Financial Services

Oracle Financial Services Software Limited

Annual Report

2017–18

Letter to Shareholders

On behalf of the Board of Directors, I am pleased to report the results of your Company for the financial year ended March 31, 2018. On a consolidated basis, the Company's revenue stood at ₹ 45.3 billion and the net income was ₹ 12.4 billion. We continued to deliver strong operating results with the income from operations of ₹ 17.5 billion and our operating margin stood at 39%.

Your Company's products and solutions are well positioned to help global financial institutions deliver value to their customers. Amongst the notable wins in the year, Banco Votorantim S/A, one of the largest banks in Brazil which includes operations in wholesale banking, asset management, and consumer finance chose to implement Oracle FLEXCUBE Universal Banking. A leading American regional bank and a long-standing Oracle customer added Oracle Banking Collections to its technology landscape. A specialty mortgage lender based in the United States of America has chosen to utilize Oracle Financial Services Lending and Leasing. Ping An Pu Hui Enterprise Management Limited, the personal finance and micro-enterprise finance service arm of the Chinese Ping An group has signed a new deal to utilize Oracle Financial Services Analytics Applications.

Our winning streak continued with our products and services garnering accolades and industry recognition. Oracle Financial Services Analytical Applications (OFSAA) has been named a leader on this year's Chartis: RiskTech100 list. Adding to this success, your Company won four category awards including: Risk Data Aggregation & Reporting (3rd year in a row), Balance Sheet Risk Management, Banking (Industry Category) and Core Technology (Chartis Category). This marks the second consecutive year that Oracle Financial Services has ranked at the top of the Chartis RiskTech100. Your Company was also ranked first in FinTech Quadrant™ for IFRS 9 solutions. Leading industry research and advisory firm Ovum, has reported that Oracle Banking Digital Experience is well positioned to become one of the leading platforms in the market, in its report - Ovum Decision Matrix: Digital Banking Platform Profile.

Innovation is the key to our success and we added new functionalities and features to existing products and introduced new products into our portfolio. The latest release of Oracle FLEXCUBE includes over 1200 new enhancements designed for a connected banking experience as well as blockchain, and machine learning adapters. Our new solutions for corporate banking - Oracle Banking Liquidity Management and Oracle Banking Corporate Lending are gaining fast acceptance as a leading solution in this field. We also announced the worldwide release of Oracle Banking Payments, a stand-alone best-in-class payments solution to help financial institutions confront challenges of a rapidly changing payments landscape. New releases of Oracle Financial Services Analytical Applications expanded our solution footprint in the risk and compliance space. With increased emphasis on regulatory compliance worldwide, we are uniquely placed to help banks address these mandates.

The financial industry over the last few years is undergoing a major transformation. This evolution is expected to continue as advances in digital technologies herald the next phase of disruption. Furthermore, Artificial Intelligence, Blockchain, Open Banking, Platform Systems, Cloud offerings, a new API economy and Faster Payments are all set to dominate the conversation in the financial services technology landscape. Your Company has made significant investments in these areas and is well prepared to help customers take advantage of emerging opportunities and tackle uncertainties of the future. We look forward to another exciting year at Oracle Financial Services Software.

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
Chairperson
Oracle Financial Services Software Limited

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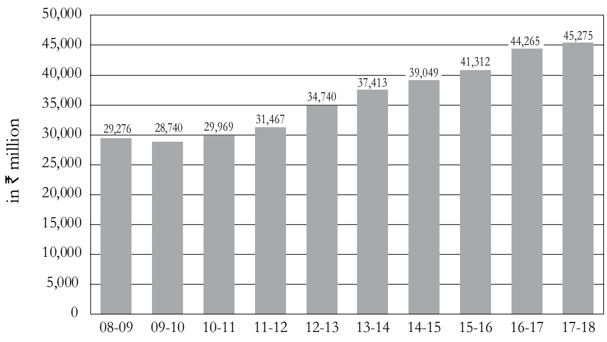
Contents

Annual General Meeting

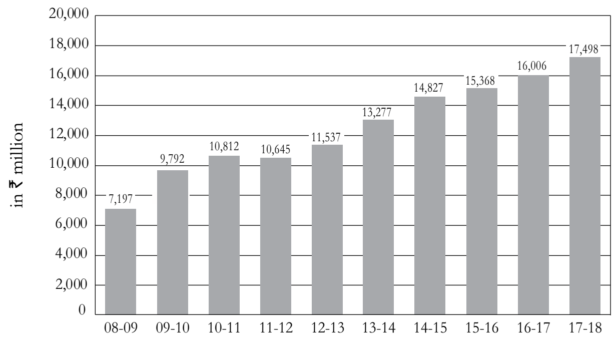
Day and Date	:	Tuesday, August 14, 2018
Time	:	3.00 p.m.
Venue	:	Rama & Sundri Watumull Auditorium K C College, 124, Dinshaw Wachha Road Churchgate, Mumbai 400020

Ten year history

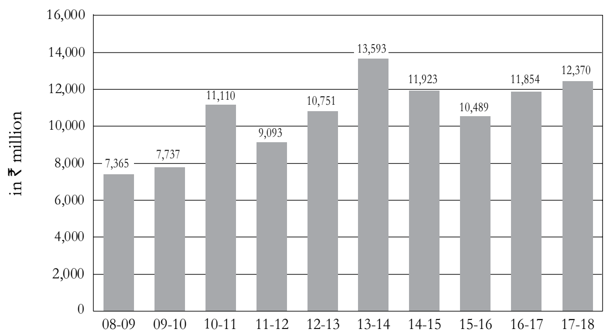
Operating revenue



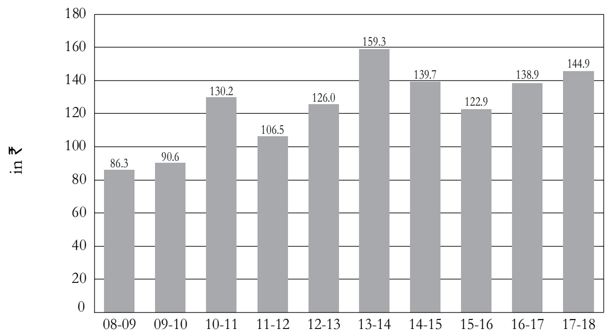
Operating income



Net income

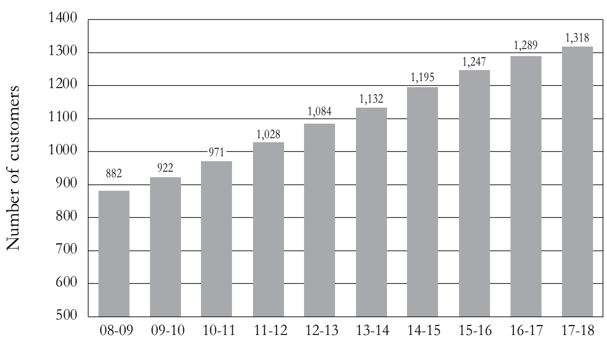


Earnings per share

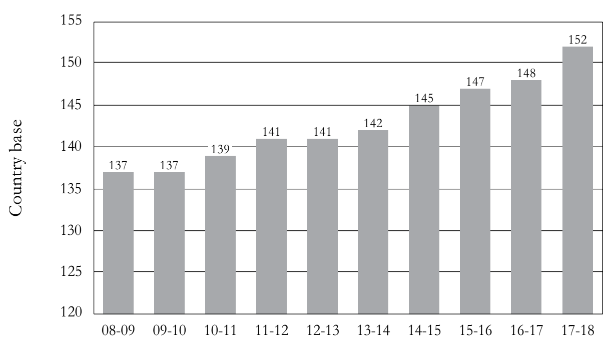


Earnings per share is computed on the equity capital base of 85,346,293 shares as on March 31, 2018.

Customers serviced



... in countries



Note:
Amounts for financial year 2008-09 to 2014-15 are as per Indian GAAP and for financial year 2015-16 to 2017-18 are as per Ind AS.

Corporate information
Oracle Financial Services Software Limited

Board of directors

S Venkatachalam, Chairperson

Chaitanya Kamat, Managing Director & Chief Executive Officer

Harinderjit Singh

Kimberly Woolley

Maria Smith

Richard Jackson

Robert K Weiler

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 101, 247 Park
L B S Marg, Vikhroli (West)
Mumbai 400083, Maharashtra, India

Auditors

Mukund M Chitale & Co.

Bankers

Bank of India

Barclays Bank PLC

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

Dinakar Kini

Dinesh V Shetty

Edwin Niranjan Moses

Goutam Chatterjee

George Thomas

Gregory Chapple

H S Teji

Karthick R Prasad

Laura Balachandran

Mahesh Kandavar Rao

Manish Chandra Gupta

Manmath Kulkarni

Mudit Govil

Mustafa Moonim

Prajakt Deshpande

Rajaram N Vadapandeshwara

Rajendra Potdar

Ravikumar V

S Bhargava

Sanjay Bajaj

Sanjay Kumar Ghosh

Sanjay V Deshpande

Surendra Shukla

Tushar Chitra

Umesh Arora

Venkatesh Srinivasan

Vikram Gupta

Vinayak L Hampihallikar

Offices

India

Oracle Financial Services Software Limited
7-8, R-Tech Park
Nirlon Knowledge Park
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
Bengaluru 560093, Karnataka, India

Gopalan Enterprises (I) Pvt. Ltd., (SEZ)
Global Axis, Unit 1 & 2
Plot # 152, EPIP Zone, Whitefield
Bengaluru 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
Bengaluru 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.
1 Fusionopolis
#12-10 Galaxies
Singapore 138522

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

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

Level 4, 417 St. Kilda Road
Melbourne VIC 3004, Australia

Oracle Financial Services Consulting Pte. Ltd.
1 Fusionopolis
#12-10 Galaxies
Singapore 138522

Oracle Financial Services Software (Shanghai) Limited
Unit 806, Henderson Metropolitan Building
155, Tianjin Road, Shanghai 200001
People's Republic of China

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

Offices

Europe, Middle East & Africa (EMEA)

Oracle Financial Services Software B.V.
Barbara Strozzilaan 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
22nd km Kievskoe Route
142784, Moscow, Russian Federation

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

The Edge Building
Plot A-004-038
Al Falak St. Dubai Internet City
Dubai, UAE

ISP Internet (Mauritius) Company
C/o SGG Corporate Services (Mauritius) Limited
33, Edith Cavell Street
Port Louis 11324
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
Av. Vitacura 2939
Edificio Millenium - 14th Floor
Las Condes, 7550011
Santiago, Chile

Directors' report
Financial year 2017-18

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 2017-18.

Financial highlights

As per Consolidated financial statements:

(Amounts in ₹ million)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from operations	45,274.72	44,265.33
Finance income	794.84	1,491.16
Other income, net	112.06	72.53
Total income	46,181.62	45,829.02
Depreciation and amortization	(614.63)	(701.92)
Profit before exceptional item and tax	18,404.41	18,198.03
Exceptional item	–	(628.25)
Profit before tax	18,404.41	17,569.78
Tax expenses	(6,034.00)	(5,715.93)
Profit for the year	12,370.41	11,853.85

As per Unconsolidated financial statements:

(Amounts in ₹ million)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from operations	38,617.27	37,363.12
Finance income	722.62	1,420.83
Other income, net	163.65	215.76
Total income	39,503.54	38,999.71
Depreciation and amortization	(573.53)	(667.99)
Profit before exceptional item and tax	14,869.14	14,663.34
Exceptional item	–	2,162.59
Profit before tax	14,869.14	16,825.93
Tax expenses	(4,809.24)	(3,944.96)
Profit for the year	10,059.90	12,880.97

Performance

On consolidated basis, your Company's revenue stood at ₹ 45,274.72 million this year, an increase of 2% from ₹ 44,265.33 million of the previous financial year. The net income was ₹ 12,370.41 million this year, an increase of 4%. On an unconsolidated basis, your Company's revenue grew to ₹ 38,617.27 million during the financial year 2017-18, an increase of 3% from ₹ 37,363.12 million of the previous year. The Company's net income for the financial year 2017-18 was ₹ 10,059.90 million. Previous year's figures have been re-arranged/re-classified, wherever necessary, as per the applicable regulations.

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 ₹ 130 per equity share of face value of ₹ 5 each for the financial year ended March 31, 2018.

The Register of Members and Share Transfer books will remain closed from Wednesday, August 8, 2018 till Tuesday, August 14, 2018, both days inclusive, for the purpose of payment of final dividend for the financial year ended March 31, 2018 and the Annual General Meeting. The Annual General Meeting is scheduled to be held on Tuesday, August 14, 2018. 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 Tuesday, August 7, 2018.

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 ("the Act"), there are no new loans granted or investments made by the Company during the financial year 2017-18.

Share capital

During the financial year 2017-18, the Company allotted 310,487 equity shares of face value of ₹ 5 each to its eligible employees and Directors who exercised their stock options under the prevailing Employee Stock Option Schemes of the Company. As a result, the paid-up equity share capital of the Company as on March 31, 2018 was ₹ 427,084,465 divided into 85,416,893 equity shares of face value of ₹ 5 each.

Extract of annual return

Pursuant to Section 92(3) of the Companies Act, 2013 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. Chaitanya Kamat 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 Board recommends to the Members the resolutions for re-appointment of Mr. Chaitanya Kamat and Mr. Harinderjit Singh as Directors of the Company, liable to retire by rotation.

Mr. Robert K Weiler, Director of the Company, who retires by rotation at the forthcoming Annual General Meeting, has informed the Company that he does not wish to offer himself for re-appointment as a Director of the Company.

The Members of the Company, at the Annual General Meeting held on September 12, 2014, had appointed Mr. S Venkatachalam and Mr. Richard Jackson, as Independent Directors of the Company to hold office for a term of five consecutive years till March 31, 2019. In accordance with the provisions of Section 149, 152 of the Companies Act, 2013 and applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is proposed to re-appoint Mr. S Venkatachalam and Mr. Richard Jackson for a further term of five consecutive years from April 1, 2019 up till March 31, 2024.

The Board recommends to the Members the special resolutions for re-appointment of Mr. S Venkatachalam and Mr. Richard Jackson as Independent Directors of the Company.

The Directors seeking re-appointment are not debarred from holding the office of Director pursuant to any SEBI order.

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 Chairpersonships / Memberships of Board Committees, etc. are provided in the Notice to Members and Report on Corporate Governance forming part of this Annual Report.

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

During the year, there were no changes to the Key Managerial Personnel.

Board policies

Board evaluation policy

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

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's principles and processes have been established by Risk Management Policy 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 Members. The Independent, Non-Executive Directors are paid commission based on the Committee Chairpersonships/ 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. The Remuneration policy is available on the website of the Company at: http://www.oracle.com/us/industries/financial-services/ofss-remuneration-policy-4492725.pdf

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 require disclosure to stock exchanges. The policy is available on the website of the Company at: http://www.oracle.com/us/industries/financial-services/policy-determination-events-2889567.pdf

Vigil mechanism / whistle blower policy

The Company has established a Code of Ethics and Business Conduct ("Code") which is applicable to its Directors and 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 available on website of the Company at: http://www.oracle.com/us/corporate/investor-relations/cebc-176732.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 entered into during the financial year 2017-18 were at 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

Dividend distribution policy

As per Regulation 43A of the Listing Regulations, the Company has framed a dividend distribution policy and the same is available on website of the Company at:
http://www.oracle.com/us/industries/financial-services/ofss-dividend-distribution-policy-3125465.pdf

Directors' familiarization program

The Company has formulated familiarization program for its new directors including independent directors. The program provides an insight into the Company's products, markets, competition, emerging technologies, etc. to gain a better understanding of the business environment and also covers the regulatory landscape. The familiarization program is available on Company's website at: http://www.oracle.com/us/industries/financial-services/financial-familarization-program-2547373.pdf

Subsidiaries

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

The Company has during the year sold its entire stake in an associate company, Login SA, France and holds nil shares as on March 31, 2018.

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, its consolidated financial statements along with relevant documents, and separate annual accounts in respect of subsidiaries, are available on the website of the Company at 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. 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 130 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.

Five 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:

(Amounts in ₹ million)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Revenue Expenditure	2,058.24	2,100.73
Capital Expenditure	82.06	230.35

Fixed deposits

During the financial year 2017-18, 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 Board has appointed Mr. Prashant Diwan, Practicing Company Secretary, as Secretarial Auditor of the Company for the financial year 2017-18. The Secretarial Audit report issued by Practicing Company Secretary is annexed as Annexure 3 to this report.

Business responsibility report

Business Responsibility Report for the financial year 2017-18 that forms part of this Annual Report has been hosted on the website of the Company at 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 to the stock options ("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 the 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"). This plan enables issue of deeply discounted options at the face value and referred to as OFSS Stock Units ("OSUs") for convenience. Accordingly, the Company granted 165,795 Stock Options and 586,984 OFSS Stock Units ("OSUs") under OFSS Stock Plan 2014. The issuance terms of OSUs are the same as for Stock Options, employees may elect to receive 1 OSU 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 an 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 / OSUs 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 / OSUs have exercise period of 10 years from the date of grant. The employee pays the exercise price upon exercise of options/OSUs.

