2016 and the Annual General Meeting. The Annual General Meeting is scheduled to be held on Wednesday, September 7, 2016. The dividend, if approved at the forthcoming Annual General Meeting, will be paid to those members whose names appear on the Register of Members as on the close of business hours of Wednesday, August 31, 2016.

### 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 2015-16.

## Share capital

During the year the Company allotted 241,319 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, 2016, the paid-up equity share capital of the Company was ₹ 424,280,890 divided into 84,856,178 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 to this report.

## Directors and key managerial personnel

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

The current term of appointment of Mr. Chaitanya Kamat as the Managing Director and Chief Executive Officer of the Company expires on October 24, 2016. It is proposed to re-appoint Mr. Chaitanya Kamat as the Managing Director and Chief Executive Officer of the Company for a further period of five years from October 25, 2016 to October 24, 2021. The terms and conditions of Mr. Kamat's re-appointment are part of the Notice of the Annual General Meeting. Mr. Kamat shall be liable to retire by rotation.

The Board recommends to the Members the resolutions for re-appointment of Mr. Robert K Weiler and Mr. Harinderjit Singh as Directors of the Company, liable to retire by rotation. The Board also recommends to the Members the resolution for re-appointment of Mr. Kamat as the Managing Director and Chief Executive Officer of the Company for a further period of five years.

A letter of appointment is issued to the Independent Director at the time of appointment. The model copy of the letter is available on Company's website at: <http://www.oracle.com/us/industries/financial-services/model-letter-appointment-director-2399432.pdf>

All Independent Directors have given declarations under Section 149(6) of the Companies Act, 2013 confirming that they meet the criteria of independence.

Brief resumes of the Directors proposed to be re-appointed, the nature of their expertise in specific functional areas and the names of companies in which they hold directorships and memberships / chairmanships of Board Committees, etc. are provided in the Notice and Report on Corporate Governance forming part of this Annual Report.

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 policies

### Board evaluation policy

In accordance with the requirements of the Section 178 of the Companies Act, 2013 and the Regulation 17(10) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Chairman of the Nomination and Remuneration Committee conducts the Board evaluation. The report of the evaluation is tabled at the Board meeting.

### Record retention policy

Pursuant to Regulation 9 and 30(8) of Listing Regulations, the Company has framed a Record retention policy.

### Risk management policy

The Company has established Risk Management Policy which states out the Company's principles and processes with regard to identification, analysis and management of applicable risks.

### Remuneration policy

The Nomination and Remuneration Committee determines the remuneration payable to the Directors within the limits approved by the shareholders. Independent Non-Executive Directors are paid commission based on the committee Chairmanships / memberships.

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

The Committee reviews and approves the stock options and other share based awards / payments to Executive directors, Key Managerial Personnel and employees of the Company.

## Policy on determination of material events and information

The Company has a policy on determination of material events and information and sets out the classes and types of material events or information which requires disclosure to stock exchanges. The policy is available on the Company's website at: <http://www.oracle.com/us/industries/financial-services/policy-determining-material-2615655.pdf>

## 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 Regulation 46 of the Listing Regulations, 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/corporate/careers/diversity/038400.pdf>

## Related party transactions policy

The Company has framed a related party transactions policy in accordance with the provisions of the Companies Act, 2013 and the Listing Regulations. All related party transactions which were entered into during the financial year 2015-16 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 on website of the Company at: <http://www.oracle.com/us/industries/financial-services/ofss-party-transactions-policy-2288144.pdf>

## Directors’ familiarization program

The Company has a familiarization program for new directors including independent directors. 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 is available on Company’s website at: <http://www.oracle.com/us/industries/financial-services/financial-familiarization-program-2547373.pdf>

## Subsidiaries

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

Pursuant to provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of the financial statements of the Company’s subsidiaries in Form AOC-1 is attached to the financial statements of the Company.

Further, pursuant to the provisions of Section 136 of the Companies Act, 2013, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries, are available on the website of the Company at [www.oracle.com/financialservices](http://www.oracle.com/financialservices)

## 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) centers 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 investment your Company makes in building applications coupled with access to Oracle’s technology provides a unique competitive edge to its offerings.

Six in-house R&D centers in India of your Company have been accorded recognition by the Department of Scientific and Industrial Research (DSIR) from February 26, 2016. The aggregate expenditure on research and development activities in these in-house R&D centers is as follows:

Particulars	(Amounts in ₹ million)	
	Year ended March 31, 2016	Year ended March 31, 2015
Revenue Expenditure	2,711.00	2,621.62
Capital Expenditure	35.27	20.57

## Fixed deposits

During the financial year 2015-16, 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 Regulation 27 of the Listing Regulations. A separate report on Corporate Governance along with a certificate of Practicing Company Secretary with regard to compliance of conditions of Corporate Governance as stipulated in Regulation 34(3) of the Listing Regulations forms part of this Annual 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 annexed as Annexure 3 to this report.

The Practicing Company Secretary has noted in his Secretarial Audit Report that the composition of Board of Directors and the Nomination and Remuneration Committee of the Company was not as per Section 149(4) and Section 178(1) of the Companies Act, 2013 and Clause 49IIA(2) and Clause 49IVA of the Listing Agreement during the period from April 1, 2015 to July 22, 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 had appointed Mr. Sridhar Srinivasan, as a Non-Executive, Independent Director on July 23, 2015. Accordingly, the Company had since complied with the applicable regulations.

## Business responsibility report

Business Responsibility Report for financial year 2015-16 that 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 members of the Company on August 14, 2001, the Board of Directors, on March 4, 2002 approved the Employees Stock Option Scheme ("Scheme 2002") for issue of 4,753,600 options to the employees and directors of the Company and its subsidiaries. According to the Scheme 2002, the Company has granted 4,548,920 options prior to the IPO and 619,000 options at various dates after IPO (including the grants of options out of options forfeited earlier). On August 25, 2010, the Board of Directors approved the Employees Stock Option Plan 2010 Scheme ("Scheme 2010") for issue of 618,000 options to the employees and directors of the Company and its subsidiaries. According to the Scheme 2010, the Company has granted 638,000 options (including the grants of options out of options forfeited earlier).

Pursuant to ESOP scheme approved by the members of the Company in their meeting held on August 18, 2011, the Board of Directors approved the Employees Stock Option Plan 2011 Scheme ("Scheme 2011"). 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"). Accordingly the Company granted 95,545 Stock Options and 301,078 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 options.

In respect of the OFSS Stock Plan 2014, each of 25% of the total stock options / RSUs granted 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 with the Company or its subsidiaries. Options / RSUs have exercise period of 10 years from the date of grant. The employee pays the exercise price upon exercise of options/RSUs.

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, 2016	5,167,920	638,000	1,950,500	95,545	301,078	8,153,043
Number of options/RSUs lapsed and forfeited	(614,725)	(273,642)	(338,700)	(2,300)	(7,962)	(1,237,329)
Number of options/RSUs exercised	(4,530,195)	(269,014)	(491,875)	—	—	(5,291,084)
Total number of options in force as on March 31, 2016	23,000	95,344	1,119,925	93,245	293,116	1,624,630



The details of Options / RSUs granted to Directors and Senior Managerial Personnel under OFSS Stock Plan 2014 during the financial year ended March 31, 2016 are as follows:

Particulars	Number of RSUs (OFSS Stock Plan 2014)
i. Directors:	
Mr. Chaitanya Kamat	25,000
ii. Senior Managerial Personnel:	
Mr. Arvind Gulhati	5,000
Mr. Edwin Moses	3,750
Mr. Mahesh Rao	2,500
Mr. Makarand Padalkar	10,000
Mr. Mohamed Yacob	200
Mr. M Ravikumar	3,125
Mr. Nikos Goutsoulas	1,500
Mr. Onkarnath Banerjee	375
Mr. Sanjay Deshpande	1,500
Mr. Vikram Gupta	5,000
Mr. Vinayak Hampihallikar	1,750
iii. Any other employee, who receives grant in any one year of option/RSUs amounting to 5% or more of option / RSUs granted during the year	Nil
iv. 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
v. 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	₹ 109.03

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 reported as per proforma amounts indicated below:

(Amounts in ₹ million, except per share data)	
Particulars	Year ended March 31, 2016
Profit as reported	9,288.50
Add: Employee stock compensation under intrinsic value method	369.95
Less: Employee stock compensation under fair value method	(749.15)
Proforma profit	8,909.30
Earnings per share	
Basic	
- As reported	109.62
- Proforma	105.14
Diluted	
- As reported	109.03
- Proforma	104.69

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. The reported profit is after considering the cost of employee stock compensation using intrinsic value method on RSUs (₹ 369.95 million). The employee compensation cost using Fair value method on all the Stock options and RSUs for the year was ₹ 749.15 and the same is considered while calculating the proforma profit. 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, 2016 are as follows:

Particulars	Year ended March 31, 2016					
	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	36,400	1,978	164,690	2,064	1,414,628	2,837
Granted	—	—	—	—	—	—
Exercised	(13,400)	2,225	(63,666)	2,068	(164,253)	2,504
Forfeited	—	—	(5,680)	2,050	(130,450)	2,872
Outstanding at end of the year	23,000	1,835	95,344	2,062	1,119,925	2,882
Vested options	23,000		91,344		477,225	
Unvested options	—		4,000		642,700	
Options vested during the year	12,000		65,709		311,900	
Options forfeited / lapsed during the year	Nil		5,680		130,450	

The weighted average share price for the year over which stock options were exercised was ₹ 3,740. Money realized by exercise of options during the financial year 2015-16 was ₹ 572.81 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, 2016			
	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	147,889	5	58,370	3,241
Granted	153,189	5	37,175	3,987
Exercised	—	—	—	—
Forfeited	(7,962)	5	(2,300)	3,241
Outstanding at end of the year	293,116	5	93,245	3,539
Vested RSUs / Options	35,745		14,010	
Unvested RSUs / Options	257,371		79,235	
RSUs / Options vested during the year	35,745		14,010	
RSUs / Options forfeited / lapsed during the year	7,962		2,300	

The fair value of stock options / RSUs granted on November 5, 2015 under OFSS Stock Plan 2014 was ₹ 3,481, calculated as per the Black Scholes valuation model as stated in 22 (b) in the notes to accounts of standalone financials.



The details of options unvested and options vested and exercisable as on March 31, 2016 are as follows:

	Exercise prices (₹)	Number of options	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Options / RSUs unvested	5	106,507	5	9.0
	5	150,864	5	9.6
	1,930	78,750	1,930	5.7
	2,032	8,000	2,032	5.7
	2,342	4,000	2,342	5.2
	3,076	12,000	3,076	8.3
	3,077	334,350	3,077	7.5
	3,127	209,600	3,127	6.9
	3,241	42,060	3,241	9.0
	3,987	37,175	3,987	9.6
Options / RSUs vested and exercisable	5	35,520	5	9.0
	5	225	5	9.6
	1,291	11,000	1,291	0.1
	1,930	122,328	1,930	5.7
	2,050	91,344	2,050	4.4
	2,333	12,000	2,333	4.6
	3,076	3,000	3,076	8.3
	3,077	148,700	3,077	7.5
	3,127	203,197	3,127	6.9
	3,241	14,010	3,241	9.0
		1,624,630	2,338	7.3

### 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 Solutions Trustee Company Limited 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. As on March 31, 2016, 166,142 equity shares (March 31, 2015 – 166,142 equity shares) of the Company were held by the Trust.

### Human resources

Your Company maintains a healthy and productive environment and offers clean and ergonomic workspaces. Human Resources are key assets of 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, 2016 was 8,733 as compared to 8,928 as on March 31, 2015 (including employees of subsidiaries).

During the financial year, no complaint was filed under Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. 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 has formulated the 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 on the Company's website 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, 2016 is annexed as Annexure 4 to this report.

## Internal financial controls

The Board has adopted adequate policies and procedures in terms of Internal Financial Controls commensurate with the size, scale and complexity of the Company's operations. Such policies and procedures ensure orderly and efficient conduct of business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information.

The scope and authority of the Business Assessment & Audit team (“BAA”) function is defined in the Internal Audit Charter. 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, 2016, 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/E300004), 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 is 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 expert.

The Company continually assesses withholding of 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 ₹ 1.04 crore. 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:

**Pivot to Cloud:** There has been a significant expansion of Oracle capabilities into the Cloud space. A lot of IT applications have been migrated to the Cloud, which enhances its reach and ease of access across the globe. There have been significant investments in infrastructure as well people to enhance the Cloud architecture in IT support and IT infrastructure management. Emerging cloud services are being evaluated against strategic use cases for further expansion into the cloud space. Security around these applications in the Cloud has been strengthened to ensure a secure operating environment.

**Technology upgrade:** Your Company carried out a refresh of servers across the Company to deploy modern and energy efficient machines. This has brought about significant savings in power, strengthened operating effectiveness and security.

**Network:** Efficient networks are essential to support our global business and the Company continues to invest in upgrades and modernization of the networks thereby increases uptime of the network infrastructure, increase capacity and enable greater collaboration.

**Online conference (Voice & Data):** There has been an upgrade in the application which supports online conferencing. There have been developments on both the voice and data front. Significant improvements in voice capabilities during conferences have made voice communication over the internet as good as over regular PSTN lines. Also the web conferencing capabilities have been significantly simplified, which makes it easy to use and adopt. This enhances communication across the globe, minimizing travel, increasing efficiencies from a support perspective as well by making self service operations easier and effective.

All these initiatives planned lead to a more secure and efficient operating environment, with the utilization of current cutting edge technology ensuring consistent and superior support to the business.

### ii. Foreign exchange earnings and outgo:

(Amounts in ₹ million)

Foreign Exchange Earnings (excluding reimbursement of travelling expenses)	32,891.45
Foreign Exchange Outgo (including capital goods & other expenditure)	9,027.03

#### 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

In the process of catering to growing expectations of digitally savvy customers, the financial services industry is undergoing a drastic change. World-over, banks are striving to stay relevant and competitive in the changing business landscape, and they aspire to adopt tools and technologies that propel innovation and growth.

Digital remains a strategic imperative for bankers, to prepare for a future that is changing very fast. Bankers need to devise a strategy on how to leverage digital technology to get close to their customer, drive sales, cut costs and streamline operations. In today's world where Cloud and Fintechs continue to gain greater ground, the need for re-engineering the complex IT landscape of the financial institutions is being felt acutely. In order to stay relevant and beat competition, financial institutions will need to provide innovative digital offerings partnering, where needed, with organizations from different industries; expand their foot print to increase their customer base and meet changing business needs quickly while adhering to the risk and compliance regulations.

Customer expectations are changing, largely driven by millennials – who are digitally savvy, hyper-connected, always on and choice conscious. These customers are accustomed to the digital experiences offered by online retailers and expect the same or perhaps a richer experience from banks. Banks are now strategically investing in platforms that provide such customer experience that is intelligent, highly flexible, scalable and sustainable.

With a portfolio of offerings that addresses this very need, your Company sees it 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 for traditional banks in both developed and developing economies as also for specialized financial institutions and Fintechs. Your Company will continue to pursue such opportunities vigorously.

## Employee particulars

The information required under Section 197 of the Companies Act, 2013, read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 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 considered. 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 <sup>1</sup>	Ratio to median remuneration
<i>Non Executive Directors</i>	
Mr. S Venkatachalam	3
Mr. Richard Jackson	2
<i>Executive Director</i>	
Mr. Chaitanya Kamat <sup>2</sup>	33

<sup>1</sup> The details mention above are of only those Directors to whom the remuneration has been paid

<sup>2</sup> Excludes the (perquisite) value towards difference between the fair market value and the exercise price on the date of exercise of options

**(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 2016 as compared to FY 2015
Mr. S Venkatachalam	6%
Mr. Richard Jackson <sup>1</sup>	35%
Mr. Chaitanya Kamat <sup>2</sup>	(19%)
Mr. Makarand Padalkar, Chief Financial Officer <sup>2</sup>	7%
Mr. Onkarnath Banerjee, Company Secretary <sup>3</sup>	NA
Mr. Jayant Joshi, Company Secretary <sup>4</sup>	NA

<sup>1</sup> Increase on account of additional committee memberships in line with compensation policy of the Company

<sup>2</sup> Excludes the (perquisite) value towards difference between the fair market value and the exercise price on the date of exercise of options

<sup>3</sup> For the period June 1, 2015 to March 31, 2016

<sup>4</sup> For the period April 1, 2015 to May 31, 2015

**(iii) The percentage increase in the Median Remuneration of Employees in fiscal 2016, as compared to fiscal 2015: 5%**

**(iv) The number of permanent employees on the rolls of the Company: 7,003 as on March 31, 2016**

**(v) 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 2015-16, the average percentile change in the compensation of employees other than the managerial personnel was an increase of 8%. The Average percentile change in the compensation of KMP was a decrease of 11%. Both comparisons exclude the perquisite value of the options exercised.

**(vi) 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 Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016, 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 Companies Act, 2013, 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 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 18, 2016

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

for the financial year ended on March 31, 2016

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 400 063 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	74.30	Section 2(46)
2.	Oracle Financial Services Software B.V. Barbara Strozzi laan 201 NL-1083 HN Amsterdam The Netherlands	—	Subsidiary	100.00	Section 2(87)
3.	Oracle Financial Services Software SA 265 Mesogheion Avenue Neo Psychiko, 15451, Athens, Greece	—	Subsidiary	100.00	Section 2(87)
4.	Oracle Financial Services Software Pte. Ltd. 27 International Business Park #02-01 iQuest@IBP Building 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, USA	—	Subsidiary	100.00	Section 2(87)
7.	Oracle Financial Services Software Inc. 399 Thornall street, 6th floor, Edison NJ 08837, USA	—	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, India	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 110 057 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 Avenida del Valle 537 – 2nd Floor Ciudad Empresarial, Huechuraba Santiago, Chile, CP 8580678	—	Subsidiary	100.00	Section 2(87)
17.	Oracle Financial Services Software (Shanghai) Limited Room 806, No 155 Tianjin Road Huangpu District, Shanghai PRC China 200001	—	Subsidiary	100.00	Section 2(87)
18.	Sarvatra Technologies Private Limited 242, Shaniwar Peth, Pune 411030 Maharashtra, India	U72309PN2000PTC015028	Associate	5.51	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, 2015				No. of Shares held at the end of the year as on March 31, 2016				% 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 and Promoter Group									
(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	74.52	63,051,197	—	63,051,197	74.30	(0.22)
	(d) Banks / Financial Institutions	—	—	—	—	—	—	—	—	—
	(e) Any other	—	—	—	—	—	—	—	—	—
	Sub-total (A) (2)	63,051,197	—	63,051,197	74.52	63,051,197	—	63,051,197	74.30	(0.22)
Total shareholding of Promoter (A) = (A)(1)+(A)(2)		63,051,197	—	63,051,197	74.52	63,051,197	—	63,051,197	74.30	(0.22)



Category Code	Category of Shareholders	No. of Shares held at the beginning of the year, as on April 1, 2015				No. of Shares held at the end of the year as on March 31, 2016				% 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	3,074,086	—	3,074,086	3.63	3,332,768	—	3,332,768	3.92	0.29
	(b) Banks / Financial Institutions	19,830	—	19,830	0.02	3,889	—	3,889	0.00	(0.02)
	(c) Central Government	4,000	—	4,000	0.01	4,000	—	4,000	0.01	0.00
	(d) State Government(s)	—	—	—	—	—	—	—	—	—
	(e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
	(f) Insurance Companies	—	—	—	—	—	—	—	—	—
	(g) Foreign Institutional Investors	9,176,148	—	9,176,148	10.85	8,178,638	—	8,178,638	9.64	(1.21)
	(h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
	(i) Others	—	—	—	—	—	—	—	—	—
	Sub-total (B)(1)	12,274,064	—	12,274,064	14.51	11,519,295	—	11,519,295	13.57	(0.94)
(2)	Non-Institutions		—				—			
	(a) Bodies Corporate	1,039,001	—	1,039,001	1.23	1,033,910	—	1,033,910	1.22	(0.01)
	(b) Individuals									
	i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	3,257,841	363,297	3,621,138	4.28	3,324,878	353,172	3,678,050	4.33	0.05
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1,058,131	122,000	1,180,131	1.40	1,093,030	122,000	1,215,030	1.43	0.03
	(c) Others									
	i. Non-Resident Indians (Repatriate)	155,966	—	155,966	0.18	146,537	—	146,537	0.17	(0.01)
	ii. Non-Resident Indians (Non-Repatriate)	742,155	3,200	745,355	0.88	688,667	3,200	691,867	2	(0.06)
	iii. Foreign Nationals	1,760	—	1,760	0.00	4,260	—	4,260	0.01	0.01
	iv. Foreign Mutual Fund	1,708,991	—	1,708,991	2.02	1,818,747	—	1,818,747	2.14	0.12
	v. Clearing Member	36,983	—	36,983	0.04	23,448	—	23,448	0.03	(0.01)
	vi. Directors / Relatives	9,741	—	9,741	0.01	14,085	—	14,085	0.02	0.01
	vii. Hindu Undivided Family	4,095	—	4,095	0.00	37,350	—	37,350	0.04	0.04
	viii. Market Maker	3,076	—	3,076	0.00	4,540	—	4,540	0.01	0.01
	ix. Overseas Bodies Corporate	800	—	800	0.00	—	—	—	—	0.00
	x. Trusts	172,472	—	172,472	0.20	169,168	—	169,168	0.20	0.00
	xi. Foreign Portfolio Investor (Corporate)	610,089	—	610,089	0.72	1,448,694	—	1,448,694	1.71	(0.99)
	Sub-total (B)(2)	8,801,101	488,497	9,289,598	10.97	9,807,314	478,372	10,285,686	12.13	1.16
	Total Public Shareholding (B)=(B)(1)+(B)(2)	21,075,165	488,497	21,563,662	25.48	21,326,609	478,372	21,804,981	25.70	0.22
(C)	Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
	Grand Total (A+B+C)	84,126,362	488,497	84,614,859	100.00	84,377,806	478,372	84,856,178	100.00	0.00

## (ii) Shareholding of Promoters

Name of the Shareholders	Shareholding at the beginning of the year as on April 1, 2015			Share holding at the end of the year as on March 31, 2016			% 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	74.52	–	63,051,197	74.30	–	(0.22)
Total	63,051,197	74.52	–	63,051,197	74.30	–	(0.22)

## (iii) Change in Promoters' Shareholding

Name of the Shareholders	Shareholding at the beginning of the year as on April 1, 2015		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	74.52	63,051,197	74.52
Date wise Increase / Decrease in Promoters Share holding during the Year	–	–	–	–
At the end of the year			63,051,197	74.30

The decrease in the percentage of promoters' shareholding from 74.52 % to 74.30 % is due to allotment of shares on 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, 2015		Cumulative shareholding during the year	
		No. of Shares	% of Total shares of the Company	No. of Shares	% of Total shares of the Company
1.	HDFC Trustee Company Limited - HDFC Equity Fund				
	At the beginning of the year	2,305,319	2.72	2,305,319	2.72
	Transactions (purchase / sale) from April 1, 2015 to March 31, 2016	(167,435)	(0.20)	2,137,884	2.52
	At the end of the year			2,137,884	2.52
2.	Suffolk (Mauritius) Limited				
	At the beginning of the year	2,772,805	3.27	2,772,805	3.27
	Transactions (purchase / sale) from April 1, 2015 to March 31, 2016	(760,547)	(0.90)	2,012,258	2.37
	At the end of the year			2,012,258	2.37
3.	Macquarie Bank Limited				
	At the beginning of the year	1,559,303	1.84	1,559,303	1.84
	Transactions (purchase / sale) from April 1, 2015 to March 31, 2016	(8,000)	(0.01)	1,551,303	1.83
	At the end of the year			1,551,303	1.83
4.	Citigroup Global Markets Mauritius Private Limited				
	At the beginning of the year	343,051	0.40	343,051	0.40
	Transactions (purchase / sale) from April 1, 2015 to March 31, 2016	805,517	0.95	1,148,568	1.35
	At the end of the year			1,148,568	1.35
5.	Mansfield (Mauritius) Limited				
	At the beginning of the year	1,969,171	2.32	1,969,171	2.32
	Transactions (purchase / sale) from April 1, 2015 to March 31, 2016	(932,553)	(1.10)	1,036,618	1.22
	At the end of the year			1,036,618	1.22

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the year as on April 1, 2015		Cumulative shareholding during the year	
		No. of Shares	% of Total shares of the Company	No. of Shares	% of Total shares of the Company
6.	HDFC Standard Life Insurance Company Limited				
	At the beginning of the year	821,938	0.97	821,938	0.97
	Transactions (purchase / sale) from April 1, 2015 to March 31, 2016	(90,895)	(0.11)	731,043	0.86
	At the end of the year			731,043	0.86
7.	Merrill Lynch Capital Markets Espana S.A. S.V.				
	At the beginning of the year	314,597	0.37	314,597	0.37
	Transactions (purchase / sale) from April 1, 2015 to March 31, 2016	404,639	0.48	719,236	0.85
	At the end of the year			719,236	0.85
8.	Schroder International Selection Fund Asian Opportunities				
	At the beginning of the year	496,893	0.59	496,893	0.59
	Transactions (purchase / sale) from April 1, 2015 to March 31, 2016	—	—	—	—
	At the end of the year			496,893	0.59
9.	Swiss Finance Corporation (Mauritius) Limited				
	At the beginning of the year	235,167	0.28	235,167	0.28
	Transactions (purchase / sale) from April 1, 2015 to March 31, 2016	145,221	0.17	380,388	0.45
	At the end of the year			380,388	0.45
10.	Morgan Stanley Asia (Singapore) PTE.				
	At the beginning of the year	593,399	0.70	593,399	0.70
	Transactions (purchase / sale) from April 1, 2015 to March 31, 2016	(244,385)	(0.29)	349,014	0.41
	At the end of the year			349,014	0.41

(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, 2015		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	5,000	0.01	5,000	0.01
	Transactions (purchase / sale) from April 1, 2015 to March 31, 2016	—	—	—	—
	At the end of the year			5,000	0.01
2.	Mr. Chaitanya Kamat				
	At the beginning of the year	3,741	0.00	3,741	0.00
	Sale on July 2, 2015	(3,741)	0.00	—	0.00
	ESOP exercised on September 3, 2015	38,000	0.04	38,000	0.04
	Sale on October 1, 2015	(100)	0.00	37,900	0.04
	Sale on October 6, 2015	(17,354)	0.02	20,546	0.02
	Sale on October 7, 2015	(3,429)	0.00	17,117	0.02
	Sale on October 8, 2015	(8,930)	0.01	8,187	0.01
	Sale on October 9, 2015	(102)	0.00	8,085	0.01
	At the end of the year			8,085	0.01

Sl. No.	Name of the Directors / Key Managerial Personnel (KMP)	Shareholding at the beginning of the year as on April 1, 2015		Cumulative Shareholding during the year	
		No. of Shares	% of Total shares of the Company	No. of Shares	% of Total shares of the Company
3.	Mr. Makarand Padalkar - KMP				
	At the beginning of the year	22,181	0.03	22,181	0.03
	ESOP exercised on September 3, 2015	12,910	0.02	35,091	0.04
	Sale on September 7, 2015	(8,195)	0.01	26,896	0.03
	Sale on September 8, 2015	(1,305)	0.00	25,591	0.03
	At the end of the year			25,591	0.03

The following Directors / Key Managerial Personnel (KMP) did not hold any shares during the Financial Year 2015-16:

• 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*
• Ms. Maria Smith – Director**	• Mr. Sridhar Srinivasan - Independent Director**	• Mr. Jayant Joshi – KMP@
• Mr. Onkarnath Banerjee – KMP#		

\* resigned with effect from July 22, 2015

\*\* appointed with effect from July 23, 2015

@ relinquished with effect from May 31, 2015

# appointed as KMP with effect from June 1, 2015

## 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 number of RSUs)

Sl. No.	Particulars of Remuneration	RSUs	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		32,788
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961		52,847
(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)		85,635
	Ceiling as per the Act (5% of the profits calculated under Section 198 of the Companies Act, 2013)		766,713

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	Maria Smith**	Richard Jackson	Robert K Weiler	Samantha Wellington	Sridhar Srinivasan**	William Corey West*	
1.	Independent Directors										
	Fee for attending board / committee meetings	-	-	-	-	-	-	-	-	-	-
	Commission	3,000	-	-	-	2,302	-	-	1,215	-	6,517
	Others, please specify	-	-	-	-	-	-	-	-	-	-
	Total (1)	3,000	-	-	-	2,302	-	-	1,215	-	6,517
2.	Other Non-Executive Directors										
	Fee for attending board / committee meetings	-	-	-	-	-	-	-	-	-	-
	Commission	-	-	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-	-	-	-	-
	Total (B)=(1+2)	3,000	-	-	-	2,302	-	-	1,215	-	6,517
	Total Managerial Remuneration (A+B)										105,880
	Overall Ceiling as per the Act (1% of the profits calculated under Section 198 of the Companies Act, 2013)	-	-	-	-	-	-	-	-	-	153,343

\* resigned with effect from July 22, 2015

\*\* appointed with effect from July 23, 2015

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	4,122	9,446	13,568
	(e) Value of perquisites u/s 17(2) Income-tax Act, 1961	108	18,210	18,318
	(f) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total	4,230	27,656	31,886

\* includes remuneration paid to Mr. Jayant Joshi (April 1, 2015 to May 31, 2015) - Company Secretary and Compliance Officer and to Mr. Onkarnath Banerjee (June 1, 2015 to March 31, 2016) - Company Secretary and Compliance Officer.