All the above mentioned Schemes of the Company are in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014. Applicable disclosures relating to Employees Stock Options Schemes, pursuant to SEBI (Share Based Employee Benefits) Regulations, 2014, are placed on the website of the Company at www.oracle.com/financialservices

The details of the options / OSUs 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)				(OSUs)	
Pricing Formula	At the market price as on the date of grant				₹ 5	
Variation of terms of options/ OSUs	None	None	None	None	None	
Number of options/OSUs granted till March 31, 2018	5,167,920	638,000	1,950,500	165,795	586,984	8,509,199
Number of options/OSUs lapsed and forfeited	(620,725)	(282,032)	(441,530)	(22,138)	(52,939)	(1,419,364)
Number of options/OSUs exercised	(4,547,195)	(314,483)	(873,088)	(5,286)	(111,747)	(5,851,799)
Total number of options in force as on March 31, 2018	–	41,485	635,882	138,371	422,298	1,238,036

The details of Options / OSUs granted to Directors and Senior Managerial Personnel under OFSS Stock Plan 2014 during the financial year ended March 31, 2018 are as follows:

	Particulars	Number of OSUs (OFSS Stock Plan 2014)
i.	Directors:	
	Mr. Chaitanya Kamat	25,000
ii.	Senior Managerial Personnel:	
	Mr. Arvind Gulhati	4,750
	Mr. Edwin Moses	1,750
	Mr. Mahesh K Rao	1,750
	Mr. Manmath Kulkarni	2,250
	Mr. Makarand Padalkar	10,000
	Mr. Onkarnath Banerjee	500
	Mr. Prajakt Deshpande	750
	Mr. Surendra Shukla	500
	Mr. Vikram Gupta	4,750
	Mr. Vinayak Hampihallikar	1,250
iii.	Any other employee, who receives grant in any one year of option/OSUs amounting to 5% or more of option / OSUs granted during the year	Nil
iv.	Identified employees who were granted Options/OSUs, 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 Indian Accounting Standard 33 'Earnings Per Share' issued by the Institute of Chartered Accountants of India	₹ 117.21

All stock options were granted at market price on the date of grant and OSUs were granted at the face value of the equity shares. The compensation cost arising on account of stock options and OSUs is calculated using the fair value method. The reported profit is after considering the cost of employee stock compensation (₹ 623.33 million), using fair value method on stock options/OSUs.

A summary of the activities in the Company's Scheme 2002, Scheme 2010 and Scheme 2011 for the year ended March 31, 2018 are as follows:

Particulars	Year ended March 31, 2018					
	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	12,000	2,333	56,675	2,050	860,798	2,922
Granted	–	–	–	–	–	–
Exercised	(12,000)	2,333	(14,600)	2,050	(196,016)	2,753
Forfeited	–	–	(590)	2,050	(28,900)	3,100
Outstanding at end of the year	–	–	41,485	2,050	635,882	2,966
Vested options	–		41,485		540,332	
Unvested options	–		–		95,550	
Options vested during the year	–		–		188,000	
Options forfeited / lapsed during the year	–		590		28,900	

A summary of the activities in the Company's OFSS Stock Plan 2014 for the year ended March 31, 2018 are as follows:

Particulars	Year ended March 31, 2018			
	OFSS Stock Plan 2014			
	Shares arising from OSUs	Weighted average exercise price (₹)	Shares arising from Options	Weighted average exercise price (₹)
Outstanding at beginning of year	395,578	5	138,959	3,466
Granted	129,383	5	9,000	3,579
Exercised	(83,358)	5	(4,513)	3,330
Forfeited	(19,305)	5	(5,075)	3,391
Outstanding at end of the year	422,298	5	138,371	3,481
Vested OSUs / Options	92,910		61,687	
Unvested OSUs / Options	329,388		76,684	
OSUs / Options vested during the year	101,643		33,427	
OSUs / Options forfeited / lapsed during the year	19,305		5,075	

The weighted average share price for the year over which stock options/OSUs were exercised was ₹ 3,795. Money realized by exercise of options/OSUs during the financial year 2017-18 was ₹ 588.80 million. The Company has recovered perquisite tax on the options/OSUs exercised by the employees during the year. The weighted average fair value of stock options/OSUs granted during the year was ₹ 987 and ₹ 3,575 respectively, calculated as per the Black Scholes valuation model as stated in 26 (b) in the notes to accounts of the standalone financials.

The details of options unvested and options vested and exercisable as on March 31, 2018 are as follows:

	Exercise prices (₹)	Number of options/OSUs	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Options /OSUs unvested	5	329,388	5	8.4
	3,077	95,550	3,077	5.5
	3,241	11,994	3,241	7.0
	3,393	40,901	3,393	8.2
	3,579	9,000	3,579	9.2
	3,987	14,789	3,987	7.6
Options /OSUs vested and exercisable	5	92,910	5	7.5
	1,930	73,133	1,930	3.7
	2,050	41,485	2,050	2.4
	3,077	200,489	3,077	5.5
	3,127	266,710	3,127	4.9
	3,241	34,445	3,241	7.0
	3,393	12,556	3,393	8.2
	3,987	14,686	3,987	7.6
		1,238,036	1,983	6.3

Employee Stock Purchase Scheme ("ESPS")

The Company had adopted the ESPS administered through a Trust with the 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 sole Trustee of this Trust.

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 had 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. As per the order of the Hon'ble Bombay High Court dated August 1, 2016, the trust funds would be utilized for the benefit of the employees.

As at March 31, 2018, 70,600 equity shares of the Company were held by the Trust (March 31, 2017 - 166,142 equity shares).

Human resources

Your Company maintains a healthy and productive environment and offers clean and ergonomic workspace. 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's total employees, at the end of March 31, 2018, were 8,818 (March 31, 2017 - 8,818) including employees of subsidiaries.

During the financial year, one complaint was filed under Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The complaint was pending resolution as at the end of financial year and has been resolved as on date.

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 website of the Company 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, annual report on the CSR activities for the financial year ended March 31, 2018 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 Chairperson of the Audit Committee.

The BAA monitors and evaluates the efficacy and adequacy of internal control system of the Company, its compliance with 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, 2018, 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 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;

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; and

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. Mukund M Chitale & Co., Chartered Accountants, (ICAI Firm Registration No. 106655W), were appointed as the Statutory Auditors of the Company by the Members at their 28th Annual General Meeting held on September 20, 2017 to hold office till the conclusion of the 33rd Annual General Meeting to be held in the year 2022, subject to annual ratification by Members at every Annual General Meeting. The Board recommends to the Members the resolution for ratifying their appointment from the conclusion of the ensuing Annual General Meeting till the conclusion of the Annual General Meeting to be held in the year 2022.

The Ministry of Corporate Affairs has vide notification dated May 7, 2018 omitted the requirement of annual ratification of the appointment of statutory auditors by the members of the Company at every Annual General Meeting. Hence the annual ratification shall not be required with effect from the Annual General Meeting to be held in the year 2019.

Auditors' report

With regard to the Auditors' comment in the CARO report concerning delays in payment of some foreign taxes, the Company has recorded, as appropriate, all material tax liabilities. The said liabilities are continuously evaluated and payments are made based on advise of the tax experts.

Conservation of energy, 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:

Conservation of energy

The Company strives to conserve the energy and use energy efficient computers. The Company also deploys sophisticated office automation and management equipment which optimizes energy consumption. During the year, the Company also completed the projects to install photovoltaic solar panels at its campus in Mumbai and Pune, India in an effort to increase the use of renewable energy. As part of an initiative to support Oracle's global sustainability goal of reducing waste to landfill, a wet waste compost machine has been installed at the Mumbai office with excess manure provided to NGO 'Green Yatra' where waste is used for tree plantation projects. Green Yatra also recognized the Company with a certificate of appreciation for contributions to increasing local green cover.

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:

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. Your Company has made significant changes in the Wi-Fi environment across the organization, migrating to a faster, more secure Next generation wireless (Wi-Fi) network. Not only is it more secure, but it is also two to four times faster on average than the previously used network. This also provides easy access to the internet for employees as well as guests based on their respective access requirement. This high performance Wi-Fi, with increased density of access points, will eventually bring down the need for wired ports, which would correspondingly lead to significant energy and cost savings.

Virtual presence: Your Company has made significant investments in providing a near virtual working environment to its employees. This enhances communication across the globe, minimizing travel, increasing efficiencies from a support perspective as well by making self-service operations easier and effective. Your Company is also in the process of implementing a Unified Communications system across the organization to optimize on connectivity, energy and support efforts and costs.

Peripheral Devices: Your Company is upgrading its rental printers, scanners etc. to Multi-functional Devices (all-in-one) thereby creating efficiencies from a space, support perspective.

Datacenter consolidation activities are also in progress, in order to optimize on space, power and energy.

All these initiatives would provide a more secure and efficient operating environment with the utilization of innovative technology.

Foreign exchange earnings and outgo:

(Amounts in ₹ million)

Foreign exchange earnings	35,943.60
Foreign exchange outgo (including capital goods and other expenditure)	9,731.96
Net equity dividend remitted in foreign exchange	10,718.70

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

Financial institutions today are dedicating a larger part of their resources to making the customer experience as frictionless as possible. Inspiring trust, ensuring speed and delivering personalization in every financial transaction are now the key priorities.

During the early stage of digital disruption financial institutions launched several digital initiatives. Developed in isolation these initiatives addressed specific customer requirements largely from a transactional view point. We are now in the wave of digital disruption, where data analytics, artificial intelligence (AI), machine learning, and blockchain technology will coalesce into systems that are increasingly autonomous.

Interconnected banking where banks collaborate and partner closely with the ecosystem of FinTechs and customer IT systems are gaining traction. These connected ecosystems will enable sharing of data and services to provide unprecedented value to their customers through innovative, personalized and convenient services anywhere, any time. At the same time, there is an increasing focus on maintaining privacy of customer data, protecting the institution from cyber threats and implementing a robust governance model. Regulators across the world are also aware of the risks in these areas and are framing new regulations.

In today's marketplace open banking is becoming a necessity for financial institutions to effectively participate in this ecosystem and start 'consuming' and 'sharing' information via open APIs.

These priorities open up exciting opportunities for your Company. Your Company's portfolio of solutions is well equipped to address these very needs. Having made significant investments in machine learning, AI and blockchain technologies, your Company is in a good position to help financial institutions leverage these technology shifts and find new ways of delivering value. Financial institutions need to transform their ageing core systems to leverage these opportunities. Leveraging your Company's solutions, financial institutions can securely collaborate in this dynamic environment and adapt to this constant cycle of innovation.

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 while 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. 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 is 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) Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Name of the Director*	Ratio to median remuneration
Non-Executive Directors	
Mr. S Venkatachalam@	3
Mr. Richard Jackson	2
Mr. Sridhar Srinivasan	2
Executive Director	
Mr. Chaitanya Kamat@	30

**The details mentioned above are of only those Directors to whom the remuneration has been paid.*

@*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 / (decrease) of remuneration in FY 2018 as compared to FY 2017
Mr. S Venkatachalam@	0%
Mr. Richard Jackson	0%
Mr. Sridhar Srinivasan	0%
Mr. Chaitanya Kamat@	(30%)
Mr. Makarand Padalkar, Chief Financial Officer@	11%
Mr. Onkarnath Banerjee, Company Secretary@	14%

@ *Excludes the (perquisite) value towards difference between the fair market value and the exercise price on the date of exercise of options.*

(iii) The percentage increase in the Median Remuneration of Employees in fiscal 2018, as compared to fiscal 2017:

1%

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

7,149 as on March 31, 2018

(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 2017-18, the average percentile change in the remuneration of employees other than the managerial personnel was an increase of 7%. The Average percentile change in the remuneration of KMP was a decrease of 21%.

(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 place on record their appreciation for the excellent contribution made by employees of the Company through their commitment, co-operation and diligence.

Your Directors gratefully acknowledge the continued support received by the Company from its stakeholders, customers, members, vendors and bankers during the year.

Your Directors also wish to thank the Government of India and its various agencies, Department of Electronics, the Software Technology Parks - Bengaluru, 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.

For and on behalf of the Board

S Venkatachalam
Chairperson
DIN: 00257819

Date: July 3, 2018

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

for the financial year ended on March 31, 2018

of

ORACLE FINANCIAL SERVICES SOFTWARE LIMITED

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

I. Registration and Other Details:

I.	CIN	L72200MH1989PLC053666
II.	Registration Date	September 27, 1989
III.	Name of the Company	Oracle Financial Services Software Limited
IV.	Category / Sub-Category of the Company	Company Limited by shares / Indian Non-Government Company
V.	Address of the Registered Office and Contact Details	Oracle Park Off Western Express Highway, Goregaon (East) Mumbai 400063 Maharashtra, India Tel. no. +91 22 6718 3000 Fax no. +91 22 6718 3001 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 101, 247 Park L B S Marg, Vikhroli (West) Mumbai 400083 Tel. no. +91 22 4918 6000 Fax no. +91 22 4918 6060 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	73.82	Section 2(46)
2	Oracle Financial Services Software B.V. Barbara Strozzilaan 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. 1 Fusionopolis, #12-10 Galaxies Singapore 138522	–	Subsidiary	100.00	Section 2(87)
5	Oracle Financial Services Consulting Pte. Ltd. 1 Fusionopolis, #12-10 Galaxies Singapore 138522	–	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 C/o SGG Corporate Services (Mauritius) Ltd 33 Edith Cavell Street Port Louis, 11324 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 Av. Vitacura 2939 Edificio Millenium - 14th Floor Las Condes, 7550011 Santiago, Chile	–	Subsidiary	100.00	Section 2(87)
17	Oracle Financial Services Software (Shanghai) Limited Room 806, No 155 Tianjin Road Huangpu District Shanghai 200001 People's Republic of China	–	Subsidiary	100.00	Section 2(87)

IV. Shareholding Pattern (Equity share capital breakup as percentage of Total Equity):

(i) Category-wise Shareholding:

Category Code	Category of Shareholders	No. of Shares held at the beginning of the year, as on April 1, 2017				No. of Shares held at the end of the year as on March 31, 2018				% 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	63051197	–	63051197	74.09	63051197	–	63051197	73.82	(0.27)
	(d) Banks / Financial Institutions	–	–	–	–	–	–	–	–	–
	(e) Any other	–	–	–	–	–	–	–	–	–
	Sub-total (A) (2)	63051197	–	63051197	74.09	63051197	–	63051197	73.82	(0.27)
Total shareholding of Promoter (A) = (A)(1)+(A)(2)		63051197	–	63051197	74.09	63051197	–	63051197	73.82	(0.27)

Category Code	Category of Shareholders		No. of Shares held at the beginning of the year, as on April 1, 2017				No. of Shares held at the end of the year as on March 31, 2018				% 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	3004517	–	3004517	3.53	2137008	–	2137008	2.50	(1.03)
	(b)	Banks / Financial Institutions	12776	–	12776	0.02	1390262	–	1390262	1.63	1.61
	(c)	Venture Capital Funds	–	–	–	–	–	–	–	–	–
	(d)	Central Government/State Government(s)	4000	–	4000	0.00	4000	–	4000	0.00	0.00
	(e)	Insurance Companies	–	–	–	–	–	–	–	–	–
	(f)	Foreign Portfolio Investor	12222058	–	12222058	14.36	12553987	–	12553987	14.70	0.34
	(g)	Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
	(j)	Alternate Investment Funds	–	–	–	–	1300	–	1300	0.00	0.00
	(h)	Others									
		Foreign Mutual Funds	185724	–	185724	0.22	160622	–	160622	0.19	(0.03)
		Foreign Bank	13808	–	13808	0.02	48	–	48	0.00	(0.02)
	Sub-total (B)(1)		15442883	–	15442883	18.15	16247227	–	16247227	19.02	0.87
(2)	Non-Institutions										
	(a)	Bodies Corporate	596019	–	596019	0.70	580394	–	580394	0.68	(0.02)
	(b)	Individuals									
	i.	Individual shareholders holding nominal share capital up to ₹ 1 lakh	3446191	320782	3766973	4.43	3219299	226183	3445482	4.03	(0.40)
	ii.	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1054695	88000	1142695	1.34	848228	56000	904228	1.06	(0.28)
	(c)	Others									
	i.	Non-Resident Indians (Repatriate)	169251	62	169313	0.20	157212	62	157274	0.18	(0.02)
	ii.	Non-Resident Indians (Non-Repatriate)	673307	3442	676749	0.80	820974	267	821241	0.96	0.16
	iii.	Foreign Nationals	1760	–	1760	0.00	4540	–	4540	0.01	0.01
	vi.	Clearing Member	34425	–	34425	0.04	32710	–	32710	0.04	0.00
	v.	Directors / Relatives	6000	–	6000	0.01	7000	–	7000	0.01	0.00
	vi.	Hindu Undivided Family	38491	–	38491	0.05	39659	–	39659	0.05	0.00
	vii.	Market Maker	6257	–	6257	0.01	29	–	29	0.00	(0.01)
	viii.	Trusts	173644	–	173644	0.20	79591	–	79591	0.09	(0.11)
	ix.	IEPF	–	–	–	–	46321	–	46321	0.05	0.05
	Sub-total (B)(2)		6200040	412286	6612326	7.77	5835957	282512	6118469	7.16	(0.61)
Total Public Shareholding (B)=(B)(1)+(B)(2)			21642923	412286	22055209	25.91	22083184	282512	22365696	26.18	0.27
(C)	Shares held by Custodian for GDRs & ADRs		–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)			84694120	412286	85106406	100.00	85134381	282512	85416893	100.00	0.00

(ii) Shareholding of Promoters:

Name of the Shareholders	Shareholding at the beginning of the year as on April 1, 2017			Shareholding at the end of the year as on March 31, 2018			% 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	63051197	74.09	–	63051197	73.82	–	(0.27)
Total	63051197	74.09	–	63051197	73.82	–	(0.27)

(iii) Change in Promoters' Shareholding:

Name of the Shareholders	Shareholding at the beginning of the year as on April 1, 2017		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	63051197	74.09	63051197	74.09
Date wise Increase / Decrease in Promoters Shareholding during the Year	–	–	–	–
At the end of the year			63051197	73.82

The decrease in the percentage of promoters' shareholding from 74.09% to 73.82% 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, 2017		Cumulative shareholding during the year *	
		No. of Shares	% of Total shares of the Company	No. of Shares	% of Total shares of the Company
1.	Wessex (Mauritius) Limited				
	At the beginning of the year	5818804	6.84	5818804	6.84
	Transactions - purchase / (sale) from April 1, 2017 to March 31, 2018	–	–	–	–
	At the end of the year			5818804	6.81
2.	Sussex (Mauritius) Limited				
	At the beginning of the year	2738253	3.22	2738253	3.22
	Transactions - purchase / (sale) from April 1, 2017 to March 31, 2018	–	–	–	–
	At the end of the year			2738253	3.21
3.	Life Insurance Corporation of India				
	At the beginning of the year	–	–	–	–
	Transactions - purchase / (sale) from April 1, 2017 to March 31, 2018	1380566	1.62	1380566	1.62
	At the end of the year			1380566	1.62
4.	HDFC Trustee Company Limited - HDFC Equity Fund				
	At the beginning of the year	1357971	1.60	1357971	1.60
	Transactions - purchase / (sale) from April 1, 2017 to March 31, 2018	10289	0.01	1368260	1.61
	At the end of the year			1368260	1.61

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the year as on April 1, 2017		Cumulative shareholding during the year *	
		No. of Shares	% of Total shares of the Company	No. of Shares	% of Total shares of the Company
5.	Burgundy Emerging Markets Fund				
	At the beginning of the year	487784	0.57	487784	0.57
	Transactions - purchase / (sale) from April 1, 2017 to March 31, 2018	107062	0.13	594846	0.70
	At the end of the year			594846	0.70
6.	BBH Burgundy Emerging Markets Master Fund, LP				
	At the beginning of the year	436729	0.51	436729	0.51
	Transactions - purchase / (sale) from April 1, 2017 to March 31, 2018	59096	0.07	495825	0.58
	At the end of the year			495825	0.58
7.	Vanguard Emerging Markets Stock Index Fund				
	At the beginning of the year	375629	0.44	375629	0.44
	Transactions - purchase / (sale) from April 1, 2017 to March 31, 2018	28897	0.03	404526	0.47
	At the end of the year			404526	0.47
8.	HDFC Standard Life Insurance Company Limited				
	At the beginning of the year	283511	0.33	283511	0.33
	Transactions - purchase / (sale) from April 1, 2017 to March 31, 2018	39615	0.05	323126	0.38
	At the end of the year			323126	0.38
9.	Vanguard Total International Stock Index Fund				
	At the beginning of the year	256356	0.30	256356	0.30
	Transactions - purchase / (sale) from April 1, 2017 to March 31, 2018	30373	0.04	286729	0.34
	At the end of the year			286729	0.34
10.	American Funds Developing World Growth And Income Fund				
	At the beginning of the year	–	–	–	–
	Transactions - purchase / (sale) from April 1, 2017 to March 31, 2018			217134	0.25
	At the end of the year			217134	0.25

** The shares of the Company are traded on daily basis and hence the date wise increase / decrease in shareholding is not indicated.*

(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, 2017		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	5000	0.01	5000	0.01
	Sale on January 17, 2018	(2000)	0.00	3000	0.00
	ESOP Exercised on January 24, 2018	3000	0.00	6000	0.01
	Sale on February 16, 2018	(3000)	0.00	3000	0.00
	ESOP Exercised on February 21, 2018	2000	0.00	5000	0.01
	ESOP Exercised on March 21, 2018	1000	0.00	6000	0.01
	At the end of the year			6000	0.01
2.	Mr. Chaitanya Kamat				
	At the beginning of the year	–	–	–	–
	ESOP Exercised on April 4, 2017	55750	0.07	55750	0.07
	Sale on June 8, 2017	(600)	0.00	55150	0.06
	Sale on June 16, 2017	(3470)	0.00	51680	0.06
	Sale on June 22, 2017	(6095)	(0.01)	45585	0.05
	Sale on July 14, 2017	(3539)	0.00	42046	0.05
	Sale on July 18, 2017	(240)	0.00	41806	0.05
	Sale on July 24, 2017	(28491)	(0.03)	13315	0.02
	Sale on November 22, 2017	(4775)	(0.01)	8540	0.01
	Sale on November 23, 2017	(1596)	0.00	6944	0.1
	Sale on November 24, 2017	(6944)	0.01	–	–
	At the end of the year	–	–	–	–
3.	Mr. Makarand Padalkar - KMP				
	At the beginning of the year	28795	0.03	28795	0.03
	Sale on April 3, 2017	(11398)	(0.01)	17397	0.02
	ESOP Exercised on April 11, 2017	16000	0.02	33397	0.04
	Sale on December 13, 2017	(2500)	(0.00)	30897	0.04
	Sale on December 14, 2017	(2500)	(0.00)	28397	0.03
	Sale on December 15, 2017	(5000)	(0.01)	23397	0.03
	ESOP Exercised on December 27, 2017	13000	0.02	36397	0.04
	At the end of the year			36397	0.04
4.	Mr. Onkarnath Banerjee - KMP				
	At the beginning of the year	93	0.00	93	0.00
	ESOP exercised on August 23, 2017	125	0.00	218	0.00
	ESOP exercised on November 22, 2017	94	0.00	312	0.00
	Sale on December 11, 2017	(200)	(0.00)	112	0.00
	Sale on December 14, 2017	(100)	(0.00)	12	0.00
	At the end of the year			12	0.00

The Following Directors did not hold any shares during the Financial Year 2017-18:

• Mr. Richard Jackson - Independent Director	• Ms. Maria Smith - Director	• Mr. Harinderjit Singh - Director
• Mr. Sridhar Srinivasan - Independent Director	• Ms. Kimberly Woolley - Director	• Mr. Robert K Weiler - Director

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 ₹ million except number of OSUs)

Sl. No.	Particulars of Remuneration	OSUs	Amount
	Mr. Chaitanya Kamat, Managing Director & Chief Executive Officer		
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961		33.55
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		121.62
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961		
2.	Stock Option (OSU)	25000	
3.	Sweat Equity		
4.	Commission		
	as % of profit		
	others, specify		
5.	Others, please specify		
	Total (A)	25000	155.17
	Ceiling as per the Act (5% of the profits calculated under Section 198 of the Companies Act, 2013)		748.23

B. Remuneration to other directors:

(Amounts in ₹ million)

Sl. No.	Particulars of Remuneration	Name of Directors							
		S Venkatachalam	Harinderjit Singh	Kimberly Woolley	Maria Smith	Richard Jackson	Robert K Weiler	Sridhar Srinivasan	Total Amount
1.	Independent Directors								
	Fee for attending board /committee meetings								
	Commission	3.00	–	–	–	2.30	–	1.80	7.10
	Others, please specify								
	Total (1)	3.00	–	–	–	2.30	–	1.80	7.10
2.	Other Non-Executive Directors								
	Fee for attending board /committee meetings								
	Commission								
	Others, please specify								
	Total (2)								
	Total (B)= (1+2)	3.00	–	–	–	2.30	–	1.80	7.10
	Total Managerial Remuneration (A+B)								162.27
	Overall Ceiling as per the Act (11% of the profits calculated under Section 198 of the Companies Act, 2013)								1646.11

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

(Amounts in ₹ million)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Company Secretary	CFO	
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	5.87	10.52	16.39
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.81	56.99	57.80
	(c) 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	6.68	67.51	74.19

In addition to the above, during the year 2017-18, OSU's (Company Secretary - 500, CFO - 10000) were granted.

VII. Penalties / Punishment / Compounding of Offences:

There were no penalties / punishments / compounding of offences under any section of the Companies Act, 2013.

Annexure 2

Form No. 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 ("the Act") 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, 2018, which were not at arm's length basis.

2. Details of material contracts or arrangements 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:	None

Note: Since the transactions with wholly owned subsidiaries are exempt under section 188(1) of the Act, same are not included in the table above.

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

S Venkatachalam
Chairperson
DIN: 00257819

Mumbai
July 3, 2018

Secretarial audit report

Form No. MR-3

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

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

To
The Members
ORACLE FINANCIAL SERVICES SOFTWARE LIMITED
Oracle Park, Off Western Express Highway
Goregaon (East), Mumbai - 400063

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good 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, 2018 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, 2018 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 and 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 (Share Based Employee Benefits) Regulations, 2014;

  (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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. to the extent applicable.

I further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were 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 decisions are 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
Practicing Company Secretary
FCS: 1403 CP: 1979

Date : July 3, 2018
Place: Mumbai

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

To
The Members
ORACLE FINANCIAL SERVICES SOFTWARE LIMITED
Oracle Park, Off Western Express Highway
Goregaon (East), Mumbai - 400063

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and books of Accounts of the company.

4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate, Specific and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

CS Prashant Diwan
Practicing Company Secretary
FCS: 1403 CP: 1979

Date : July 3, 2018
Place: Mumbai

Annexure 4

Annual report on corporate social responsibility activities
for Financial Year ended March 31, 2018

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 strengthen communities. Through a combination of grants, sponsorships, and volunteer support, Oracle works to improve the quality of life in communities where it does business. The Company Policy governing Corporate Social Responsibility ("CSR") is in line with the regulation specified in section 135 and schedule VII of the Companies Act, 2013 ("the Act"). The policy is available at www.oracle.com/financial services

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

   (i) 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, art and mathematics (STEAM);
   - protect the environment and wildlife; and
   - strengthen communities by addressing health, hunger, poverty, and a variety of other community needs.

   (ii) Develop, fund and execute Oracle Volunteers projects.

   (iii) Award in-kind grants of software, curriculum, training, and certification resources to educational institutions through 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. Harinderjit Singh	Chairperson of the Committee
Mr. S Venkatachalam	Member
Mr. Chaitanya Kamat	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 ₹ 16,517,866,268.

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 330,357,325**

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

   (a) Total amount spent during the financial year: ₹ 330,480,443

   (b) Amount unspent: ₹ Nil

(c) Manner in which the amount spent during the financial year:

During the year ended March 2018, Oracle spent the CSR funds across 105 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.	40 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.	15 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.	50 rural development projects / programs for eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.	105 projects/ programs through 105 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				
4	Amount outlay (Budget) Project or Programs wise (₹)	134,282,986	48,452,657	147,744,800	330,480,443
5	Amount spent on the projects or Programs (₹)	134,282,986	48,452,657	147,744,800	330,480,443
	(1) Direct expenditure or amount spent through implementing agency on projects or programs (₹)	134,282,986	48,452,657	147,744,800	330,480,443
	(2) Overheads (₹)	–	–	–	–
6	Cumulative expenditure up to the reporting period (₹)	134,282,986	48,452,657	147,744,800	330,480,443
7	Amount spent: Direct or through Implementing agency (₹)	134,282,986	48,452,657	147,744,800	330,480,443

Details of implementing agency: Charities Aid Foundation, India.

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.**

Not applicable. As per the requirements of Section 135 of the Companies Act, 2013 the Company has spent two percent of the average net profit of the three immediately preceding financial years.

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.

Harinderjit Singh
Chairperson of the Committee
DIN: 06628566

Chaitanya Kamat
Managing Director & Chief Executive Officer
DIN: 00969094

Place: Mumbai
Date : May 28, 2018

Corporate governance report

The detailed report on Corporate Governance of Oracle Financial Services Software Limited ("the Company") for the financial year 2017-18 as per Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after referred to as "Listing Regulations") is set out below:

1. Company's philosophy on code of governance

The Company believes in adopting and adhering to all applicable regulations and globally recognized corporate governance practices, and continuously benchmarking itself against such requirements. 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 Chairpersonship / Membership held as on March 31, 2018, was as under:

Name of the Director	Board Meetings attended during the year	Attendance at the last AGM held on September 20, 2017	Number of Directorships in other Companies	Number of Committee positions held in other Companies	
				As Chairperson	As Member
Non-Executive, Independent Directors					
Mr. S Venkatachalam Chairperson (DIN: 00257819)	6/6	Present	3	–	1
Mr. Richard Jackson (DIN: 06447687)	5/6	Absent	4	–	2
Mr. Sridhar Srinivasan (DIN: 07240718)	6/6	Present	3	–	1
Non-Executive, Non-Independent Directors					
Mr. Harinderjit Singh (DIN: 06628566)	4/6	Present	1	–	–
Ms. Kimberly Woolley (DIN: 07741017)	6/6	Present	8	–	1
Ms. Maria Smith (DIN: 07182337)	4/6	Present	5	–	–
Mr. Robert K Weiler (DIN: 01531399)	3/6	Absent	–	–	–
Executive Director					
Mr. Chaitanya Kamat Managing Director & Chief Executive Officer (DIN: 00969094)	6/6	Present	–	–	–

Notes:

1. The Chairperson of the Board of Directors is a Non-Executive, Independent Director and the Composition of the 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 Chairperson of more than five committees across all the public companies in which he / she is a Director. For the purpose of determining the number of Chairpersonships / Memberships of the Committees of the Board of other companies, only the Audit Committee and the Stakeholders' Relationship Committee of 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 ("the 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. The familiarization program formulated for the Independent Directors is available on the website of the Company at: http://www.oracle.com/us/industries/financial-services/financial-familarization-program-2547373.pdf
5. None of the Non-Executive Directors hold any shares of the Company except Mr. S Venkatachalam who held 6000 shares of the Company as on March 31, 2018.

2.2 Board meetings held in 2017-18

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 2017-18, six Board Meetings were held on the following dates:

May 16, 2017, July 12, 2017, August 11, 2017, September 20, 2017, November 10, 2017 and February 6, 2018. Necessary quorum was present for all the meetings.

During the year, a separate meeting of Independent Directors was held on February 6, 2018 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, 2018 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. Harinderjit Singh	Children's Discovery Museum, San Jose California	
Ms. Kimberly Woolley	Ripon College	Waban Software Private Limited
	GoAhead Software India Private Limited	Logfire Technology Solutions Private Limited
	Responsys Business Solutions India Private Limited	Palerra Software Private Limited
	Tekelec Systems India Private Limited	Oracle Corporation, Japan
Ms. Maria Smith	Oracle CAPAC Services	Oracle Corporation Australia Pty Limited
	Oracle EMEA Holdings Limited	Oracle EMEA Limited
	Oracle Nederland B.V.	
Mr. Richard Jackson	Novoview Ltd.	Great Britain China Centre
	ageas SA/NV	Ageas Seguros Ltd
Mr. Sridhar Srinivasan	India Factoring and Finance Solutions Private Limited	Indie Homefin Private Limited
	Small Business Fincredit India Private Limited	

All directorships of Mr. Harinderjit Singh, Ms. Maria Smith and Mr. Richard Jackson 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 behavior for the Board and management of the Company. All the Directors and the Senior Managerial Personnel of the Company have confirmed compliance with the Code as of March 31, 2018. The code is available on the website of the Company at:
http://www.oracle.com/us/corporate/investor-relations/cebc-176732.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 a law or 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 statements are correct, sufficient and credible;
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors of the Company, fixing their remuneration, and the terms of appointment;
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. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Approving or any subsequent modification of transactions of the Company with related parties;
9. Scrutinizing inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever necessary;
11. Evaluating 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. Discussing with internal auditors of 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. Discussing 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. Looking into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any;
18. Reviewing the functioning of the Whistle Blower mechanism;
19. Approving appointment of Chief Financial Officer (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. Monitor the end use of funds raised through public offers and related matters.
21. Reviewing the following information and reports:
    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 2017-18, four meetings of the Audit Committee were held on May 16, 2017, August 11, 2017, November 9, 2017 and February 6, 2018.

The details of the composition of the Committee as on March 31, 2018 and the member's attendance at the Committee meetings during the year then ended were as under:

Name of the Member		Number of meetings attended
Mr. Richard Jackson	Chairperson, Non-Executive, Independent Director	4/4
Mr. S Venkatachalam	Member, Non-Executive, Independent Director	4/4
Ms. Maria Smith	Member, Non-Executive, Non-Independent Director	4/4

The Company Secretary acts as the Secretary to the Audit Committee meetings. The Managing Director & Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, Statutory Auditors, Internal Auditors and Legal Counsel are permanent invitees to the Audit Committee meetings. The Chairperson of the Committee was unable to attend the Annual General Meeting held on September 20, 2017 due to inclement weather conditions in Mumbai.