In addition to the above, during the year 2015-16, 10,375 RSU's (Company Secretary - 375, 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 2015-16.

## 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 into during the year ended March 31, 2016, which were not at arm's length basis.

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

- |  |                |
|--|----------------|
| a. Name(s) of the related party and nature of relationship:                                    | Not applicable |
| b. Nature of contracts / arrangements / transactions:  | Not applicable |
| c. Duration of contracts / arrangements / transactions:  | Not applicable |
| d. Salient terms of the contracts or arrangements or transactions including the value, if any: | Not applicable |
| e. Date(s) of approval by the Board, if any:   | Not applicable |
| f. Amount paid as advances, if any:  | Not applicable |

The transactions with wholly owned subsidiaries are not included above since they are exempt under section 188(1) of the Act.

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

Mumbai  
July 18, 2016

**S Venkatachalam**  
Chairman  
DIN: 00257819

# SECRETARIAL AUDIT REPORT

Form No. MR-3

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

[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 – 400 063

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate 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, 2016 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, 2016 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, Overseas Direct Investment;
- (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, 2015;
  - (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:

- (i) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of External Commercial Borrowings;
- (ii) 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 (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 following:

- (i) Secretarial Standards 1 & 2 issued by the Institute of Company Secretaries of India under the Companies Act, 2013.
- (ii) The Listing Agreement for Equity Shares entered into by the Company with Stock Exchange(s) for the period from 1st April, 2015 to 30th November, 2015 and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period from 1st December, 2015 to 31st March, 2016.

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 April 1, 2015 to 22nd July, 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 April 1, 2015 to 22nd July, 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 (upto 22nd July, 2015). 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 generally sent at least seven days in advance 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.

**CS Prashant Diwan**

Practising Company Secretary

FCS: 1403 CP: 1979

Date : July 18, 2016

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 – 400 063

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.

**CS Prashant Diwan**  
Practising Company Secretary  
FCS: 1403 CP: 1979

Date : July 18, 2016  
Place : Mumbai

## Annual Report on Corporate Social Responsibility Activities for Financial Year ended March 31, 2016

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 Oracle 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 on the Company's website at:

<http://www.oracle.com/us/industries/financial-services/ofss-social-responsibility-2437852.pdf>

**CSR activities include, but are not 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 ₹ 16,723,930,413.

**4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 334,478,608**

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

- (a) Total amount spent during the financial year: ₹ 248,465,116
- (b) Amount unspent: ₹ 86,013,492

- (c) Manner in which the amount spent during the financial year: During the year ended March 2016, Oracle spent the CSR funds across 71 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.	32 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.	12 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.	27 rural development projects / programs for eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.	71 projects/ programs through 71 NGO partners
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 were undertaken	Projects are implemented across several districts in multiple states and (Andhra Pradesh, Gujarat, Haryana, Karnataka, Maharashtra, Madhya Pradesh, New Delhi, Odisha, Rajasthan, Tamil Nadu, Telangana, Uttarakhand and Uttar Pradesh) and 1 Union territory (Puducherry), and some projects are Pan India			
4	Amount outlay (Budget) Project or Programs wise (₹)	110,534,639	42,379,090	75,035,919	227,949,648
5	Amount spent on the projects or Programs (₹)	110,534,639	42,379,090	75,035,919	227,949,648
	(1) Direct expenditure on projects or programs (₹)	110,534,639	42,379,090	75,035,919	227,949,648
	(2) Overheads (₹)	9,948,117 (Agency Fees for services)	3,814,118 (Agency Fees for services)	6,753,233 (Agency Fees for services)	20,515,468
6	Cumulative expenditure up to the reporting period (₹)	120,482,756	46,193,208	81,789,152	248,465,116
7	Amount spent: Direct or through Implementing agency (₹)	120,482,756	46,193,208	81,789,152	248,465,116

Details of implementing agency: Charities Aid Foundation, a Trust registered under Indian Trusts Act 1882 and having registered office at Plot/Site No. 2, First Floor, Sector-C (OFC Pocket), Nelson Mandela Marg, Vasant Kunj, New Delhi 110070.

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 ₹ 334.48 million for financial year 2015-16 based on the average net profits of the three immediately preceding financial years. The Company has contributed an amount of ₹ 248.46 million during this financial year. The Company considers it prudent to build-up its CSR spending thoughtfully and carefully to help ensure that it engages only with legitimate NGOs and is in compliance with all relevant regulations. The Company has taken a progressive approach; last year, it spent 36% of the required amount; this year's proposed spend is 74% of the required amount. The company expects to achieve 100% i.e. the full 2% CSR spend, by FY17.

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: May 11, 2016

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## **Corporate governance report**

# Corporate governance report

The detailed report on Corporate Governance of Oracle Financial Services Software Limited (“the Company”) for the financial year 2015-16 as per Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 herein after referred to as “Listing Regulations”.

## 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 of the Board

The composition of the Board of Directors of the Company (“the Board”), their attendance at the Board Meetings during the year, attendance at the last Annual General Meeting, and the number of directorships and board committee membership / chairmanship held as on March 31, 2016, was as under:

Name of the Director	Board Meetings attended during the year	Whether attended last AGM held on September 11, 2015	Number of Directorships in other Companies	Number of Committee positions held in other Companies	
				Chairmanship	Membership
Non-Executive, Independent Directors					
Mr. S Venkatachalam, Chairman (DIN: 00257819)	6/6	Present	3	–	1
Mr. Richard Jackson (DIN: 06447687)	6/6	Present	5	–	–
Mr. Sridhar Srinivasan (w.e.f. July 23, 2015) (DIN: 07240718)	5/5	Present	1	–	1
Non-Executive, Non-Independent Directors					
Mr. Derek H Williams (DIN: 01266532)	6/6	Present	1	–	–
Mr. Harinderjit Singh (DIN: 06628566)	2/6	Present	1	–	–
Ms. Maria Smith (w.e.f. July 23, 2015) (DIN: 07182337)	4/5	Absent	16	–	–
Mr. Robert K Weiler (DIN: 01531399)	4/6	Absent	–	–	–
Ms. Samantha Wellington (DIN: 02054439)	3/6	Present	47	–	–
Executive Director					
Mr. Chaitanya Kamat, Managing Director & CEO (DIN: 00969094)	6/6	Present	–	–	–

Notes:

1. The Chairman of the Board of Directors is a Non-Executive and an Independent Director and the Composition of Board is in conformity with the Listing Regulations.
2. Pursuant to Regulation 26 of Listing Regulations, none of the directors on the Board, hold directorships in more than ten public companies or acts as a Chairman of more than five committees across all the Indian public companies in which he / she is a Director. 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 of Indian Public Companies are considered. None of the Directors are related *inter se*.
3. Independent Directors are Non-Executive Directors as defined under Section 149 of the Companies Act, 2013 ("Act"). All the Independent Directors have confirmed that they meet criteria of independence and the maximum tenure of Independent Directors is in compliance with the Act.
4. During the year, the members at the Twenty Sixth Annual General Meeting held on September 11, 2015 approved the following appointments on the Board of Directors:
  - a) Ms. Maria Smith as a Director of the Company.
  - b) Mr. Sridhar Srinivasan as an Independent Director to hold office for five consecutive years for a term up to March 31, 2020.
5. The familiarization program imparted to the Independent Directors during the year are available on the website of the Company at: <http://www.oracle.com/us/industries/financial-services/financial-familiarization-program-2547373.pdf>
6. None of the Non-Executive Directors hold any shares of the Company except Mr. S Venkatachalam who holds 5,000 shares of the Company as on March 31, 2016.

## 2.2 Board meetings held in 2015-16

The Company holds Board Meetings at regular intervals. The maximum gap between any two meetings of the Board has been less than 120 days. All material information was circulated to all the Directors before the meeting or placed at the meeting, including minimum information required to be made available to the Board as prescribed under Part A of Schedule II of sub-regulation 7 of regulation 17 of the Listing Regulations.

During the Financial Year 2015-16, six Board Meetings were held on the following dates:

May 15, 2015, July 23, 2015, August 6, 2015, September 11, 2015, November 5, 2015 and February 10, 2016. Necessary quorum was present for all the meetings.

During the year, a separate meeting of Independent Directors was held on February 10, 2016 and all the Independent Directors of the Company participated in the said meeting.

## 2.3 Details of other directorships

Details of the directorships of the Company's Directors in other companies as on March 31, 2016 were as under:

Name of the Director	Other Directorships	
Mr. S Venkatachalam	Equifax Credit Information Services Private Limited Sam Foundation for Eco Friendly Environment	Canara Robeco Asset Management Company Limited
Mr. Derek H Williams	Oracle Corporation Japan	
Mr. Harinderjit Singh	Children's Discovery Museum, San Jose California	
Ms. Maria Smith	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.
Mr. Richard Jackson	Novoview Ltd.	Occidental Seguros Ltd.
	ageas SA/NV	Medis Ltd.
	Great Britain China Centre	
Ms. Samantha Wellington	AmberPoint Technology India Private Limited	Micros Fidelio Group Holdings Limited
	BitzerMobile India Private Limited	Micros Fidelio Holdings Limited
	FatWire Software India Private Limited	Micros Fidelio (Thailand) Co., Ltd
	Fidelio India Private Limited	OCAPAC Distributor Partner
	GoAhead Software India Private Limited	OCAPAC Hardware Partner

Name of the Director	Other Directorships
	GoldenGate Technologies South Asia Private Limited
	J.D. Edwards Software India Private Limited
	Logical Apps Solutions Pvt. Ltd.
	PeopleSoft India Private Limited
	Phase Forward Software Services India Private Limited
	ProfitLogic Software Private Limited
	Relsys (India) Private Limited
	Responsys Business Solutions India Private Limited
	Siebel Systems Software (India) Private Limited
	Sophoi Technologies Private Limited
	Sunday Bazar Internet Sales Private Limited
	Tekelec Systems India Private Limited
	Waban Software Private Limited
	BEA Systems (China) Co., Ltd.
	Eontec Limited
	Hyperion Solutions (China) Ltd.
	J.D. Edwards Europe Limited
	OCAPAC Holding Company
	OCAPAC Mauritius Holding Company Limited
Mr. Sridhar Srinivasan	India Factoring and Finance Solutions Private Limited
	OCAPAC Research Company
	OCAPAC Research Partner
	Oracle Corporation Japan
	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 (QFC) Systems LLC
	Oracle Technology Company
	Oracle Technology Systems (Ghana) Limited
	Oracle Technology Systems (Kenya) Limited
	PeopleSoft China Holding Corporation
	Siebel Systems Ireland Holdings Limited
	Sistemas Oracle de Chile, S.A.

All Directorships of Mr. Derek H Williams, Mr. Harinderjit Singh, Ms. Maria Smith and Mr. Richard Jackson are in foreign companies. Majority of Directorships of Ms. Samantha Wellington are in foreign companies.

## 2.4 Compliance with the code of conduct:

The Company has adopted the “Code of Ethics and Business Conduct” which sets forth the standards of ethics and business conduct. Further, all the Directors and the Senior Managerial Personnel of the Company confirmed compliance with the Code. The code is available on the website of the Company at: <http://www.oracle.com/us/corporate/careers/diversity/038400.pdf>

## 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. Modified opinion 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;
  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, meetings and attendance of the committee**

During the financial year 2015-16, five meetings of the Committee were held on May 14, 2015, July 23, 2015, August 6, 2015, November 5, 2015 and February 10, 2016.

The details of the composition of the Committee and their attendance at Committee meetings as on March 31, 2016 are as under:

Name of the Member		Number of meetings attended
Mr. Richard Jackson	Chairman, Non-Executive, Independent Director	5/5
Mr. S Venkatachalam	Member, Non-Executive, Independent Director	5/5
Ms. Maria Smith (w.e.f. July 23, 2015)	Member, Non-Executive, Non-Independent Director	2/3
Mr. William Corey West (upto the close of business hours of July 22, 2015)	Member, Non-Executive, Non-Independent Director	1/1

The Company Secretary acts as the Secretary to the Audit Committee meetings. The Managing Director, CEO, CFO, CAO, Head of Statutory Auditors, Internal Auditors and legal counsel are permanent invitees to the meetings of the Audit Committee. The Chairman of the Committee was present at the Annual General Meeting held on September 11, 2015 to address the shareholders queries.

## 4. Nomination and Remuneration Committee

### 4.1 Brief description of terms of reference

The terms of reference of Nomination and Remuneration Committee (“NRC”) are as follows:

1. 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;
2. To decide the remuneration payable to the directors and key managerial personnel;
3. 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;
4. 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;
5. To formulate criteria for evaluation of Independent Directors and the Board;
6. To devise a policy on Board diversity;
7. 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;
8. To appoint any personnel of the Company and to formulate a sub-committee to act on behalf of the NRC;
9. Performance Evaluation: The Committee sets criteria and conducts the performance evaluation of directors covering the areas relevant to their functioning as Independent Directors, non-independent directors and overall board.

### 4.2 Composition, meetings and attendance of the committee

During the financial year 2015-16, two meetings of the Committee were held on September 11, 2015 and November 5, 2015. In addition to that, business was dealt with by passing circular resolutions.

The details of the composition of the Committee and their attendance at Committee meetings as on March 31, 2016 are as under:

Name of the Member		Number of meetings attended
Mr. Richard Jackson	Chairman, Non-Executive, Independent Director	2/2
Mr. Harinderjit Singh	Member, Non-Executive, Non-Independent Director	1/2
Mr. Sridhar Srinivasan (w.e.f. July 23, 2015)	Member, Non-Executive, Independent Director	2/2

The Chairman of the Committee was present at the Annual General Meeting held on September 11, 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 Committee reviews the norms for ESOP allocation and approves the grant of the options to eligible employees.

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.

#### 4.4 Details of remuneration paid to the directors during the financial year 2015-16:

(Amounts in ₹ thousand, except number of ESOPs)

Name of the Director	RSUs granted under ESOPs during the year	Salary	Contribution to Provident Fund and other funds	Commission paid	Total Amount paid
Executive Director					
Mr. Chaitanya Kamat*	25,000	31,717	1,779	NA	33,496
Non-executive independent directors					
Mr. S Venkatachalam				3,000	3,000
Mr. Richard Jackson				2,302	2,302
Mr. Sridhar Srinivasan				1,215	1,215

\* Excluding perquisite on ESOP.

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 financial year ended March 31, 2016, the Nomination and Remuneration Committee granted 37,175 Stock Options and 153,189 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 (₹)
November 5, 2015 (Stock Options)	37,175	3,986.90
November 5, 2015 (RSUs)	153,189	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, 2015	Options/RSUs exercised during the year	Options /RSUs outstanding as at March 31, 2016	Exercise price (₹)	Expiry Date
Mr. S Venkatachalam	2011	6,000	—	6,000	1,929.95	December 19, 2021
Mr. Chaitanya Kamat	2002	24,000	12,000	12,000	2,333.45	October 24, 2020
	2011	18,000	6,000	12,000	1,929.95	December 19, 2021
	2011	80,000	20,000	60,000	3,126.85	February 4, 2023
	2011	80,000	—	80,000	3,076.85	September 12, 2023
	Plan 2014 (RSUs)	25,000	—	25,000	5.00	March 29, 2025
	Plan 2014 (RSUs)	—	—	25,000	5.00	November 4, 2025

<sup>@</sup> Options under Scheme 2002 and Scheme 2011 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 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 under OFSS Stock Plan 2014 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, 2016 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 8,085 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 security holders in respect of complaints relating to share-transfers, transmissions, dematerialization and rematerialization of shares including complaints related to, non-receipt of annual report and non-receipt of declared dividends.

During the financial year 2015-16, two meetings of the Committee were held on May 14, 2015 and February 10, 2016. The details of the composition of the Committee and their attendance at Committee meetings as on March 31, 2016 are as under:

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

Details of shareholders' complaints received, resolved and outstanding during the financial year 2015-16.

Particulars	No. of Complaints
Complaints outstanding on April 1, 2015	Nil
Complaints received during the financial year ended March 31, 2016	19
Complaints resolved during the financial year ended March 31, 2016	19
Complaints outstanding on March 31, 2016	Nil

Number of pending share transfers as on March 31, 2016 – Nil

Mr. Onkarnath Banerjee, the Company Secretary is designated as the Compliance Officer who oversees the redressal of the investors' grievances.

## 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.

The composition of Transfer Committee as on March 31, 2016 is as under:

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

## 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 financial year 2015-16, eleven meetings of the Committee were held on April 22, 2015, May 27, 2015, July 1, 2015, August 5, 2015, August 28, 2015, September 3, 2015, October 14, 2015, November 18, 2015, December 23, 2015, January 27, 2016 and March 2, 2016.

The details of the composition of the Committee and their attendance at Committee meetings as on March 31, 2016 are as under:

Name of the Member		Number of meetings attended
Mr. S Venkatachalam*	Chairman, Non-Executive, Independent Director	11/11
Mr. Chaitanya Kamat	Member, Managing Director and Chief Executive Officer	11/11
Mr. Sridhar Srinivasan**	Member, Non-Executive, Independent Director	4/4
Mr. Makarand Padalkar	Member, Chief Financial Officer	11/11

\* Mr. S Venkatachalam was appointed as a Chairman with effect from November 5, 2015.

\*\* Mr. Sridhar Srinivasan was appointed as a Member with effect from November 5, 2015.

## 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. Audit Committee and Board can refer certain matters to the Risk management Committee.

The composition of Committee as on March 31, 2016 is as under:

Name of the Member	
Ms. Samantha Wellington	Chairman, Non-Executive, Non-Independent Director
Mr. Chaitanya Kamat	Member, Managing Director & Chief Executive Officer
Mr. Derek H Williams	Member, Non-Executive, Non-Independent Director
Mr. Makarand Padalkar	Member, Chief Financial Officer
Mr. Jayant Joshi	Member, Corporate Compliance

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 2015-16, one meeting of the Committee was held on September 11, 2015. In addition to that, business was dealt with by passing circular resolutions.

The details of the composition of the Committee and their attendance at Committee meetings as on March 31, 2016 are as under:

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

## 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. Onkarnath Banerjee
Address	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	onkarnath.banerjee@oracle.com

## 12. General body meetings

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

Financial Year	Venue	Day	Date	Time
2014-15	The Westin Garden City International Business Park Oberoi Garden City, Goregaon (East) Mumbai 400063	Friday	September 11, 2015	2.30 p.m.
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.

- No Special Resolutions were passed in AGMs during the last three years.
- There was no Extra-Ordinary General Meeting held during the last three Financial Years.
- There were no matter requiring approval of the Members through Postal Ballot during the financial year ended March 31, 2016.
- No special resolution is currently proposed to be conducted through postal ballot.

### 13. Means of communication

The Company from time to time and as may be required, communicates with its shareholders through multiple channels of communications such as dissemination of information on the on-line portal of the Stock Exchanges, press releases, the Annual Reports and uploading relevant information on its website.

The Company's quarterly financial results, press releases, annual reports and other relevant corporate documents are placed on the Company's website [www.oracle.com/financialservices](http://www.oracle.com/financialservices) and the same can be downloaded.

The quarterly and annual results of the Company were published in widely circulated English and Marathi newspapers, such as Business Standard and Sakal.

The Company discloses to the Stock Exchanges, all the information required to be disclosed under Regulation 30 read with Part A of Schedule III of the Listing Regulations including material information having a bearing effect on the performance/operations of the listed entity or other price sensitive information. The Company has formulated and adopted a "Policy of Determination of Material Events/Information" which sets out the classes and types of material events or information which requires disclosure to be made to the stock exchanges. The policy has been disclosed on the Company's website at: <http://www.oracle.com/us/industries/financial-services/policy-determination-events-2889567.pdf>

All the information is filed electronically on BSEs online portal – BSE Listing Center and on NSE Electronic Application Processing System (NEAPS), the online portal of National Stock Exchange of India Limited.

All the disclosure made to the stock exchanges are also available on the Company's website [www.oracle.com/financialservices](http://www.oracle.com/financialservices) under the heading "Stock Exchange Intimations"

Securities and Exchange Board of India (SEBI) introduced a centralized web based SEBI Complaints Redress System (SCORES) for all Listed Companies. The Company has been addressing 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, 2015.

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 members 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 Regulation 36 of the Listing Regulations. 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.

### 14. General shareholder information

#### 14.1 Annual General Meeting

Day, Date, Time and Venue	Wednesday, September 7, 2016 at 2.30 p.m.  The Westin Mumbai Garden City International Business Park, Oberoi Garden City, Goregaon (East), Mumbai 400063
Financial Year	April 1, 2015 to March 31, 2016
Date of Book Closure	Thursday, September 1, 2016 to Wednesday, September 7, 2016 (both days inclusive)
Dividend Payment Date	On or before Thursday, October 6, 2016

#### 14.2 Listing details

Name and Address of the Stock Exchange	Stock Code
BSE Limited (BSE) Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	532466
National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051	OFSS

The annual listing fees for the financial year 2015-16 have been paid to both the exchanges.



### 14.3 Registrar and transfer agents

Link Intime India Private Limited (formerly Intime Spectrum Registry Limited) is the Registrar 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

### 14.4 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.

### 14.5 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.

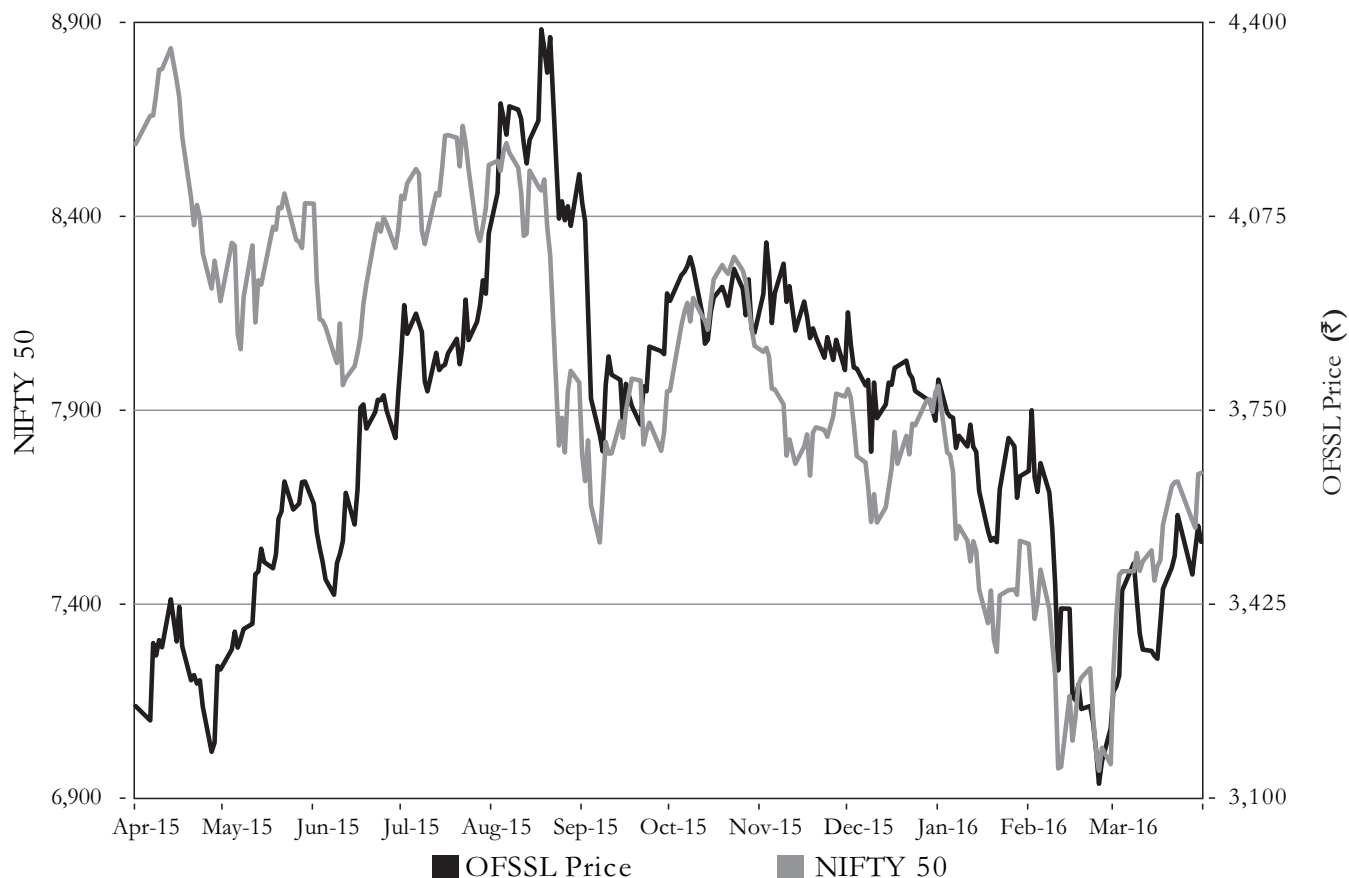
## 15. Market price data

Monthly high, low and volume of the shares of the Company traded on the stock exchanges from April 1, 2015 to March 31, 2016 are given below:

Month and Year	BSE			NSE		
	High (₹)	Low (₹)	Volume of Shares	High (₹)	Low (₹)	Volume of Shares
April 2015	3,520.00	3,139.20	91,589	3,517.00	3,136.10	740,799
May 2015	3,675.00	3,260.00	1,096,007	3,675.00	3,256.00	1,620,786
June 2015	3,848.00	3,400.00	73,646	3,830.00	3,420.00	540,924
July 2015	4,065.00	3,774.40	64,824	4,063.30	3,777.00	651,943
August 2015	4,446.60	3,894.70	113,467	4,444.00	3,900.00	1,350,213
September 2015	4,200.85	3,648.85	69,283	4,205.00	3,641.35	1,019,038
October 2015	4,020.85	3,830.10	83,954	4,085.90	3,827.00	674,544
November 2015	4,092.00	3,812.00	52,672	4,070.00	3,802.80	721,527
December 2015	3,925.35	3,660.00	35,119	3,922.10	3,660.00	779,812
January 2016	3,834.00	3,460.00	24,422	3,839.05	3,445.20	472,421
February 2016	3,790.00	3,106.00	37,166	3,790.00	3,100.00	609,329
March 2016	3,614.15	3,174.50	161,060	3,610.00	3,192.10	595,777

## Relative movement chart

The chart below gives the comparison of your Company's share price movement on NSE vis-à-vis the movement of NIFTY 50 for the year 2015-16.



The chart below gives the comparison of your Company's share price movement on NSE vis-à-vis the movement of NIFTY 50 since the listing of the share on NSE.





## 16. Distribution of shareholding as on March 31, 2016

Paid-up shares in capital (in ₹)	Number of Shareholders	% to total shareholders	No. of Shares	Paid-up value (Face value ₹5 each)	% of Total no. of shares
Upto 2,500	19,574	92.90	778,721	3,893,605	0.92
2,501 to 5000	435	2.07	329,727	1,648,635	0.39
5,001 to 10,000	324	1.54	481,373	2,406,865	0.57
10,001 to 20,000	291	1.38	866,441	4,332,205	1.02
20,001 to 30,000	102	0.48	507,913	2,539,565	0.60
30,001 to 40,000	68	0.32	475,922	2,379,610	0.56
40,001 to 50,000	44	0.21	401,256	2,006,280	0.47
50,001 to 100,000	107	0.50	1,516,508	7,582,540	1.79
100,001 & Above	124	0.60	79,498,317	397,491,585	94.00
<b>TOTAL</b>	<b>21,069</b>	<b>100.00</b>	<b>84,856,178</b>	<b>424,280,890</b>	<b>100.00</b>

## 17. Shareholding pattern as on March 31, 2016

Category of shareholders	Number of shares	%
Promoters: Oracle Global (Mauritius) Limited	63,051,197	74.30
Mutual Funds / UTI	3,332,768	3.93
Financial Institutions / Banks	3,889	0.00
Central Government	4,000	0.00
Foreign Institutional Investors	8,178,638	9.64
Bodies Corporate	1,033,910	1.22
Individuals-		
i. Holding nominal share capital up to ₹ 2 lakh	4,500,532	5.30
ii. Holding nominal share capital in excess of ₹ 2 lakh	392,548	0.46
NRI (Repatriate)	146,537	0.17
NRI (Non-Repatriate)	691,867	0.82
Foreign Mutual Fund	1,818,747	2.14
Clearing Member	23,448	0.03
Directors / Relatives	14,085	0.02
HUF	37,350	0.04
Market Maker	4,540	0.01
Foreign Portfolio Investor (Corporate)	1,448,694	1.71
Trusts	169,168	0.20
Foreign Nationals	4,260	0.01
<b>Total</b>	<b>84,856,178</b>	<b>100.00</b>

During the financial year 2015-16:

1. The Company issued and allotted 241,319 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.

## 18. Dematerialization of shares and liquidity

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

As on March 31, 2016, 99.44% of the shares of the Company were in electronic form and 99.58% of the shareholders held shares in electronic form.