4. Nomination and remuneration committee

4.1 Brief description of terms of reference

The terms of reference of the 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 policies relating to the remuneration of the directors, key managerial personnel and other employees of the Company;
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 of the Company, or who may be appointed in the 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;
8. To appoint any personnel of the Company and to formulate a sub-committee to act on behalf of the NRC;
9. To set criteria and conduct performance evaluation of the 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 2017-18, one meeting of the Nomination and Remuneration Committee was held on September 20, 2017. In addition to that, business was also dealt with by passing circular resolutions.

The details of the composition of the Committee as on March 31, 2018 and the member's attendance at the Committee meeting during the year then ended were as under:

Name of the Member		Number of meetings attended
Mr. Richard Jackson	Chairperson, Non-Executive, Independent Director	0/1
Mr. Harinderjit Singh	Member, Non-Executive, Non-Independent Director	1/1
Mr. Sridhar Srinivasan	Member, Non-Executive, Independent Director	1/1

The Chairperson of the Committee was unable to attend the Annual General Meeting held on September 20, 2017 due to inclement weather conditions in Mumbai.

4.3 Performance evaluation criteria for independent directors

The performance evaluation criteria for independent directors is determined by the Nomination and Remuneration Committee. The factors like regular participation, business expertise, independent views, contribution in the form of knowledge sharing and guidance to strategies and risk management are amongst the performance evaluation criterions.

4.4 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 & Chief Executive Officer 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.

4.5 Details of remuneration paid to the directors during the financial year 2017-18

(Amounts in ₹ million, except number of ESOPs)

Name of the Director	OSUs granted under ESOPs during the year	Salary	Contribution to Provident Fund and other funds	Commission paid	Total Amount paid
Executive Director					
Mr. Chaitanya Kamat*	25000	32.40	1.83	–	34.23
Non-executive independent directors					
Mr. S Venkatachalam	–	–	–	3.00	3.00
Mr. Richard Jackson	–	–	–	2.30	2.30
Mr. Sridhar Srinivasan	–	–	–	1.80	1.80

** Excluding perquisite on ESOP, Provision for Gratuity and Compensated absence benefit*

During the financial year ended March 31, 2018, on June 28, 2017, the Nomination and Remuneration Committee granted 9,000 Stock Options at an exercise price of ₹ 3,579.35 and 129,383 OFSS Stock Units (OSUs) at an exercise price of ₹ 5 under OFSS Stock Plan 2014 to the eligible employees including Executive Director of the Company.

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

Name of the Director	Scheme@	Options/OSUs outstanding as at April 1, 2017	Options/OSUs exercised & allotted during the year	Options /OSUs outstanding as at March 31, 2018	Exercise price (₹)	Expiry Date
Mr. S Venkatachalam	2011	6000	6000	–	1929.95	December 19, 2021
Mr. Chaitanya Kamat	2002	12000	12000	–	2333.45	October 24, 2020
	2011	12000	12000	–	1929.95	December 19, 2021
	2011	40000	–	40000	3126.85	February 4, 2023
	2011	60000	13000	47000	3076.85	September 12, 2023
	Plan 2014 (OSUs)	25000	12500	12500	5.00	March 29, 2025
	Plan 2014 (OSUs)	25000	6250	18750	5.00	November 4, 2025
	Plan 2014 (OSUs)	25000	–	25000	5.00	June 27, 2026
	Plan 2014 (OSUs)	–	–	25000	5.00	June 27, 2027

@ *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 OSUs were issued at ₹ 5 each. The options/OSUs 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, 2018 none of the Directors of the Company hold any equity shares of the Company, except Mr. S Venkatachalam, who held 6000 equity shares of the Company.

5. Stakeholders' relationship committee

The scope of the Stakeholders' Relationship Committee is to review and address the grievances of the security holders of the Company in respect of complaints relating to share transfer, transmission, dematerialization and rematerialization of shares including complaints related to, non-receipt of annual report and non-receipt of declared dividends.

During the financial year 2017-18, two meetings of the Committee were held on May 16, 2017 and February 6, 2018. The details of the composition of the Committee as on March 31, 2018 and the member's attendance at the Committee meetings during the year then ended were as under:

Name of the Member		Number of meetings attended
Mr. S Venkatachalam	Chairperson, 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 2017-18:

Particulars	No. of Complaints
Complaints outstanding on April 1, 2017	Nil
Complaints received during the financial year ended March 31, 2018	3
Complaints resolved during the financial year ended March 31, 2018	3
Complaints outstanding on March 31, 2018	Nil

Number of pending share transfers as on March 31, 2018 - Nil.

Mr. Onkarnath Banerjee, 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.

During the financial year 2017-18, two meetings of the Committee were held on May 16, 2017 and October 31, 2017. The details of the composition of the Committee as on March 31, 2018 and the member's attendance at the Committee meetings during the year then ended were as under:

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

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 or OFSS Stock Units by eligible employees.

During the financial year 2017-18, thirteen meetings of the Committee were held on April 4, 2017, April 11, 2017, May 16, 2017, June 21, 2017, July 19, 2017, August 23, 2017, September 6, 2017, October 25, 2017, November 22, 2017, December 27, 2017, January 24, 2018, February 21, 2018 and March 21, 2018.

The details of the composition of the Committee as on March 31, 2018 and the member's attendance at the Committee meetings during the year then ended were as under:

Name of the Member		Number of meetings attended
Mr. S Venkatachalam	Chairperson, Non-Executive, Independent Director	13/13
Mr. Chaitanya Kamat	Member, Executive, Non-Independent Director	13/13
Mr. Sridhar Srinivasan	Member, Non-Executive, Independent Director	13/13
Mr. Makarand Padalkar	Member, Chief Financial Officer	13/13

8. Risk management committee

The scope of Risk Management Committee is to formulate Risk Management Policy of the Company to identify elements of risks, if any, which in the opinion of the Board might threaten the existence of the Company. The Audit Committee and the Board can refer certain matters to the Risk management Committee as they deem fit. The Committee invites the representatives of internal auditor and other stakeholders / executives as needed for the meetings.

The composition of Committee as on March 31, 2018 was as under:

Name of the Member	
Mr. Sridhar Srinivasan	Chairperson, Non-Executive, Independent Director
Mr. Chaitanya Kamat	Member, Executive, Non-Independent Director
Mr. Makarand Padalkar	Member, Chief Financial Officer

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 2017-18, one meeting of the Committee was held on September 20, 2017. Additionally, business was also dealt with by passing circular resolution.

The details of the composition of the Committee as on March 31, 2018 and the member's attendance at the Committee meeting during the year then ended were as under:

Name of the Member		Number of meeting attended
Mr. Harinderjit Singh	Chairperson, Non-Executive, Non-Independent Director	1/1
Mr. Chaitanya Kamat	Member, Executive, Non-Independent Director	1/1
Mr. S Venkatachalam	Member, Non-Executive, 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 Business Responsibility policy. The Managing Director and Chief Executive Officer acts as the Chairperson 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. no.	+91 22 6718 3000
Fax no.	+91 22 6718 3001
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
2016-17	Shri Bhaidas Maganlal Sabhagriha, Bhaktivedanta Swami Marg, Vile Parle (West), Mumbai 400056	Wednesday	September 20, 2017	2.30 p.m.
2015-16	The Westin Garden City, International Business Park Oberoi Garden City, Goregaon (East), Mumbai 400063	Wednesday	September 7, 2016	2.30 p.m.
2014-15	The Westin Garden City, International Business Park Oberoi Garden City, Goregaon (East), Mumbai 400063	Friday	September 11, 2015	2.30 p.m.

(i) The details of Special Resolutions passed in Annual General Meetings held during the last three years are given below:

- No special resolution was passed in the Annual General Meeting held in the financial years 2014-15 and 2016-17.
- Gist of special resolution passed at the Annual General Meeting held on Wednesday, September 7, 2016, in the financial year 2015-16, is as under:

  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 Sections 198 of the Companies Act, 2013; for a further period of five years from April 1, 2017 to March 31, 2022.

(ii) There was no Extra-Ordinary General Meeting held during the last three financial years.

(iii) There was no matter requiring approval of the Members through Postal Ballot during the financial year ended March 31, 2018.

(iv) 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 online 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 at 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 disclosures made to the stock exchanges are also available on the Company's website www.oracle.com/financialservices

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 - https://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, 2017.

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	Tuesday, August 14, 2018 at 3.00 p.m. Rama & Sundri Watumull Auditorium, K C College, 124, Dinshaw Wachha Road Churchgate, Mumbai 400020
Financial Year	April 1 to March 31
Date of Book Closure	Wednesday, August 8, 2018 to Tuesday, August 14, 2018 (both days inclusive)
Dividend Payment Date	On or before Wednesday, September 12, 2018

14.2 Listing details

Name and Address of the Stock Exchange	Stock Code
BSE Limited (BSE) Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001	532466
National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai 400051	OFSS

The annual listing fees for the financial year 2017–18 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 101, 247 Park L B S Marg, Vikhroli (West), Mumbai 400083
Tel. no.	+91 22 49186000
Fax no.	+91 22 49186060
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.

14.5 Reconciliation of share capital audit

A 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.

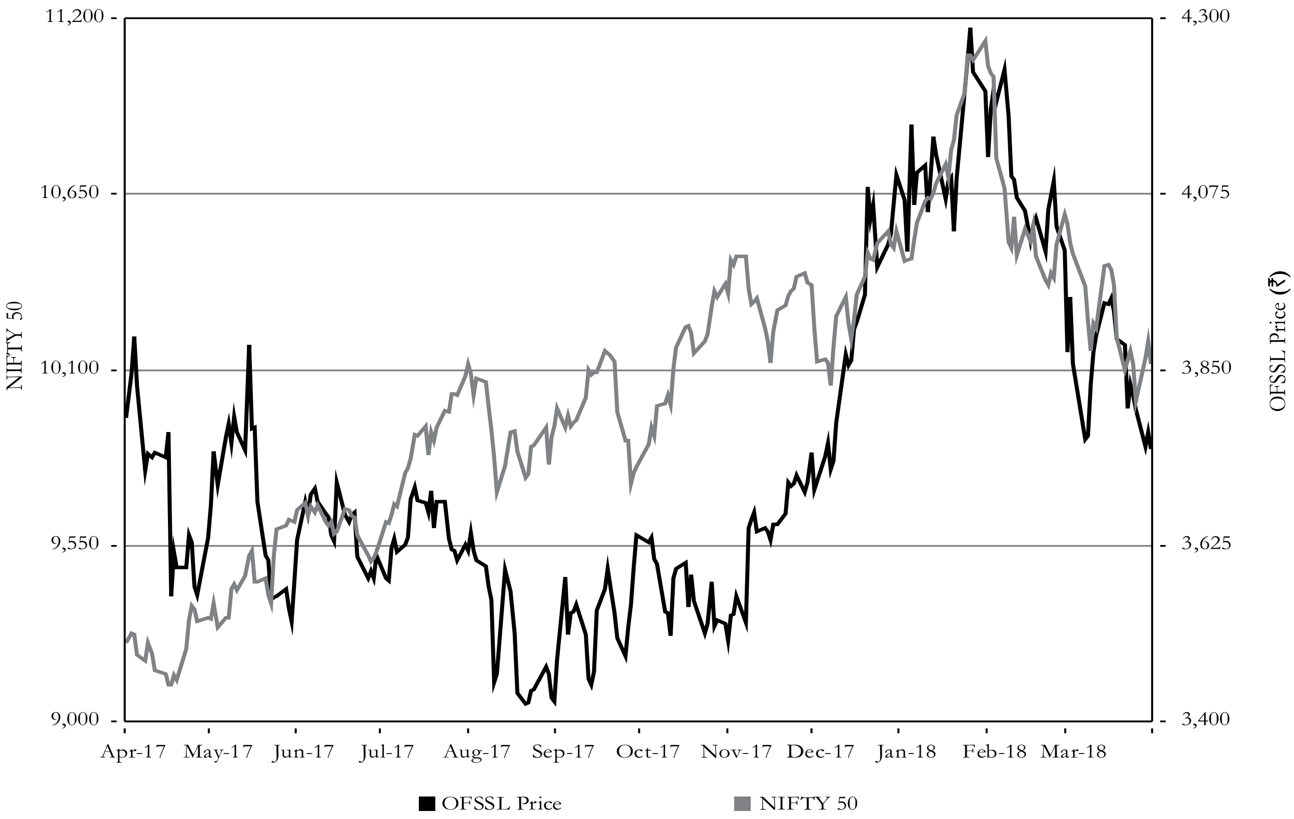
15. Market price data

Monthly high, low and volume of the shares of the Company traded on the stock exchanges from April 1, 2017 to March 31, 2018 are given below:

Month and Year	BSE			NSE		
	High (₹)	Low (₹)	Volume of Shares	High (₹)	Low (₹)	Volume of Shares
April 2017	3959.95	3518.60	38964	3916.85	3509.90	575011
May 2017	3898.00	3476.40	54709	3898.00	3476.00	655425
June 2017	3783.80	3500.05	68881	3780.00	3516.60	635718
July 2017	3749.90	3539.00	21038	3730.00	3537.40	506812
August 2017	3695.00	3300.00	15606	3668.50	3372.25	431470
September 2017	3684.80	3429.80	15406	3679.05	3414.20	394816
October 2017	3712.80	3475.00	34572	3750.00	3460.70	362057
November 2017	3786.40	3500.05	35695	3789.00	3499.00	532777
December 2017	4160.95	3663.05	28408	4165.00	3659.95	544385
January 2018	4376.30	3981.45	57583	4379.20	3990.05	850749
February 2018	4249.45	3802.00	53248	4259.80	3794.00	1184025
March 2018	3957.50	3692.05	91076	3969.50	3710.00	615535

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 2017-18.



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, 2018

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
Up to 2500	19880	93.48	793728	3968640	0.93
2501 to 5000	457	2.15	349523	1747615	0.41
5001 to 10000	293	1.38	437621	2188105	0.51
10001 to 20000	243	1.14	714538	3572690	0.84
20001 to 30000	97	0.46	486342	2431710	0.57
30001 to 40000	77	0.36	537335	2686675	0.63
40001 to 50000	41	0.19	376476	1882380	0.44
50001 to 100000	83	0.39	1165488	5827440	1.36
100001 & Above	95	0.45	80555842	402779210	94.31
Total	21266	100.00	85416893	427084465	100.00

17. Shareholding pattern as on March 31, 2018

Category of shareholders	Number of shares	%
Promoters: Oracle Global (Mauritius) Limited	63051197	73.82
Mutual Funds / UTI	2137008	2.50
Alternate Investment Funds	1300	0.00
Financial Institutions / Banks	1390262	1.63
Central Government / State Government	4000	0.00
Bodies Corporate	580394	0.68
Individuals -		
i. Holding nominal share capital up to ₹ 2 lakh	3946998	4.62
ii. Holding nominal share capital in excess of ₹ 2 lakh	402712	0.47
NRI (Repatriate)	157274	0.18
NRI (Non-Repatriate)	821241	0.96
Foreign Mutual Fund	160622	0.19
Clearing Member	32710	0.04
Directors / Relatives	7000	0.01
Foreign Banks	48	0.00
HUF	39659	0.05
Market Maker	29	0.00
Foreign Portfolio Investor (Corporate)	12553987	14.70
Trusts	79591	0.09
Foreign Nationals	4540	0.01
IEPF	46321	0.05
Total	85416893	100.00

During the financial year 2017-18:

1. The Company issued and allotted 310,487 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 equity 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, 2018, 99.67% of the shares of the Company were in electronic form and 99.68% 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. The Whistle Blower mechanism forms part of the Code of Ethics and Business Conduct and the same is disclosed on the Company's website at: http://www.oracle.com/us/corporate/investor-relations/cebc-176732.pdf

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. 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. The Company has formulated and adopted a dividend distribution policy in accordance with the extant provisions of Regulation 43A of Listing Regulations setting forth the parameters that shall be considered for declaration of dividend and the same is disclosed on the Company's website at:
http://www.oracle.com/us/industries/financial-services/ofss-dividend-distribution-policy-3125465.pdf

h. 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, 2017	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	–	–
Number of Shareholders whose shares were transferred to the demat account of the IEPF Authority as per Section 124 of the Companies Act, 2013	2	40
Aggregate number of Shareholders and the outstanding shares in suspense account as on March 31, 2018	–	–

i. Unclaimed Dividend: Pursuant to Sections 124 and 125 of Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, any money transferred to unpaid dividend account which is not encashed / claimed within seven years from the date of declaration are to be transferred to the Investor Education and Protection Fund ("IEPF") Authority. The Company has uploaded the details of unpaid / unclaimed amounts lying with the Company as on September 20, 2017 (date of last Annual General Meeting) on the Company's website at www.oracle.com/financialservices and on the website of the Ministry of Corporate Affairs at www.iepf.gov.in

j. Unclaimed Shares: During the year under review, the Ministry of Corporate Affairs notified provisions which required the companies to transfer shares of shareholders whose dividends remain unpaid / unclaimed for a continuous period of seven years to the demat account of Investor Education and Protection Fund ("IEPF") Authority. Accordingly the Company had transferred the shares of the shareholders, in respect of which dividends remained unpaid / unclaimed for a continuous period of seven years, to the demat account of the IEPF Authority within stipulated time limit and complied with the provisions. The list of shareholders whose shares were transferred to IEPF Authority is uploaded on Company's website at www.oracle.com/financialservices

The shareholders whose dividend / shares were transferred to the IEPF Authority can now claim their shares / dividend from the IEPF Authority.