## 19. 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. The Related Party Transactions policy as approved by the Board is uploaded on the Company's website at:  
<http://www.oracle.com/us/industries/financial-services/ofss-party-transactions-policy-2288144.pdf>

- 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 Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations. The Company has also complied with the requirements of the Corporate Governance Report as provided in Part C of Schedule V sub-regulations (2) to (10) of the Listing Regulations.
- e. During the financial year 2015-16, the Company does not have any material listed/unlisted subsidiary companies as defined under Regulation 16 of the Listing Regulations. The Company has formulated a policy for determining material subsidiary as required under the Listing Regulations and the same is disclosed on the Company's website at:  
<http://www.oracle.com/us/industries/financial-services/policy-determining-material-2615655.pdf>
- f. The Company has formulated and adopted a "Record Retention Policy" setting forth the guidelines with respect to retention and destruction of documents, both in hard copy and in electronic media pursuant to Regulation 9 of the Listing Regulations and the same is disclosed on the Company's website at:  
<http://www.oracle.com/us/industries/financial-services/record-retention-policy-2889568.pdf>
- g. Unclaimed Shares: In terms of Part C of Schedule V of the Listing Regulations the information with regard to demat suspense account/ unclaimed suspense account are as under:

Particulars	No. of Shareholders	No. of Shares of ₹ 5 each
Aggregate number of Shareholders and the outstanding shares in the suspense account as on April 1, 2015	2	40
Number of Shareholders who approached the Company for transfer of shares from the suspense account during the year	—	—
Number of Shareholders to whom the shares were transferred from suspense account during the year	—	—
Aggregate number of Shareholders and the outstanding shares in suspense account as on March 31, 2016	2	40

The Voting rights on the outstanding shares in the suspense account shall remain frozen till the rightful owner of such shares claims the shares.

- h. Unclaimed Dividend: Pursuant to Sections 124, 125 and other applicable provisions, if any, of the Companies Act, 2013, 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, would be required to be transferred to the 'Investor Education and Protection Fund' set up by the Central Government. List of members who have not yet claimed dividend has been uploaded on the website of the Company.

## 20. Discretionary requirements pursuant to regulation 27 of the listing regulation:

- a) Separate posts of Chairman and CEO: the Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director and CEO.
- b) Reporting of Internal Auditor: The Internal Auditor reports to the Audit Committee.
- c) Modified Opinion in Auditors Report: The Company's financial Statement for the financial year 2015-16 does not contain any modified audit opinion.

## 21. Address for correspondence

The Company Secretary and Compliance Officer  
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)  
CIN: L72200MH1989PLC053666

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

# CEO & CFO CERTIFICATE

May 11, 2016  
The Board of Directors  
Oracle Financial Services Software Limited  
Mumbai

## **CEO & CFO Compliance Certificate pursuant to Regulation 17(8) and Part B of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015**

We the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer of Oracle Financial Services Software Limited ("the Company"), certify that:

- A We have reviewed the financial statements and the cash flow statement of the Company for the quarter and year ended on March 31, 2016 and that to the best of our knowledge and belief state that:
1. These statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
  2. These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- B We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the quarter and year ended on March 31, 2016 are fraudulent, illegal or violative of the Company's code of conduct.
- C We are responsible for establishing and maintaining internal controls for financial reporting and evaluating the effectiveness of the internal control systems over the financial reporting of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, 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 on March 31, 2016;
  2. Significant changes in accounting policies during the quarter and year ended on March 31, 2016; 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 of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Oracle Financial Services Software Limited

**Chaitanya Kamat**  
Managing Director & CEO

**Makarand Padalkar**  
Chief Financial Officer

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## **DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and Senior Managerial Personnel have confirmed compliance with the Code of Ethics and Business Conduct for the financial year ended March 31, 2016.

For Oracle Financial Services Software Limited

**Chaitanya Kamat**  
Managing Director & CEO  
Mumbai, July 18, 2016

# 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 2016, as stipulated in Clause 49 of the Listing Agreement from 1st April, 2015 to 30th November, 2015 and Regulation 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraph C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015 from 1st December, 2015 to 31st March, 2016 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) of the Listing Agreement during the period from April 1, 2015 to 22nd July, 2015.
- (2) The Composition of Nomination Remuneration Committee of the Company was not as per Clause 49IVA of the Listing Agreement during the period from April 1, 2015 to 22nd July, 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.

## **CS Prashant Diwan**

Practicing Company Secretary

FCS No.: 1403 / CP No.: 1979

Date : July 18, 2016

Place : Mumbai

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

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# 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 in customer expectations and are having to deal with disruptive fintechs. The fintechs are already competing for the banking businesses around the globe. The Fintechs typically adopt a customer engagement model that lowers entry barriers; with fewer clicks and steps they deliver the services to their customers within minutes with a very sharp and narrow focus. This has helped them to build scale and be super-efficient. Also their business and customer engagement is data driven and gives better insights and context of the transaction. They have the ability to use data from both within and outside their business. Their entire business and technology is designed with a service orientation and systems that are lean and leverage the deployments on the cloud.

Today's technologies offer more choices than ever before. More banks are building the digital experience and digital engagement capabilities and are deploying them progressively. Your Company is focused on delivering the ability to achieve significant improvements to modernize in stages, starting with the elements that make the most sense for the bank's business scenario. Also, it enables a two-speed delivery for renewing the customer facing capabilities rapidly, taking advantage of newer technologies, while mitigating the risk and ring fencing the more pervasive components to prevent business disruption. Your Company helps banks build and deliver superior value to the entire customer relationship.

For Financial Institutions, managing their data has become increasingly complex. Chief financial officers, chief risk officers, chief compliance officers, chief marketing officers, and now the newly appointed chief data officers, are looking at the data from the same sources for different purposes. By addressing them individually, financial institutions are facing significant effort for the non-discretionary work across disciplines in their enterprise. Your Company is bringing it all together, for all the players as they all have common data requirements. From the experience of working with some of the larger banks, your Company finds 70% of data for AML can be reused for Basel computations thereby lowering the time and effort to manage data for multiple stakeholders in the enterprise.

The financial services industry participants increasingly need modeling and predictive analytics. For this, the data model should be extensible and support Data Lakes. Your Company's foundation approach for data with purpose-built analytical applications that are extensible and address the evolving data management challenges.

### Outlook

Your Company is focused on providing technology to the global 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 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 vital 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.

### 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 centers 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.

As part of 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 the consulting services business (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 a complete compelling Digital Experience, Digital Engagement and comprehensive Data Management

**Oracle Banking Digital Experience** built on open standards architecture — brings new comprehensive capabilities to banks seeking a digital transformation — customer and product acquisitions, business services, including payments innovation and customer financial insight. It provides full range of business services out of the box, including digital account and loan origination, digital wallets and mobile payments.

**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 Sharia-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 2016. 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.

Oracle FLEXCUBE enables banks to comply with FATCA phase III, 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.

**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 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 solution supports 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. An intuitive interface and navigation, context based account and customer sessions help 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 and ISO 15022 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

PrimeSourcing offers a comprehensive suite of consulting and application services addressing retail, corporate, and investment banking, funds, cash management, trade, treasury, payments, lending, private wealth management, asset management, compliance, enterprise risk and business analytics. PrimeSourcing offerings encompasses 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. This positions PrimeSourcing as a clearly differentiated player in the Financial Services domain.

We render services through offshore centers located in India, onsite teams operating at our customers' premises and our on-site centers located in other parts of the world. Offshore services revenues consists of revenues from work conducted at our centers in India and for Indian customers at their locations. Onsite revenues consist of work conducted at customer premises outside India and our centers 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.

With the customer demands changing rapidly to outcome based transformational engagements; there is a clear opportunity for PrimeSourcing to integrate its deep domain knowledge with the product offerings of Oracle, thereby providing a compelling value.

**PrimeSourcing Value based offerings:** PrimeSourcing value based offerings are designed to provide solutions for Banking & Financial Services in areas such as Digital Transformation, Integrated Customer Experience, Big Data & Analytics and the Cloud.

PrimeSourcing's Digital Engagement solutions focuses on delivering an integrated and a unified cross channel experience for banks' customers, while Customer Experience solutions helps customers increase business agility, accelerate profitable growth, drive digital transformation, deliver consistent and personalized customer experience across all channels, touch points and interactions. PrimeSourcing's Big Data & Analytics solutions helps banks, to analyze a variety of data for more precise personalized interactions, reduce data risks and focus on creating valuable products and services for its customers. PrimeSourcing Cloud Solutions provides consulting and integration of existing IT with next-generation cloud services, accelerates application development and deployment, and lead business transformation.

**PrimeSourcing Consulting Services:** PrimeSourcing offers end-to-end consulting services in the areas of Business & IT consulting, Process improvement and Transformation, SOA Strategy & Governance, Application Portfolio Assessment, Program Management, Digital Strategy & Business Transformation, Agile Consultancy & Coaching and Payments Modernization.

**PrimeSourcing Application Services:** PrimeSourcing provides comprehensive customized IT solutions for banking, securities and insurance companies that 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, Risk & Compliance; services include ADM Services, Testing, System Integration, Implementation and Migration.

**Oracle Product Related Services:** PrimeSourcing with its extensive knowledge on Oracle Technology and Applications offers Oracle Product related offerings to help customers in Banking and Insurance make the most out of Oracle investments they have made. Our experts help in process consulting, application integration, reporting & upgrade support across the portfolio deployed.

### 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 center 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.

## Revenue streams

Our revenues comprise three streams - license fees and annual maintenance contract (Post Contract Support – PCS) fees for our products, and consulting fees in respective business segments.

### 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.

## 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.

## Consulting fee

We provide consulting services to our customers. 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. Both PrimeSourcing and BPO businesses comprise only of consulting services. In products business, our customers can optionally avail our consulting services related to the implementation of products at their sites, integration with other systems or enhancements to address their specific requirements.

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 effort, etc. Therefore, such revenues typically vary from quarter to quarter and year to year. The annual maintenance contracts generate steady revenues and would grow to the extent that new customers are entering a support agreement.

## 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, 2016.

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.

## Performance summary

(All amounts in ₹ million)				
Year ended March 31, 2016	Products	Services	BPO - Services	Total Revenues
Revenue	34,319.99	5,460.68	1,147.35	40,928.02
Operating expenses	(17,931.50)	(4,760.34)	(962.64)	(23,654.48)
Unallocable expenses				(1,215.15)
Income from Operations	16,388.49	700.34	184.71	16,058.39
Operating margin	48%	13%	16%	39%
Year ended March 31, 2015				
Revenue	31,814.78	6,192.38	1,041.89	39,049.05
Operating expenses	(17,310.96)	(5,183.44)	(720.59)	(23,214.99)
Unallocable expenses				(1,007.03)
Income from Operations	14,503.82	1,008.94	321.30	14,827.03
Operating margin	46%	16%	31%	38%

Our total revenues in the fiscal year ended March 31, 2016 were ₹ 40,928.02 million, an increase of 5% over our total revenues of ₹ 39,049.05 million in the fiscal year ended March 31, 2015. The increase in revenues was primarily attributable to an increase in the revenues from our products business.

Income from operations in fiscal 2016 was ₹ 16,058.39 million representing an increase of 8% from ₹ 14,827.03 million in fiscal 2015. The profit for the year in fiscal 2016 was ₹ 11,657.76 million, as against ₹ 11,923.20 million in fiscal 2015. Our profit margin was at 28% and 31% for the fiscal years 2016 and 2015 respectively. We define profit margins for a particular period as the ratio of profit to total revenues from operations during such period.

## Revenues from operations

### Products revenues

As of March 31, 2016, our product revenues were ₹ 34,319.99 million, an increase of 8% from ₹ 31,814.78 million during the fiscal year ended March 31, 2015 on the strength of large customer wins in EMEA and US. Product revenues represented 84% and 81% of total revenues for fiscal years ended 2016 and 2015, respectively.

The percentages of our revenues are as follows for different streams:

	Year ended March 31, 2016	Year ended March 31, 2015
License fees	16%	15%
Consulting fees	57%	57%
PCS fees	27%	28%
Total	100%	100%

### Services revenues

Our services revenues represented 13% and 16% of our total revenues for the fiscal year ended March 31, 2016 and March 31, 2015. Our services revenues were ₹ 5,460.68 million in the fiscal year ended March 31, 2016, a decrease of 12% from ₹ 6,192.38 million in the fiscal year ended March 31, 2015.

Revenues from time and material contracts comprised 81% of the services revenues and fixed price contracts comprised 19% for the fiscal 2016. The percentage of total services revenues from time and material contracts was 81% in fiscal 2016 and 73% in fiscal 2015, with the remainder of our services revenues attributable to fixed price contracts. We received 37% and 40% of our services revenues from onsite work and 63% and 60% from offshore work during the fiscal years 2016 and 2015 respectively.

### Business Process Outsourcing (BPO) Revenues

Our revenues from BPO services in the fiscal year ended March 31, 2016 were ₹ 1,147.35 million, increase of 10% over our revenues from BPO services of ₹ 1,041.89 million in the fiscal year ended March 31, 2015.

### Other income, net

Our other income primarily comprises of interest on bank deposits and foreign exchange gain/loss. Our other income in the fiscal year ended March 31, 2016, was ₹ 2,559.65 million, as compared to ₹ 3,481.34 million in the fiscal year ended March 31, 2015. The lower interest income on bank deposits of ₹ 2,035.97 million on account of lower surplus cash balance along with lower interest rates and net increase in foreign exchange gain of ₹ 1,236.92 million have primarily attributed to overall decrease of ₹ 921.69 million in other income.

## Expenses

### Operating expenses

The operating expenses 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 (including commissions payable to our partners), research and development expenses, product advertising and marketing expenses and 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 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.

### Employee Costs

Our employee costs increased by 4% to ₹ 19,209.01 million in the fiscal year ended March 31, 2016 from ₹ 18,479.02 million in the fiscal year ended March 31, 2015. Employee costs relate to salaries and bonuses paid to employees.

### Travel related Expenses (Net of recoveries)

Our travel related expenditure increased by 20% to ₹ 1,618.67 million in the fiscal year ended March 31, 2016 from ₹ 1,343.44 million in the fiscal year ended March 31, 2015. Travel costs relate to airfare, accommodation and other related expenses incurred on travel of our employees both on projects and for internal assignments.

## Professional fees

Our professional fees related expenditure decreased by 15% to ₹ 1,453.37 million in the fiscal year ended March 31, 2016 from ₹ 1,718.66 million in the fiscal year ended March 31, 2015. The overall professional fees represents 4% of revenue from operations for both the year ended March 31, 2016 and March 31, 2015. Professional fees include services hired from external consultants for various projects.

## Other expenses

Our other expenditure decreased by 8% to ₹ 1,839.98 million in the fiscal year ended March 31, 2016 from ₹ 1,999.98 million in the fiscal year ended March 31, 2015. The other expenses represent 4% and 5% of revenue from operations for the years ended March 31, 2016 and 2015 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 ₹ 529.27 million and ₹ 680.92 million for the year ended March 31, 2016 and March 31, 2015 respectively representing 1% and 2% of revenues from operations for the years ended March 31, 2016 and 2015.

## Exceptional item

During the year ended March 31, 2016 arbitration award was passed against a wholly owned subsidiary Company. The subsidiary Company has settled the said dispute for full release of all claims and the net expense of ₹ 219.33 is disclosed as an exceptional item. There are no exceptional items reported during the years ended March 31, 2015.

## Income taxes

Our provision for income taxes in the fiscal year ended March 31, 2016 was ₹ 6,960.28 million, an increase of 9% over our provision for income taxes of ₹ 6,385.17 million in the fiscal year ended March 31, 2015. Our effective tax rate was 37% in the fiscal year ended March 31, 2016 compared to 35% in the fiscal year ended March 31, 2015. 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 2% to ₹ 11,657.76 million in fiscal 2016 from ₹ 11,923.20 million in fiscal 2015. Our net profit margin has reduced to 28% for the fiscal year 2016 as against 31% in the fiscal year 2015. We define net profit margins for a particular period as the ratio of profit for the year to revenue from operations during such period.

## Analysis of our unconsolidated results

The following discussion is based on our audited unconsolidated financial statements, which have been prepared in conformity with accounting principles generally accepted in India and complying in all material respects with the Accounting Standards notified under 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.

## Performance summary

(All amounts in ₹ million)

Year ended March 31, 2016	Products	Services	Total Revenues
Revenue	29,163.76	5,704.33	34,868.09
Operating expenses	(15,756.27)	(4,912.07)	(20,668.34)
Unallocable expenses			(1,053.71)
Income from Operations	13,407.48	792.26	13,146.03
Operating margin	46%	14%	38%
Year ended March 31, 2015			
Revenue	27,084.10	6,326.85	33,410.95
Operating expenses	(15,120.67)	(5,213.93)	(20,334.60)
Unallocable expenses			(699.05)
Income from Operations	11,963.43	1,112.92	12,377.30
Operating margin	44%	18%	37%

Our total revenues in fiscal 2016 were ₹ 34,868.09 million, representing an increase of 4% from ₹ 33,410.95 million in fiscal 2015. The increase in revenues was primarily attributable to an increase in the revenues from our products business.

Income from operations in fiscal 2016 were ₹ 13,146.03, representing an increase of 6% from ₹12,377.30 million in fiscal 2015. The profit for the year in fiscal 2016 was ₹ 9,288.50 million, as against ₹ 10,580.20 million in fiscal 2015. Our profit margin was at 27% and 32% for the fiscal years 2016 and 2015 respectively. We define income margins for a particular period as the ratio of profit for the year to revenue from operations during such period.

## Revenues from operations

### Products revenues

Our products revenues in the fiscal year ended March 31, 2016, stood at ₹ 29,163.76 million, an increase of 8% over our products revenues of ₹ 27,084.10 million in the fiscal year ended March 31, 2015 on the strength of large customer wins in EMEA and US. Product revenues represented 84% and 81% of total revenues for fiscal years ended 2016 and 2015 respectively.

The percentages of our revenues are as follows for different streams:

	Year ended March 31, 2016	Year ended March 31, 2015
License fees	15%	14%
Consulting fees	59%	59%
PCS fees	26%	27%
Total	100%	100%

### Services revenues

Our services revenues represented 16% and 19% of our total revenues in the fiscal year 2016 and 2015. Our services revenues were ₹ 5,704.33 million in the fiscal year ended March 31, 2016 and ₹ 6,326.85 million in the fiscal year ended March 31, 2015.

The percentage of total services revenues from time and material contracts was 80% in fiscal 2016 and 76% in fiscal 2015, with the remainder of our services revenues attributable to fixed price contracts.

We received 39% our services revenues from onsite work and 61% from offshore work during the fiscal years 2016 as against 42% and 58% respectively in the fiscal year 2015.

### Other income, net

Our other income primarily comprises of interest on bank deposits and foreign exchange gain/loss. Our other income in the fiscal year ended March 31, 2016 was ₹ 1,864.92 million, as compared to ₹ 3,758.99 million in the fiscal year ended March 31, 2015. The lower interest income on Bank deposits of ₹ 2,005.35 million on account of lower surplus cash balance along with lower interest rates has primarily attributed to overall decrease of ₹ 1,894.1 million in other income.

## Expenses

### Operating expenses

The operating expenses 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 (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 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.

### Employee costs

Our employee costs increased by 4% to ₹ 16,668.65 million in the fiscal year ended March 31, 2016 from ₹ 15,973.70 million in the fiscal year ended March 31, 2015. 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 increased by 24% to ₹ 1,334.25 million in the fiscal year ended March 31, 2016 from ₹ 1,073.84 million in the fiscal year ended March 31, 2015. Travel costs relate to airfare, accommodation and other related expenses incurred on travel of our employees both on projects and for internal assignments.



## Professional fees

Our professional fees related expenditure was ₹ 1,638.94 million in the fiscal year ended March 31, 2016 as against ₹ 1,867.07 million in the fiscal year ended March 31, 2015. The overall professional fees represent around 5% and 6% of Revenue from operations for the year ended March 31, 2016 and 2015 respectively. Professional fees include services hired from subsidiaries and that from external consultants for various projects.

## Other expenses

Our other expenditure increased by 7% to ₹ 1,582.49 million in the fiscal year ended March 31, 2016 from ₹ 1,484.67 million in the fiscal year ended March 31, 2015. The other expenses represent 5% and 4% of Revenue from operations for the year ended March 31, 2016 and 2015 respectively. Other expenses primarily consist of Corporate Social Responsibility expenditure, provision in diminution in value of investment and loan, various facilities costs, application software, communication and other miscellaneous expenses.

## Depreciation and amortization

Our Depreciation and amortization charge for the year was ₹ 497.72 million and ₹ 634.37 million for the year ended March 31, 2016 and 2015 respectively representing 1% and 2% of revenues from operations for the year ended March 31, 2016 and 2015 respectively.

## Income taxes

Our provision for income tax in the fiscal year ended March 31, 2016, was ₹ 5,722.45 million as against ₹ 5,556.09 million in the fiscal year ended March 31, 2015. Our effective tax rate was 38% and 34% for the fiscal years ended March 31, 2016 and March 31, 2015 respectively. 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, 2016 is ₹ 9,288.50 million as against ₹ 10,580.20 million during the year ended March 31, 2015. Our net profit margin was 27% for the fiscal year 2016 as against 32% in the fiscal year 2015. 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.

## Other metrics

### Trade receivables

As per Consolidated financials trade receivables as of fiscal March 31, 2016 and 2015 were ₹ 8,258.53 million and ₹ 6,016.21 million respectively. Our days sales outstanding (which is the ratio of sundry debtors to total sales in a particular year multiplied by 360) for fiscal 2016 and 2015 were approximately 68 and 51 respectively.

As per unconsolidated financials trade receivables as of fiscal March 31, 2016 and 2015 were ₹ 8,004.33 million and ₹ 6,910.80 million 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	Consolidated		Unconsolidated	
	2016	2015	2016	2015
0-180	92%	96%	81%	81%
More than 180	8%	4%	19%	19%
Total	100%	100%	100%	100%

## Geographic breakup of revenues

Our overall revenues continue to be well diversified.

The following table represents the percentage breakup of our consolidated and unconsolidated revenues for our products and services business by region:

	Year ended March 31, 2016			Year ended March 31, 2015		
	Products Revenues	Services Revenues	Total Revenues	Products Revenues	Services Revenues	Total Revenues
Consolidated						
Americas (NAMER)	29%	72%	36%	28%	61%	34%
Europe, Middle East, Africa (EMEA)	36%	19%	34%	37%	26%	35%
Asia Pacific (JAPAC)	35%	9%	30%	35%	13%	31%
Total	100%	100%	100%	100%	100%	100%
Unconsolidated						
Americas (NAMER)	28%	69%	35%	27%	59%	33%
Europe, Middle East, Africa (EMEA)	38%	21%	35%	38%	28%	36%
Asia Pacific (JAPAC)	34%	10%	30%	35%	13%	31%
Total	100%	100%	100%	100%	100%	100%

## Customer concentration

The percentage of total revenues during fiscal years 2016 and 2015 that we derived from our largest customer, largest five customers and largest ten customers on consolidated and unconsolidated basis is provided in the accompanying table.

	Products Revenues		Services Revenues		Total Revenues	
	2016	2015	2016	2015	2016	2015
Consolidated						
Largest customer	11%	14%	15%	12%	9%	11%
Top 5 customers	32%	32%	50%	43%	29%	29%
Top 10 customers	42%	39%	73%	67%	39%	37%
Unconsolidated						
Largest customer	11%	13%	16%	12%	9%	11%
Top 5 customers	32%	32%	52%	45%	29%	29%
Top 10 customers	43%	40%	76%	70%	40%	38%

## 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), Singapore Dollars (SGD), British Pounds (GBP), and other foreign currencies. We cover the foreign currency exposure through forward contracts as per our treasury management policy.

We follow a conservative philosophy for our treasury. The surplus funds are invested predominantly in time deposits with Indian and foreign banks with high credit rating within limits on exposure to any one particular bank.

## Opportunities and threats

We believe our strengths as a leader in technology innovation are our comprehensive and compelling suite of applications for digital and data transformation at Financial Institutions. We strive to stay ahead of the competition through continuous research and development, which is a major spend for us. We have rich experience in delivering transformation projects around the globe and have built a robust business model with high operating leverage. Our unique global customer footprint enables expand the market in multiple segments.

Technology and customer are driving a major change in the industry and this throws up new opportunities due to:

- New investments driven by key trends such as digital, big data analytics
- Evolving regulatory reporting and compliance requirements driving IT spend at Financial Institutions
- Opportunities with new players in the FSI marketplace (fintechs, new brands)
- Progressive transformation at Tier 1 Financial Institutions and migration to the Cloud

The opportunities also throw up newer challenges due to:

- Increase external demand for our key talent leading to attrition
- Frequently changing regulations in the area of international mobility
- Competition from newer players

## **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 2016 and 2015, we generated cash from operations of ₹ 7,142.81 million and ₹ 10,603.91 million respectively as per consolidated results and ₹ 7,384.42 million and ₹ 9,743.53 million respectively as per unconsolidated results.

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 and post-graduates from top engineering and business schools. We also hire domain experts from the banking industry creating a right mix of employees with functional and technology expertise. We invest in their continuous learning and engage in programs that develop agility to work in a constantly transforming eco system. 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. Our professionally rewarding work environment helps create an engaged team. Our performance and talent management programs inculcate a culture of rewarding merit and encourages formal talent development by enhancing the necessary skills and competencies. This ensures that our employees continuously deliver value to the organization and our customers. Our success comes from an inclusive and collaborative team which works together and also has a healthy degree of mutual respect and bonds of friendship. Octane, our employee club initiative, encourages sports and creative talents to build a connect and camaraderie that goes beyond the workspace.

As per Consolidated financials, our employee headcount at the end of the fiscal year ended March 2016 was 8,733 as compared to the employee headcount as on March 2015 at 8,928. Employee headcount as per unconsolidated financials was 7,003 at the end of the fiscal year ended March 2016 as compared to 7,151 as on March 2015.

## **Risks and concerns**

### **Quantitative and Qualitative Disclosures about Market Risk**

Our primary market risk exposures are due to the following:

- Foreign exchange rate fluctuations
- Fluctuations in interest rates

As of March 31, 2016, we had Cash and Bank Balances of ₹ 27,307.39 million out of which ₹ 21,872.47 million was in interest bearing bank deposits as per consolidated financials and ₹ 21,736.83 million, out of which ₹ 20,373.38 million was in interest bearing bank deposits as per unconsolidated financials. 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, 2016 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, 2016, 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. 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, 2016, 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 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, 2016 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 March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, incorporated in India, refer to our separate report in Annexure 1 to this report;
- (g) 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 29 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**

The accompanying consolidated financial statements include total assets of Rs 57.42 million as at March 31, 2016, and total revenues and net cash outflows of Rs Nil and Rs 0.64 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.

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.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**per Amit Majmudar**

Partner

Membership Number: 36656

Place of Signature: Mumbai

Date: May 11, 2016

# **Annexure 1 to the Independent Auditor's Report of even date on the consolidated financial statements of Oracle Financial Services Software Limited**

## **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of Oracle Financial Services Software Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Oracle Financial Services Software Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## **Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to these 2 subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary companies incorporated in India.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**per Amit Majmudar**

Partner

Membership Number: 36656

Place of Signature: Mumbai

Date: May 11, 2016

# Consolidated balance sheet

as at March 31, 2016

		(Amounts in ₹ million)	
	Notes	March 31, 2016	March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
Shareholders' funds			
Share capital	3	424.28	423.07
Reserves and surplus	4	36,326.80	34,017.61
		36,751.08	34,440.68
Share application money pending allotment	3 (e)	3.00	0.63
Non - current liabilities			
Deferred tax liability	5	5.00	19.11
Other Long-term liabilities	6	189.54	220.99
Long-term provisions	7	1,141.91	840.84
		1,336.45	1,080.94
Current liabilities			
Trade payables	6	376.82	361.76
Other current liabilities	6	6,129.13	6,932.87
Short-term provisions	7	12,173.13	19,890.09
		18,679.08	27,184.72
<b>TOTAL</b>		<b>56,769.61</b>	<b>62,706.97</b>
<b>ASSETS</b>			
Non - current assets			
Fixed assets			
Tangible assets	8 (a)	2,651.88	3,024.40
Intangible assets	8 (b)	6,086.63	6,086.63
Capital work-in-progress	8 (a)	47.74	3.33
Non-current investments	9	—	—
Deferred tax assets	5	1,096.50	1,006.09
Long-term loans and advances	10	6,001.49	5,865.65
		15,884.24	15,986.10
Current assets			
Trade receivables	12	8,258.53	6,016.21
Cash and bank balances	13	27,307.39	35,638.25
Short-term loans and advances	10	1,178.00	793.39
Other current assets	11	4,141.45	4,273.02
		40,885.37	46,720.87
<b>TOTAL</b>		<b>56,769.61</b>	<b>62,706.97</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	
<b>For S. R. Batliboi &amp; Associates LLP</b> Chartered Accountants <b>ICAI Firm Registration No. 101049W/E300004</b>	<b>S Venkatachalam</b> Chairman	<b>Chaitanya Kamat</b> Managing Director & Chief Executive Officer
<b>per Amit Majmudar</b> Partner Membership No. 36656	<b>Richard Jackson</b> Director	<b>Makarand Padalkar</b> Chief Financial Officer
		<b>Onkarnath Banerjee</b> Company Secretary & Compliance Officer
<b>Mumbai, India</b> <b>May 11, 2016</b>	<b>Mumbai, India</b> <b>May 11, 2016</b>	

# Consolidated statement of profit and loss

for year ended March 31, 2016

(Amounts in ₹ million, except share data)			
	Notes	Year ended March 31, 2016	Year ended March 31, 2015
INCOME			
Revenue from operations	14	40,928.02	39,049.05
Other income, net	15	2,559.65	3,481.34
Total income		43,487.67	42,530.39
EXPENSES			
Employee costs	16	19,209.01	18,479.02
Travel related expenses (net of recoveries)		1,618.67	1,343.44
Professional fees		1,453.37	1,718.66
Other expenses	17	1,839.98	1,999.98
Depreciation and amortization	8	529.27	680.92
Total expenses		24,650.30	24,222.02
Profit before exceptional item and tax		18,837.37	18,308.37
Exceptional item	19	(219.33)	–
Profit before tax		18,618.04	18,308.37
Tax expenses			
Current tax	28	7,059.84	6,577.75
Deferred tax		(99.56)	(192.58)
Total tax expenses		6,960.28	6,385.17
Profit for the year		11,657.76	11,923.20
Earnings per equity share of par value of ₹ 5 (March 31, 2015 ₹ 5) each (in ₹)	21		
Basic		137.58	141.30
Diluted		136.84	140.71
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/E300004

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

**Mumbai, India**  
**May 11, 2016**

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

**S Venkatachalam**  
Chairman

**Richard Jackson**  
Director

**Mumbai, India**  
**May 11, 2016**

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

**Makarand Padalkar**  
Chief Financial Officer

**Onkarnath Banerjee**  
Company Secretary  
& Compliance Officer

# Notes annexed to and forming part of consolidated financial statements for the year ended March 31, 2016

## 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 74.30% (March 31, 2015 - 74.52%) ownership interest in the Company as at March 31, 2016.