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

a. Separate posts of Chairperson and Chief Executive Officer: the Chairperson of the Board is a Non-Executive Director and his position is separate from that of the Managing Director and Chief Executive Officer.

b. Reporting of Internal Auditor: The Internal Auditor reports to the Audit Committee.

21. Foreign exchange risk

A substantial portion of our revenue 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. The Company covers the foreign currency exposure through forward contracts as per our treasury management policy.

The Company follows 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.

22. 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. no. +91 22 6718 3000
Fax no. +91 22 6718 3001
Email: investors-vp-ofss_in_grp@oracle.com
Website: 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, 2018
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, 2018 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, 2018 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, 2018;
2. Significant changes in accounting policies during the quarter and year ended on March 31, 2018; 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

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 Management Personnel have confirmed compliance with the Code of Ethics and Business Conduct for the financial year ended March 31, 2018.

For Oracle Financial Services Software Limited

Chaitanya Kamat
Managing Director & CEO
Mumbai, May 11, 2018

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 2018**, as stipulated in the 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.

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 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.

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 3, 2018
Place: Mumbai

Management's discussion and analysis

Technology trends in the financial services industry

Digital revolution has been reshaping the financial services industry world-wide. Financial institutions who embraced the digital wave early have reaped the benefits of increase in revenue, cost reduction and service innovation. However, the disruption which started with new competition from the digitally nimble FinTechs has now spurred an acceleration of digital innovations supported by artificial intelligence, machine learning and blockchain technologies. To keep up with these developments, and remain competitive, financial institutions will need to ramp up their efforts to transform into more strategically aligned, technologically modern, operationally agile institutions. This transformation is not easy, as banks continue to struggle with a multitude of core systems running on disparate technologies.

Competition from nimble FinTechs who nibble away at the profitable portion of their portfolio is another challenge. While the financial services landscape continues to evolve, one concept that stands out and seems inevitable is open banking. Rising from the need to address shifting customer behavior, regulatory mandates, and the threat from digital players, open banking holds the promise of new business models and revenue generating streams. Open banking enables connected ecosystems where banks will need to partner with other players to participate successfully in the prevailing connected digital ecosystem. Banks that are prepared to partner with digital players and monetize their capabilities will have the early advantage.

Block chain has dominated the conversation in the financial services industry for a few years now. Expectations from the technology have since matured and several use cases are now available in areas such as trade finance, cash management and product originations. Time-consuming and expensive paper-based systems are now being replaced with systems that allow all participants to interact almost in real time. These technologies are slowly gaining trust and acceptance. Your Company has developed block chain adapters that facilitate seamless information transfer between the core banking systems and block chain datasets. It is imperative for banks to modernize their core systems and establish the agility and the digital capabilities needed to respond to this new paradigm.

In addition to hosting analytical data in traditional data warehouses, banks are staging structured and unstructured data in Data Lakes. Today's analytical applications must therefore support analytics over both Big Data and traditional data warehouse, without compromising on auditing, traceability and data governance needs of financial institutions. Banks are looking for solutions that are prepackaged with machine learning models and big data platforms. Financial institutions are also beginning to take a careful look at their legacy AML systems with an eye toward expanding automation, improving performance, standardizing processes, and increasing transparency.

While retail/consumer banking dominates the digital landscape, corporate banks are now beginning to face the impact of digital disruptions. Innovative offerings in the areas of credit, liquidity and cash management, trade finance and payments are increasingly catching attention of global corporates and offer a new opportunity to the banks to gain market share and new relationships. Your Company's solutions for corporate banking is helping banks adopt emerging technologies, extract greater efficiency, and increase speed of execution.

Outlook

Oracle Financial Services Software has always connected people and businesses to information with the expressed intent of re-imagining what is possible. We continue on this journey, providing financial institutions across the globe an opportunity to expand their digital capabilities, rethink their ways of doing business, and modernize their technology infrastructure in a considered and efficient manner.

Our offerings cover a wide range of financial services technology solutions covering Retail Banking, Corporate Banking, and Payments. We help solve critical industry problems using a combination of digital and data innovations. Our coverage includes digital banking platforms for customer centricity, data platform for actionable insights and real-time payments solutions, covered with pricing, billing and revenue management solutions. Our solutions are built on latest technology architecture and are Open API enabled.

We have built all analytical applications for the financial services industry on a common data model and common analytical application infrastructure. Our integrated architecture with a broad array of Risk, Finance, Compliance and Front Office applications help banks manage their Risk, deploy Capital more efficiently, reduce operating costs and improve overall profitability. Our unified data architecture which allows banks to source data once and use multiple times is unique in the market. Our relentless focus on using modern technology within our platform allows us to scale our applications to meet the demands of the largest banks while significantly lowering operating costs.

Providing unparalleled flexibility, scalability and integration capabilities, our products empower enterprises to bring new products to market faster, adhere to regulations and command success in an increasingly complex financial services industry. The Company's portfolio of solutions and services are designed with an eye to the future and are well placed to address emerging business opportunities.

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.

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 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.

The products business (comprising product licensing, consulting and support) is our principal business segment. We also have two smaller business segments comprising of PrimeSourcing, our consulting services business (comprising IT application and technology services) and the business process outsourcing (BPO) services business.

These segments are described in detail below:

Products

The suite of solutions delivering a compelling Digital Experience, Digital Engagement and enabling comprehensive Data Management.

Oracle Banking Digital Experience brings new comprehensive capabilities to banks seeking a digital transformation, customer and product acquisitions, business services, including payments innovation and customer financial insight. Built on open standards architecture, it provides a 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. The solution provides a holistic view of the customer relationship across all products and services.

Oracle Banking Platform is designed as a native service-oriented architecture (SOA) platform, helping banks implement key enterprise services, deliver and 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, 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. The latest release of Oracle Banking Platform has features that enable financial institutions to originate new lending products, improve internal processes and meet regulatory mandates.

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 and transform their local operations. Financial institutions use Oracle FLEXCUBE to respond faster to market dynamics, define and track processes, while ensuring compliance.

Oracle FLEXCUBE enables banks to comply with FATCA phase III. It allows banks to modernize their corporate banking capabilities with support for virtual accounts, corporate credit cards, corporate-to-bank connectivity, and advanced payment features. The platform also supports end-to-end servicing capabilities across retail bills, lending, deposits, current and savings accounts, treasury, and payment operations. The solution also offers a credit appraisal management system to help streamline credit approval and sanction processes.

Oracle FLEXCUBE's open architecture enables banks to open up internal systems for third party developers to build and integrate their own apps. Banks are thus able to innovate faster, provide diverse services and comply with the regulations. The solution is designed for a connected banking experience and new blockchain and, machine learning adapters.

Oracle Banking Enterprise Product Manufacturing is a comprehensive suite of Product master data management capability for the banking domain. It provides functionality to define financial products under Current Accounts and Savings Account, Loans, Term Deposits, Credit Cards, Investment and Retirement Accounts and Insurance (Consumer Credit, Lenders Mortgage and Home and Content Insurance types). Oracle Banking Enterprise Product Manufacturing helps banks create innovative products faster, add features to existing products, and set prices based on customer relationships. By designing differentiated product bundles, banks can optimize the product portfolio.

Oracle Banking Enterprise Collections is an enterprise-class collections platform designed to assist financial institutions with managing the repayment of their consumer loan portfolios. The solution enables financial institutions in identification of delinquent accounts, accurate tracking and monitoring of delinquent accounts with high standards of efficiency. The solution covers the delinquent life-cycle of a consumer loan starting from the identification of the symptoms of delinquency to tracking delinquency and impairment.

Oracle Banking Enterprise Originations is an enterprise-class platform covering the entire origination process from prospecting through fulfillment. Oracle Banking Enterprise Originations enables banks to simplify complex origination processes and deliver seamless customer experience throughout the origination lifecycle. The solution operates across channels, providing a common origination process for both assisted and self-service customers.

Oracle Banking Corporate Lending is an end-to-end digitally enabled lending solution. The solution enables easy integration with the bank's internal and external systems of customers, partner banks and agencies through that supports open interface (Open API) standards and eliminates processing overheads to deliver a faster loan processing. It allows banks to embrace digital capabilities across the enterprise from credit management, origination to servicing. Its flexible reporting capability and its ability to integrate with vendors and credit bureaus enables banks to comply effectively with new regulations. The solution provides banks the capability to finance large and complex loan requirements of corporate customers either through bilateral loans, syndicated loans by partnering with other banks or secondary loan trading. It enables banks to offer flexible loan terms such as revolving and non-revolving commitments, flexible interest rates and fees, different payments options, multiple rollover options and flexible disbursement facility.

Oracle Banking Liquidity Management enables banks to run a centralized liquidity management solution. The solution supports traditional liquidity management methods like pooling and sweeping as also the advanced methods such as interest optimization. The solution enables banks to provide in-depth visibility into cash positions of customers, thereby helping them manage their daily liquidity in a consolidated and effective manner. The solution also provides advanced techniques such as additional avenues for higher yield investments with flexibility to cater to country regulatory restrictions, which in turn helps businesses to remain competitive and grow steadily despite all odds.

Oracle Banking Payments helps financial institutions improve straight through processing, support real-time and immediate payment settlement, and reduce time-to-market while driving innovation. The solution is designed to enable banks to rapidly respond to evolving standards while maintaining complete operational control and providing high fidelity insight. Oracle Banking Payments supports global as well as local payment standards.

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 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 helps financial institutions to manage the complete fund lifecycle and reduce operational costs through process automation across fund structures, intermediary hierarchies and investors. Oracle FLEXCUBE Investor Servicing supports enhanced straight through processing capability and offers regulatory support enabling customers to adhere to geo-specific data protection and tax related guidelines. With a comprehensive business rules engine, the solution 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 industry leading Oracle Business Intelligence platform that consists of a unified financial services data model and shared analytical computations engine.

Oracle Financial Services Analytical Applications (OFSAA) suite comprises of world-class applications for Financial Crime and Compliance Management, Enterprise Risk Management, Fundamental Review of Trading Book (FRTB) compliances, Compliance Reporting, analytics to support IFRS 9, Current Expected Credit Loss (CECL) Computations and reporting and Enterprise financial performance management.

The suite of applications can be seamlessly integrated across all analytical applications, sharing a common data infrastructure, thereby significantly reducing the cost of deployment. The analytics framework readily adapts to change through prebuilt rules, pre-configured quantitative modeling techniques, pattern matching algorithms, highly configurable user interface.

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

Services

Oracle Financial Services 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.

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. With 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.

Oracle Business Process Outsourcing Services (BPO) offerings 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.

Our revenues

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 twelve months and are renewed for further 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 could grow to the extent that new customers are entering a support agreement.

Analysis of our consolidated financial results

The following discussion is based on our audited consolidated financial statements, which have been prepared in accordance with Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 (the 'Act') read with relevant Rules of the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

The consolidated financial statements include Oracle Financial Services Software Limited ("the Company"), its subsidiaries and Controlled Trust (together referred to as "OFSS Group" as described in Note 1 to the consolidated financial statements) ("the Group") as at March 31, 2018.

The OFSS group has adopted Ind AS with effect from April 1, 2016.

You should read the following discussion of our financial position and results of operations together with the detailed consolidated Ind AS financial statements and the notes which form integral part of such financial statements. Our fiscal year ends on March 31 of each year.

Performance summary

(Amounts in ₹ million)

Year ended March 31, 2018	Products	Services	BPO - Services	Total Revenues
Revenue	39,378.60	4,770.92	1,125.20	45,274.72
Operating expenses	(20,792.34)	(4,449.10)	(792.85)	(26,034.29)
Unallocable expenses				(1,742.92)
Income from Operations	18,586.26	321.82	332.35	17,497.51
Operating margin	47%	7%	30%	39%
Profit for the year				12,370.41
Profit margin				27%
Year ended March 31, 2017				
Revenue	37,613.50	5,437.54	1,214.29	44,265.33
Operating expenses	(21,327.60)	(4,755.38)	(799.04)	(26,882.02)
Unallocable expenses				(1,374.50)
Income from Operations	16,285.90	682.16	415.25	16,008.81
Operating margin	43%	13%	34%	36%
Profit for the year				11,853.85
Profit margin				27%

Our total revenues in the fiscal year ended March 31, 2018 were ₹ 45,274.72 million, an increase of 2% over our total revenues of ₹ 44,265.33 million in the fiscal year ended March 31, 2017. The increase in revenues was primarily attributable to an increase in the revenues from our products business.

Income from operations in fiscal 2018 was ₹ 17,497.51 million representing an increase of 9% from ₹ 16,008.81 million in fiscal 2017. The profit for the year in fiscal 2018 was ₹ 12,370.41 million, as against ₹ 11,853.85 million in fiscal 2017. Our profit margin was at 27% for both the fiscal years 2018 and 2017. 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, 2018, our product revenues were ₹ 39,378.60 million, an increase of 5% from ₹ 37,613.50 million during the fiscal year ended March 31, 2017. Product revenues represented 87% and 85% of total revenues for fiscal years ended 2018 and 2017, respectively.

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

	Year ended March 31, 2018	Year ended March 31, 2017
License fees	14%	16%
Consulting fees	56%	54%
PCS fees	30%	30%
Total	100%	100%

Services revenues

Our services revenues represented 11% and 12% of our total revenues for the fiscal year ended March 31, 2018 and March 31, 2017. Our services revenues were ₹ 4,770.92 million in the fiscal year ended March 31, 2018, a decrease of 12% from ₹ 5,437.54 million in the fiscal year ended March 31, 2017.

The percentage of total services revenues from time and material contracts was 77% in fiscal 2018 and 78% in fiscal 2017, with the remainder of our services revenues attributable to fixed price contracts. We received 38% and 39% of our services revenues from onsite work and 62% and 61% from offshore work during the fiscal years 2018 and 2017 respectively.

Business Process Outsourcing (BPO) Revenues

Our revenues from BPO services in the fiscal year ended March 31, 2018 were ₹ 1,125.20 million, decrease of 7% over our revenues from BPO services of ₹ 1,214.29 million in the fiscal year ended March 31, 2017.

Finance income and other income, net

Our finance and other income primarily comprises of interest on bank deposits and foreign exchange gain/loss. Our finance and other income in the fiscal year ended March 31, 2018, was ₹ 906.91 million, as compared to ₹ 1,563.69 million in the fiscal year ended March 31, 2017. The lower interest income on bank deposits of ₹ 720.90 million on account of lower surplus cash balance along with lower interest rates has primarily attributed to overall decrease of ₹ 656.78 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 along with 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 1% to ₹ 20,991.71 million in the fiscal year ended March 31, 2018 from ₹ 20,702.67 million in the fiscal year ended March 31, 2017. Employee costs relate to salaries and bonuses paid to employees.

Travel related expenses

Our travel related expenditure decreased by 1% to ₹ 2,334.18 million in the fiscal year ended March 31, 2018 from ₹ 2,354.24 million in the fiscal year ended March 31, 2017. 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 6% to ₹ 1,549.26 million in the fiscal year ended March 31, 2018 from ₹ 1,652.98 million in the fiscal year ended March 31, 2017. The overall professional fees represents 3% and 4% of revenue from operations for the year ended March 31, 2018 and March 31, 2017 respectively. Professional fees include services hired from external consultants for various projects.

Other expenses

Our other expenditure increased by 3% to ₹ 2,287.43 million in the fiscal year ended March 31, 2018 from ₹ 2,216.46 million in the fiscal year ended March 31, 2017. The other expenses represent 5% of revenue from operations for both the years ended March 31, 2018 and 2017. 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 ₹ 614.63 million and ₹ 701.92 million for the year ended March 31, 2018 and March 31, 2017 respectively representing 1% and 2% of revenues from operations for the years ended March 31, 2018 and 2017.

Exceptional item

During the year ended March 31, 2017, the OFSS Group has recorded a charge of ₹ 628.25 million on its receivables from customers in Egypt due to significant devaluation of Egyptian Pound post liberalization of exchange rates by the Egypt Government.

Income taxes

Our provision for income taxes in the fiscal year ended March 31, 2018 was ₹ 6,034.00 million, an increase of 6% over our provision for income taxes of ₹ 5,715.93 million in the fiscal year ended March 31, 2017. Our effective tax rate was 33% in both the fiscal year 2018 and 2017. Income taxes also include foreign taxes representing income taxes payable overseas by us in various countries.

Profit for the year

As a result of the foregoing factors, net profit has increased by 4% to ₹ 12,370.41 million in fiscal 2018 from ₹ 11,853.85 million in fiscal 2017. Our net profit margin was 27% for both the fiscal years 2018 and 2017. 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 accordance with Ind AS prescribed under Section 133 of the Companies Act, 2013 (the 'Act') read with relevant rules of the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

The Company has adopted Ind AS with effect from April 1, 2016.

You should read the following discussion of our financial position and results of operations together with the detailed unconsolidated Ind AS financial statements and the notes which form integral part of such financial statements. Our fiscal year ends on March 31 of each year.

Our unconsolidated results are determined largely by the intercompany agreements. We regularly amend these agreements in line with our endeavor for each entity to receive an arm's length return.

Performance summary

(Amounts in ₹ million)

Year ended March 31, 2018	Products	Services	Total Revenues
Revenue from operations	33,509.25	5,108.02	38,617.27
Operating expenses	(18,767.54)	(4,699.80)	(23,467.34)
Unallocable expenses			(1,167.06)
Income from Operations	14,741.71	408.22	13,982.87
Operating margin	44%	8%	36%
Profit for the year			10,059.90
Profit margin			26%
Year ended March 31, 2017			
Revenue from operations	31,678.70	5,684.42	37,363.12
Operating expenses	(19,011.89)	(4,962.48)	(23,974.37)
Unallocable expenses			(990.25)
Income from Operations	12,666.81	721.94	12,398.50
Operating margin	40%	13%	33%
Profit for the year			12,880.97
Profit margin			34%

Our total revenues in fiscal 2018 were ₹ 38,617.27 million, representing an increase of 3% from ₹ 37,363.12 million in fiscal 2017. The increase in revenues was primarily attributable to an increase in the revenues from our products business.

Income from operations in fiscal 2018 was ₹ 13,982.87 million, representing an increase of 13% from ₹ 12,398.50 million in fiscal 2017. The profit for the year in fiscal 2018 was ₹ 10,059.90 million, as against ₹ 12,880.97 million in fiscal 2017. Our profit margin was at 26% and 34% for the fiscal years 2018 and 2017 respectively. We define profit margins 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, 2018, stood at ₹ 33,509.25 million, an increase of 6% over our products revenues of ₹ 31,678.70 million in the fiscal year ended March 31, 2017. Product revenues represented 87% and 85% of total revenues for fiscal years ended 2018 and 2017 respectively.

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

	Year ended March 31, 2018	Year ended March 31, 2017
License fees	13%	15%
Consulting fees	59%	57%
PCS fees	28%	28%
Total	100%	100%

Services revenues

Our services revenues represented 13% and 15% of our total revenues in the fiscal year 2018 and 2017. Our services revenues were ₹ 5,108.02 million and ₹ 5,684.42 million in the fiscal year ended March 31, 2018 and March 31, 2017 respectively.

The percentage of total services revenues from time and material contracts was 75% in fiscal 2018 and 77% in fiscal 2017, with the remainder of our services revenues attributable to fixed price contracts.

We received 41% our services revenues from onsite work and 59% from offshore work during the fiscal years 2018 as against 42% and 58% respectively in the fiscal year 2017.

Finance income and other income, net

Our finance and other income primarily comprises of interest on bank deposits and foreign exchange gain/loss. Our finance and other income were ₹ 886.27 million in the fiscal year ended March 31, 2018, as compared to ₹ 1,636.59 million in the fiscal year ended March 31, 2017. Lower surplus cash balance along with lower interest rates was the contributor towards lower interest income on bank deposits of ₹ 651.05 million for the fiscal year ended March 31, 2018.

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, research and development expenses, contribution against Corporate Social Responsibility and overhead expenses associated with support functions such as human resources, finance, facilities and infrastructure, IT along with 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 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.

Employee costs

Our employee costs increased by 3% to ₹ 18,586.73 million in the fiscal year ended March 31, 2018 from ₹ 18,108.63 million in the fiscal year ended March 31, 2017. Employee costs relate to salaries and bonuses paid to employees in India and at overseas, Stock Compensation charge to eligible employees along with staff welfare activities for employees.

Travel related expenses

Our travel related expenditure increased by 2% to ₹ 2,091.45 million in the fiscal year ended March 31, 2018 from ₹ 2,048.80 million in the fiscal year ended March 31, 2017. 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 ₹ 1,739.71 million in the fiscal year ended March 31, 2018 as against ₹ 1,850.58 million in the fiscal year ended March 31, 2017. The overall professional fees represent around 5% of revenue from operations for the year ended March 31, 2018 and 2017. Professional fees include services hired from subsidiaries and that from external consultants for various projects.

Other expenses

Our other expenditure decreased by 1% to ₹ 1,642.98 million in the fiscal year ended March 31, 2018 from ₹ 1,660.57 million in the fiscal year ended March 31, 2017. The other expenses represent 4% of revenue from operations for the year ended March 31, 2018 and 2017. Other expenses primarily consist of Corporate Social Responsibility expenditure, Reversal for diminution in value of investment, Reversal of Impairment loss on financial assets, various facilities and infrastructure costs, application software, communication, bad debts and other miscellaneous expenses.

Depreciation and amortization

Our Depreciation and amortization charge for the year was ₹ 573.53 million and ₹ 667.99 million for the year ended March 31, 2018 and 2017 respectively representing 1% and 2% of revenues from operations for the year ended March 31, 2018 and 2017 respectively.

Exceptional item

During the year ended March 31, 2017, the Company has recorded a charge under the Products segment of ₹ 628.25 million on its receivables from customers in Egypt due to significant devaluation of Egyptian Pound post liberalization of exchange rates by the Egypt Government.

During the year ended March 31, 2017, the Company has received dividend of ₹ 1,146.73 million, ₹ 1,270.10 million and ₹ 374.01 million from its wholly owned subsidiaries Oracle Financial Services Software B.V., Oracle Financial Services Software Pte. Ltd. and Oracle (OFSS) Processing Services Limited respectively. Considering the amount of dividend received, the same has been disclosed as an exceptional item. Tax expenses for the year ended March 31, 2017 includes applicable tax credits on this dividend income.

Income taxes

Our provision for income tax in the fiscal year ended March 31, 2018, was ₹ 4,809.24 million as against ₹ 3,944.96 million in the fiscal year ended March 31, 2017. Our effective tax rate was 32% and 23% for the fiscal years ended March 31, 2018 and March 31, 2017 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, 2018 is ₹ 10,059.90 million as against ₹ 12,880.97 million during the year ended March 31, 2017. Our net profit margin was 26% for the fiscal year 2018 as against 34% in the fiscal year 2017. We define net profit margins 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, 2018 and 2017 were ₹ 10,074.80 million and ₹ 7,180.14 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 2018 and 2017 were approximately 73 and 54 respectively.

As per unconsolidated financials trade receivables as of fiscal March 31, 2018 and 2017 were ₹ 6,317.93 million and ₹ 5,075.12 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	
	2018	2017	2018	2017
0-180	93%	74%	84%	54%
More than 180	7%	26%	16%	46%
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, 2018			Year ended March 31, 2017		
	Products Revenues	Services Revenues	Total Revenues	Products Revenues	Services Revenues	Total Revenues
Consolidated						
Americas (NAMER)	30%	70%	34%	32%	72%	38%
Europe, Middle East, Africa (EMEA)	34%	21%	33%	33%	21%	32%
Asia Pacific (JAPAC)	36%	9%	33%	35%	7%	30%
Total	100%	100%	100%	100%	100%	100%
Unconsolidated						
Americas (NAMER)	28%	67%	34%	30%	70%	36%
Europe, Middle East, Africa (EMEA)	36%	23%	34%	35%	23%	33%
Asia Pacific (JAPAC)	36%	10%	32%	35%	7%	31%
Total	100%	100%	100%	100%	100%	100%

Customer concentration

The percentage of total revenues during fiscal years 2018 and 2017 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. The Company contracts end customers in several countries through the local subsidiary of Oracle Corporation. Entities under common control are considered as a single customer for the purpose of reporting customer concentration.

	Products Revenues		Services Revenues		Total Revenues	
	2018	2017	2018	2017	2018	2017
Consolidated						
Largest customer	52%	51%	14%	13%	46%	45%
Top 5 customers	61%	61%	58%	50%	56%	56%
Top 10 customers	66%	65%	79%	75%	62%	61%
Unconsolidated						
Largest customer	79%	78%	96%	95%	81%	81%
Top 5 customers	90%	90%	99%	99%	91%	91%
Top 10 customers	93%	94%	100%	100%	94%	94%

Foreign currency and treasury operations

A substantial portion of our revenue 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.

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.

Opportunities and threats

Our strength lies in powering innovation with industry leading platforms built on modern, open, and intelligent technology. We solve critical industry problems using a combination of digital and data innovations. We have dedicated research and development centers engaged in building products that address market trends and challenges at both global and regional levels. Our strength also comes from the rich domain expertise we possess, and the years of experience we have in delivering transformation projects for customers around the globe. Our strong partner network and brand recognition ensure we excel in sales in both vertical and geographic strategies.

Our opportunities come from:

- Financial institutions' increasing need for digital solutions
- New regulatory mandates and compliance requirements driving IT spend at Financial Institutions
- Increasing momentum in open banking platforms and systems
- Our expanding solution portfolio with new point solutions for corporate lending, credit management & liquidity management

The opportunities also throw up new challenges:

- Loss of key talent due to increasing external demand for cloud, analytics and digital skills
- Potential competition from new players capturing some portion of the market share
- Geo-political risks arising from increased protectionism impacting mobility and cost of doing business

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 2018 and 2017, we generated cash from operations of ₹ 11,574.16 million and ₹ 11,211.33 million respectively as per consolidated results and ₹ 10,669.09 million and ₹ 7,045.79 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 at March 31, 2018, the Company had 7,149 employees (March 31, 2017 - 7,093) and as at March 31, 2018, the OFSS Group had 8,818 employees (March 31, 2017 - 8,818).

Risks and concerns

The Company's activities expose it to market risks, liquidity risk and credit risks. These risks are further managed and are aided by the Risk Management Committee whose scope is to formulate the risk management policy, which will identify elements of risk, if any, which may affect the Company. We also face normal business risks such as global competition and country risks pertaining to geographies that we operate in.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is mainly comprised of foreign currency risk.

A substantial portion of our revenue 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.

The Company manages some its foreign currency risk by hedging the receivables in the major currencies (USD, EUR and AUD) using hedging instrument as forward contracts. The period of the forward contracts is determined by the expected collection period for invoices which currently ranges between 30 to 120 days.

(b) Liquidity risk

Liquidity risk management implies maintaining sufficient availability of funds to meet obligations when due and to close out market positions. The Company monitors rolling forecast of the cash and cash equivalent on the basis of expected cash flows.

As of March 31, 2018, we had Cash and Bank Balances of ₹ 26,460.67 million out of which ₹ 19,992.73 million was in interest bearing bank deposits as per consolidated financials and ₹ 18,800.90 million, out of which ₹ 18,192.84 million was in interest bearing bank deposits as per unconsolidated financials.

The Company has not availed any loans and is a debt-free Company. The Company has sufficient liquid funds in cash and cash equivalents to meet obligations towards financial liabilities.

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including time deposits with banks, foreign exchange transactions and other financial instruments.

Customer credit risk is managed in line with the established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with existing Bankers and within credit limits assigned to each banker.

Consolidated financials

Financial statements for the year ended March 31, 2018 prepared in accordance with Ind AS (Consolidated).

Independent Auditor's Report

To the Members of Oracle Financial Services Software Limited

Report on the Consolidated Ind AS Financial Statements

1. We have audited the accompanying consolidated Ind AS financial statements of Oracle Financial Services Software Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss including Other Comprehensive Income, the consolidated Statement of Cash Flow, the consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated Ind AS 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 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 consolidated Ind AS financial statements are free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 Ind AS 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 Ind AS 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 Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

4. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate Ind AS financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS 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 as at March 31, 2018 and their consolidated profit including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

5. We did not audit the Ind AS financial statements/financial information, in respect of six subsidiaries, whose Ind AS financial statements/financial information reflect total assets of ₹ 20,101.21 million and net assets of ₹ 10,024.19 million as at March 31, 2018, total revenues of ₹ 37,817.51 million, total profit after tax (net) of ₹ 2,058.96 million and net cash inflows of ₹ 1,545.76 million for the year ended on that date, as considered in the consolidated Ind AS financial statements. These

Ind AS financial statement/financial information have been audited by other auditors, whose Ind AS financial statements/ financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS 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-section (3) 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 above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, 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.

6. The figures of the consolidated Ind AS financial statements for the year ended and as at March 31, 2017 have been audited by another auditor who expressed an unmodified opinion dated May 16, 2017.

Report on Other Legal and Regulatory Requirements

7. As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate Ind AS financial statements and the other financial information of subsidiaries, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, 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 of the aforesaid consolidated Ind AS financial statements.

    b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

    c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Statement of Cash Flow and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

    d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended.

    e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors 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, 2018 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 Holding Company and its subsidiary companies incorporated in India to the extent applicable and the operating effectiveness of such controls, 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 and based on the consideration of the report of the other auditors on separate Ind AS financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:

        i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 27 (b) and Note 39 to the consolidated Ind AS financial statements;

        ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts; and

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

For Mukund M. Chitale & Co.
Chartered Accountants
Firm Regn. No. 106655W

S. M. Chitale
Partner
M. No. 111383

Date : May 11, 2018
Place: Mumbai

Annexure 1 to the Independent Auditor's Report

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

(Referred to in paragraph 7(f) of our report of even date)

1. In conjunction with our audit of the consolidated Ind AS financial statements of Oracle Financial Services Software Limited as at and for the year ended March 31, 2018, 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 incorporated in India to the extent applicable, as of that date.

Management's Responsibility for Internal Financial Controls

2. 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.

Auditors' Responsibility

3. 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing as 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 judgment, 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 Matter 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

4. 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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

5. 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

6. In our opinion, the Holding Company and its subsidiary companies, incorporated in India to the extent applicable, 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, 2018, 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 Matter

7. 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 three subsidiary companies, incorporated in India to the extent applicable, is based on the corresponding reports of the auditors of such subsidiary companies incorporated in India.

For Mukund M. Chitale & Co.
Chartered Accountants
Firm Regn. No. 106655W

S. M. Chitale
Partner
M. No. 111383

Date : May 11, 2018
Place: Mumbai

Consolidated balance sheet
as at March 31, 2018

(Amounts in ₹ million)

	Notes	March 31, 2018	March 31, 2017
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	2,180.07	2,509.24
Capital work-in-progress	3	25.86	8.16
Investment property	4	102.00	102.00
Goodwill	5	6,086.63	6,086.63
Investment in an associate	6	–	–
Financial assets	7	525.96	577.02
Deferred tax assets (net)	16	1,227.65	1,346.28
Income tax assets (net)		5,968.95	5,858.54
Other non-current assets	10	672.82	714.59
		16,789.94	17,202.46
Current assets			
Financial Assets			
Trade receivables	8	10,074.80	7,180.14
Cash and cash equivalents	9 (a)	8,060.99	25,914.71
Other bank balances	9 (b)	18,399.68	4,402.24
Other current financials assets	7	5,388.90	4,916.81
Income tax assets (net)		72.22	78.03
Other current assets	10	545.08	513.97
		42,541.67	43,005.90
TOTAL		59,331.61	60,208.36
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	11	426.73	424.70
Other Equity	12	46,647.20	32,221.16
Total equity		47,073.93	32,645.86
Non- current liabilities			
Financial liabilities	13	35.45	23.90
Other non-current liabilities	14	190.53	244.77
Employee benefit obligations	15	926.34	784.21
Deferred tax liability (net)	16	5.30	6.57
Income tax liabilities (net)		144.34	261.33
		1,301.96	1,320.78
Current liabilities			
Financial liabilities			
Trade payables	13	646.43	108.37
Other current financial liabilities	13	3,230.23	19,733.03
Other current liabilities	14	4,838.40	4,136.93
Employee benefit obligations	15	1,378.29	1,317.73
Income tax liabilities (net)		862.37	945.66
		10,955.72	26,241.72
TOTAL		59,331.61	60,208.36
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 Mukund M. Chitale & Co.
Chartered Accountants
ICAI Firm Registration No. 106655W

S. M. Chitale
Partner
Membership No. 111383

Mumbai, India
May 11, 2018

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

S Venkatachalam
Chairman
DIN: 00257819

Chaitanya Kamat
Managing Director
& Chief Executive Officer
DIN: 00969094

Richard Jackson
Director
DIN: 06447687

Makarand Padalkar
Chief Financial Officer

Onkarnath Banerjee
Company Secretary
& Compliance Officer
ACS: 8547

Mumbai, India
May 11, 2018

Consolidated statement of profit and loss
for the year ended March 31, 2018

(Amounts in ₹ million, except share data)

	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from operations	17	45,274.72	44,265.33
Finance income	18	794.84	1,491.16
Other income, net	19	112.06	72.53
Total income		46,181.62	45,829.02
Expenses			
Employee benefit expenses	20	20,991.71	20,702.67
Travel related expenses		2,334.18	2,354.24
Professional fees		1,549.26	1,652.98
Other operating expenses	21	2,287.43	2,216.46
Depreciation and amortization	3	614.63	701.92
Total expenses		27,777.21	27,628.27
Profit before Share of (loss) of an associate, exceptional item and tax		18,404.41	18,200.75
Share in (loss) of associate	6	–	(2.72)
Profit before exceptional item and tax		18,404.41	18,198.03
Exceptional item	23	–	(628.25)
Profit before tax		18,404.41	17,569.78
Tax expenses	16		
Current tax		5,933.26	6,078.91
Deferred tax		100.74	(362.98)
Total tax expenses		6,034.00	5,715.93
Profit for the year		12,370.41	11,853.85
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Actuarial gain (loss) on gratuity fund		49.83	(48.50)
Deferred tax		(15.92)	16.79
Items that will be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations		427.71	(176.45)
Total other comprehensive income for the year, net of tax		461.62	(208.16)
Total comprehensive income for the year		12,832.03	11,645.69
Profit attributable to:			
Equity holders of the Company		12,370.41	11,853.85
Non-controlling interests		–	–
		12,370.41	11,853.85
Total comprehensive income attributable to:			
Equity holders of the Company		12,832.03	11,645.69
Non-controlling interests		–	–
		12,832.03	11,645.69
Earnings per equity share of par value of ₹ 5 each (in ₹)	25		
Basic		145.22	139.76
Diluted		144.37	139.29
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 Mukund M. Chitale & Co.
Chartered Accountants
ICAI Firm Registration No. 106655W