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	People's 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.

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 unrealised profits or unrealised cash losses. Any excess of the cost to the parent company of its investment in a subsidiary over the parent company’s



portion of equity of subsidiary at the date, at which investment in the subsidiary is made, is described as goodwill and recognized separately as an asset in the consolidated financial statements. Investment in associate company is accounted under equity method in consolidated financial statements.

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

## (b) Use of estimates

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

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

### *Fixed Assets including intangibles and capital work-in-progress*

Fixed assets including assets under finance lease arrangements are stated at cost less accumulated depreciation. The OFSS group capitalizes all direct costs relating to the acquisition and installation of fixed assets. The cost of fixed assets not ready to use before balance sheet date are disclosed under 'Capital work-in-progress'. Product Intellectual Property Rights (IPRs) 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 has been following component accounting as required under Schedule II to the Act.

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 identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. 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 to 5
Product IPR	5
PeopleSoft ERP	5

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 to the Act.

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 to the Act.
- The useful lives of furniture and fixtures and electrical and other installations are estimated at 2-7 years. These lives are lower than those indicated in schedule II to the Act.

### *Impairment*

Goodwill arising on consolidation is evaluated for impairment annually.

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal /external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable

amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to assets. After impairment, depreciation is provided on a revised carrying amount of assets over its remaining useful life.

#### **(d) Investments**

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

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

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

#### **(e) Foreign currency transactions**

##### *Initial recognition*

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

##### *Conversion*

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

##### *Translation of integral and non-integral foreign operation*

Foreign operations of the OFSS group are classified under integral and non integral foreign operations. The financial statements of integral foreign operations are translated as if the transactions of foreign operations have been those of the Company itself.

In translating the financial statements of non-integral foreign operations for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operations are translated at closing rate, income and expense items of the non-integral foreign operations are translated at the average exchange rate; all the resulting exchange differences are accumulated in foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognized as income or expenses in the same period in which the gain or loss on disposal is recognized.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

##### *Exchange differences*

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

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

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

#### **(f) Revenue recognition**

Revenue is recognized as follows:

##### *Product licenses and related revenue:*

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

### **(g) Research and development expenses for software products**

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical feasibility of project is established, future economic benefits are probable, the OFSS group has an intention and ability to complete and use or sell the software and the cost can be measured reliably.

Software product development costs incurred subsequent to the achievement of technical feasibility are not material and are expensed as incurred.

### **(h) Retirement and other employee benefits**

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

Gratuity liability is a defined benefit obligation and is recorded based on actuarial valuation on projected unit credit method made at the end of the year. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The gratuity liability and net periodic gratuity cost is actuarially determined after considering discount rates, expected long term return on plan assets and increase in compensation levels. All actuarial gains / losses are immediately recorded to 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.

### **(i) Leases**

#### *Where the Company is the lessee*

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

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

### **(j) Income-tax**

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

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

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

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

### **(k) Earnings per share**

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

### **(l) Share based compensation / payments**

Measurement and disclosure of the employee share-based payment plans is done in accordance with Securities Exchange Board of India ("SEBI") (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.

### **(m) Provisions**

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

### **(n) Contingent liabilities**

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

### **(o) Cash and cash equivalents**

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

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**Note 3: Share capital**

Authorized:

100,000,000 (March 31, 2015 - 100,000,000) equity shares of ₹ 5 each 500.00 500.00

Issued, subscribed and fully paid-up:

84,856,178 (March 31, 2015 - 84,614,859) equity shares of ₹ 5 each 424.28 423.07

- (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.

During the year ended March 31, 2016, the amount of per share dividend recognized as distributions to equity shareholder was ₹ 100 (March 31, 2015 - ₹ 665). The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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 and relationship of shareholder	March 31, 2016		March 31, 2015	
	Number of equity shares	% of equity shares	Number of equity shares	% of equity shares
Oracle Global (Mauritius) Limited, holding company	63,051,197	74.30%	63,051,197	74.52%

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, 2016		March 31, 2015	
	Number of equity shares	Amounts in ₹ million	Number of equity shares	Amounts in ₹ million
Outstanding at the beginning of year	84,614,859	423.07	84,144,134	420.72
Issued during the year - ESOP	241,319	1.21	470,725	2.35
Outstanding at the end of year	84,856,178	424.28	84,614,859	423.07

- (d) Refer note 25 (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, 2016 represents the money received from employees of the Company towards exercise of 80 options at the exercise price of ₹ 2,050.00 under Employee Stock Option Plan 2010 Scheme ("Scheme 2010"), 1,150 options at the exercise price of ₹ 1,929.95 and 200 options at the exercise price of ₹ 3,076.85 under Employee Stock Option Plan 2011 Scheme ("Scheme 2011") and 198 Restricted Stock Units ("RSUs") at the exercise price of ₹ 5 under Oracle Financial Services Software Limited Stock Plan 2014 ("OFSS Stock Plan 2014"). Each option and RSU will entitle one equity share of ₹ 5 each of the Company.

**Note 4: Reserves and surplus**

Securities premium

Balance, beginning of the year	11,046.35	9,951.15
Received during the year on exercise of employee stock options	571.60	1,095.20
Balance, end of the year	11,617.95	11,046.35

General reserve

10,145.19 10,145.19

Foreign currency translation reserve

Balance, beginning of the year	(934.58)	(909.09)
Addition during the year on net investment in Non integral operations	(42.48)	(25.49)
Balance, end of the year	(977.06)	(934.58)

Employee stock options outstanding

Gross employee stock compensation for options granted	369.95	—
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Surplus in the statement of profit and loss

Balance, beginning of year	13,760.65	68,157.52
Profit for the year	11,657.76	11,923.20
Less: Appropriations		
Interim equity dividend [amount per share ₹ Nil (March 31, 2015 - ₹ 485)]	—	(41,017.77)
Proposed final equity dividend [amount per share ₹ 100 (March 31, 2015 - ₹ 180)]	(8,485.62)	(15,230.67)
Final equity dividend paid on stock options exercised	(28.68)	—
Tax on equity dividend (interim and final)	(1,733.34)	(10,071.63)
Balance, end of the year	15,170.77	13,760.65
Total reserves and surplus	36,326.80	34,017.61

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

## Deferred tax asset

Difference between book and tax depreciation	169.85	112.37
Provision for compensated absence	299.43	252.26
Provision for gratuity	256.64	223.15
Provision for doubtful debts	170.06	191.30
Other timing differences	200.52	227.01
	1,096.50	1,006.09

## Deferred tax liability

Deferred revenue	(5.00)	(19.11)
	(5.00)	(19.11)
	1,091.50	986.98

	March 31, 2016		March 31, 2015	
	Non-current	Current	Non-current	Current

**Note 6: Liabilities**

## Trade payables

- Micro and small enterprises*	—	—	—	—
- Others	—	376.82	—	361.76
	—	376.82	—	361.76

Accrued Expenses	176.67	1,715.64	215.55	2,156.98
Deferred Revenue	12.87	3,478.49	5.44	3,851.31
Forward contract payable, net	—	—	—	11.32
Advance from customers	—	97.93	—	136.62
Unpaid dividends**	—	135.25	—	102.40
Other liabilities				
- Withholding and other taxes	—	547.98	—	516.52
- Other statutory dues	—	153.84	—	157.72
	189.54	6,129.13	220.99	6,932.87
	189.54	6,505.95	220.99	7,294.63

\* 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	665.65	108.80	606.67	78.84
For compensated absence	—	1,109.84	—	981.69
	665.65	1,218.64	606.67	1,060.53

## Other Provision

Proposed final equity dividend	—	8,485.62	—	15,230.67
Tax on proposed final equity dividend	—	1,727.50	—	3,100.66
Taxation, net of advance tax	476.26	741.37	234.17	498.23
	476.26	10,954.49	234.17	18,829.56
	1,141.91	12,173.13	840.84	19,890.09



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

Particulars	Gross block					Depreciation				(Amounts in ₹ million)		
	As at April 01, 2015	Additions	Sale / deletions	Translation gain (loss)	As at March 31, 2016	As at April 01, 2015	For the year	Sale / deletions	Translation gain (loss)	As at March 31, 2016	Net block As at March 31, 2016	As at March 31, 2015
Freehold Land	538.31	—	—	—	538.31	—	—	—	—	—	538.31	538.31
Improvement to leasehold premises	554.69	22.43	60.73	—	516.39	358.28	52.79	30.14	(2.55)	378.38	138.01	196.41
Buildings [Refer note below]	2,085.00	—	—	—	2,085.00	653.03	107.99	—	—	761.02	1,323.98	1,431.97
Computer equipments	2,070.19	128.63	346.64	0.04	1,852.22	1,844.84	186.53	345.22	(0.04)	1,686.11	166.11	225.35
Office equipments	223.16	4.51	11.80	(0.02)	215.85	208.71	9.12	11.75	(0.19)	205.89	9.96	14.45
Electricals and other installations	1,016.93	26.73	46.74	—	996.92	679.20	100.36	30.03	—	749.53	247.39	337.73
Furniture and fixtures	903.20	43.63	66.50	0.47	880.80	623.03	72.47	43.20	0.38	652.68	228.12	280.17
Vehicles under finance lease	0.90	—	0.90	—	—	0.89	0.01	0.90	—	—	—	0.01
Total	7,392.38	225.93	533.31	0.49	7,085.49	4,367.98	529.27	461.24	(2.40)	4,433.61	2,651.88	3,024.40
As at March 31, 2015	7,359.03	273.33	239.59	(0.39)	7,392.38	3,910.55	680.92	210.70	(12.79)	4,367.98	47.74	3.33
									Capital work-in-progress		2,699.62	3,027.73

Note: Includes 10 (March 31, 2015 - 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, 2015	Additions	Gross block		Amortization and impairment losses		Net block			
			Sale / deletions	Translation gain (loss)	As at April 01, 2015	For the year	Sale / deletions	Translation gain (loss)	As at March 31, 2016	As at March 31, 2015
Goodwill on consolidation [Refer note below]	6,137.76	—	—	—	51.13	—	—	—	6,086.63	6,086.63
Goodwill on acquisition	197.47	—	197.47	—	197.47	—	197.47	—	—	—
Product IPR	138.62	—	138.62	—	138.62	—	138.62	—	—	—
PeopleSoft ERP	53.77	—	—	—	53.77	—	—	—	—	—
Total	6,527.62	—	336.09	—	440.99	—	336.09	—	6,086.63	6,086.63
As at March 31, 2015	6,527.62	—	—	—	440.99	—	—	—	440.99	

Note: Accumulated amortization and impairment losses as at April 1, 2015 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, 2015 - 242,240) equity shares of ₹ 10 each, fully paid-up 45.00 45.00

Less: Provision for diminution in value of investment (45.00) (45.00)

Aggregate amount of unquoted investments – –

Aggregate amount of provision for diminution in value of unquoted trade investments 45.00 45.00

	March 31, 2016		March 31, 2015	
	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	866.10	180.43	1,074.62	138.71
Prepaid expenses	0.24	235.54	0.56	247.17
Forward contract receivable, net	–	83.00	–	–
Other advances	460.77	511.99	549.05	327.96
Advance tax, net of provision for taxes ₹ 30,285.49 million (March 31, 2015 ₹ 24,344.09 million)	4,659.19	167.04	4,220.02	79.55
MAT credit entitlement	15.19	–	21.40	–
	6,001.49	1,178.00	5,865.65	793.39

**Note 11: Other assets**

Interest accrued on Bank deposits	–	188.36	–	197.86
Unbilled revenue	–	3,841.12	–	4,006.52
Recoverable expenses - billed	–	111.97	–	68.64
	–	4,141.45	–	4,273.02

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

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

Consider good	–	672.47	–	263.45
Consider doubtful	12.12	479.36	165.33	382.89
	12.12	1,151.83	165.33	646.34
Provision for doubtful receivables	(12.12)	(479.36)	(165.33)	(382.89)
	–	672.47	–	263.45

(b) Other receivables

Consider good	–	7,586.06	–	5,752.76
Consider doubtful	–	19.10	–	68.57
	–	7,605.16	–	5,821.33
Provision for doubtful receivables	–	(19.10)	–	(68.57)
	–	7,586.06	–	5,752.76
	–	8,258.53	–	6,016.21

(Amounts in ₹ million)

	March 31, 2016		March 31, 2015	
	Non-current	Current	Non-current	Current

**Note 13: Cash and bank balances**

## (a) Cash and cash equivalents

## Balances with banks:

Current accounts	—	5,023.42	—	5,776.09
Deposits with original maturity of less than 3 months	—	271.00	—	36.00
Unclaimed dividend account	—	135.25	—	102.40
	—	5,429.67	—	5,914.49

## (b) Other bank balances

## Balances with banks:

Deposits with original maturity for more than 3 months but less than 12 months	—	21,872.47	—	29,718.51
Margin money deposits	—	5.25	—	5.25
	—	21,877.72	—	29,723.76
	—	27,307.39	—	35,638.25

	Year ended March 31, 2016	Year ended March 31, 2015
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**Note 14: Revenue from operations**

Product licenses and related activities	34,319.99	31,814.78
IT solutions and consulting services	5,460.68	6,192.38
Business processing services	1,147.35	1,041.89
	40,928.02	39,049.05

**Note 15: Other income, net**

## a) Interest income

## Interest on:

Bank deposits	2,035.97	4,042.27
Income tax refund	—	61.76
	2,035.97	4,104.03

## b) Other income, net

Foreign exchange gain (loss), net	374.56	(862.36)
(Loss) on sale of fixed assets, net	(62.46)	(10.23)
Miscellaneous income	211.58	249.90
	523.68	(622.69)
	2,559.65	3,481.34

**Note 16: Employee Cost**

Salaries and bonus	17,196.71	16,948.54
Stock compensation expense	369.95	—
Staff welfare expenses	812.43	681.72
Contribution to provident and other funds	829.92	848.76
	19,209.01	18,479.02

(Amounts in ₹ million)

	Year ended March 31, 2016	Year ended March 31, 2015
<b>Note 17: Other expenses</b>		
Application software	74.27	140.08
Communication expenses	116.35	123.91
Rent	509.65	543.89
Power	208.03	191.21
Insurance	24.39	28.79
Repairs and maintenance:		
Buildings and leasehold premises	95.46	60.10
Computer equipments	20.28	23.83
Others	96.18	103.59
Rates and taxes	70.54	119.14
Provision for doubtful debts, net	(141.51)	(43.25)
Bad debts	179.46	205.62
Corporate Social Responsibility expenditure [Refer note below]	251.13	120.92
Miscellaneous expenses	335.75	382.15
	1,839.98	1,999.98

As per the requirements of Section 135 of the Companies Act, 2013 the Group was required to spend an amount of ₹ 338.07 million (March 31, 2015 ₹ 333.81 million) on Corporate Social Responsibility expenditure based on the average net profits of the three immediately preceding financial years. The Group has spent an amount of ₹ 251.13 million (March 31, 2015 ₹ 120.92 million) against Corporate Social Responsibility expenditure.

#### Note 18: Research and development expenditure

Six in-house research and development centers of the Company in India have been accorded recognition by the Department of Scientific and Industrial Research (DSIR) from February 26, 2016. The aggregate expenditure on research and development activities in these in-house R&D centers is as follows:

Revenue Expenditure	2,711.00	2,621.62
Capital Expenditure	35.27	20.57

#### Note 19: Exceptional item

Claim against the OFSS group [Refer note below]	(219.33)	—
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During the year ended March 31, 2016 an Arbitration award was passed against a wholly owned subsidiary company. The subsidiary company has settled the said dispute for full release of all claims and the net expense is disclosed as an exceptional item.

#### Note 20: Net equity dividend remitted in foreign exchange

Year of remittance (ending on)	March 31, 2016	March 31, 2015
Period to which it relates	March 31, 2015	March 31, 2015
Number of non-resident shareholders	1	1
Number of equity shares on which dividend was due	63,051,197	63,051,197
Amount remitted (in USD million)	170.79	497.41
Amount remitted (in ₹ million)	11,349.22	30,579.83

#### Note 21: Reconciliation of basic and diluted shares used in computing earnings per share

	(Number of equity shares)	
	Year ended	Year ended
	March 31, 2016	March 31, 2015
Weighted average shares outstanding for basic earnings per share	84,736,317	84,383,451
Add: Effect of dilutive stock options	454,323	353,851
Weighted average shares outstanding for diluted earnings per share	85,190,640	84,737,302

**Note 22: Capital commitments and contingent liabilities**

## Particulars

## (a) Capital Commitments

Contracts remaining to be executed on capital account not provided for (net of advances)	250.59	177.24
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(b) Contingent liabilities	Nil	Nil
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**Note 23: Leases****Where Company is lessee****Finance lease**

The OFSS group had taken vehicles under finance lease of upto five years. None of the lease agreements had any escalation clause. Future minimum lease payments under finance lease as at March 31, 2016 are ₹ Nil and as at March 31, 2015 were as follows:

(Amounts in ₹ million)

	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

**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, 2016 aggregated to ₹ 508.34 million (March 31, 2015 - ₹ 540.39 million). The minimum rental payments to be made in future in respect of these leases are as follows:

(Amounts in ₹ million)

	March 31, 2016	March 31, 2015
Not later than one year	504.29	518.50
Later than one year but not later than five years	883.66	1,055.83
Later than five years	524.75	627.99
	1,912.70	2,202.32

**Note 24: 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, 2016 the Company has following outstanding derivative instrument:

(Amounts in US Dollar million)

Particulars	March 31, 2016	March 31, 2015
Forward contracts – Sell in US Dollar	64.65	122.33

As of balance sheet date, the OFSS group's net foreign currency exposure that is not hedged is ₹ 17,784.44 million (March 31, 2015 ₹ 10,947.55 million).

**Note 25: Share based compensation / payments****a) 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 Solutions 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.

In accordance with 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 ESOPs is as follows:

	Year ended March 31, 2016	Year ended March 31, 2015
	(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

## b) 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 Plan 2014 ("OFSS Stock Plan 2014"). Accordingly the Company granted 95,545 Stock Options and 301,078 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 options.

In respect of the OFSS Stock Plan 2014, each of 25% of the total stock options / RSUs granted 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 with the Company or its subsidiaries. Options / RSUs have exercise period of 10 years from the date of grant. The employee pays the exercise price upon exercise of options/RSUs.

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

	Year ended March 31, 2016		Year ended March 31, 2015	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	36,400	1,978	91,300	1,976
Granted	—	—	—	—
Exercised	(13,400)	2,225	(54,900)	1,975
Forfeited	—	—	—	—
Outstanding at end of the year	23,000	1,835	36,400	1,978
Vested options	23,000		24,400	
Unvested options	—		12,000	

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

	Year ended March 31, 2016		Year ended March 31, 2015	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	164,690	2,064	311,050	2,069
Granted	—	—	—	—
Exercised	(63,666)	2,068	(141,028)	2,075
Forfeited	(5,680)	2,050	(5,332)	2,050
Outstanding at end of the year	95,344	2,062	164,690	2,064
Vested options	91,344		91,901	
Unvested options	4,000		72,789	

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

	Year ended March 31, 2016		Year ended March 31, 2015	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	1,414,628	2,837	1,703,125	2,783
Granted	—	—	15,000	3,076
Exercised	(164,253)	2,504	(274,797)	2,535
Forfeited	(130,450)	2,872	(28,700)	2,667
Outstanding at end of the year	1,119,925	2,882	1,414,628	2,837
Vested options	477,225		347,178	
Unvested options	642,700		1,067,450	

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

	Year ended March 31, 2016		Year ended March 31, 2015	
	Shares arising from Stock Options / RSUs	Weighted average exercise price (₹)	Shares arising from Stock Options / RSUs	Weighted average exercise price (₹)
Outstanding at beginning of year	206,259	921	—	—
Granted	190,364	783	206,259	921
Exercised	—	—	—	—
Forfeited	(10,262)	730	—	—
Outstanding at end of the year	386,361	858	206,259	921
Vested options and RSUs	49,755		—	
Unvested options and RSUs	336,606		206,259	

During the year ended March 31, 2016, the Company has granted 37,175 stock options and 153,189 RSUs under OFSS Stock Plan 2014 at an exercise price of ₹ 3,987 and ₹ 5 respectively.

The weighted average share price for the year over which stock options were exercised was ₹ 3,740 (March 31, 2015 - ₹ 3,347).

The details of options / RSUs unvested and options / RSUs vested and exercisable as on March 31, 2016 are as follows:

	Exercise prices (₹)	Number of Options / RSUs	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Options /RSUs unvested	5	106,507	5	9.0
	5	150,864	5	9.6
	1,930	78,750	1,930	5.7
	2,032	8,000	2,032	5.7
	2,342	4,000	2,342	5.2
	3,076	12,000	3,076	8.3
	3,077	334,350	3,077	7.5
	3,127	209,600	3,127	6.9
	3,241	42,060	3,241	9.0
	3,987	37,175	3,987	9.6
Options /RSUs vested and exercisable	5	35,520	5	9.0
	5	225	5	9.6
	1,291	11,000	1,291	0.1
	1,930	122,328	1,930	5.7
	2,050	91,344	2,050	4.4
	2,333	12,000	2,333	4.6
	3,076	3,000	3,076	8.3
	3,077	148,700	3,077	7.5
	3,127	203,197	3,127	6.9
	3,241	14,010	3,241	9.0
		1,624,630	2,338	7.3

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

	Exercise prices (₹)	Number of Options / RSUs	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Options/RSUs 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

Stock Options/RSUs granted during the financial year ended March 31, 2016:

The weighted average fair value of stock options/RSUs granted during the year was ₹ 3,481 (March 31, 2015 - ₹ 2,671).



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, 2016			Year ended March 31, 2015	
	OFSS Stock Plan 2014 (Stock Option)	OFSS Stock Plan 2014 (RSU)	Scheme 2011	OFSS Stock Plan 2014 (Stock Option)	OFSS Stock Plan 2014 (RSU)
Weighted average share price (in ₹)	3,987	3,987	3,076	3,241	3,241
Exercise Price (in ₹)	3,987	5	3,076	3,241	5
Expected Volatility	25%	28%	28%	27%	27%
Weighted average life (in years)	3.59	6.25	6.5	6.25	6.25
Expected dividend rate	Nil	Nil	Nil	Nil	Nil
Average risk-free interest rate	7.51%	7.66%	8.66%	7.78%	7.78%

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, 2016	March 31, 2015
Profit as reported	11,657.76	11,923.20
Add: Employee stock compensation under intrinsic value method	369.95	—
Less: Employee stock compensation under fair value method	(749.15)	(643.82)
Proforma profit	11,278.56	11,279.38
Earnings Per Share		
Basic		
- As reported	137.58	141.30
- Proforma	133.10	133.67
Diluted		
- As reported	136.84	140.71
- Proforma	132.53	133.26

## Note 26: Employee Benefits Obligation

### Defined contribution plans

During the year ended March 31, 2016 and 2015, the OFSS group contributed following amounts to defined contributions plans:

	(Amounts in ₹ million)	
Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Provident fund	316.24	305.46
Superannuation fund	124.12	116.46
	440.36	421.92

### 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, 2016	Year ended March 31, 2015
Current service cost	97.60	81.57
Interest cost	51.64	45.65
Past service cost – vested benefits	(49.70)	—
Past service cost – non vested benefits	0.84	1.52
Expected return on plan assets	(0.44)	(0.61)
Recognized net actuarial loss	63.30	77.87
Total included in 'employee benefit expense'	163.24	206.00
Actual return on plan assets	(0.61)	(0.50)

The amounts recognized in the balance sheet are as follows:

Particulars	(Amounts in ₹ million)	
	Year ended March 31, 2016	Year ended March 31, 2015
Present value of funded obligations	667.38	621.82
Present value of unfunded obligations	108.47	69.51
Fair value of plan assets	(1.40)	(5.82)
Net liability	774.45	685.51

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, 2016	Year ended March 31, 2015
Defined benefit obligation at beginning of the year	691.33	547.41
Current service cost	97.60	81.57
Interest cost	51.64	45.65
Past service cost – vested benefits	(49.70)	–
Past service cost – non vested benefits	0.84	1.52
Benefits paid	(78.11)	(61.58)
Actuarial loss	62.25	76.76
Defined benefit obligation at end of the year	775.85	691.33

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, 2016	Year ended March 31, 2015
Fair value of plan assets at beginning of the year	5.82	4.88
Expected return on plan assets	0.44	0.61
Actuarial (loss)	(1.05)	(1.11)
Contributions by employer	64.45	60.09
Benefits paid	(68.26)	(58.65)
Fair value of plan assets at end of the year	1.40	5.82

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, 2016	March 31, 2015
Discount rate	3.90%-7.70%	3.50%-7.80%
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, 2017 is expected to be ₹ 110.20 million (March 31, 2016 - ₹ 78.84 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:

(Amounts in ₹ million)

Particulars	Year March 31, 2016	Year March 31, 2015	Year March 31, 2014	Year March 31, 2013	Year March 31, 2012
Present value of funded obligations	(667.38)	(621.82)	(499.93)	(496.42)	(408.90)
Present value of unfunded obligations	(108.47)	(69.51)	(47.48)	(31.17)	(27.99)
Fair value of plan assets	1.40	5.82	4.88	3.78	1.45
Deficit	(774.45)	(685.51)	(542.53)	(523.81)	(435.44)
Experience adjustments on plan liabilities	54.02	36.53	(48.01)	26.56	37.17
Experience adjustments on plan assets	(1.05)	(1.11)	0.08	0.44	0.28

## Note 27: 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.  Oracle Austria GmbH  Oracle Belgium B.V.B.A/SPRL.  Oracle Bilgisayar Sistemleri Limited Sirketi  Oracle Canada ULC  Oracle Caribbean, Inc.  Oracle (China) Software Systems Company Limited  Oracle Colombia Limitada  Oracle Consulting Kazakhstan LLP  Oracle Corporation (Thailand) Company Limited  Oracle Corporation Australia Pty. Limited  Oracle Corporation Japan  Oracle Corporation Malaysia Sdn. Bhd.  Oracle Corporation Singapore Pte. Ltd.  Oracle Corporation (South Africa)(Pty) Limited  Oracle Corporation UK Limited  Oracle Czech s.r.o.  Oracle Danmark ApS  Oracle de Centroamerica, S.A.  Oracle de Mexico, S.A. de C.V.  Oracle Deutschland B.V &amp; Co. KG  Oracle de Venezuela, C.A.  Oracle Do Brasil Sistemas Limitada  Oracle East Central Europe Limited  Oracle East Central Europe Services B.V.  Oracle Egypt Limited  Oracle EMEA Limited  Oracle France, S.A.S.  Oracle Hardware ZAO  Oracle Hrvatska d.o.o.  Oracle Hellas, S.A.  Oracle Iberica, S.R.L.</p>

Relationship	Names of related parties Oracle Hungary Kft. Oracle Italia S.r.l. Oracle India Private Limited Oracle Korea, Ltd. Oracle Luxembourg S.a.r.l. Oracle Nederland B.V. Oracle New Zealand Oracle Norge AS Oracle (Philippines) Corporation Oracle Polska, Sp.z.o.o. Oracle Portugal - Sistemas de Informacao Lda. Oracle Research & Development Center, Shenzhen, Ltd. Oracle Research and Development Centre, Beijing, Ltd. Oracle Romania SRL Oracle 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 Onkarnath Banerjee - Company Secretary & Compliance Officer (from June 1, 2015) Jayant Joshi - Company Secretary & Compliance Officer (from September 29, 2014 till May 31, 2015) Hoshi D. Bhagwagar - Company Secretary & Compliance Officer (till June 6, 2014)
(iv) Independent Directors	S Venkatachalam Sridhar Srinivasan (from July 23, 2015) Richard Jackson (from December 16, 2014) Y. M. Kale (till December 15, 2014)

Transactions and balances outstanding with these parties are described below:

	(Amounts in ₹ million)			
	Transaction		Amount receivable (payable)	
	Year ended March 31, 2016	Year ended March 31, 2015	As at March 31, 2016	As at March 31, 2015
Revenue				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	3,780.95	2,331.38	1,027.00	96.60
Oracle Austria GmbH	29.66	22.20	2.48	2.65
Oracle Belgium B.V.B.A/SPRL.	28.78	22.17	1.50	—
Oracle Bilgisayar Sistemleri Limited Sirketi	15.94	22.23	6.36	1.00
Oracle Canada ULC	432.37	627.43	143.05	177.97
Oracle Caribbean, Inc.	21.91	26.97	36.76	—

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2016	Year ended March 31, 2015	As at March 31, 2016	As at March 31, 2015
Oracle (China) Software Systems Company Limited	59.54	93.87	61.98	40.02
Oracle Colombia Limitada	390.25	244.03	54.73	34.97
Oracle Consulting Kazakhstan LLP	0.93	0.66	1.15	0.65
Oracle Corporation Japan	978.06	387.23	36.35	37.85
Oracle Corporation (South Africa)(Pty) Limited	751.81	1,219.18	32.38	(10.74)
Oracle Corporation (Thailand) Company Limited	156.95	191.25	6.21	(37.48)
Oracle Corporation Australia Pty. Limited	3,722.73	4,403.31	346.09	926.62
Oracle Corporation Malaysia Sdn. Bhd.	154.97	326.63	19.47	7.52
Oracle Corporation Singapore Pte. Ltd.	862.20	35.86	144.24	37.82
Oracle Corporation UK Limited	511.99	759.24	198.45	4.98
Oracle Czech s.r.o.	45.29	44.54	3.10	(1.49)
Oracle Danmark ApS	41.76	90.80	4.33	4.72
Oracle de Centroamerica, S.A.	2.96	16.21	0.49	0.36
Oracle de Mexico, S.A. de C.V.	93.44	133.39	8.14	5.35
Oracle Deutschland B.V & Co. KG	30.52	29.94	6.20	5.01
Oracle de Venezuela, C.A.	0.05	—	0.03	—
Oracle Do Brasil Sistemas Limitada	92.14	77.48	32.35	81.78
Oracle East Central Europe Limited	117.89	174.69	19.71	81.63
Oracle East Central Europe Services B.V.	147.42	144.77	132.22	31.55
Oracle Egypt Limited	889.72	201.81	912.61	70.85
Oracle France, S.A.S.	92.04	132.11	4.35	8.15
Oracle Hardware ZAO	276.47	—	231.38	—
Oracle Hellas, S.A.	1.78	1.46	2.46	0.18
Oracle Hrvatska d.o.o.	0.41	0.23	0.17	0.02
Oracle Hungary Kft.	234.33	155.41	9.03	0.14
Oracle Iberica, S.R.L.	10.22	19.59	6.74	(3.59)
Oracle India Private Limited	148.62	207.58	98.58	0.08
Oracle Italia S.r.l.	67.66	78.23	16.04	9.60
Oracle Korea, Ltd.	37.26	41.39	17.00	6.51
Oracle Luxembourg S.a.r.l.	5.10	9.52	1.44	—
Oracle Nederland B.V.	104.60	220.87	24.54	13.35
Oracle New Zealand	247.14	77.55	142.73	0.84
Oracle (Philippines) Corporation	263.53	251.51	28.40	6.16
Oracle Polska, Sp.z.o.o.	71.40	77.92	65.64	13.13
Oracle Portugal - Sistemas de Informacao Lda.	55.01	87.66	18.33	(21.81)
Oracle Serbia and Montenegro d.o.o	—	22.08	45.60	16.09
Oracle SRBIJA CRNA GORA d.o.o.	39.40	28.91	0.10	(2.36)
Oracle Svenska AB	17.82	29.97	4.48	(3.01)
Oracle Systems Hong Kong Limited	208.18	222.56	26.95	14.42
Oracle Systems Limited	851.12	752.23	102.39	(27.73)
Oracle Systems Pakistan (Private) Limited	257.49	137.18	149.91	212.22
Oracle Taiwan LLC	119.03	108.39	42.90	19.59
Oracle Technology Systems (Kenya) Limited	150.77	—	203.66	—
Oracle Vietnam Pte. Ltd.	119.55	252.58	36.81	258.56
PT Oracle Indonesia	276.94	395.87	33.75	90.05
Oracle Romania SRL	198.37	297.03	51.11	46.75
Sistemas Oracle de Chile, S.A.	13.61	51.02	22.90	9.01
Sistemas Oracle del Peru, S.A.	0.15	0.36	0.32	0.18
Provision for doubtful debts				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	—	(7.30)	—	—
Oracle (Philippines) Corporation	—	(1.39)	—	—
Oracle Do Brasil Sistemas Limitada	—	(2.40)	—	—
Oracle Canada ULC	—	(0.26)	—	—
Oracle Colombia Limitada	—	(0.68)	—	—
Oracle Corporation (South Africa)(Pty) Limited	(0.65)	(8.53)	(0.18)	(0.83)

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2016	Year ended March 31, 2015	As at March 31, 2016	As at March 31, 2015
Oracle Corporation (Thailand) Company Limited	—	(0.10)	—	—
Oracle Corporation Australia Pty. Limited	(0.01)	(12.47)	(0.08)	(0.09)
Oracle Corporation Malaysia Sdn. Bhd.	—	(0.12)	—	—
Oracle Czech s.r.o.	—	(0.01)	—	—
Oracle Egypt Limited	—	(6.23)	—	—
Oracle EMEA Limited	—	(0.18)	—	—
Oracle Hungary Kft.	—	(0.14)	—	—
Oracle India Private Limited	—	(0.30)	—	—
Oracle Nederland B.V.	—	(1.00)	—	—
Oracle Polska, Sp.z.o.o.	—	(2.18)	—	—
Oracle Portugal - Sistemas de Informacao Lda.	0.86	(4.83)	(8.77)	(7.91)
Oracle Systems Hong Kong Limited	—	(2.20)	—	—
Oracle Systems Limited	0.04	(3.20)	(0.74)	(0.70)
Oracle Taiwan LLC	0.03	(1.15)	(0.59)	(0.56)
Oracle Vietnam Pte. Ltd.	0.13	(4.30)	(2.36)	(2.23)
PT Oracle Indonesia	—	(1.29)	—	—
Oracle Romania SRL	(0.27)	(0.06)	—	(0.27)
Oracle Serbia and Montenegro d.o.o	0.02	(0.99)	(0.22)	(0.20)
Oracle SRBIJA CRNA GORA d.o.o.	—	(0.08)	—	—
Bad debts				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	—	6.47	—	—
Oracle (Philippines) Corporation	—	4.64	—	—
Oracle Canada ULC	—	0.25	—	—
Oracle Colombia Limitada	—	1.22	—	—
Oracle Corporation (South Africa)(Pty) Limited	—	7.98	—	—
Oracle Corporation (Thailand) Company Limited	—	1.71	—	—
Oracle Corporation Australia Pty. Limited	—	10.81	—	—
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	—	—
Oracle Serbia and Montenegro d.o.o	—	0.77	—	—
Oracle Systems Hong Kong Limited	—	1.46	—	—
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)	22.09	—	(22.09)
Oracle Belgium B.V.B.A/SPRL.	(1.43)	1.43	—	(1.43)
Oracle Corporation Australia Pty. Limited	(55.81)	55.81	—	(55.81)
Oracle Corporation Malaysia Sdn. Bhd.	2.46	—	(2.46)	—
Oracle Corporation Singapore Pte. Ltd.	—	(0.42)	—	—
Oracle East Central Europe Limited	(0.53)	0.53	—	(0.53)
Oracle France, S.A.S.	—	(2.80)	—	—
Oracle (Philippines) Corporation	(22.88)	22.88	—	(22.88)
Oracle Hungary Kft.	0.16	—	(0.16)	—
Oracle Portugal - Sistemas de Informacao Lda.	—	(8.03)	—	—

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2016	Year ended March 31, 2015	As at March 31, 2016	As at March 31, 2015
Oracle SRBIJA CRNA GORA d.o.o.	2.63	—	(2.63)	—
Oracle Systems Hong Kong Limited	0.72	(0.65)	(0.72)	—
Oracle Systems Limited	(6.46)	(1.58)	—	(6.46)
PT Oracle Indonesia	0.16	2.67	(2.83)	(2.67)
Deferred Revenue				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	—	—	—	(12.85)
Oracle Austria GmbH	—	—	—	(0.27)
Oracle (China) Software Systems Company Limited	—	—	—	(0.10)
Oracle Canada ULC	—	—	—	(1.21)
Oracle Colombia Limitada	—	—	—	(0.92)
Oracle Corporation (Thailand) Company Limited	—	—	—	(0.73)
Oracle Corporation Australia Pty. Limited	—	—	—	(22.73)
Oracle Corporation Japan	—	—	(0.28)	(5.56)
Oracle Corporation Malaysia Sdn. Bhd.	—	—	(3.39)	(6.04)
Oracle Corporation Singapore Pte. Ltd.	—	—	(20.02)	(0.01)
Oracle Corporation UK Limited	—	—	—	(15.22)
Oracle Corporation (South Africa)(Pty) Limited	—	—	(4.17)	(8.56)
Oracle East Central Europe Limited	—	—	—	(0.80)
Oracle de Mexico, S.A. de C.V.	—	—	—	(1.67)
Oracle do Brasil Sistemas Limitada	—	—	—	(2.64)
Oracle Egypt Limited	—	—	—	(24.77)
Oracle France, S.A.S.	—	—	—	(3.72)
Oracle Iberica, S.R.L.	—	—	(8.24)	(2.41)
Oracle India Private Limited	—	—	—	(53.45)
Oracle Nederland B.V.	—	—	—	(4.40)
Oracle New Zealand	—	—	(3.34)	(0.63)
Oracle (Philippines) Corporation	—	—	(5.22)	(2.77)
Oracle Polska, Sp.z.o.o.	—	—	(8.18)	(12.50)
Oracle Portugal - Sistemas de Informacao Lda.	—	—	—	(0.08)
Oracle Serbia and Montenegro d.o.o	—	—	—	(0.57)
Oracle Systems Hong Kong Limited	—	—	—	(35.96)
Oracle Systems Limited	—	—	—	(50.07)
Oracle Systems Pakistan (Private) Limited	—	—	—	(1.41)
Oracle Taiwan LLC	—	—	—	(0.88)
Oracle Vietnam Pte. Ltd.	—	—	—	(0.48)
Oracle Romania SRL	—	—	—	(0.91)
Sistemas Oracle del Peru, S.A.	—	—	—	(0.02)
Unbilled revenue				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	—	—	443.52	422.92
Oracle Austria GmbH	—	—	6.93	2.63
Oracle Belgium B.V.B.A/SPRL.	—	—	6.97	5.88
Oracle Bilgisayar Sistemleri Limited Sirketi	—	—	5.26	1.68
Oracle (China) Software Systems Company Limited	—	—	3.63	1.54
Oracle Canada ULC	—	—	34.58	68.54
Oracle Caribbean, Inc.	—	—	1.83	6.41
Oracle Colombia Limitada	—	—	113.22	15.41
Oracle Consulting Kazakhstan LLP	—	—	0.09	0.02
Oracle Corporation (South Africa)(Pty) Limited	—	—	56.07	212.03
Oracle Corporation (Thailand) Company Limited	—	—	32.28	6.22
Oracle Corporation Australia Pty. Limited	—	—	179.82	481.42
Oracle Corporation Japan	—	—	687.03	—
Oracle Corporation Malaysia Sdn. Bhd.	—	—	—	9.87
Oracle Corporation Singapore Pte. Ltd.	—	—	10.77	5.84



(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2016	Year ended March 31, 2015	As at March 31, 2016	As at March 31, 2015
Oracle Corporation UK Limited	—	—	33.90	245.55
Oracle Czech s.r.o.	—	—	21.38	9.89
Oracle Danmark ApS	—	—	10.53	38.76
Oracle de Centroamerica, S.A.	—	—	0.34	9.47
Oracle Deutschland B.V & Co. KG	—	—	6.30	5.60
Oracle East Central Europe Limited	—	—	2.13	6.01
Oracle de Mexico, S.A. de C.V.	—	—	3.49	18.81
Oracle do Brasil Sistemas Limitada	—	—	11.07	4.34
Oracle France, S.A.S.	—	—	18.15	124.02
Oracle East Central Europe Services B.V.	—	—	25.95	10.75
Oracle Egypt Limited	—	—	5.45	25.82
Oracle Hardware ZAO	—	—	0.25	—
Oracle Hellas, S.A.	—	—	1.79	1.74
Oracle Hrvatska d.o.o.	—	—	0.05	—
Oracle Hungary Kft.	—	—	7.30	147.31
Oracle Iberica, S.R.L.	—	—	—	2.88
Oracle India Private Limited	—	—	27.38	73.03
Oracle Italia S.r.l.	—	—	5.55	11.52
Oracle Korea, Ltd.	—	—	4.80	2.19
Oracle Luxembourg S.a.r.l.	—	—	0.59	9.45
Oracle Nederland B.V.	—	—	3.61	16.16
Oracle New Zealand	—	—	—	56.13
Oracle (Philippines) Corporation	—	—	33.32	8.43
Oracle Serbia and Montenegro d.o.o	—	—	—	4.83
Oracle SRBIJA CRNA GORA d.o.o.	—	—	4.42	5.95
Oracle Polska, Sp.z.o.o.	—	—	—	1.16
Oracle Portugal - Sistemas de Informacao Lda.	—	—	7.21	11.34
Oracle Romania SRL	—	—	9.05	15.90
Oracle Svenska AB	—	—	1.43	—
Oracle Systems Hong Kong Limited	—	—	8.09	21.00
Oracle Systems Limited	—	—	25.10	210.08
Oracle Systems Pakistan (Private) Limited	—	—	4.45	4.74
Oracle Taiwan LLC	—	—	13.09	17.41
Oracle Technology Systems (Kenya) Limited	—	—	6.19	47.82
Oracle Vietnam Pte. Ltd.	—	—	19.39	0.58
PT Oracle Indonesia	—	—	30.46	56.46
Sistemas Oracle de Chile, S.A.	—	—	16.65	47.53
Sistemas Oracle del Peru, S.A.	—	—	0.09	—
Recovery of Expenses				
<i>Fellow subsidiaries</i>				
Oracle (Philippines) Corporation	0.88	0.31	—	—
Oracle America, Inc.	78.11	45.64	0.03	0.02
Oracle Belgium B.V.B.A/SPRL.	0.31	0.57	—	—
Oracle Canada ULC	9.86	26.57	—	0.01
Oracle Colombia Limitada	12.05	9.61	—	—
Oracle Corporation (South Africa)(Pty) Limited	37.38	52.81	3.23	4.26
Oracle Corporation (Thailand) Company Limited	1.67	2.55	7.41	0.49
Oracle Corporation Australia Pty. Limited	33.10	32.29	10.42	0.06
Oracle Corporation Japan	2.36	1.39	—	—
Oracle Corporation Malaysia Sdn. Bhd.	2.09	2.12	0.71	0.71
Oracle Corporation UK Limited	0.55	(0.77)	—	—
Oracle Czech s.r.o.	—	4.37	—	—
Oracle Danmark ApS	6.14	5.12	—	—
Oracle de Centroamerica, S.A.	—	0.14	—	—
Oracle de Mexico, S.A. de C.V.	1.19	8.22	0.32	3.76
Oracle Do Brasil Sistemas Limitada	10.29	8.21	4.22	7.87

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2016	Year ended March 31, 2015	As at March 31, 2016	As at March 31, 2015
Oracle East Central Europe Limited	(0.23)	17.70	—	4.00
Oracle East Central Europe Services B.V.	0.06	—	1.15	1.04
Oracle Egypt Limited	15.77	1.18	12.58	—
Oracle Hungary Kft.	2.43	0.47	—	—
Oracle Iberica, S.R.L.	0.66	—	—	—
Oracle India Private Limited	0.06	0.67	—	—
Oracle Italia S.r.l.	1.55	3.14	—	—
Oracle Luxembourg S.a.r.l.	0.63	—	—	—
Oracle Nederland B.V.	4.97	8.27	—	—
Oracle New Zealand	17.84	3.74	—	—
Oracle Polska, Sp.z.o.o.	0.07	—	0.08	—
Oracle Portugal - Sistemas de Informacao Lda.	(0.36)	6.03	—	—
Oracle Romania SRL	0.04	0.03	—	—
Oracle Svenska AB	0.84	0.01	—	—
Oracle Systems Hong Kong Limited	16.79	21.58	—	1.05
Oracle Systems Limited	4.32	4.73	0.66	0.13
Oracle Systems Pakistan (Private) Limited	—	(0.14)	—	—
Oracle Taiwan LLC	12.30	17.85	6.29	0.68
Oracle Vietnam Pte. Ltd.	—	0.59	—	—
PT Oracle Indonesia	31.13	29.67	—	0.57
Sistemas Oracle de Chile, S.A.	—	—	—	0.07
Rent expenses				
<i>Fellow subsidiaries</i>				
Oracle India Private Limited	0.98	1.24	(0.26)	—
Oracle Korea, Ltd.	—	0.09	—	—
Oracle (China) Software Systems Company Limited	1.74	1.32	(0.09)	(0.51)
Oracle Corporation Australia Pty. Limited	3.83	2.89	(1.62)	(0.88)
Oracle Corporation Singapore Pte. Ltd.	3.23	10.12	(0.89)	(3.34)
Oracle EMEA Limited	0.20	—	(0.20)	—
Oracle Hellas, S.A.	8.06	0.99	(0.23)	(0.99)
Oracle America, Inc.	22.23	21.19	—	—
Oracle Nederland B.V.	6.06	15.40	(3.72)	—
Oracle France, S.A.S.	2.62	2.56	—	—
Oracle Taiwan LLC	—	—	—	0.04
Oracle Corporation Japan	5.75	8.92	—	(2.81)
Sistemas Oracle de Chile, S.A.	7.38	7.98	—	—
Oracle Systems Limited	5.13	22.10	—	—
Professional fee expenses				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	4.77	31.39	—	(40.02)
Oracle Corporation (South Africa)(Pty) Limited	12.79	13.79	(28.16)	(13.79)
Oracle India Private Limited	435.91	434.64	(113.74)	(111.30)
Oracle Italia S.R.L.	0.75	0.45	(1.20)	(0.45)
Oracle Luxembourg S.a.r.l.	0.04	0.75	(0.79)	(0.75)
Oracle Systems Limited	(12.97)	16.43	(3.42)	(12.32)
Oracle Technology Systems (Kenya) Limited	2.09	0.83	(2.92)	(0.83)
Oracle Hungary Kft.	—	0.08	(0.08)	(0.08)
Oracle Romania SRL	0.12	0.06	(0.18)	(0.06)
Oracle East Central Europe Limited	2.16	1.50	(3.66)	(1.50)
Oracle East Central Europe Services B.V.	0.83	0.99	(1.82)	(0.99)
Oracle de Mexico, S.A. de C.V.	39.10	8.40	(0.42)	(8.40)
Oracle Research & Development Center, Shenzhen, Ltd.	59.33	89.69	(13.42)	(9.39)
Oracle Research and Development Centre, Beijing, Ltd.	1.71	2.60	(0.27)	(0.21)

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2016	Year ended March 31, 2015	As at March 31, 2016	As at March 31, 2015
Oracle Canada ULC	4.69	3.48	(7.93)	(3.48)
Oracle Do Brasil Sistemas Limitada	0.38	1.12	(1.50)	(1.12)
Oracle Corporation (Thailand) Company Limited	61.46	2.65	(3.22)	(2.65)
Oracle Corporation Malaysia Sdn. Bhd.	1.21	0.18	(1.39)	(0.18)
Oracle Czech s.r.o.	0.50	—	(0.50)	—
Oracle Korea, Ltd.	0.05	—	(0.05)	—
Oracle New Zealand	1.65	—	(1.65)	—
Oracle Taiwan LLC	1.95	—	(1.95)	—
Oracle Egypt Limited	21.12	2.78	(2.95)	(2.78)
Oracle Polska, Sp.z.o.o.	2.46	1.71	(4.18)	(1.71)
Oracle EMEA Limited	9.79	4.28	(23.14)	(13.35)
Oracle (Philippines) Corporation	1.93	0.22	(2.15)	(0.22)
Oracle Portugal - Sistemas de Informacao Lda.	8.01	25.74	(7.70)	(7.70)
Oracle Systems Hong Kong limited	1.31	2.50	(3.81)	(2.50)
Oracle Vietnam Pte. Ltd.	0.86	1.14	(2.00)	(1.14)
PT Oracle Indonesia	5.11	—	(5.11)	—
Other expenses				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	0.29	5.80	3.49	(1.04)
Oracle Italia S.R.L.	0.05	0.43	(0.48)	(0.43)
Oracle Corporation UK Limited	0.04	1.63	(1.67)	(1.63)
Oracle Corporation Australia Pty. Limited	58.04	—	(0.91)	—
Oracle de Mexico, S.A. de C.V.	1.01	—	(0.31)	—
Oracle East Central Europe Services B.V.	2.26	—	(2.26)	—
Oracle EMEA Limited	22.71	—	(22.71)	—
Oracle Technology Systems (Kenya) Limited	2.33	—	(2.33)	—
Oracle Corporation Japan	0.03	—	(0.03)	—
Oracle (China) Software Systems Company Limited	0.78	—	(0.78)	—
Oracle Taiwan LLC	1.48	3.03	(4.51)	(3.03)
Oracle Czech s.r.o.	1.25	0.72	(0.31)	(0.72)
Oracle Egypt Limited	7.03	9.20	(6.83)	(9.20)
Oracle East Central Europe Limited	2.93	2.94	(2.31)	(2.94)
Oracle India Private Limited	7.63	1.04	(2.23)	(0.30)
Oracle Canada ULC	24.13	20.81	(23.43)	(23.50)
Oracle Corporation Singapore Pte. Ltd.	0.48	(0.13)	—	—
Oracle Corporation (South Africa)(Pty) Limited	40.95	15.76	(16.40)	(69.05)
Oracle Hellas, S.A.	—	1.51	—	(1.51)
Oracle Norge AS	—	60.95	—	(62.64)
Oracle Polska, Sp.z.o.o.	9.18	3.92	(2.08)	(11.10)
Oracle Portugal - Sistemas de Informacao Lda.	104.13	6.90	(5.86)	(23.58)
Oracle Romania SRL	1.94	0.48	(6.71)	(6.43)
Oracle Corporation Malaysia Sdn. Bhd.	1.99	0.66	(1.59)	(2.38)
Oracle Corporation (Thailand) Company Limited	1.18	1.12	(0.91)	(2.44)
Oracle Vietnam Pte. Ltd.	1.10	1.96	(6.93)	(5.84)
Oracle (Philippines) Corporation	7.06	0.75	(6.22)	(1.59)
Application software expenses				
<i>Fellow subsidiaries</i>				
Oracle India Private Limited	10.25	29.30	—	(1.28)
Oracle America, Inc.	4.24	—	—	—
Procurement of fixed assets				
<i>Fellow Subsidiaries</i>				
Oracle Corporation Singapore Pte. Ltd.	—	0.79	—	—

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2016	Year ended March 31, 2015	As at March 31, 2016	As at March 31, 2015
Rent income				
<i>Fellow subsidiaries</i>				
Oracle America, Inc.	16.19	14.60	—	—
Oracle Corporation UK Limited	12.23	10.06	—	—
Oracle Solution Services (India) Private Ltd.	7.00	0.52	—	0.23
Oracle India Private Limited	69.56	58.78	8.89	3.52
Payment of equity dividend				
<i>Holding Company</i>				
Oracle Global (Mauritius) Limited	11,349.22	30,579.83	—	—
<i>Key Managerial personnel</i>	13.16	73.55	—	—
Remuneration				
<i>Key Managerial personnel [Refer note 1 below]</i>				
Chaitanya Kamat	99.36	40.83	—	—
Makarand Padalkar	35.79	8.80	—	—
Others	5.40	1.77	—	—
Commission				
<i>Independent Directors</i>				
S Venkatachalam	3.00	2.83	—	—
Y. M. Kale	—	1.53	—	—
Richard Jackson	2.30	1.71	—	—
Sridhar Srinivasan	1.22	—	—	—
Reimbursement of expenses				
<i>Directors</i>	4.21	—	—	—

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, 35,375 RSUs under the OFSS Stock Plan 2014 (March 31, 2015 - 37,000 RSUs under the Scheme 2011) were granted to KMP.

## Note 28: Tax expenses

Current tax charge for the year ended March 31, 2016 includes provision made in relation to foreign tax receivable of ₹ 413.03 million (March 31, 2015 - ₹ Nil).

## Note 29: Litigations

The Group has some litigations in respect of which the Group has made aggregate provisions of ₹ 945.50 million as at March 31, 2016 (as at March 31, 2015 - ₹ 815.45 million).

## Note 30: Summary of Net Assets and Share in Profit or loss of the Group

(Amounts in ₹ million)

Name of the Entity	March 31, 2016				March 31, 2015			
	Net Assets	%	Share in Profit or loss	%	Net Assets	%	Share in Profit or loss	%
Parent								
Oracle Financial Services Software Limited	22,680.04	62%	9,288.50	80%	22,624.30	66%	10,580.20	89%
Subsidiaries								
<i>Indian</i>								
Oracle (OFSS) Processing Services Limited	580.30	2%	77.05	1%	503.25	1%	37.74	0%

(Amounts in ₹ million)

Name of the Entity	March 31, 2016				March 31, 2015			
	Net Assets	%	Share in Profit or loss	%	Net Assets	%	Share in Profit or loss	%
Oracle (OFSS) BPO Services Limited	369.23	1%	45.48	0%	323.75	1%	26.20	0%
Oracle (OFSS) ASP Private Limited	37.14	0%	0.86	0%	36.28	0%	3.58	0%
Mantas India Private Limited	18.10	0%	0.13	0%	17.97	0%	1.16	0%
<i>Foreign</i>								
Oracle Financial Services Software B.V.	1,342.19	4%	333.93	3%	1,008.26	3%	(219.10)	-2%
Oracle Financial Services Software SA	1,075.11	3%	10.91	0%	1,064.20	3%	(127.10)	-1%
Oracle Financial Services Software Pte. Ltd.	1,878.52	5%	567.22	5%	1,311.30	4%	155.46	1%
Oracle Financial Services Consulting Pte. Ltd.	(199.78)	-1%	(16.40)	0%	(183.38)	-1%	6.18	0%
Oracle Financial Services Software America, Inc.	(917.77)	-2%	(58.48)	-1%	(859.29)	-2%	(41.10)	0%
Oracle Financial Services Software, Inc.	4,907.50	14%	1,370.08	12%	3,537.42	10%	1,350.88	13%
Mantas Inc.	4,892.22	13%	10.91	0%	4,881.31	14%	7.65	0%
Sotas Inc.	—	0%	—	0%	—	0%	—	0%
ISP Internet Mauritius Company	383.34	1%	154.49	1%	293.53	1%	(2.07)	0%
Oracle (OFSS) BPO Services Inc.	(744.96)	-2%	(190.30)	-2%	(504.74)	-1%	39.19	0%
Oracle Financial Services Software Chile Limitada	204.39	1%	70.05	1%	134.34	0%	55.76	0%
Oracle Financial Services Software (Shanghai) Limited	245.51	1%	(6.67)	0%	252.18	1%	48.57	0%
<i>Associate</i>								
<i>Foreign</i>								
Login SA	—	—	—	—	—	—	—	—
Total	36,751.08	100%	11,657.76	100%	34,440.68	100%	11,923.20	100%

### Note 31: 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 and Capital Markets industry.

(Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Year ended March 31, 2016	
				Total	
Revenue	34,319.99	5,460.68	1,147.35	40,928.02	
Segment result	16,388.49	700.34	184.71	17,273.54	
Unallocable expenses				(1,215.15)	
Other income, net				2,559.65	
Profit before tax				18,618.04	
Tax expenses				(6,960.28)	
Net profit				11,657.76	

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	

#### Other information

(Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Unallocable	Year ended March 31, 2016	
					Total	
Capital expenditure by segment						
Tangible assets	174.70	31.45	1.00	18.78	225.93	
Depreciation and amortization	384.82	96.66	26.40	21.39	529.27	
Other non cash expenses	16.61	5.74	15.60	—	37.95	
Segment assets	17,517.51	2,615.51	302.10	36,334.49	56,769.61	
Segment liabilities	6,722.66	861.07	121.87	12,309.93	20,015.53	
Share application money pending allotment				3.00	3.00	
Shareholders' funds				36,751.08	36,751.08	

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	

#### 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, 2016		Year ended March 31, 2015	
	Amounts in ₹ million	%	Amounts in ₹ million	%
United States of America	13,703.50	34%	12,167.14	31%
Europe	7,093.59	17%	7,468.05	19%
Asia Pacific	10,277.98	25%	10,250.23	26%
Middle East, India and Africa	8,866.49	22%	8,174.87	21%
Latin America and Caribbean	986.46	2%	988.76	3%
	40,928.02	100%	39,049.05	100%

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

Regions	Year ended March 31, 2016		Year ended March 31, 2015	
	Amounts in ₹ million	%	Amounts in ₹ million	%
United States of America	9,305.64	16%	8,714.72	14%
Europe	5,137.54	9%	4,367.06	7%
Asia Pacific	5,779.72	10%	6,442.91	10%
Middle East, India and Africa	35,801.06	64%	42,579.50	68%
Latin America and Caribbean	745.65	1%	602.79	1%
	56,769.61	100%	62,706.97	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, 2016		Year ended March 31, 2015	
	Amounts in ₹ million	%	Amounts in ₹ million	%
United States of America	5.82	3%	6.15	2%
Europe	2.34	1%	4.32	2%
Asia Pacific	6.58	3%	7.02	3%
Middle East, India and Africa	210.75	93%	254.71	93%
Latin America and Caribbean	0.44	0%	1.13	0%
	225.93	100%	273.33	100%