S. M. Chitale
Partner
Membership No. 111383

Mumbai, India
May 11, 2018

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

S Venkatachalam
Chairman
DIN: 00257819

Chaitanya Kamat
Managing Director
& Chief Executive Officer
DIN: 00969094

Richard Jackson
Director
DIN: 06447687

Makarand Padalkar
Chief Financial Officer

Onkarnath Banerjee
Company Secretary
& Compliance Officer
ACS: 8547

Mumbai, India
May 11, 2018

Consolidated statements of changes in equity
for the year ended March 31, 2018

(a) Year ended March 31, 2018

(Amounts in ₹ million, except share data)

Particulars	Equity share capital		Other equity							Other comprehensive income		Total equity attributable to equity holders of the Company
	No. of shares	Share capital	Share application money pending allotment	Securities premium	General reserve	Employee stock options outstanding	Contribution from Ultimate Holding Company	Gain on Treasury shares	Retained earnings	Foreign currency translation reserve	Remeasurement of defined benefit obligation	
Balance as of April 1, 2017	84,940,264	424.70	26.16	12,528.86	10,145.19	1,835.05	–	–	7,300.77	385.13	–	32,645.86
Changes in equity for year ended March 31, 2018												
Application money received for exercised options	–	–	587.91	–	–	–	–	–	–	–	–	587.91
Shares issued for exercised options	310,487	1.55	(612.16)	610.61	–	–	–	–	–	–	–	–
Stock compensation charge	–	–	–	–	–	635.18	48.17	–	–	–	–	683.35
Forfeiture of options	–	–	–	–	–	(46.80)	–	–	46.80	–	–	–
Stock compensation related to options exercised	–	–	–	524.37	–	(524.37)	–	–	–	–	–	–
Sale of treasury shares	95,542	0.48	–	–	–	–	–	357.16	–	–	–	357.64
Profit for the year	–	–	–	–	–	–	–	–	12,370.41	–	–	12,370.41
Interim equity dividend including dividend distribution tax thereon	–	–	–	–	–	–	–	–	(32.86)	–	–	(32.86)
Actuarial gain (loss) on gratuity fund including deferred tax thereon	–	–	–	–	–	–	–	–	–	–	33.91	33.91
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	427.71	–	427.71
Actuarial gain (loss) on gratuity fund including deferred tax thereon transferred to retained earnings	–	–	–	–	–	–	–	–	33.91	–	(33.91)	–
Balance as of March 31, 2018	85,346,293	426.73	1.91	13,663.84	10,145.19	1,899.06	48.17	357.16	19,719.03	812.84	–	47,073.93

(b) Year ended March 31, 2017

(Amounts in ₹ million, except share data)

Particulars	Equity share capital		Other equity							Other comprehensive income		Total equity attributable to equity holders of the Company
	No. of shares	Share capital	Share application money pending allotment	Securities premium	General reserve	Employee stock options outstanding	Contribution from Ultimate Holding Company	Gain on Treasury shares	Retained earnings	Foreign currency translation reserve	Remeasurement of defined benefit obligation	
Balance as of April 1, 2016	84,690,036	423.45	3.00	11,690.40	10,145.19	1,345.71	–	–	22,569.41	561.58	–	46,738.74
Changes in equity for year ended March 31, 2017												
Application money received for exercised options	–	–	589.42	–	–	–	–	–	–	–	–	589.42
Shares issued for exercised options	250,228	1.25	(566.26)	565.01	–	–	–	–	–	–	–	–
Stock compensation charge	–	–	–	–	–	780.44	–	–	–	–	–	780.44
Forfeiture of options	–	–	–	–	–	(17.65)	–	–	17.65	–	–	–
Stock compensation related to options exercised	–	–	–	273.45	–	(273.45)	–	–	–	–	–	–
Profit for the year	–	–	–	–	–	–	–	–	11,853.85	–	–	11,853.85
Final equity dividend including dividend distribution tax thereon	–	–	–	–	–	–	–	–	(9,902.95)	–	–	(9,902.95)
Interim equity dividend including dividend distribution tax thereon	–	–	–	–	–	–	–	–	(17,205.48)	–	–	(17,205.48)
Actuarial gain (loss) on gratuity fund including deferred tax thereon	–	–	–	–	–	–	–	–	–	–	(31.71)	(31.71)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	(176.45)	–	(176.45)
Actuarial gain (loss) on gratuity fund including deferred tax thereon transferred to retained earnings	–	–	–	–	–	–	–	–	(31.71)	–	31.71	–
Balance as of March 31, 2017	84,940,264	424.70	26.16	12,528.86	10,145.19	1,835.05	–	–	7,300.77	385.13	–	32,645.86

Summary of significant accounting policies [Refer note 2]

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

As per our report of even date

For Mukund M. Chitale & Co.
Chartered Accountants
ICAI Firm Registration No. 106655W

S. M. Chitale
Partner
Membership No. 111383

Mumbai, India
May 11, 2018

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

S Venkatachalam
Chairman
DIN: 00257819

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Chaitanya Kamat
Managing Director
& Chief Executive Officer
DIN: 00969094

Makarand Padalkar
Chief Financial Officer

Onkarnath Banerjee
Company Secretary
& Compliance Officer
ACS: 8547

Mumbai, India
May 11, 2018

Notes annexed to and forming part of consolidated financial statements
for the year ended March 31, 2018

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 domiciled in India and has its registered office at Mumbai, Maharashtra, India. The Company is a subsidiary of Oracle Global (Mauritius) Limited holding 73.88% (March 31, 2017 - 74.23%) ownership interest in the Company as at March 31, 2018.

The Company along with its subsidiaries and associate is principally engaged in the business of providing information technology solutions and business processing services to the financial services industry worldwide. The Company has a suite of banking products, which caters to the transaction processing and compliance needs of corporate, retail and investment banks across the world.

The consolidated financial statements for the year ended March 31, 2018 were approved by the Company's Board of Directors and authorized for issue on May 11, 2018.

The Company has following subsidiaries, associate and controlled entities (hereinafter collectively referred as the "OFSS group"):

Companies	Country of Incorporation	Holding %	Relationship
Direct holding			
Oracle Financial Services Software B.V.	The Netherlands	100%	Subsidiary
Oracle Financial Services Software Pte. Ltd.	Singapore	100%	Subsidiary
Oracle Financial Services Software America, Inc.	United States of America	100%	Subsidiary
ISP Internet Mauritius Company	Republic of Mauritius	100%	Subsidiary
Oracle (OFSS) Processing Services Limited	India	100%	Subsidiary
Oracle (OFSS) ASP Private Limited	India	100%	Subsidiary
Oracle Financial Services Software Chile Limitada	Chile	100%	Subsidiary
Oracle Financial Services Software (Shanghai) Limited	Republic of China	100%	Subsidiary
i-flex Employee Stock Option Trust (Refer note 26)	India	–	Controlled trust
Login SA (till July 4, 2017)	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: Significant accounting policies

2.1 Basis of preparation

In accordance with the notification issued by the Ministry of Corporate Affairs, the OFSS group has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. These consolidated financial statements comprising of balance sheet as at March 31, 2018, statement of profit and loss, statement of changes in equity and statement of cash flows for the year then ended have been prepared in accordance with Ind AS as prescribed under Section 133 of the Companies Act, 2013 (the 'Act') read with relevant rules of the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value.

- certain financial assets and liabilities, including derivative instruments, that are measured at fair value
- assets held for sale
- defined benefit plan
- share-based payments

Previous year's comparative numbers have been reclassified wherever necessary, to conform to current year's presentation.

2.2 Basis of consolidation

OFSS consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the company, its subsidiaries, its associate and controlled trust as listed out in Note 1. Control is achieved when the OFSS group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the OFSS group controls an investee if and only if the OFSS group has:

i) Power over investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

ii) Exposure, or rights, to variable returns from its involvement with the investee, and

iii) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the OFSS group has less than a majority of the voting or similar rights of an investee, the OFSS group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a) The contractual arrangement with the other vote holders of the investee

b) Rights arising from other contractual arrangements

c) The OFSS group's voting rights and potential voting rights

d) The size of the OFSS group's holding of voting rights relative to the size and dispersion of the holdings of the other voting right holders

The OFSS group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the OFSS group obtains control over the subsidiary and ceases when the OFSS group loses control over the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of all entities used for the consolidation are drawn up to same reporting date as that of parent company i.e. as at March 31, 2018.

The financial statements of the OFSS group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain/loss from such transactions are eliminated upon consolidation.

2.3 Summary of significant accounting policies

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

(a) Investment in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining whether significant influence are similar to those necessary to determine control over the subsidiaries.

The OFSS group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the OFSS group's share of net assets of an associate since the acquisition date.

The statement of profit and loss reflects the OFSS group's share of the results of operations of an associate. The aggregate of the OFSS group's share of profit or loss of an associate is shown on the face of the statement of profit and loss. When OFSS group's share of losses of an associate equals or exceeds its interest in the same, OFSS group discontinues recognizing its share of further losses. If an associate subsequently reports profits, the OFSS group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

(b) Property, plant and equipment including intangibles and capital work-in-progress, depreciation and amortization

Property, plant and equipment including intangibles and capital work-in-progress

Freehold land is stated at cost. All other items of property, plant and equipment and capital work in progress, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the OFSS group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in the statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. All additions during the reported year are considered at cost.

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

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level.

Depreciation and amortization

Depreciation and amortization are computed as per the straight-line method using the rates arrived at based on the useful lives estimated by the management. The estimated useful life considered for depreciation of fixed assets is as follows:

Asset description	Asset life (in years)
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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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.

(c) Impairment of non-financial assets

The carrying amounts of non-financial 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 asset's or cash generating unit's (CGU) fair value less cost of disposal, and its 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.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are validated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The OFSS group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the OFSS group's CGUs to which the individual assets are allocated.

Goodwill is tested for impairment annually as at March 31 and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

(d) Foreign currencies

The OFSS group's consolidated financial statements are presented in Indian Rupees ('INR'), which is also the parent company's functional currency. For each entity the OFSS group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency balances

Transactions in foreign currencies are initially recorded by the OFSS group's entities at their respective functional currency using spot rates on the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the relevant functional currency at exchange rates at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

OFSS group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the date of the transactions. For practical reasons, the OFSS group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the date of the transactions. The exchange differences arising on translation for consolidation are recognized in Other Comprehensive income ("OCI").

(e) 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.

(f) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the OFSS group and the revenue can be reliably measured, regardless of when the payment is being made by the customer. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The OFSS group has concluded that the Company is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to credit risks.

In arrangements for software development and related services and maintenance services, the OFSS group has applied the guidance in Ind AS 18, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering software development and related services as separately identifiable components. For allocating the consideration, the OFSS group has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in Ind AS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where the OFSS group is unable to establish objective and reliable evidence of fair value for the software development and related services, the OFSS group has used a residual method to allocate the arrangement consideration. In these cases the balance of the consideration, after allocating the fair values of undelivered components of a transaction has been allocated to the delivered components for which specific fair values do not exist.

Revenue is recognized for fixed price contracts by reference to the stage of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

Revenue from contracts on time and material basis is recognized as services are performed. Product maintenance revenue is recognized rateably over the period of the contract.

The OFSS group presents revenues net of applicable indirect 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 using the effective interest method.

(g) Income-tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the OFSS group operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized either in other comprehensive income or in equity. Current tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized either in other comprehensive income or in equity. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(h) Investment properties

Investment properties are measured initially and subsequently at cost. Though the OFSS group measures investment property using cost based measurement, the fair value of investment property is disclosed annually in the notes which form an integral part of the financial statements. Fair values are determined based on an evaluation performed by an accredited external independent valuer applying a valuation technique as per the international norms and standards. Investment properties are derecognized either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from such disposal. The difference between the net sale proceeds and the carrying amount of asset is recognized in statement of profit and loss in the period of derecognition.

(i) Non-current assets held for sale

The OFSS group classifies non-current assets and disposal groups as held for sale if their carrying amounts shall be recovered principally through a sale rather than through continuing use. Sale transactions shall include exchanges of non-current assets for other non-current assets when the exchange has commercial substance.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

All other notes to the financial statements primarily include amounts for continuing operations, unless otherwise mentioned.

(j) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the OFSS group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The OFSS group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, so as to maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the OFSS group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At the reporting date, the OFSS group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the accounting policies. For this analysis, the OFSS group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The OFSS group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the OFSS group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(k) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The OFSS group recognizes a financial asset or a liability in its balance sheet only when the entity becomes party to the contractual provisions of the instrument.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets of OFSS group are classified in three categories:

- Debt instruments measured at amortized cost
- Debt instruments at fair value through other comprehensive income (OCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss

Debt instruments measured at amortized cost

This category is the most relevant to the OFSS group. Debt instruments are measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financials assets are amortized using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statement of profit and loss. The losses arising from impairment are recognized in the consolidated statement of profit and loss.

Debt instruments at fair value through OCI

Debt instruments are measured at fair value through other comprehensive income if the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The OFSS group has not designated any financial assets at fair value through OCI.

Debt instruments at fair value through profit or loss

Debt instruments at fair value through profit or loss include assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by Ind AS 109 Financial Instruments. Debt instruments at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of profit and loss.

Derecognition

A financial asset is derecognized i.e. removed from the OFSS group's consolidated statement of financial position when:

- The contractual rights to the cash flows from the financial asset expire or
- The OFSS group has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the OFSS group has transferred substantially all the risks and rewards of the asset, or (b) the OFSS group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the OFSS group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the OFSS group continues to recognize the transferred asset to the extent of the OFSS group's continuing involvement. In that case, the OFSS group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the OFSS group has retained.

Impairment of financial assets

The OFSS group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure. For trade receivables the OFSS group follows 'simplified approach' for recognition of impairment loss allowance. The application of simplified approach does not require the OFSS group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the OFSS group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

The OFSS group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. Further, the trade receivables have customer concentration across the globe and therefore the OFSS group also considers the socio-economic conditions of the regions where the customers are located.

On that basis, the OFSS group estimates the following provision matrix at the reporting date:

Ageing	0-30 days	31-60 days	61-90 days	91-180 days	181-360 days	More than 360 days
Africa	8.20%	16.53%	5.72%	16.25%	42.26%	41.30%
Asia Pacific	–	0.25%	0.33%	2.99%	13.29%	33.95%
Europe & Middle East	0.02%	0.26%	–	1.12%	2.52%	3.38%
United States of America & Latin America	0.02%	0.08%	0.46%	1.10%	12.07%	27.48%

At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The OFSS group's financial liabilities include trade payables, accrued expenses, accrued compensation to employees, advance from customers, dividend and dividend tax payable along with unpaid dividends.

Subsequent measurement

The OFSS group measures all financial liabilities at amortized cost except for financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Financial liabilities held for trading are measured at fair value through profit or loss. The OFSS group has not designated any financial liability as at fair value through profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit and loss.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a nonfinancial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the OFSS group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss, unless designated as effective hedging instruments.

(l) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The OFSS group uses forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation

The OFSS group enters into foreign currency forward contracts that is used to hedge risk of exposure of changes in the fair value of trade receivables on account of foreign currency rate movement. These derivative contracts are not designated as hedges and accounted for at fair value through profit or loss and are included in other income, net.

(m) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

OFSS group as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the OFSS group is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease, at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability which leads to constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the OFSS group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

A lease arrangement where substantially all the risks and rewards of ownership of an asset are not transferred to the OFSS group as lessee is classified as operating lease. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

(n) Share based payments

Selected employees of the OFSS group also receive remuneration in the form of share-based payments against stock option program of the Company.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The cost is recognized in employee benefits expense, together with a corresponding increase in 'employee stock options outstanding' in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the OFSS group's best estimate of the number of equity instruments that will ultimately vest.

The consolidated statement of profit and loss expense or credit recognized in employee benefit expense represents the movement in cumulative expense recognized as at the beginning and end of the year.

The Ultimate Holding Company of Oracle Financial Services Software Limited has extended its Stock Option program (ESOP) to selected employees of OFSS's subsidiaries and branches, who are working outside India. The cost of equity-settled transactions is also determined by the fair value at the date when the grant is made using an appropriate valuation model. The cost is recognized in employee benefit expenses over the period in which the performance and/or service conditions are fulfilled with a corresponding impact under statement of changes in equity as Contribution from Ultimate Holding Company.

(o) Provisions

Provisions are recognized when the OFSS group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(p) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The OFSS group has no obligation, other than the contribution payable to the provident fund. The OFSS group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Certain eligible employees of the OFSS group on Indian payroll are entitled to superannuation, a defined contribution plan. The OFSS group makes monthly contributions until retirement or resignation of the employee which are recognized as an expense when incurred. The OFSS group has no further obligations beyond its monthly contributions, the corpus of which is invested with the Life Insurance Corporation of India.