## Note 32:

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/E300004

**per Amit Majmudar**

Partner

Membership No. 36656

**Mumbai, India**

**May 11, 2016**

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

**S Venkatachalam**

Chairman

**Richard Jackson**

Director

**Mumbai, India**

**May 11, 2016**

**Chaitanya Kamat**

Managing Director

& Chief Executive Officer

**Makarand Padalkar**

Chief Financial Officer

**Onkarnath Banerjee**

Company Secretary

& Compliance Officer



# Consolidated statement of cash flow

## for year ended March 31, 2016

	(Amounts in ₹ million)	
	Year ended March 31, 2016	Year ended March 31, 2015
Cash flows from operating activities		
Profit before tax	18,618.04	18,308.37
Adjustments to reconcile profit before tax to cash (used in) provided by operating activities :		
Depreciation and amortization	529.27	680.92
Loss on sale/write off of fixed assets, net	62.46	10.23
Provision for doubtful debts, net	(141.51)	(43.25)
Bad debts	179.46	205.62
Interest income	(2,035.97)	(4,104.03)
Employee stock compensation expense	369.95	–
Effect of exchange rate changes in cash and cash equivalent	(377.00)	249.13
Unrealized exchange (gain) loss, net	(762.03)	612.51
Deferred rent	(46.86)	(8.15)
Finance charge on leased assets	0.04	0.08
Operating Profit before Working Capital changes	16,395.85	15,911.43
Changes in assets and liabilities, net of effect of acquisition		
Increase (decrease) in trade payables	10.84	(110.82)
(Decrease) in other long term liabilities	(32.82)	(39.60)
(Decrease) increase in current liabilities	(652.33)	498.22
Increase in long-term provisions	58.99	133.83
Increase in short-term provisions	153.84	163.94
(Increase) decrease in trade receivables	(1,951.48)	280.32
Decrease (increase) in long-term loans and advances	88.60	(89.70)
(Increase) decrease in short-term loans and advances	(246.87)	230.67
Decrease in other current assets	338.94	1,033.33
Cash from operating activities	14,163.56	18,011.62
Payment of domestic and foreign taxes	(7,020.75)	(7,407.71)
Net cash provided by operating activities	7,142.81	10,603.91
Cash flows from investing activities		
Additions to fixed assets including capital work in progress	(270.35)	(151.45)
Refund of deposits for premises and others	170.40	6.22
Proceeds from sale of fixed assets	9.61	18.66
Bank fixed deposits having maturity of more than three months matured	33,713.79	69,255.85
Bank fixed deposits having maturity of more than three months booked	(25,881.78)	(37,447.69)
Interest received	2,045.43	5,579.77
Net cash provided by investing activities	9,787.10	37,261.36

# Consolidated statement of cash flow

for year ended March 31, 2016 (continued)

	(Amounts in ₹ million)	
	Year ended March 31, 2016	Year ended March 31, 2015
Cash flows from financing activities		
Issue of shares under ESOP scheme	575.18	1,094.59
Payment of lease obligations	(1.06)	(1.62)
Equity dividend paid	(15,259.35)	(41,017.77)
Tax on equity dividend paid	(3,106.50)	(6,970.97)
Net cash (used in) financing activities	(17,791.73)	(46,895.77)
Net (decrease) increase in cash and cash equivalents	(861.82)	969.50
Cash and cash equivalents at beginning of the year	5,914.49	5,194.12
Effect of exchange rate changes in cash and cash equivalents	377.00	(249.13)
Cash and cash equivalents at end of the year	5,429.67	5,914.49
Component of cash and cash equivalents		
Balances with banks:		
Current accounts	5,023.42	5,776.09
Deposit accounts with original maturity of less than 3 months	271.00	36.00
Unclaimed dividend account*	135.25	102.40
Total cash and cash equivalents [Refer note 13 (a)]	5,429.67	5,914.49

\*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/E300004

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

**Mumbai, India**  
**May 11, 2016**

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

**S Venkatachalam**  
Chairman

**Richard Jackson**  
Director

**Mumbai, India**  
**May 11, 2016**

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

**Makarand Padalkar**  
Chief Financial Officer

**Onkarnath Banerjee**  
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	Proposed Dividend	Shareholding % of
<i>Subsidiaries</i>															
1	Oracle Financial Services Software B.V.	31-Mar-16	EUR	74.91	776.31	1,301.46	4,658.81	3,314.12	733.08	8,931.59	527.47	190.87	336.60	–	100%
2	Oracle Financial Services Software SA	31-Mar-16	EUR	74.91	723.64	351.47	1,226.10	150.99	–	212.71	15.23	4.32	10.91	–	100%
3	Oracle Financial Services Software Pte. Ltd.	31-Mar-16	USD	66.20	6.63	1,918.25	5,148.52	3,270.01	46.37	9,908.88	902.08	334.86	567.22	–	100%
4	Oracle Financial Services Consulting Pte. Ltd.	31-Mar-16	USD	66.20	46.37	(246.15)	60.62	260.40	–	–	(16.40)	–	(16.40)	–	100%
5	Oracle Financial Services Software America, Inc.	31-Mar-16	USD	66.20	5,810.57	(438.81)	4.80	922.57	6,289.53	–	(57.75)	0.73	(58.48)	–	100%
6	Oracle Financial Services Software, Inc.	31-Mar-16	USD	66.20	–	4,907.50	7,571.00	2,663.50	–	13,884.47	2,011.42	641.34	1,370.08	–	100%
7	Mantas Inc.	31-Mar-16	USD	66.20	5,650.17	(742.95)	4,892.26	0.04	15.00	–	10.94	0.03	10.91	–	100%
8	Sotas Inc.	31-Mar-16	USD	66.20	–	–	–	–	–	–	–	–	–	–	100%
9	Mantas India Private Limited	31-Mar-16	INR	1.00	15.00	3.09	19.48	1.39	–	–	1.20	0.37	0.83	–	100%
10	ISP Internet Mauritius Company	31-Mar-16	USD	66.20	–	441.38	383.35	–	58.03	–	154.49	–	154.49	–	100%
11	Oracle (OFSS) BPO Services Inc.	31-Mar-16	USD	66.20	0.01	(744.97)	110.26	855.22	–	369.26	(190.30)	–	(190.30)	–	100%
12	Oracle (OFSS) BPO Services Limited	31-Mar-16	INR	1.00	58.19	319.34	480.27	102.74	–	299.39	48.96	(1.14)	50.10	–	100%
13	Oracle (OFSS) Processing Services Limited	31-Mar-16	INR	1.00	13.00	566.34	623.08	43.91	0.17	283.11	100.62	36.73	63.89	–	100%
14	Oracle (OFSS) ASP Private Limited	31-Mar-16	INR	1.00	51.70	(14.56)	37.93	0.79	–	–	0.83	–	0.83	–	100%
15	Oracle Financial Services Software Chile Limitada	31-Dec-15	CLP	0.10	70.49	133.91	517.11	312.71	–	480.34	92.78	22.73	70.05	–	100%
16	Oracle Financial Services Software (Shanghai) Limited	31-Dec-15	CNY	10.24	45.51	200.00	2,014.57	1,769.06	–	320.61	(5.97)	0.70	(6.67)	–	100%
<i>Associate</i>															
17	Login SA	31-Dec-15	EUR	74.91	14.98	3.19	114.56	96.45	0.06	232.77	10.02	–	10.02	–	33%

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

**S Venkatachalam**  
Chairman

**Mumbai, India**  
July 18, 2016

## **Unconsolidated financials**

**Financial statements for the year ended March 31, 2016 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, 2016, 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. 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, 2016, 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, 2016 ("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, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 2 to this report;
- (g) 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 31 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; and
  - 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/E300004

**per Amit Majmudar**

Partner

Membership Number: 36656

Place of Signature: Mumbai

Date: May 11, 2016

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

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3 (ii) of the Companies (Auditor's report) Order, 2016 ("the Order") are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) 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, provisions of Section 186 of the Act in respect of investments made have been complied with by the Company. In our opinion and according to the information and explanations given to us, there are no loans, guarantees and securities granted in respect of which provisions of Section 185 and Section 186 of the Act are applicable and hence not commented upon.
- (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 Act, for the products/services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, duty of customs, 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, income-tax, service tax, sales-tax, duty of customs, 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 (Rs)	Period to which the amount relates	Due Date	Date of Payment
Foreign Tax	Income Tax	405,255,415	April 2005 to March 2015	Various dates	Not yet paid
	Value added Tax ("VAT")	27,229,963	April 2007 to March 2009	Various dates	Not yet paid
	Withholding Tax	10,433,110	December 2008 to December 2014	Various dates	Not yet paid

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

Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
The 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	Income Tax	32,434,080	April 2009 to March 2010	Deputy Commissioner of Income-tax

- (viii) The Company did not have any dues to any financial institution, bank or debenture holder during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer or debt instruments and term loans, hence reporting under clause (ix) is not applicable to the Company and not commented upon.



- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**per Amit Majmudar**

Partner

Membership Number: 36656

Place of Signature: Mumbai

Date: May 11, 2016

# **Annexure 2 to the Independent Auditor's Report of even date on the standalone financial statements of Oracle Financial Services Software Limited**

## **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Oracle Financial Services Software Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

### **per Amit Majmudar**

Partner

Membership Number: 36656

Place of Signature: Mumbai

Date: May 11, 2016

# Balance sheet

as at March 31, 2016

		(Amounts in ₹ million)	
	Notes	March 31, 2016	March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
Shareholders' funds			
Share capital	3	424.28	423.07
Reserves and surplus	4	29,466.04	29,483.63
		29,890.32	29,906.70
Share application money pending allotment	3 (e)	3.00	0.63
Non-current liabilities			
Other long-term liabilities	5	155.57	176.57
Long-term provisions	6	633.90	576.77
		789.47	753.34
Current liabilities			
Trade payables	5	265.65	242.65
Other current liabilities	5	7,800.81	7,604.68
Short-term provisions	6	11,719.30	19,524.47
		19,785.76	27,371.80
<b>TOTAL</b>		<b>50,468.55</b>	<b>58,032.47</b>
<b>ASSETS</b>			
Non-current assets			
Fixed assets			
Tangible assets	7 (a)	2,615.33	2,972.71
Intangible assets	7 (b)	—	—
Capital work-in-progress	7 (a)	24.31	2.96
Non-current investments	8	7,210.28	7,282.40
Deferred tax assets	9	1,007.03	919.81
Long-term loans and advances	10	6,193.42	6,471.62
Other non-current assets	11	191.71	196.16
		17,242.08	17,845.66
Current assets			
Trade receivables	12	8,004.33	6,910.80
Cash and bank balances	13	21,736.83	30,154.06
Short-term loans and advances	10	770.91	478.92
Other current assets	11	2,714.40	2,643.03
		33,226.47	40,186.81
<b>TOTAL</b>		<b>50,468.55</b>	<b>58,032.47</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/E300004

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

**Mumbai, India**  
**May 11, 2016**

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

**S Venkatachalam**  
Chairman

**Richard Jackson**  
Director

**Mumbai, India**  
**May 11, 2016**

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

**Makarand Padalkar**  
Chief Financial Officer

**Onkarnath Banerjee**  
Company Secretary  
& Compliance Officer

# Statement of profit and loss

for the year ended March 31, 2016

		(Amounts in ₹ million, except share data)	
	Notes	Year ended March 31, 2016	Year ended March 31, 2015
INCOME			
Revenue from operations	14	34,868.09	33,410.95
Other income, net	15	1,864.92	3,758.99
Total income		36,733.01	37,169.94
EXPENSES			
Employee costs	16	16,668.65	15,973.70
Travel related expenses (net of recoveries)		1,334.26	1,073.84
Professional fees		1,638.94	1,867.07
Other expenses	17	1,582.49	1,484.67
Depreciation and amortization	7	497.72	634.37
Total expenses		21,722.06	21,033.65
Profit before tax		15,010.95	16,136.29
Tax expenses			
Current tax	30	5,809.67	5,682.85
Deferred tax		(87.22)	(126.76)
Total tax expenses		5,722.45	5,556.09
Profit for the year		9,288.50	10,580.20
Earnings per equity share of par value of ₹ 5 (March 31, 2015 ₹ 5) each (in ₹)	18		
Basic		109.62	125.38
Diluted		109.03	124.86
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/E300004

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

**Mumbai, India**  
**May 11, 2016**

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

**S Venkatachalam**  
Chairman

**Richard Jackson**  
Director

**Mumbai, India**  
**May 11, 2016**

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

**Makarand Padalkar**  
Chief Financial Officer

**Onkarnath Banerjee**  
Company Secretary  
& Compliance Officer

# Notes annexed to and forming part of financial statements

## for the year ended March 31, 2016

### 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 74.30% (March 31, 2015 – 74.52%) ownership interest in the Company as at March 31, 2016.

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.

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

#### (b) Use of estimates

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

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

##### *Fixed Assets including intangibles and capital work-in-progress*

Fixed assets including assets under finance lease arrangements are stated at cost less accumulated depreciation. The Company capitalizes all direct costs relating to the acquisition and installation of fixed assets. The cost of fixed assets not ready to use before balance sheet date are disclosed under 'Capital work-in-progress'. Product Intellectual Property Rights (IPRs) acquired 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 has been following component accounting as required under schedule II to the Act.

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 the cost of acquiring such software to the statement of profit and loss.

##### *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 identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. 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

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 to the Act.

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 equipment's forming part of computer equipment's are estimated as 3 years. These lives are lower than those indicated in schedule II to the Act.
- The useful lives of furniture and fixtures and electrical and other installations are estimated at 2-7 years. These lives are lower than those indicated in schedule II to the Act.

#### *Impairment*

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

### **(d) Investments**

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

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

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

### **(e) Foreign currency transactions**

#### *Initial recognition*

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

#### *Conversion*

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

#### *Exchange differences*

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

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

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

### **(f) Revenue recognition**

Revenue is recognized as follows:

#### *Product licenses and related revenue:*

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

### **(g) Research and development expenses for software products**

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

### **(h) Retirement and other employee benefits**

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

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

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

### **(i) Leases**

#### *Where the Company is the lessee*

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

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

### **(j) Income-tax**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961 ('Indian Income Tax Act'). Tax expense relating to overseas operations is determined in accordance with tax laws applicable in countries where such operations are domiciled. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid and income tax provisions arising in the same tax jurisdiction and enterprise. Deferred income taxes are recognized for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which deferred tax assets can be realized. The carrying value of assets is reviewed at each balance sheet date. The Company

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

#### **(k) Earnings per share**

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

#### **(l) Share based compensation / payments**

Measurement and disclosure of the employee share-based payment plans is done in accordance with Securities Exchange Board of India ('SEBI') (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.

#### **(m) Provisions**

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

#### **(n) Contingent liabilities**

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

#### **(o) Cash and cash equivalents**

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

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**Note 3: Share capital**

Authorized:

100,000,000 (March 31, 2015 - 100,000,000) equity shares of ₹ 5 each 500.00 500.00

Issued, subscribed and fully paid-up:

84,856,178 (March 31, 2015 - 84,614,859) equity shares of ₹ 5 each 424.28 423.07

- (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.

During the year ended March 31, 2016, the amount of per share dividend recognized as distributions to equity shareholder was ₹ 100 (March 31, 2015 ₹ 665). The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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 and relationship of shareholder	March 31, 2016		March 31, 2015	
	Number of equity shares	% of equity shares	Number of equity shares	% of equity shares
Oracle Global (Mauritius) Limited, holding company.	63,051,197	74.30%	63,051,197	74.52%

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, 2016		March 31, 2015	
	Number of equity shares	Amounts in ₹ million	Number of equity shares	Amounts in ₹ million
Outstanding at the beginning of the year	84,614,859	423.07	84,144,134	420.72
Issued during the year - ESOP	241,319	1.21	470,725	2.35
Outstanding at the end of the year	84,856,178	424.28	84,614,859	423.07

- (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, 2016 represents the money received from employees of the Company towards exercise of 80 options at the exercise price of ₹ 2,050.00 under Employee Stock Option Plan 2010 Scheme ("Scheme 2010"), 1,150 options at the exercise price of ₹ 1,929.95 and 200 options at the exercise price of ₹ 3,076.85 under Employee Stock Option Plan 2011 Scheme ("Scheme 2011") and 198 Restricted Stock Units ("RSUs") at the exercise price of ₹ 5 under Oracle Financial Services Software Limited Stock Plan 2014 ("OFSS Stock Plan 2014"). Each option and RSUs will entitle one equity share of ₹ 5 each of the Company.

**Note 4: Reserves and surplus**

Securities premium

Balance, beginning of the year	11,046.05	9,950.85
Received during the year on exercise of employee stock options	571.60	1,095.20
Balance, end of the year	11,617.65	11,046.05

Employee stock options outstanding

Gross employee stock compensation for options granted	369.95	–
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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	8,292.39	64,032.26
Profit for the year	9,288.50	10,580.20
Less : Appropriations		
Interim equity dividend [amount per share ₹ Nil (March 31, 2015 - ₹ 485)]	–	(41,017.77)
Proposed final equity dividend [amount per share ₹ 100 (March 31, 2015 - ₹ 180)]	(8,485.62)	(15,230.67)
Final equity dividend paid on stock options exercised	(28.68)	–
Tax on equity dividend (interim and final)	(1,733.34)	(10,071.63)
Balance, end of the year	7,333.25	8,292.39

Total reserves and surplus

29,466.04	29,483.63
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	March 31, 2016		March 31, 2015	
	Non-current	Current	Non-current	Current
<b>Note 5: Liabilities</b>				
Trade Payables				
- Micro and small enterprises*	—	—	—	—
- Others	—	265.65	—	242.65
	—	265.65	—	242.65
Amount due to subsidiaries	—	5,007.24	—	3,582.34
Accrued expenses	155.57	1,852.55	176.57	2,296.65
Deferred revenues	—	551.03	—	643.14
Advances from customers	—	89.70	—	819.75
Unpaid dividends**	—	135.25	—	102.40
Forward contract payable, net	—	—	—	11.32
Other liabilities				
- Withholding and other taxes	—	93.44	—	80.75
- Other statutory dues	—	71.60	—	68.33
	155.57	7,800.81	176.57	7,604.68
	155.57	8,066.46	176.57	7,847.33

\* 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	633.90	98.17	576.77	72.48
For Compensated absence	—	977.24	—	861.95
	633.90	1,075.41	576.77	934.43
Other Provisions				
Taxation, net of advance tax	—	430.77	—	258.71
Proposed final equity dividend	—	8,485.62	—	15,230.67
Tax on proposed final equity dividend	—	1,727.50	—	3,100.66
	—	10,643.89	—	18,590.04
	633.90	11,719.30	576.77	19,524.47

### Note 7 (a): Tangible assets

Particulars	(Amounts in ₹ million)									
	As at April 01, 2015	Gross block Additions	Sale/deletions	As at March 31, 2016	As at April 01, 2015	For the year	Depreciation Sale/deletions	As at March 31, 2016	Net block As at March 31, 2016	As at March 31, 2015
Freehold land	538.31	—	—	538.31	—	—	—	—	538.31	538.31
Improvement to leasehold premises	337.88	22.29	60.73	299.44	163.76	43.30	30.14	176.92	122.52	174.12
Buildings [Refer note below]	2,085.00	—	—	2,085.00	653.03	107.99	—	761.02	1,323.98	1,431.97
Computer equipments	1,757.90	115.23	288.54	1,584.59	1,550.73	169.02	288.46	1,431.29	153.30	207.17
Office equipments	181.01	3.41	11.00	173.42	172.90	6.09	10.96	168.03	5.39	8.11
Electricals and other installations	1,016.81	26.73	46.74	996.80	679.10	100.36	30.03	749.43	247.37	337.71
Furniture and fixtures	822.69	43.40	64.13	801.96	547.38	70.95	40.83	577.50	224.46	275.31
Vehicles under finance lease	0.90	—	0.90	—	0.89	0.01	0.90	—	—	0.01
Total	6,740.50	211.06	472.04	6,479.52	3,767.79	497.72	401.32	3,864.19	2,615.33	2,972.71
As at March 31, 2015	6,679.33	250.93	189.76	6,740.50	3,297.99	634.37	164.57	3,767.79	24.31	2.96
							Capital work-in-progress		2,639.64	2,975.67

Note: Includes 10 (March 31, 2015 - 10) shares of ₹ 50 each in Takshila Building No. 9, Co-op Housing Society Limited, Mumbai.

### Note 7 (b): Intangible assets

Particulars	(Amounts in ₹ million)									
	As at April 01, 2015	Gross block Additions	Sale/deletions	As at March 31, 2016	As at April 01, 2015	For the year	Amortization Sale/deletions	As at March 31, 2016	Net block As at March 31, 2016	As at March 31, 2015
Goodwill on acquisition	197.47	—	197.47	—	197.47	—	197.47	—	—	—
Product IPR	138.62	—	138.62	—	138.62	—	138.62	—	—	—
PeopleSoft ERP	53.77	—	—	53.77	53.77	—	—	53.77	—	—
Total	389.86	—	336.09	53.77	389.86	—	336.09	53.77	—	—
As at March 31, 2015	389.86	—	—	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, 2015 - 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, 2015 - 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, 2015 - 250,000) equity shares of SGD 1 each, fully paid-up	6.63	6.63
Oracle Financial Services Software America, Inc.		
1 (March 31, 2015 - 1) equity share of USD 0.01 each, fully paid-up	3,452.26	3,452.26
100 (March 31, 2015 - 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, 2015 - 100%) subscription to the registered capital	45.51	45.51
Oracle Financial Services Software Chile Limitada		
100% (March 31, 2015 - 100%) subscription to the registered capital	70.49	70.49
ISP Internet Mauritius Company		
30,000 (March 31, 2015 - 30,000) equity shares of USD 1 each, fully paid-up	192.12	192.12
Less: Provision for diminution in value of investment	(192.12)	(120.00)
	–	72.12
Oracle (OFSS) Processing Services Limited		
1,300,000 (March 31, 2015 - 1,300,000) equity shares of ₹ 10 each, fully paid-up	13.00	13.00

**(ii) In associate**

Login SA		
33,000 (March 31, 2015 - 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, 2015 - 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	7,210.28	7,282.40
Aggregate amount of provision for diminution in value of unquoted trade investments	283.22	211.10

**Note 9: Deferred tax assets**

Difference between book and tax depreciation	166.65	112.11
Provision for compensated absence	296.16	249.19
Provision for gratuity	253.36	220.68
Provision for doubtful debts	170.06	191.30
Other timing differences	120.80	146.53
	1,007.03	919.81

	March 31, 2016		March 31, 2015	
	Non-current	Current	Non-current	Current
<b>Note 10: Loans and advances (unsecured, considered good)</b>				
Loan to subsidiaries [Refer note 24]	662.03	30.00	764.43	30.00
Advances recoverable in cash or in kind or for value to be received:				
Deposits for premises and others	828.50	165.26	1,036.36	127.79
Prepaid expenses	0.24	134.55	0.38	99.15
Forward contract receivable, net	—	83.00	—	—
Other advances	460.56	358.10	548.85	221.98
Advance tax, net of provision for taxes ₹ 28,958.72 million (March 31, 2015 ₹ 23,686.66 million)	4,242.09	—	4,121.60	—
	6,193.42	770.91	6,471.62	478.92

**Note 11: Other assets**

Interest accrued on :				
Bank deposits	—	174.57	—	189.82
Loan to subsidiaries	191.71	—	196.16	—
Unbilled revenue	—	2,449.61	—	2,309.15
Recoverable expenses - billed	—	90.22	—	144.06
	191.71	2,714.40	196.16	2,643.03

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

(a) Outstanding for a period exceeding six months from the date they are due for payment:				
Considered good	—	1,531.33	—	1,289.45
Considered doubtful	12.12	447.53	136.31	335.28
	12.12	1,978.86	136.31	1,624.73
Provision for doubtful receivables	(12.12)	(447.53)	(136.31)	(335.28)
	—	1,531.33	—	1,289.45
(b) Other receivables:				
Considered good	—	6,473.00	—	5,621.35
Considered doubtful	—	19.14	—	74.69
	—	6,492.14	—	5,696.04
Provision for doubtful receivables	—	(19.14)	—	(74.69)
	—	6,473.00	—	5,621.35
	—	8,004.33	—	6,910.80



	March 31, 2016		March 31, 2015	
	Non-current	Current	Non-current	Current
<b>Note 13: Cash and bank balances</b>				
(a) Cash and cash equivalents				
Balances with banks:				
Current accounts	—	1,052.95	—	806.52
Deposit accounts with original maturity of less than 3 months	—	170.03	—	—
Unclaimed dividend account	—	135.25	—	102.40
	—	1,358.23	—	908.92
(b) Other bank balances				
Balances with banks:				
Deposit accounts with original maturity of more than 3 months but less than 12 months	—	20,373.35	—	29,239.89
Margin money deposit	—	5.25	—	5.25
	—	20,378.60	—	29,245.14
Amount disclosed under current assets	—	21,736.83	—	30,154.06

Year ended March 31, 2016	Year ended March 31, 2015
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**Note 14: Revenue from operations**

Product licenses and related activities	29,163.76	27,084.10
IT solutions and consulting services	5,704.33	6,326.85
	34,868.09	33,410.95

**Note 15: Other income, net**

(a) Interest income		
Interest on:		
Bank deposits	1,978.94	3,984.29
Income tax refund	—	56.54
Loan to subsidiaries	6.76	7.25
	1,985.70	4,048.08
(b) Other income, net		
Foreign exchange (loss), net	(184.86)	(356.25)
(Loss) on sale of fixed assets, net	(68.66)	(7.56)
Miscellaneous income	132.74	74.72
	(120.78)	(289.09)
	1,864.92	3,758.99

**Note 16: Employee costs**

Salaries and bonus	15,001.83	14,749.90
Stock compensation expense	369.95	—
Staff welfare expenses	717.46	617.92
Contribution to provident and other funds	579.41	605.88
	16,668.65	15,973.70

(Amounts in ₹ million)

	Year ended March 31, 2016	Year ended March 31, 2015
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**Note 17: Other expenses**

Application software	51.57	86.17
Communication expenses	116.73	119.42
Rent	259.36	286.20
Power	196.33	172.38
Insurance	24.39	28.84
Repairs and maintenance:		
Buildings and leasehold premises	92.54	57.12
Computer equipments	18.10	19.12
Others	92.45	94.52
Rates and taxes	29.40	57.20
Provision for doubtful debts, net	(99.69)	(59.51)
Bad debts	131.09	186.05
Provision for diminution in value of investment and loan	154.49	–
Corporate Social Responsibility (Refer Note below)	248.47	119.32
Auditors' remuneration	19.87	16.13
Miscellaneous expenses	247.39	301.71
	1,582.49	1,484.67

Note: As per the requirements of Section 135 of the Companies Act, 2013 the Company was required to spend an amount of ₹ 334.48 million (March 31, 2015 ₹ 329.53 million) on Corporate Social Responsibility expenditure based on the average net profits of the three immediately preceding financial years. The Company has spent an amount of ₹ 248.47 million (March 31, 2015 ₹ 119.32 million) against Corporate Social Responsibility expenditure.

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

	(Number of equity shares)	
	Year ended March 31, 2016	Year ended March 31, 2015
Weighted average shares outstanding for basic earnings per share	84,736,317	84,383,451
Add: Effect of dilutive stock options	454,323	353,851
Weighted average shares outstanding for diluted earnings per share	85,190,640	84,737,302

(Amounts in ₹ million)

	March 31, 2016	March 31, 2015
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**Note 19: Capital commitments and contingent liabilities**

## Particulars

(a) Capital commitments		
Contracts remaining to be executed on capital account not provided for (net of advances).	226.80	177.24
(b) Contingent liabilities	Nil	Nil

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

The Company had taken vehicles under finance lease of upto five years. None of the lease agreements had any escalation clause. Future minimum lease payments under finance lease as at March 31, 2016 are ₹ Nil and as at March 31, 2015 were as follows:

(Amounts in ₹ million)

	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

## 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, 2016 aggregated to ₹ 257.61 million (March 31, 2015 - ₹ 283.88 million). The minimum rental payments to be made in future in respect of these leases are as follows:

	(Amounts in ₹ million)	
	March 31, 2016	March 31, 2015
Not later than one year	295.31	261.23
Later than one year but not later than five years	547.18	463.60
Later than five years	494.92	565.23
	1,337.41	1,290.66

## Note 21: Derivative instruments and un-hedged 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, 2016 the Company has following outstanding derivative instrument:

	(Amounts in US Dollar million)	
Particulars	March 31, 2016	March 31, 2015
Forward contracts – Sell in US Dollar	64.65	122.33

As of the balance sheet date, the Company's net foreign currency exposure that is not hedged is ₹ 10,910.16 million (March 31, 2015 - ₹ 6,398.74 million).

## Note 22: Share based compensation / payments

### a) 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 Solutions 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.

In accordance with 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, 2016	Year ended March 31, 2015
	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

## b) 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 Plan 2014 ("OFSS Stock Plan 2014"). Accordingly the Company granted 95,545 Stock Options and 301,078 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 options.

In respect of the OFSS Stock Plan 2014, each of 25% of the total stock options / RSUs granted 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 with the Company or its subsidiaries. Options / RSUs have exercise period of 10 years from the date of grant. The employee pays the exercise price upon exercise of options/RSUs.

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

	Year ended March 31, 2016		Year ended March 31, 2015	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	36,400	1,978	91,300	1,976
Granted	—	—	—	—
Exercised	(13,400)	2,225	(54,900)	1,975
Forfeited	—	—	—	—
Outstanding at end of the year	23,000	1,835	36,400	1,978
Vested options	23,000		24,400	
Unvested options	—		12,000	

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

	Year ended March 31, 2016		Year ended March 31, 2015	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	164,690	2,064	311,050	2,069
Granted	—	—	—	—
Exercised	(63,666)	2,068	(141,028)	2,075
Forfeited	(5,680)	2,050	(5,332)	2,050
Outstanding at end of the year	95,344	2,062	164,690	2,064
Vested options	91,344		91,901	
Unvested options	4,000		72,789	

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

	Year ended March 31, 2016		Year ended March 31, 2015	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	1,414,628	2,837	1,703,125	2,783
Granted	—	—	15,000	3,076
Exercised	(164,253)	2,504	(274,797)	2,535
Forfeited	(130,450)	2,872	(28,700)	2,667
Outstanding at end of the year	1,119,925	2,882	1,414,628	2,837
Vested options	477,225		347,178	
Unvested options	642,700		1,067,450	

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

	Year ended March 31, 2016		Year ended March 31, 2015	
	Shares arising from Stock Options / RSUs	Weighted average exercise price (₹)	Shares arising from Stock Options / RSUs	Weighted average exercise price (₹)
Outstanding at beginning of year	206,259	921	—	—
Granted	190,364	783	206,259	921
Exercised	—	—	—	—
Forfeited	(10,262)	730	—	—
Outstanding at end of the year	386,361	858	206,259	921
Vested options	49,755		—	
Unvested options	336,606		206,259	

During the year ended March 31, 2016, the Company has granted 37,175 stock options and 153,189 RSUs under OFSS Stock Plan 2014 at an exercise price of ₹ 3,987 and ₹ 5 respectively.

The weighted average share price for the year over which stock options were exercised was ₹ 3,740 (March 31, 2015 - ₹ 3,347).

The details of options / RSUs unvested and options / RSUs vested and exercisable as on March 31, 2016 are as follows:

	Exercise prices (₹)	Number of Options / RSUs	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Options /RSUs unvested	5	106,507	5	9.0
	5	150,864	5	9.6
	1,930	78,750	1,930	5.7
	2,032	8,000	2,032	5.7
	2,342	4,000	2,342	5.2
	3,076	12,000	3,076	8.3
	3,077	334,350	3,077	7.5
	3,127	209,600	3,127	6.9
	3,241	42,060	3,241	9.0
	3,987	37,175	3,987	9.6
Options /RSUs vested and exercisable	5	35,520	5	9.0
	5	225	5	9.6
	1,291	11,000	1,291	0.1
	1,930	122,328	1,930	5.7
	2,050	91,344	2,050	4.4
	2,333	12,000	2,333	4.6
	3,076	3,000	3,076	8.3
	3,077	148,700	3,077	7.5
	3,127	203,197	3,127	6.9
	3,241	14,010	3,241	9.0
		1,624,630	2,338	7.3

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

	Exercise prices (₹)	Number of Options / RSUs	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Options /RSUs 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

Stock Options / RSUs granted during the financial year ended March 31, 2016:

The weighted average fair value of stock options / RSUs granted during the year was ₹ 3,481 (March 31, 2015 - ₹ 2,671).

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, 2016		Year ended March 31, 2015		
	OFSS Stock Plan 2014 (Stock Option)	OFSS Stock Plan 2014 (RSU)	Scheme 2011	OFSS Stock Plan 2014 (Stock Option)	OFSS Stock Plan 2014 (RSU)
Weighted average share price (in ₹)	3,987	3,987	3,076	3,241	3,241
Exercise Price (in ₹)	3,987	5	3,076	3,241	5
Expected Volatility	25%	28%	28%	27%	27%
Weighted average life (in years)	3.59	6.25	6.5	6.25	6.25
Expected dividend rate	Nil	Nil	Nil	Nil	Nil
Average risk-free interest rate	7.51%	7.66%	8.66%	7.78%	7.78%

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, 2016	March 31, 2015
Profit as reported	9,288.50	10,580.20
Add: Employee stock compensation under intrinsic value method	369.95	—
Less: Employee stock compensation under fair value method	(749.15)	(643.82)
Proforma profit	8,909.30	9,936.38
Earnings per share		
Basic		
- As reported	109.62	125.38
- Proforma	105.14	117.75
Diluted		
- As reported	109.03	124.86
- Proforma	104.69	117.39

## Note 23: Employee Benefit Obligation

### Defined contribution plans

During year ended March 31, 2016 and 2015, the Company contributed following amounts to defined contributions plans:

Particulars	(Amounts in ₹ million)	
	Year ended March 31, 2016	Year ended March 31, 2015
Provident fund	298.76	290.05
Superannuation fund	124.12	116.46
	422.88	406.51



*Defined benefit plan – gratuity*

The amounts recognized in the statement of profit and loss for the year ended March 31, 2016 and 2015 are as follows:

Particulars	(Amounts in ₹ million)	
	Year ended March 31, 2016	Year ended March 31, 2015
Current service cost	92.59	77.05
Interest cost	50.94	43.21
Past service cost – vested benefits	(47.36)	–
Past service cost – non vested benefits	1.32	1.52
Expected return on plan assets	(0.44)	(0.61)
Recognized net actuarial loss (gain)	58.10	75.82
Total included in employee benefit expense	155.15	196.99
Actual return on plan assets	(0.61)	(0.50)

The amounts recognized in the balance sheet are as follows:

Particulars	(Amounts in ₹ million)	
	Year ended March 31, 2016	Year ended March 31, 2015
Present value of funded obligations	667.38	621.83
Present value of unfunded obligations	66.09	33.24
Fair value of plan assets	(1.40)	(5.82)
Net liability	732.07	649.25

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, 2016	Year ended March 31, 2015
Defined benefit obligation at beginning of the year	655.06	517.40
Current service cost	92.59	77.05
Interest cost	50.94	43.21
Past service – vested benefits	(47.36)	–
Past service – non vested benefits	1.32	1.52
Benefits paid	(76.33)	(58.83)
Actuarial loss (gain)	57.25	74.71
Defined benefit obligation at end of the year	733.47	655.06

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, 2016	Year ended March 31, 2015
Fair value of plan assets at beginning of the year	5.82	4.88
Expected return on plan assets	0.44	0.61
Actuarial (loss) gain	(1.05)	(1.11)
Contribution by employer	64.45	60.09
Benefits paid	(68.26)	(58.65)
Fair value of plan assets at end of the year	1.40	5.82

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, 2016	March 31, 2015
Discount rate	3.90% - 7.70%	3.50% - 7.80%
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, 2017 is expected to be ₹ 99.56 million (March 31, 2016 - ₹ 72.48 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, 2016	Year March 31, 2015	Year March 31, 2014	Year March 31, 2013	Year March 31, 2012
Present value of funded obligations	(667.38)	(621.83)	(499.93)	(496.42)	(408.90)
Present value of unfunded obligations	(66.09)	(33.24)	(17.47)	—	—
Fair value of plan assets	1.40	5.82	4.88	3.78	1.45
Deficit	(732.07)	(649.25)	(512.52)	(492.64)	(407.45)
Experience adjustments					
On plan liabilities	50.52	36.93	(46.97)	27.17	32.26
On plan assets	(1.05)	(1.11)	0.08	0.44	0.28

## 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 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.
	Oracle Korea, Ltd.
	Oracle New Zealand
	PT Oracle Indonesia
	Oracle (China)software Systems Co. Ltd.
(iv) Key Managerial Personnel ('KMP')	Chaitanya Kamat - Managing Director and Chief Executive Officer Makarand Padalkar - Chief Financial Officer Onkarnath Banerjee - Company Secretary & Compliance Officer (from June 1, 2015) Jayant Joshi - Company Secretary & Compliance Officer (from September 29, 2014 till May 31, 2015) Hoshi D. Bhagwagar - Company Secretary & Compliance Officer (till June 6, 2014)
(v) Independent Directors	S Venkatachalam Sridhar Srinivasan (from July 23, 2015) Richard Jackson (from December 16, 2014) Y. M. Kale (till December 15, 2014)

Transactions and balances outstanding with these parties are described below:

	(Amounts in ₹ million)			
	Transaction		Amount receivable (payable)	
	Year ended March 31, 2016	Year ended March 31, 2015	As at March 31, 2016	As at March 31, 2015
Revenue				
<i>Fellow Subsidiaries</i>				
Oracle America, Inc.	379.81	380.00	44.26	35.92
Oracle Corporation (South Africa) (Pty) Limited	662.34	1,239.66	(14.90)	(10.88)
Oracle Corporation Australia Pty. Limited	—	—	0.12	0.14
Oracle India Private Limited	148.62	210.97	98.58	0.08
Oracle Egypt Ltd.	890.59	209.64	912.61	70.85
Oracle Technology Systems (Kenya) Limited	62.67	54.35	127.38	—
Oracle Systems Limited	469.86	129.87	131.40	65.96
Oracle Portugal - Sistemas de Informação Lda.	0.08	(0.08)	0.05	0.04
Oracle do Brasil Sistemas Limitada	75.86	76.39	31.12	80.50
Oracle Systems Pakistan (Private) Limited	—	(30.56)	—	—

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2016	Year ended March 31, 2015	As at March 31, 2016	As at March 31, 2015
<i>Subsidiaries</i>				
Oracle Financial Services Software B.V.	7,595.24	7,475.24	838.13	60.15
Oracle Financial Services Software, Inc.	11,161.33	10,233.30	1,787.32	2,255.20
Oracle Financial Services Software Pte. Ltd.	7,870.88	7,976.55	1,267.33	2,416.29
Oracle Financial Services Software (Shanghai) Limited	258.13	570.69	1,576.57	1,424.63
Oracle Financial Services Software Chile Limitada	115.46	159.26	53.70	61.45
Oracle (OFSS) BPO Services Inc.	—	—	—	23.38
Oracle Financial Services Software SA	179.03	245.04	9.88	8.90
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.	—	—	37.13	27.66
Oracle Corporation (South Africa) (Pty) Limited	—	—	42.73	212.04
Oracle do Brasil Sistemas Limitada	—	—	8.57	4.20
Oracle India Private Limited	—	—	27.38	73.03
Oracle Systems Limited	—	—	29.11	26.82
Oracle Egypt Ltd.	—	—	5.45	24.97
Oracle Systems Pakistan (Private) Limited	—	—	—	—
Oracle Technology Systems (Kenya) Limited	—	—	6.37	47.82
Oracle Portugal - Sistemas de Informação Lda.	—	—	—	—
<i>Subsidiaries</i>				
Oracle Financial Services Software B.V.	—	—	194.20	670.04
Oracle Financial Services Software, Inc.	—	—	502.22	408.91
Oracle Financial Services Software Pte. Ltd.	—	—	868.08	387.36
Oracle Financial Services Software (Shanghai) Limited	—	—	8.10	75.17
Oracle Financial Services Software Chile Limitada	—	—	(0.04)	13.08
Oracle Financial Services Software SA	—	—	11.17	0.39
Deferred revenue				
<i>Fellow Subsidiaries</i>				
Oracle America, Inc.	—	—	—	(0.06)
Oracle Corporation (South Africa) (Pty) Limited	—	—	(4.17)	(8.56)
Oracle do Brasil Sistemas Limitada	—	—	—	(2.17)
Oracle India Private Limited	—	—	—	(53.45)
Oracle Systems Limited	—	—	—	(1.51)
Oracle Egypt Ltd.	—	—	—	(24.77)
Oracle Portugal - Sistemas de Informação Lda.	—	—	—	(0.08)
<i>Subsidiaries</i>				
Oracle Financial Services Software, Inc.	—	—	—	2.69
Oracle Financial Services Software (Shanghai) Limited	—	—	—	(1.33)
Recovery of Expenses				
<i>Fellow Subsidiaries</i>				
Oracle America, Inc	—	—	0.03	0.02
Oracle Corporation (South Africa) (Pty) Limited	43.13	58.75	3.23	4.26
Oracle do Brasil Sistemas Ltda.	8.21	4.18	4.22	7.87
Oracle Egypt Limited	12.56	1.67	12.58	—
Oracle India Private Limited	0.11	0.57	—	—
Oracle Systems Limited	8.25	2.27	0.66	0.13
Oracle Solutions Services India Private Limited	—	—	—	—

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2016	Year ended March 31, 2015	As at March 31, 2016	As at March 31, 2015
<i>Subsidiaries</i>				
Oracle Financial Services Software B.V.	48.77	105.50	(0.33)	3.25
Oracle Financial Services Software Pte. Ltd.	128.18	159.69	11.78	42.75
Oracle Financial Services Software (Shanghai) Limited	9.71	10.12	22.19	11.91
Oracle Financial Services Software, Inc.	156.70	163.50	8.71	41.31
Oracle Financial Services Software Chile Limitada	—	—	(1.14)	17.00
Oracle (OFSS) BPO Services Inc.	—	—	—	1.33
Bad debts				
<i>Fellow Subsidiaries</i>				
Oracle Portugal - Sistemas de Informação Lda.	—	0.30	—	—
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.	131.09	25.42	—	—
Oracle Financial Services Software Pte. Ltd.	—	21.65	—	—
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)	—	—
Oracle Egypt Ltd.	—	(6.23)	—	—
Oracle Portugal - Sistemas de Informação Lda.	—	(1.97)	—	—
Oracle Corporation (South Africa) (Pty) Limited	(0.63)	(8.56)	(0.06)	(0.69)
Oracle Corporation Australia Pty. Limited	(0.02)	0.02	(0.12)	(0.14)
Oracle Hungary Kft.	—	(0.14)	—	—
Oracle Systems Limited	0.04	(3.20)	(0.74)	(0.70)
Oracle Corporation (Thailand) Company Limited	—	—	—	—
Oracle India Private Limited	—	(0.30)	—	—
<i>Subsidiaries</i>				
Oracle Financial Services Software B.V.	(20.75)	39.23	(42.11)	(62.86)
Oracle Financial Services Software, Inc.	(115.41)	(34.96)	(36.07)	(151.48)
Oracle Financial Services Software Pte. Ltd.	(15.21)	26.64	(64.42)	(79.63)
Oracle Financial Services Software SA	—	(5.57)	—	—
Oracle Financial Services Software (Shanghai) Limited	(10.59)	(44.04)	(30.34)	(40.93)
Oracle Financial Services Software Chile Limitada	(5.65)	5.80	(0.15)	(5.80)
Application software expenses				
<i>Fellow Subsidiaries</i>				
Oracle India Private Limited	10.25	29.30	—	(1.28)
Oracle America, Inc.	4.24	—	—	—
Rent expenses				
<i>Fellow Subsidiaries</i>				
Oracle Nederland B.V.	5.67	7.09	(3.72)	—
Oracle Systems Limited	5.13	22.10	—	—
Oracle India Private Limited	0.98	0.62	(0.26)	—

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2016	Year ended March 31, 2015	As at March 31, 2016	As at March 31, 2015
Rent income				
<i>Fellow Subsidiaries</i>				
Oracle India Private Limited	69.56	58.78	8.89	3.52
Oracle Solution Services (India) Private Ltd.	7.00	0.52	—	0.23
<i>Subsidiary</i>				
Oracle (OFSS) Processing Services Limited	0.54	1.90	—	1.90
Payment of equity dividend				
<i>Holding Company</i>				
Oracle Global (Mauritius) Limited	11,349.22	30,579.83	—	—
<i>Key managerial personnel</i>	13.16	73.55	—	—
Professional fee expenses				
<i>Fellow Subsidiary</i>				
Oracle India Private Limited	435.91	434.64	(113.74)	(111.30)
Oracle Research & Development Center, Shenzhen, Ltd.	59.33	89.69	(13.42)	(9.39)
Oracle Research & Development Center, Beijing, Ltd.	1.71	2.60	(0.27)	(0.21)
Oracle EMEA Limited	9.79	4.28	(23.14)	(13.35)
Oracle Norge AS	—	—	—	—
Oracle Systems Limited	(12.97)	16.43	(3.42)	(12.32)
Oracle Portugal - Sistemas de Informação Lda.	1.87	8.33	(7.70)	(5.83)
Oracle de Mexico, S.A. de C.V.	0.42	8.40	(0.42)	(8.40)
Oracle Corporation (South Africa) (Pty) Limited	12.79	13.79	(28.16)	(13.79)
Oracle Polska, Sp.z.o.o.	2.46	1.71	(4.18)	(1.71)
Oracle Romania SRL	0.12	0.06	(0.18)	(0.06)
Oracle Vietnam Pte. Ltd	0.86	1.14	(2.00)	(1.14)
Oracle Canada ULC	4.69	3.48	(7.93)	(3.48)
Oracle Corporation Malaysia Sdn. Bhd.	1.21	0.18	(1.39)	(0.18)
Oracle Corporation (Thailand) Company Limited	0.57	2.65	(3.22)	(2.65)
Oracle (Philippines) Corporation	1.93	0.22	(2.15)	(0.22)
Oracle Italia S.R.L.	0.75	0.45	(1.20)	(0.45)
Oracle Egypt Ltd.	21.12	2.78	(2.95)	(2.78)
Oracle do Brasil Sistemas Limitada	0.38	1.12	(1.50)	(1.12)
Oracle East Central Europe Limited	2.16	1.50	(3.66)	(1.50)
Oracle Systems Hong Kong Limited	1.31	2.50	(3.81)	(2.50)
Oracle Hungary Kft.	0.00	0.08	(0.08)	(0.08)
Oracle East Central Europe Services BV	0.83	0.99	(1.82)	(0.99)
Oracle Technology Systems (Kenya) Limited	2.09	0.83	(2.92)	(0.83)
Oracle Luxembourg S.a.r.l.	0.04	0.75	(0.79)	(0.75)
Oracle Czech s.r.o	0.50	—	(0.50)	—
Oracle Korea, Ltd.	0.05	—	(0.05)	—
Oracle New Zealand	1.65	—	(1.65)	—
Oracle Taiwan LLC	1.95	—	(1.95)	—
PT Oracle Indonesia	5.11	—	(5.11)	—
<i>Subsidiaries</i>				
Oracle Financial Services Software, Inc.	27.81	42.76	(321.99)	(249.25)
Oracle Financial Services Software Pte. Ltd.	—	—	(20.83)	(19.27)
Oracle Financial Services Software B.V.	—	—	(5.87)	(5.29)
Oracle (OFSS) ASP Private Limited	—	—	—	2.32
Oracle (OFSS) Processing Services Limited	283.62	255.24	(48.66)	(120.18)
Oracle Financial Services Software Chile Limitada	—	—	(58.11)	(54.86)
Reimbursement of expenses				
<i>Subsidiaries</i>				
Oracle Financial Services Software B.V.	964.86	1,057.36	(705.60)	(446.47)
Oracle Financial Services Software, Inc.	4,154.40	3,794.39	(2,734.81)	(2,031.63)
Oracle Financial Services Software Pte. Ltd.	1,846.50	2,047.72	(1,370.99)	(1,063.25)
Oracle Financial Services Software Chile Limitada	—	(1.33)	0.58	1.47
Oracle Financial Services Software (Shanghai) Limited	245.02	197.21	(122.92)	(53.56)



(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2016	Year ended March 31, 2015	As at March 31, 2016	As at March 31, 2015
Oracle (OFSS) Processing Services Limited	–	5.14	1.13	4.03
Oracle (OFSS) BPO Services Limited	–	(16.77)	0.22	12.79
<i>Directors</i>	4.21	–	–	–
Remuneration				
<i>Key managerial personnel [Refer note 1]</i>				
Chaitanya Kamat	99.36	40.83	–	–
Makarand Padalkar	35.79	8.80	–	–
Others	5.40	1.77	–	–
Commission				
<i>Independent Directors</i>				
S Venkatachalam	3.00	2.83	–	–
Y. M. Kale	–	1.53	–	–
Richard Jackson	2.30	1.71	–	–
Sridhar Srinivasan	1.22	–	–	–
Other expenses				
<i>Fellow Subsidiaries</i>				
Oracle America, Inc.	0.01	0.23	(0.24)	(0.23)
Oracle Corporation UK Limited	0.04	1.28	(1.67)	(1.63)
Oracle India Private Limited	7.63	1.04	(2.23)	(0.30)
Oracle Corporation Singapore Pte. Ltd.	0.48	(0.13)	–	–
Oracle (China)software Systems Co. Ltd.	0.78	–	(0.78)	–
Oracle Corporation Australia Pty. Limited	1.95	–	(0.91)	–
Oracle Systems Hong Kong Limited	–	–	–	–
Oracle Norge AS	–	60.95	–	(62.64)
Oracle Corporation (South Africa) (Pty) Limited	40.95	15.76	(16.40)	(69.05)
Oracle Portugal - Sistemas de Informação Lda.	104.13	6.90	(5.86)	(23.58)
Oracle Polska, Sp.z.o.o.	9.18	3.92	(2.08)	(11.10)
Oracle Romania SRL	1.94	0.48	(6.71)	(6.43)
Oracle Vietnam Pte. Ltd	1.10	1.96	(6.93)	(5.84)
Oracle Canada ULC	24.13	20.81	(23.43)	(23.50)
Oracle Corporation Malaysia Sdn. Bhd.	1.99	0.66	(1.59)	(2.38)
Oracle Corporation (Thailand) Company Limited	1.18	1.12	(0.91)	(2.44)
Oracle (Philippines) Corporation	7.06	0.75	(6.22)	(1.59)
Oracle Italia S.R.L.	0.05	0.43	(0.48)	(0.43)
Oracle Taiwan LLC	1.48	3.03	(4.51)	(3.03)
Oracle Czech s.r.o.	1.25	0.72	(0.31)	(0.72)
Oracle Egypt Ltd.	7.03	9.20	(6.83)	(9.20)
Oracle East Central Europe Limited	2.93	2.94	(2.31)	(2.94)
Oracle de Mexico, S.A. de C.V.	0.31	–	(0.31)	–
Oracle EMEA Limited	22.71	–	(22.71)	–
Oracle Technology Systems (Kenya) Limited	2.33	–	(2.33)	–
Oracle East Central Europe Services BV	2.26	–	(2.26)	–
Oracle Corporation Japan	0.03	–	(0.03)	–
Procurement of fixed assets				
<i>Fellow Subsidiaries</i>				
Oracle Corporation Singapore Pte. Ltd.	–	0.79	–	–
Loan outstanding				
<i>Subsidiaries</i>				
Oracle Financial Services Software America, Inc. [Refer note 2]	36.98	25.16	662.03	625.06
ISP Internet Mauritius Company [Refer note 2]	(60.41)	2.39	–	59.37
Oracle (OFSS) BPO Services Limited [Refer note 3]	(80.00)	(30.00)	30.00	110.00

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2016	Year ended March 31, 2015	As at March 31, 2016	As at March 31, 2015
Interest on loan given				
<i>Subsidiaries</i>				
Oracle Financial Services Software America, Inc.	6.76	5.18	191.71	174.58
ISP Internet Mauritius Company [Refer note 2]	(21.96)	2.06	–	21.58
Provision for diminution in investment				
<i>Subsidiaries</i>				
ISP Internet Mauritius Company	(72.12)	–	(192.12)	(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 35,375 RSUs under the OFSS Stock Plan 2014 (March 31, 2015 - 37,000 RSUs under the OFSS Stock Plan 2014) were granted to KMP.
2. Loan given to subsidiaries represents loan to Oracle Financial Services Software America, Inc. amounting to ₹ 662.03 million (interest LIBOR + 50 basis points) as at March 31, 2016 (March 31, 2015 - ₹ 625.06 million) and ISP Internet Mauritius Company amounting to ₹ 60.41 million (interest LIBOR + 50 basis points) as at March 31, 2016 (March 31, 2015 - ₹ 59.37 million). During the year ended March 31, 2016 impairment has been provided against loan given to ISP Internet Mauritius Company including interest thereon. No additional loans have been given during the year. The amount shown above is towards the revaluation impact of the outstanding loan.
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	Year ended March 31, 2016		
	Products	Services	Total
Revenue	29,163.76	5,704.33	34,868.09
Segment result	13,407.48	792.26	14,199.74
Unallocable expenses			(1,053.71)
Other income, net			1,864.92
Profit before tax			15,010.95
Tax expenses			5,722.45
Net profit			9,288.50

(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

**Other information**

(Amounts in ₹ million)

Particulars	Products	Services	Unallocable	Year ended
				March 31, 2016
				Total
Capital expenditure by segment				
Tangible assets	174.70	31.45	4.91	211.06
Depreciation and amortization	362.79	116.65	18.28	497.72
Other non cash expenses	49.94	(18.54)	–	31.40
Segment assets	11,626.02	2,142.12	36,700.41	50,468.55
Segment liabilities	8,055.91	1,585.64	10,933.68	20,575.23
Share application money pending allotment	–	–	3.00	3.00
Shareholders' funds	–	–	29,890.32	29,890.32

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

**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 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 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, 2016		Year ended March 31, 2015	
	Amounts in ₹ million	%	Amounts in ₹ million	%
United States of America	11,522.67	33%	10,443.49	31%
Europe	6,034.48	17%	6,197.18	19%
Asia Pacific	8,188.70	23%	8,450.90	25%
Middle East, India and Africa	8,550.45	25%	7,799.83	23%
Latin America and Caribbean	571.79	2%	519.55	2%
	34,868.09	100%	33,410.95	100%

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

Regions	Year ended March 31, 2016		Year ended March 31, 2015	
	Amounts in ₹ million	%	Amounts in ₹ million	%
United States of America	9,602.88	19%	9,914.47	17%
Europe	2,285.44	5%	1,926.93	3%
Asia Pacific	3,984.38	8%	4,654.91	8%
Middle East, India and Africa	34,390.39	67%	41,317.42	71%
Latin America and Caribbean	205.46	1%	218.74	1%
	50,468.55	100%	58,032.47	100%

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

## Note 26: Earnings in foreign currency (on accrual basis)

	(Amounts in ₹ million)	
	Year ended March 31, 2016	Year ended March 31, 2015
Product licenses and related activities	27,238.53	25,414.54
IT solutions and consulting services	5,646.16	6,321.84
Interest income	6.76	7.25
	32,891.45	31,743.63

## Note 27: Expenditure in foreign currency (on accrual basis)

	Year ended March 31, 2016	Year ended March 31, 2015
Employee costs	7,106.05	6,934.06
Travel related expenses (net of recoveries)	150.97	129.67
Professional fees	962.38	1,012.05
Other expenses	286.02	284.73
Foreign taxes	521.61	214.77
	9,027.03	8,575.28

## Note 28: Net equity dividend remitted in foreign exchange

Year of remittance (ending on)	March 31, 2016	March 31, 2015
Period to which it relates	March 31, 2015	March 31, 2015
Number of non-resident shareholders	1	1
Number of equity shares on which dividend was due	63,051,197	63,051,197
Amount remitted (in USD million)	170.79	497.41
Amount remitted (in ₹ million)	11,349.22	30,579.83

**Note 29: Value of imports on CIF basis - capital goods**

(Amounts in ₹ million)

	Year ended March 31, 2016	Year ended March 31, 2015
Value of imports on CIF basis - capital goods	–	11.46

**Note 30: Tax expenses**

Current tax charge for the year ended March 31, 2016 includes provision made in relation to foreign tax receivable of ₹ 413.03 million (March 31, 2015 ₹ Nil).

**Note 31 : Litigations**

The Company has some litigations in respect of which the Company has aggregate provisions of ₹ 945.50 million as at March 31, 2016 (as at March 31, 2015 - ₹ 806.30 million).

**Note 32: Research and development expenditure**

Six in-house research and development centers of the Company in India have been accorded recognition by the Department of Scientific and Industrial Research (DSIR) from February 26, 2016. The aggregate expenditure on research and development activities in these in-house R&D centers is as follows:

(Amounts in ₹ million)

	Year ended March 31, 2016	Year ended March 31, 2015
Revenue expenditure	2,711.00	2,621.62
Capital expenditure	35.27	20.57

**Note 33: Payment to Auditors' (including service tax)**

	Year ended March 31, 2016	Year ended March 31, 2015
As auditor		
Audit fees	8.28	5.92
Limited review	6.20	6.08
Tax audit	1.08	1.01
Certifications	0.89	4.23
For other services	5.38	–
Out-of-pocket expenses	0.92	0.88
	22.75	18.12

**Note 34:**

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/E300004

**per Amit Majmudar**

Partner

Membership No. 36656

Mumbai, India

May 11, 2016

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

**S Venkatachalam**

Chairman

**Richard Jackson**

Director

Mumbai, India

May 11, 2016

**Chaitanya Kamat**

Managing Director  
& Chief Executive Officer

**Makarand Padalkar**

Chief Financial Officer

**Onkarnath Banerjee**

Company Secretary  
& Compliance Officer

# Statement of cash flow

## for the year ended March 31, 2016

	(Amounts in ₹ million)	
	Year ended March 31, 2016	Year ended March 31, 2015
Cash flows from operating activities		
Profit before tax	15,010.95	16,136.29
Adjustments to reconcile profit before tax to cash (used in) provided by operating activities :		
Depreciation and amortization	497.72	634.37
Loss (profit) on sale of fixed assets, net	68.66	7.56
Interest income	(1,985.70)	(4,048.08)
Effect of exchange rate changes in cash and cash equivalent	13.41	(6.32)
Unrealized exchange (gain) loss, net	(284.22)	(252.70)
Employee stock compensation expense	369.95	–
Finance charge on leased assets	0.04	0.08
Deferred rent	(25.75)	12.67
Provision for diminution in value of investments in subsidiary company	154.49	–
Provision for doubtful debts, net	(99.69)	(59.51)
Bad debts	131.09	186.05
Operating Profit before Working Capital changes	13,850.95	12,610.41
Movements in working capital		
(Increase) decrease in trade receivables	(1,128.25)	4,429.86
(Increase) decrease in other current assets	(86.62)	1,878.42
Decrease in short-term loans and advances	123.84	276.75
Decrease (increase) in long-term loans and advances	88.43	(89.32)
Increase (decrease) in trade payables	23.00	(118.30)
Increase (decrease) in other current liabilities	53.86	(3,095.96)
(Decrease) increase in other long-term liabilities	(21.00)	2.19
Increase in other short-term provisions	140.99	164.18
Increase in other long-term provisions	57.13	127.56
Cash from operating activities	13,102.33	16,185.79
Payment of domestic and foreign taxes	(5,717.91)	(6,442.26)
Net cash provided by operating activities	7,384.42	9,743.53
Cash flows from investing activities		
Additions to fixed assets including capital work-in-progress and advances	(232.41)	(135.27)
Refund of deposits for premises and others	170.40	5.27
Proceeds from sale of fixed assets	2.05	17.63
Repayment of current loan by subsidiary company	80.00	30.00
Bank fixed deposits having maturity of more than three months matured	32,549.77	68,403.52
Bank fixed deposits having maturity of more than three months booked	(23,683.23)	(36,513.78)
Interest received	1,983.45	5,516.09
Net cash provided by investing activities	10,870.03	37,323.46

# Statement of cash flow

for the year ended March 31, 2016 (continued)

	(Amounts in ₹ million)	
	Year ended March 31, 2016	Year ended March 31, 2015
Cash flows from financing activities		
Issue of shares under employee stock option scheme	575.18	1,094.59
Payment of lease obligations	(1.06)	(1.62)
Equity dividend paid	(15,259.35)	(41,017.77)
Tax on equity dividend paid	(3,106.50)	(6,970.97)
Net cash (used in) financing activities	(17,791.73)	(46,895.77)
Net increase in cash and cash equivalents	462.72	171.22
Cash and cash equivalents at beginning of the year	908.92	731.38
Effect of exchange rate changes	(13.41)	6.32
Cash and cash equivalents at end of the year	1,358.23	908.92
Component of cash and cash equivalents		
Balances with banks:		
Current accounts	1,052.95	806.52
Deposit accounts with original maturity of less than 3 months	170.03	—
Unclaimed dividend account *	135.25	102.40
Total cash and cash equivalents [Refer note 13(a)]	1,358.23	908.92

\* 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/E300004

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

**Mumbai, India**  
**May 11, 2016**

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

**S Venkatachalam**  
Chairman

**Richard Jackson**  
Director

**Mumbai, India**  
**May 11, 2016**

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

**Makarand Padalkar**  
Chief Financial Officer

**Onkarnath Banerjee**  
Company Secretary  
& Compliance Officer



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

	(Amounts in ₹ million)	
	Year ended March 31, 2016	Year ended March 31, 2015
Net income as per Indian GAAP unconsolidated statement of profit and loss	9,288.50	10,580.20
Add:		
Revenue of subsidiaries, net		
Oracle Financial Services Software B.V. - consolidated	11,945.33	12,351.04
Oracle Financial Services Software Pte. Ltd. - consolidated	13,198.81	12,620.21
Oracle Financial Services Software America, Inc. - consolidated	13,884.47	12,289.66
ISP Internet Mauritius Company - consolidated	670.90	617.33
Oracle (OFSS) Processing Services Limited	283.11	255.24
Oracle Financial Services Software Chile Limitada	480.34	577.49
Oracle Financial Services Software (Shanghai) Limited	320.61	713.98
	40,783.57	39,424.95
Other income from subsidiaries, net	692.58	(265.69)
	41,476.15	39,159.26
Less:		
Expenditure of subsidiaries, net		
Oracle Financial Services Software B.V. - consolidated	11,892.18	12,434.66
Oracle Financial Services Software Pte. Ltd. - consolidated	12,802.67	12,228.33
Oracle Financial Services Software America, Inc. - consolidated	12,737.23	11,123.80
ISP Internet Mauritius Company - consolidated	689.71	579.95
Oracle (OFSS) Processing Services Limited	246.25	247.61
Oracle (OFSS) ASP Private Limited	0.23	1.01
Oracle Financial Services Software Chile Limitada	358.19	478.49
Oracle Financial Services Software (Shanghai) Limited	380.43	722.41
	39,106.89	37,816.26
Net income as per Indian GAAP consolidated statement of profit and loss	11,657.76	11,923.20

## **Notice of annual general meeting**

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## Notice to members

NOTICE is hereby given that the Twenty Seventh 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 Wednesday, September 7, 2016 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, 2016, 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. Robert K Weiler (DIN: 01531399), who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Harinderjit Singh (DIN: 06628566), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To declare a final dividend of ₹ 100 per equity share for the financial year ended March 31, 2016.
5. 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, 142 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 and the Board of Directors of the Company (the “Board”), 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/E300004), 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 be and is hereby authorized to fix such remuneration for the financial year ending March 31, 2017, as may be determined by the Audit Committee 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:

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

“RESOLVED THAT pursuant to the provisions of Section 143(8) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) 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/E300004), 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, 2017, 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.”

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

“RESOLVED THAT pursuant to the provisions of Sections 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force) and Articles of Association of the Company and subject to such other approvals as may be necessary in this regard, the approval of the Members of the Company be and is hereby accorded to the re-appointment and the terms of remuneration of Mr. Chaitanya Kamat (DIN: 00969094), as the Managing Director & Chief Executive Officer of the Company, for a further period of five years with effect from October 25, 2016 to October 24, 2021, as under:

Remuneration:

1. Gross Salary: In the scale of ₹ 2.00 crore to ₹ 4.00 crore per annum inclusive of perquisites and allowances as mentioned below:
2. Perquisites and allowances:
  - a. Housing: Furnished/unfurnished residential accommodation or house rent allowance up to 10% of the salary in lieu thereof. The expenditure incurred by the Company on gas, electricity, water and furnishings, if any, shall be valued as per the Income Tax Rules, 1962.
  - b. Medical reimbursement /allowance: Reimbursement of actual expenses for self and family and/or allowance as per the rules of the Company.

- c. Leave travel concession/allowance: For self and family once in a year, as per the rules of the Company.
- d. Provision for driver/driver's salary allowance and car maintenance expense reimbursement: As per the rules of the Company.
- e. Personal accident insurance: As per the rules of the Company.
- f. Other allowances as per the rules of the Company.
- g. Other benefits:
  - i. Earned/privilege leave: As per the rules of the Company.
  - ii. Company's contribution to provident fund and superannuation fund: As per the rules of the Company.
  - iii. Gratuity: As per the rules of the Company.
  - iv. Encashment of leave: As per the rules of the Company.
- 3. Performance linked Bonus: Payable annually or at other intervals and in such form, as may be decided by the Board of Directors of the Company (the "Board") or the Nomination and Remuneration Committee of the Board.

RESOLVED FURTHER THAT notwithstanding anything stated herein above, wherein in any financial year, closing on and after March 31, 2017, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Chaitanya Kamat the minimum remuneration as per the provisions of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board and the Nomination and Remuneration Committee of the Board be and is hereby authorized to decide the remuneration (salary, perquisites and bonus) payable to Mr. Chaitanya Kamat, within the terms approved by the members as above, subject to such other approvals as may be required.

RESOLVED FURTHER THAT the terms and conditions and the remuneration as mentioned above that forms part of the draft agreement to be entered into between Mr. Chaitanya Kamat and the Company placed before the meeting be and is hereby approved and the Board be and is hereby authorized to alter and vary the terms and conditions of his said re-appointment and remuneration within the aforesaid limit or the Agreement in such manner as may be agreed to between the Board and Mr. Chaitanya Kamat."

- 8. To consider and, if thought fit, to pass, with or without modification(s), as a Special Resolution the following:

"RESOLVED THAT pursuant to Section 197 and other applicable provisions of the Companies Act, 2013, if any, and the Rules made thereunder (including any statutory modifications or re-enactments thereof for the time being in force) and subject to such other statutory approvals as may be required, the consent of the Members of the Company be and is hereby accorded to payment of commission to the Directors of the Company (excluding the Managing Director and Whole-time Directors), not exceeding in the aggregate one per cent per annum of the net profits of the Company, which shall be calculated in accordance with the provisions of Section 198 of the Companies Act 2013, such payment to be in such amounts, or proportions and in such manner, as may be decided by the Board of Directors (the "Board") or the Nomination and Remuneration Committee, based on the attendance, participation and the contribution of the concerned Directors or on the basis of such other criteria as may be laid down by the Board or the Nomination and Remuneration Committee, from time to time, and that such commission shall be paid by the Company to such Directors for a period of five years commencing from April 1, 2017 to March 31, 2022."

By Order of the Board of Directors

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

Mumbai  
July 18, 2016

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 Statement of Material facts pursuant to Section 102 (1) of the Companies Act, 2013 in respect of item nos. 6 to 8 as mentioned in the above Notice is annexed hereto.
- b. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, September 1, 2016 to Wednesday, September 7, 2016, both days inclusive, for the purpose of payment of final dividend for the financial year ended March 31, 2016, if approved, and the Annual General Meeting.
- c. Final dividend on equity shares as recommended by the Board of Directors of the Company for the year ended March 31, 2016, if approved at the meeting, will be paid to those Members whose names appear in the Register of Members of the Company 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 close of business hours of Wednesday, August 31, 2016. Final dividend of ₹ 100 per share has been recommended by the Board of Directors of the Company for the year ended March 31, 2016 and, subject to the approval of the Members at the Annual General Meeting, is proposed to be paid on or before Thursday, October 6, 2016.
- d. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with the Registrar and Share Transfer Agents and / or 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.
- e. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting are requested to either send to the Company a certified true copy of their Board Resolution or such other authorization, authorizing the representatives 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.
- f. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE IN THE MEETING INSTEAD OF HIMSELF / HERSELF ON A POLL ONLY AND THAT A PROXY NEED NOT BE A MEMBER. A PERSON CAN ACT AS A PROXY ON BEHALF OF NOT MORE THAN 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 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.
- g. The Members / proxies / authorized representatives 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 Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- m. Additional information required as per Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of the directors seeking re-appointment at the Annual General Meeting forms integral part of the Notice. The directors have furnished the requisite declarations and consents for their re-appointment.
- n. Members who hold shares in physical form are requested to notify promptly any change in their addresses, updates of their savings bank account and other relevant information to the Company's Registrar and Share 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 are requested to address all correspondence, including dividend related correspondence, to the Registrar and Share Transfer Agents of the Company.
- p. Members holding shares in physical form are advised to make nomination(s) 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/GeneralDownlds.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.

- q. Members may please note that the Company's Registrar and Share Transfer Agents (RTA), Link Intime India Private Limited have set up a separate cell to address queries of the members of the Company. Accordingly, the queries may be directed to them on telephone number +91-22-25946970 or e-mailed to [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)
- r. The Securities and Exchange Board of India 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 Participant(s) with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the RTA.
- s. 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 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 Regulation 36 (1) (a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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.
- t. 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.
- u. 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.
- v. 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 Center) 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.

- w. No gifts or gift coupons shall be distributed to members at or in connection with the Annual General Meeting.
- x. Voting through electronic mode - In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, as substituted by the Companies (Management and Administration) Amendment Rules, 2015, Regulation 44 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS2) issued by the Institute of Company Secretaries of India (each as amended or modified from time to time), the Company is providing facility to its Members to exercise their votes electronically through the electronic voting service facility arranged by Central Depository Services (India) Limited (CDSL) on the items of business given in the Notice through an electronic voting system, to the Members holding shares in the Company as on the close of business hours of Wednesday, August 31, 2016, 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 CDSL. The facility of voting will also be made available at the AGM. The Members who have not cast their votes by way of remote e-voting shall be able to exercise their right at the AGM. Members who have cast their votes through remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again.

The e-voting rights of the Members / Beneficial Owners shall be reckoned on the equity shares held by them as on the close of business hours of Wednesday, August 31, 2016. The e- voting period begins on Friday, September 2, 2016 (9.00 a.m. IST) and ends on Tuesday, September 6, 2016 (5.00 p.m. IST). During this period the members holding their shares either in physical form or in dematerialized form may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

The instructions for remote e-voting are as under:

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab
- (iii) 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.



- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) 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.
- (vi) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).
Dividend Bank Details or Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as Date of 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 (iii).

- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) 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.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the Electronic Voting Sequence Number (EVSN) for ‘Oracle Financial Services Software Limited’ on which you choose to vote.
- (xi) 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.
- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) 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.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvi) 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.
- (xvii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xviii) Note for Non-individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF and 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.
- (xix) 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)



## General instructions

- (i) The remote e-voting period commences on Friday, September 2, 2016 (9.00 a.m. IST) and ends on Tuesday, September 6, 2016 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the close of business hours of Wednesday, August 31, 2016, 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.
- (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 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 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. 6 to 8 in the accompanying Notice dated July 18, 2016.

#### Item no. 6:

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/E300004) 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/E300004) 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 2017 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. 6 of the Notice.

Your Directors recommend the resolution at item no. 6 of the Notice.

#### Item no. 7:

Mr. Chaitanya Kamat (DIN: 00969094) was re-appointed as the Managing Director and Chief Executive Officer of the Company for a period of three years with effect from October 25, 2013. The term of Mr. Chaitanya Kamat as the Managing Director and Chief Executive Officer completes on October 24, 2016. The Board of Directors of the Company (the "Board") on May 11, 2016 re-appointed Mr. Chaitanya Kamat as the Managing Director and Chief Executive Officer of the Company with effect from October 25, 2016, subject to the approval of the Members and such other approvals as may be required, for a further period of five years, on the following terms and conditions:

##### Remuneration:

1. Gross Salary: In the scale of ₹ 2.00 crore to ₹ 4.00 crore per annum inclusive of perquisites and allowances as mentioned below:
2. Perquisites and allowances:
  - a. Housing: Furnished/unfurnished residential accommodation or house rent allowance up to 10% of the salary in lieu thereof. The expenditure incurred by the Company on gas, electricity, water and furnishings, if any, shall be valued as per the Income Tax Rules, 1962.
  - b. Medical reimbursement /allowance: Reimbursement of actual expenses for self and family and/or allowance as per the rules of the Company.
  - c. Leave travel concession/allowance: For self and family once in a year, as per the rules of the Company.
  - d. Provision for driver/driver's salary allowance and car maintenance expense reimbursement: As per the rules of the Company.
  - e. Personal accident insurance: As per the rules of the Company.
  - f. Other allowances as per the rules of the Company.
  - g. Other benefits:
    - i. Earned/privilege leave: As per the rules of the Company.
    - ii. Company's contribution to provident fund and superannuation fund: As per the rules of the Company.
    - iii. Gratuity: As per the rules of the Company.
    - iv. Encashment of leave: As per the rules of the Company.
3. Performance linked Bonus: Payable annually or at other intervals and in such form, as may be decided by the Board or the Nomination and Remuneration Committee of the Board.

Further, notwithstanding anything stated herein above, wherein in any financial year; closing on and after March 31, 2017, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Chaitanya Kamat the minimum remuneration as per the provisions of the Companies Act, 2013.

The remuneration payable to Mr. Chaitanya Kamat as set out in the resolution no. 7 of the Notice is within the limits permitted under the provisions of Sections 197 and 203, read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re - enactment thereof for the time being in force).

The draft agreement to be entered into between Mr. Chaitanya Kamat and the Company is available for inspection by the Members of the Company at its registered office between 2:00 p.m. to 4:00 p.m. on any working day of the Company and is also placed before the meeting.

Except Mr. Chaitanya Kamat, no other Director or 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:**

In terms of the provisions of Section 197 (1) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 and Article 99 of the Articles of Association of the Company, a director who is neither in whole – time employment of the Company nor a Managing Director may be paid a remuneration by way of commission if the members of the Company pass a Special resolution authorizing such a payment, and that the remuneration paid to all such directors together shall not exceed 1% of the net profits of the Company.

The Members of the Company had approved the payment of commission to the Non-Executive Directors for a five year period ending March 31, 2017 in their Annual General Meeting held on August 18, 2011. It is proposed to continue to pay remuneration to the Non-Executive Directors of the Company subject to the approval of the Members in the Annual General Meeting and such other statutory and governmental approvals as may be required, if any, for a further period of five years from April 1, 2017 to March 31, 2022. The amount of commission proposed to be paid to the Non-Executive Directors shall not exceed 1 % of the net profits of the Company which shall be computed as per provisions of the Sections 197 and 198 of the Companies Act, 2013.

The resolution at Item no. 8 of the Notice seeks approval of the Members for authorizing the Board of Directors of the Company or the Nomination and Remuneration Committee to decide the quantum and the manner of payment of Commission to the Non – Executive Directors of the Company for a period of five years from April 1, 2017 to March 31, 2022.

All the Non-Executive Directors of the Company may be deemed to be concerned or interested in the resolution at item no. 8 of the Notice to the extent of the remuneration that may be received by them. No other 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.

**ADDITIONAL INFORMATION PURSUANT TO REGULATION 36 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 WITH REGARD TO DIRECTORS SEEKING RE-APPOINTMENT AT THE TWENTY SEVENTH ANNUAL GENERAL MEETING:**

**1. Mr. Robert K. Weiler**

Mr. Robert K Weiler, born on February 9, 1951, is an Executive Vice President of Oracle's Global Business Units. Previously he was Chairman and CEO of Phase Forward, a leading provider of integrated data management solutions for clinical trials and drug safety.

Mr. Weiler has more than 36 years of technology industry leadership experience, including his previous tenure as Giga Information Group's Chairman, President and CEO. Earlier in his career, Mr. Weiler served as President and CEO of Eastman Software (formerly Wang Software), as well as Senior Vice President, Worldwide Sales and Marketing, for Lotus Development Corporation, where he was instrumental in expanding the company's Lotus Notes business.

Mr. Weiler recently served on the board of SADD (Students Against Destructive Decisions), and he previously served on the boards of the directors of the Waterville Valley Company, Saint Anselm's College, Corporate Software, Distributed Management Systems, Cullinet Software, Interleaf, DataLogix, and Giga Information Group. Mr. Weiler received a B.A. from Saint Anselm's College, where he additionally received an honorary doctorate in 2000. He received the Ernst & Young Entrepreneur of the Year 2010 Award in the Healthcare IT category in New England. In 2006, he was named to the prestigious PharmaVOICE 100 list, and he was also named '2006 CEO of the Year' by the Massachusetts Technology Leadership Council, an award that honours individuals who best exemplify leadership and excellence in business and technology. Subsequent to this award, Mr. Weiler was invited to become a trustee of the Council.

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

Mr. Weiler does not hold any directorships or committee memberships/chairmanships in any other Company.

**2. Mr. Harinderjit Singh**

Mr. Harinderjit Singh, born on October 9, 1965, is Senior Vice President and General Manager of Oracle's Financial Services Global Business Unit. In this role, he is responsible for Oracle's product portfolio for the Financial Services industry across Banking, Insurance and Capital Markets. His organization spans all the business functions including Product Management, Engineering, Consulting, Sales and Customer Service.

During his 26-year career at Oracle, Mr. Singh has been instrumental in leading the creation and execution of highly successful corporate, business unit, and new market strategies that produce strong top-line impact across all of Oracle's hardware, software, and services product lines.

Prior to his current role, he was the Senior Vice President of Oracle's Industries Business Unit, where he was responsible for Oracle's go-to-market strategy, including product marketing, competitive intelligence, field enablement, deal acceleration, and mergers-and-acquisition integration across Oracle's entire product and services portfolio. In addition, his organization delivered all of Oracle's strategic customer engagement capabilities. These include solutions and expertise for all industry vertical segments; the Oracle Insight program, which is Oracle's branded value engineering competency; and the Oracle Solution Centers. Additionally, his organization provides the business strategy, tools, and programs for Oracle's key accounts and midsize market segments.

Prior to leading the Oracle Industries Business Unit, Mr. Singh was Group Vice President for Oracle Consulting, where he led Oracle's services business in North America Strategic Accounts.

Mr. Singh holds a master's degree in industrial engineering from Stanford University and a bachelor's degree in mechanical engineering from Punjab University, India. He is active in his local community and serves on the Board at the Children's Discovery Museum in San Jose, California.

Mr. Singh is a Member of the Nomination and Remuneration Committee of the Board. He does not hold any equity share of the Company as on date.

**3. Mr. Chaitanya Kamat**

Mr. Chaitanya Kamat, born on September 14, 1961, 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 Center 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 in any other company. He holds 8,085 equity shares of the Company as on date.

There are no inter-se relationships between the board members in terms of Regulation 36 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

By Order of the Board of Directors

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

Mumbai  
July 18, 2016

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 Seventh Annual General Meeting of the Company held on Wednesday, September 7, 2016 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.

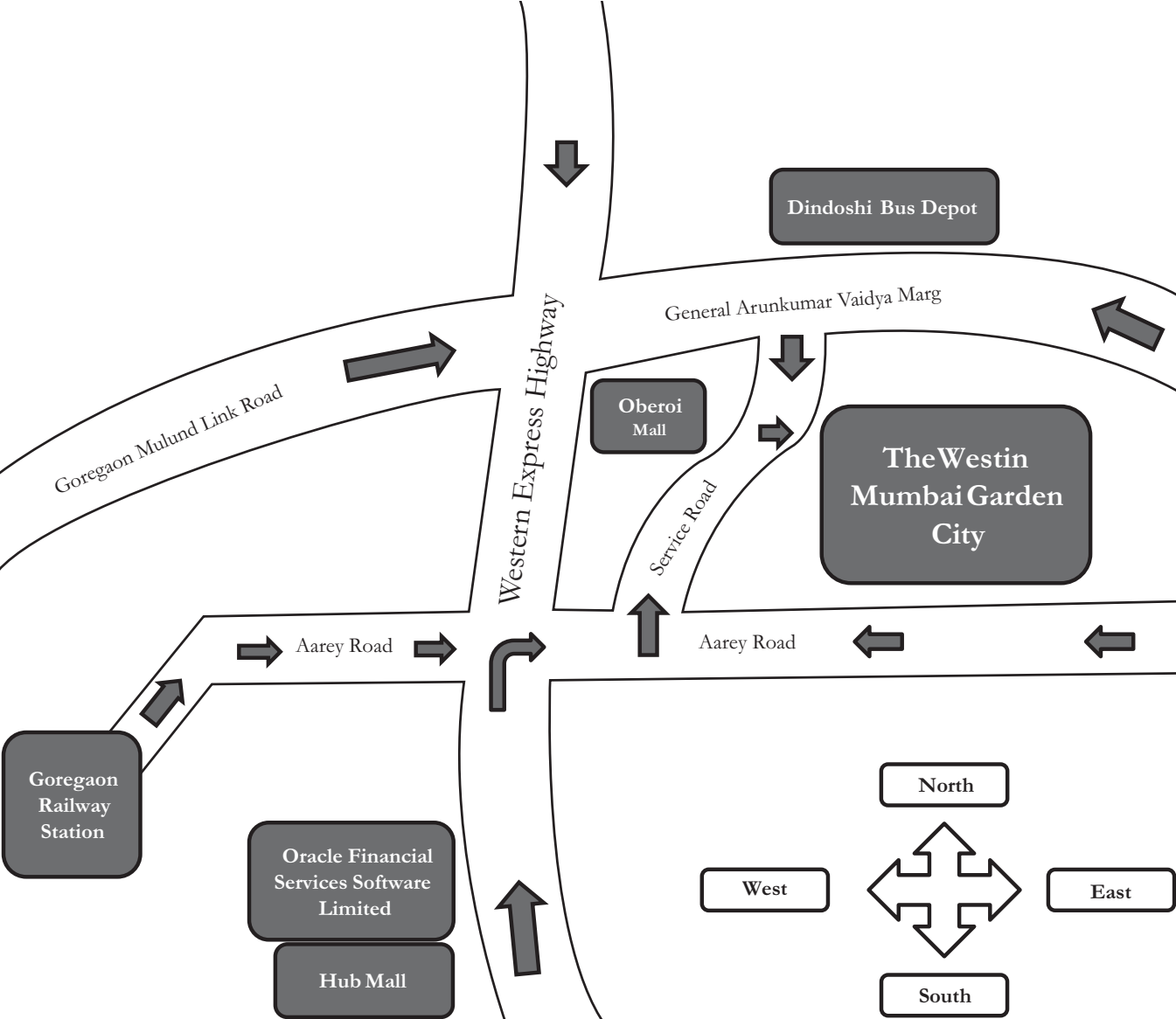
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Notes:

- (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 Seventh Annual General Meeting of the Company to be held on Wednesday, September 7, 2016 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, 2016, 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. Robert K Weiler (DIN: 01531399), who retires by rotation and, being eligible, offers himself for re- appointment.			
3	Appointment of a Director in place of Mr. Harinderjit Singh (DIN: 06628566), who retires by rotation and, being eligible, offers himself for re-appointment.			
4	Declaration of a final dividend of ₹100 per equity share for financial year ended March 31, 2016.			
5	Ratification of the appointment of M/s. S. R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration no. 101049W/E300004) as the Statutory Auditors of the Company and to fix their remuneration.			
Special Business				
6	Ratification of the appointment of M/s. S. R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration no. 101049W/E300004), as the Branch Auditors of the Company and to fix their remuneration.			
7	Re-appointment and terms of remuneration payable to Mr. Chaitanya Kamat (DIN: 00969094) as Managing Director and Chief Executive Officer of the Company for the next five years.			
8	Payment of commission to Non-Executive Directors of the Company for the next five years.			

\* 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 ..... 2016.

\_\_\_\_\_  
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 Annual General Meeting.
2. A person can act as proxy on behalf of the 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.

## This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

[illegible]





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

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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

# Business Responsibility Report

## for the Financial Year 2015-2016

### 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, 2015 to March 31, 2016
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)	Banking Products, Business Consulting Services, KPO 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, 2016)	Rs. 424.28 million
2. Total Turnover (for financial year ended March 31, 2016)	Rs. 34,868.09 million
3. Total profit after taxes (for financial year ended March 31, 2016)	Rs. 9,288.50 million
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax	2.68 %
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, People's Republic of China, Republic of Chile, Republic of Mauritius, Singapore, The Netherlands and the USA.

#### 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, etc. is also applicable to all its subsidiaries.

#### 3. Do any other entity/entities (example suppliers/ distributors) 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/ BR Head responsible for BR:

DIN Number	00969094
Name Designation	Chaitanya Kamat 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 being 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/careers/diversity/working-at-oracle/equal-employment-opportunity/index.html>
- (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 2015-16 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? Does it extend to groups, joint ventures, suppliers, contractors, NGOs and others?

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 2015-16.

### **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.

- a) Company has implemented an e-delivery mechanism for its software thereby saving on physical media and infrastructure needed for shipping the media. This improved the productivity and made it environment friendly.
- b) CFL and LED lights are installed in most of the areas in our premises to ensure conservation of energy and therefore environment.
- c) The company adheres to strict safe disposal of e-waste. The Company engages specialized PCB authorized vendors for e-waste disposal.

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 throughout the value chain**

Information collected over the last two years shows that software 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 mechanism.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? (if yes, what % of the Company's inputs were sourced sustainably )?

The Company strives to reduce environmental impact by employing sustainable procurement practices and limiting business travel, wherever possible. In the process of selecting a suppliers for 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 preference to local vendors in several areas such as office catering, local transportation, suppliers for subcontracted resources, etc.

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. (Separately as < 5 %, 5-10 %, > 10 %)

The Company strives to recover, reuse, or recycle its workplace tools.

- 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 systems and processes have been designed to process significant amount of transactions in a paperless mode.
- Sewage Treatment Plants are installed in our owned office premises (Mumbai, Pune and Bangalore) where we treat the waste water which is re-used for non-drinking purposes.
- The 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.
- The Company has a record archival and disposal policy that strives to enable off-site storage of documents and safe discarding of old records.

### 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, 2016 (in numbers)
<b>Total number of employees</b>	7,003
No. of Temporary/contractual/casual basis- employees	241
No. of Permanent women employees	2,112
No. of Permanent 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.

The Company does not employ child labour. During the financial year 2015-16, there were no complaints relating to child labour, forced labour, involuntary labour, sexual harassment, and none were pending as at the end of the financial year.

**8. What percentage of the 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 Business Responsibility policy. These include, but are not limited 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.

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 counselor 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 meetings.

**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 jurisdictions, 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 were received by the Company in the financial year 2015-16.

**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 and subsidiaries. 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, 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. The 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 the 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. (provide hyperlink)**

During the year, the Company continued its several initiatives to reduce energy requirements from the data centres. These are:

- A. Commenced the migration of enterprise network to MPLS technology providing greater speed, reliability and security.
- B. Online presence – internal video platform to offers employees wide applications such as remote training, remote meetings with much greater ease, thereby reducing the need for travel and help reduce costs and carbon foot-print.
- C. Sewage Treatment Plants at all the major offices to treat and re-use waste water.
- D. Energy efficient LED lighting in most of the areas in our premises.
- E. Environmentally friendly e-waste disposal

These initiatives have led to savings in energy required for running the equipment, created more secure operating environment, and 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 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, 2016 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?**

No independent assessment was 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 INR 248.46 million for this Financial Year towards 71 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 71 NGOs in the areas of Education (32 projects), Environment (12 projects) and Community (27 projects).

**5. Have the Company taken steps to ensure that this community development initiative is successfully adopted by the community?**

The Company monitors the outcome of the CSR initiatives in relation to the objectives.

**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 dating back to 2007 filed by an investor at the consumer forum that is pending before the State Commission as on March 31, 2016.

**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 behavior 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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