Compensated absences which are expected to occur within twelve months after the end of the period in which employee renders the related services are recognized as undiscounted liability at the balance sheet date. The expected cost of compensated absences which are not expected to occur within twelve months after the end of the period in which employee renders related services are recognized at the present value based on actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method.

The OFSS group operates a defined benefit gratuity plan in India, which requires contributions to be made to a fund administered and managed by the LIC to fund the gratuity liability. Under this scheme, the obligation to pay gratuity remains with the OFSS group, although LIC administers the scheme.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods:

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the OFSS group recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The OFSS group recognizes the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

(q) Treasury shares

The Company had created an Employee Benefit Trust ('EBT') for providing share-based payment to its employees. The EBT was used as a vehicle for distributing shares to employees under the employee remuneration schemes. The shares held by EBT are treated as treasury shares.

Own equity instruments (treasury shares) are recognized at cost and deducted from equity. Gain or loss is recognized in Other Equity on the sale of the Company's own equity instruments.

(r) Cash dividend to equity holders of the Company

The Company recognizes a liability to make cash or noncash distributions to equity shareholders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the Act, a distribution of interim dividend is authorized when it is approved by the Board of Directors and final dividend is authorized when it is approved by the shareholders of the Company. A corresponding amount is recognized directly in other equity.

(s) 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.

(t) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short term investments with an original maturity of three months or less.

Note 3: Property, plant and equipment

Year ended March 31, 2018

(Amounts in ₹ million)

Particulars	Gross carrying value					Depreciation					Net carrying value
	As at April 01, 2017	Additions	Sale/ deletions	Translation gain (loss)	As at March 31, 2018	As at April 01, 2017	For the year	Sale/ deletions	Translation (gain) loss	As at March 31, 2018	As at March 31, 2018
Freehold Land	436.31	–	–	–	436.31	–	–	–	–	–	436.31
Improvement to leasehold premises	624.85	1.79	17.71	5.43	614.36	497.23	53.15	17.11	4.77	538.04	76.32
Buildings	2,077.87	–	–	–	2,077.87	857.58	103.45	–	–	961.03	1,116.84
Computer equipments	2,003.18	217.18	112.14	3.95	2,112.17	1,703.05	233.66	112.12	2.96	1,827.55	284.62
Office equipments	349.04	5.84	87.94	1.60	268.54	280.07	59.21	87.75	1.53	253.06	15.48
Electricals and other installations	934.00	3.35	12.15	–	925.20	768.21	84.73	12.15	–	840.79	84.41
Furniture and fixtures	943.84	56.92	5.95	0.66	995.47	753.71	80.43	5.40	0.64	829.38	166.09
Total	7,369.09	285.08	235.89	11.64	7,429.92	4,859.85	614.63	234.53	9.90	5,249.85	2,180.07
										Capital work-in-progress	25.86
											2,205.93

Year ended March 31, 2017

(Amounts in ₹ million)

Particulars	Gross carrying value					Depreciation					Net carrying value
	As at April 01, 2016	Additions	Sale/ deletions	Translation gain (loss)	As at March 31, 2017	As at April 01, 2016	For the year	Sale/ deletions	Translation (gain) loss	As at March 31, 2017	As at March 31, 2017
Freehold Land	436.31	–	–	–	436.31	–	–	–	–	–	436.31
Improvement to leasehold premises	627.60	53.43	44.26	(11.92)	624.85	484.42	67.56	44.26	(10.49)	497.23	127.62
Buildings	2,085.00	–	7.13	–	2,077.87	761.02	103.63	7.07	–	857.58	1,220.29
Computer equipments	1,947.82	414.61	349.72	(9.53)	2,003.18	1,776.73	283.62	349.67	(7.63)	1,703.05	300.13
Office equipments	232.60	138.37	19.29	(2.64)	349.04	222.25	80.21	19.29	(3.10)	280.07	68.97
Electricals and other installations	996.92	3.96	66.88	–	934.00	749.53	85.56	66.88	–	768.21	165.79
Furniture and fixtures	922.90	41.94	18.33	(2.67)	943.84	693.24	81.34	18.33	(2.54)	753.71	190.13
Total	7,249.15	652.31	505.61	(26.76)	7,369.09	4,687.19	701.92	505.50	(23.76)	4,859.85	2,509.24
										Capital work-in-progress	8.16
											2,517.40

Note 4: Investment property

Year ended March 31, 2018

(Amounts in ₹ million)

Particulars	Gross carrying value					Depreciation					Net carrying value
	As at April 01, 2017	Additions	Sale/ deletions	Translation gain (loss)	As at March 31, 2018	As at April 01, 2017	For the year	Sale/ deletions	Translation (gain) loss	As at March 31, 2018	As at March 31, 2018
Freehold land	102.00	–	–	–	102.00	–	–	–	–	–	102.00
Total	102.00	–	–	–	102.00	–	–	–	–	–	102.00

Year ended March 31, 2017

(Amounts in ₹ million)

Particulars	Gross carrying value					Depreciation					Net carrying value
	As at April 01, 2016	Additions	Sale/ deletions	Translation gain (loss)	As at March 31, 2017	As at April 01, 2016	For the year	Sale/ deletions	Translation (gain) loss	As at March 31, 2017	As at March 31, 2017
Freehold land	102.00	–	–	–	102.00	–	–	–	–	–	102.00
Total	102.00	–	–	–	102.00	–	–	–	–	–	102.00

The OFSS group's investment property consists of a portion of land at Pune, India.

The fair value of the investment property as at March 31, 2018 and March 31, 2017 is based on valuations performed by Rakesh Narula & Co; an accredited independent valuer. Rakesh Narula & Co. is one of the senior most and reputed company in the field of asset valuation. Rakesh Narula & Co. has been carrying out valuation as per the International norms and Standards. The fair value of the above investment property as at March 31, 2018 and March 31, 2017 is ₹ 237.50 million and ₹ 225.67 million respectively.

The direct operating expenses represent the proportionate amount of operating expenses incurred for the investment property and is included under Note 21: Other operating expenses. The proportionate amount of these expenses paid for the financial year ended March 31, 2018 and March 31, 2017 are ₹ 4.44 million and ₹ 3.49 million respectively.

The OFSS group has no restrictions on the realizability of its investment properties and has no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements. Fair value hierarchy disclosures for investment properties have been provided in note 37 on fair value measurement.

Reconciliation of fair value: (Amounts in ₹ million)

Fair Value of Investment Property as on April 1, 2016	227.20
Adjustment towards Fair Values for the financial year ended March 31, 2017	(1.53)
Fair Value of Investment Property as on March 31, 2017	225.67
Adjustment towards Fair Values for the financial year ended March 31, 2018	11.83
Fair Value of Investment Property as on March 31, 2018	237.50

Description of valuation techniques used and key inputs to valuation on investment properties (Amounts in ₹ million)

Investment property	Valuation technique	Significant unobservable inputs	Range (weighted average)	
			March 31, 2018	March 31, 2017
Freehold land	Market approach	Estimated market rate per sq. mt. of freehold land	₹ 13,306 to ₹ 29,659	₹ 14,827 to ₹ 28,481
	(Sale Comparison Method)	Negotiation, location and physical adjustments	-20% to +30%	-35% to +40%
		Final adjusted price per sq. mt.	₹ 13,050 to ₹ 18,628	₹ 9,155 to ₹ 24,351

The fair market value of the portion of land is computed using the market approach (Sale Comparison Method). The prevalent market rates of comparable property in the vicinity are considered to estimate the market value of the subject property. To estimate the market rate of land, a local enquiry as well as a market survey has been conducted with property dealers, brokers, owners of similar property in the surrounding areas and the rates from Joint Sub-Registrars' Office for actual transactions and the ready reckoner rates have also been considered. Weightages to additional factors like shape, size, location, frontage, access to main road and the demand and supply of similar properties have been considered while computing the market value of the subject property.

Note 5: Intangible assets

Year ended March 31, 2018

(Amounts in ₹ million)

Particulars	Gross carrying value					Amortization and impairment losses					Net carrying value
	As at April 01, 2017	Additions	Sale/ deletions	Translation gain (loss)	As at March 31, 2018	As at April 01, 2017	For the year	Sale/ deletions	Translation (gain) loss	As at March 31, 2018	As at March 31, 2018
Goodwill on consolidation [Refer note 31]	6,086.63	–	–	–	6,086.63	–	–	–	–	–	6,086.63
Total	6,086.63	–	–	–	6,086.63	–	–	–	–	–	6,086.63

Year ended March 31, 2017

(Amounts in ₹ million)

Particulars	Gross carrying value					Amortization and impairment losses					Net carrying value
	As at April 01, 2016	Additions	Sale/ deletions	Translation gain (loss)	As at March 31, 2017	As at April 01, 2016	For the year	Sale/ deletions	Translation (gain) loss	As at March 31, 2017	As at March 31, 2017
Goodwill on consolidation [Refer note 31]	6,086.63	–	–	–	6,086.63	–	–	–	–	–	6,086.63
Total	6,086.63	–	–	–	6,086.63	–	–	–	–	–	6,086.63

Note 6: Investment in an associate

The OFSS group had a 33% interest in Login SA, which is a highly specialized front and mid office treasury solution provider with its product Login Acumen in France. The OFSS group's interest in Login SA is accounted for using the equity method in the consolidated financial statements. The Company has sold shares of Login SA on July 4, 2017 for a total consideration of ₹ 16.91 million. The following table illustrates the summarized financial information of the OFSS group's investment in Login SA:

(Amounts in ₹ million)

	March 31, 2018	March 31, 2017
Total assets	–	95.01
Total liabilities	–	(113.67)
Equity	–	(18.66)
OFSS group's carrying amount of the investment	–	–

(Amounts in ₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
(Loss) for the year	–	(26.91)
Other comprehensive income for the year	–	–
Total comprehensive income for the year	–	(26.91)
OFSS group's share in total comprehensive income for the year	–	(8.88)

Note: When OFSS group's share of losses of Login SA equals or exceeds its interest in the same, OFSS group discontinues recognizing its share of further losses.

(Amounts in ₹ million)

Note 7: Financial assets

	March 31, 2018	March 31, 2017
Non-current		
Other financial assets at fair value through profit or loss		
Investment in Sarvatra Technologies Private Limited (Unquoted)*		
242,240 (March 31, 2017 - 242,240) equity shares of ₹ 10 each, fully paid-up	–	–
Other financial assets measured at amortized cost		
Deposits for premises and others	525.96	577.02
	525.96	577.02
	525.96	577.02
Current		
Other financial assets measured at amortized cost		
Deposits for premises and others	154.36	65.77
Unbilled revenue	5,080.57	4,768.26
Other advances	153.97	82.78
	5,388.90	4,916.81
	5,388.90	4,916.81

* The OFSS group had made an investment of ₹ 45.00 million and the same has been fair valued as at the balance sheet date.

	March 31, 2018	March 31, 2017
Breakup of financial assets carried at amortized cost		
Trade receivables [Refer note 8]	10,074.80	7,180.14
Cash and bank balances [Refer note 9]	26,460.67	30,316.95
Deposits for premises and others	680.32	642.79
Unbilled revenue	5,080.57	4,768.26
Other receivables and advances	153.97	82.78
	42,450.33	42,990.92

(Amounts in ₹ million)

	March 31, 2018	March 31, 2017

Note 8: Trade receivables

	March 31, 2018	March 31, 2017
Break-up for security details:		
Secured, considered good	–	–
Unsecured, considered good	10,307.25	7,392.84
Doubtful	827.01	910.62
	11,134.26	8,303.46
Impairment Allowance		
Unsecured, considered good	(232.45)	(212.70)
Doubtful	(827.01)	(910.62)
	(1,059.46)	(1,123.32)
	10,074.80	7,180.14

No trade receivables are due from directors or other key managerial personnel of the Company either severally or jointly with any other person. Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Note 9: Cash and bank balances

		March 31, 2018	March 31, 2017
(a)	Cash and cash equivalents		
	Balances with banks:		
	In current accounts*	6,352.67	5,707.33
	In deposit accounts with original maturity of less than 3 months	1,593.05	5,494.34
	In unpaid dividend account	–	14,593.93
	In unclaimed dividend accounts	115.27	119.11
		8,060.99	25,914.71
(b)	Other bank balances		
	Balances with banks:		
	In deposit accounts with original maturity of more than 3 months but less than 12 months**	18,398.06	4,400.65
	In margin money deposit accounts	1.62	1.59
		18,399.68	4,402.24
		26,460.67	30,316.95

* Current account includes ₹ 39.03 million (March 31, 2017 - ₹ 0.92 million) on account of restricted cash and bank balances held by i-flex Employee Stock Option Trust controlled by the Company.

** Deposit accounts with original maturity of more than 3 months but less than 12 months includes ₹ 684.53 million (March 31, 2017 - ₹ 380.14 million) on account of restricted cash and bank balances held by i-flex Employee Stock Option Trust controlled by the Company.

Cash at banks earns interest at floating rates based on the daily bank deposit rates and the daily balances. Time deposits are placed for varying periods ranging from 7 days to 364 days, depending on the immediate cash requirements of the OFSS group. The time deposits earn interest at the respective deposit rates.

Note 10: Other assets

	March 31, 2018	March 31, 2017
Non-current		
GST, VAT, service tax and other indirect taxes	460.57	460.57
Prepaid expenses	212.25	254.02
	672.82	714.59
Current		
GST, VAT, service tax and other indirect taxes	223.98	232.96
Prepaid expenses	321.10	281.01
	545.08	513.97

(Amounts in ₹ million)

Note 11: Equity share capital

	March 31, 2018	March 31, 2017
Authorized:		
100,000,000 (March 31, 2018 - 100,000,000) equity shares of ₹ 5 each	500.00	500.00
Issued, subscribed and fully paid-up:		
85,346,293 (March 31, 2018 - 84,940,264) equity shares of ₹ 5 each	426.73	424.70

(a) The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name and relationship of shareholder:	March 31, 2018	March 31, 2017
Oracle Global (Mauritius) Limited, holding company		
Number of equity shares	63,051,197	63,051,197
% of equity shares	73.88%	74.23%

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

	No. of equity shares	Amounts in ₹ million
Outstanding as at April 1, 2016	84,690,036	423.45
Issued during the year ended March 31, 2017 under the employee stock option plan (ESOP)	250,228	1.25
Outstanding as at March 31, 2017	84,940,264	424.70
Issued during the year ended March 31, 2018 under the employee stock option plan (ESOP)	310,487	1.55
Sale of treasury shares	95,542	0.48
Outstanding as at March 31, 2018	85,346,293	426.73

(d) Refer note 29 (b) for details of shares reserved for issue under the employee stock option plan (ESOP) of the Company.

(Amounts in ₹ million)

Note 12: Other Equity

	March 31, 2018	March 31, 2017
Share application money pending allotment [Refer note below]	1.91	26.16
Securities premium	13,663.84	12,528.86
Employee stock options outstanding	1,899.06	1,835.05
Contribution from Ultimate Holding Company	48.17	–
Gain on Treasury shares	357.16	–
General reserve	10,145.19	10,145.19
Retained earnings	19,719.03	7,300.77
Other comprehensive income	812.84	385.13
	46,647.20	32,221.16

Note: Share application money pending allotment for the year ended March 31, 2018 represents the money received from employees of the Company towards exercise of 350 stock options at the exercise price of ₹ 3,077 and 200 stock options at the exercise price of ₹ 3,127 under Employee Stock Option Plan 2011 Scheme ("Scheme 2011") and 133 OFSS Stock Units ("OSUs") at the exercise price of ₹ 5 and 62 stock options at the exercise price of ₹ 3,393 under Oracle Financial Services Software Limited Stock Plan 2014 ("OFSS Stock Plan 2014"). Each stock option and OSUs will entitle one equity share of ₹ 5 each of the Company.

(Amounts in ₹ million)

	March 31, 2018	March 31, 2017
Share application money pending allotment		
Balance, beginning of the year	26.16	3.00
Application money received for exercised options	587.91	589.42
Shares issued for exercised options	(612.16)	(566.26)
Balance, end of the year	1.91	26.16
Securities premium		
Balance, beginning of the year	12,528.86	11,690.40
Received during the year on exercise of employee stock options	610.61	565.01
Stock compensation related to options exercised	524.37	273.45
Balance, end of the year	13,663.84	12,528.86
Employee stock options outstanding		
Balance, beginning of year	1,835.05	1,345.71
Stock compensation charge for unvested options	635.18	780.44
Forfeiture of options	(46.80)	(17.65)
Stock compensation related to options exercised	(524.37)	(273.45)
Balance, end of the year	1,899.06	1,835.05
Contribution from Ultimate Holding Company		
ESOP charge from Ultimate Holding Company		
Balance, beginning of the year	–	–
Charge for the year	48.17	–
Balance, end of the year	48.17	–
Gain on Treasury shares		
Balance, beginning of the year	–	–
Gain on sale of shares by i-flex Employee Stock Option Trust	357.16	–
Balance, end of the year	357.16	–
Retained earnings		
Balance, beginning of year	7,300.77	22,569.41
Profit for the year	12,370.41	11,853.85
Forfeiture of options	46.80	17.65
Actuarial gain (loss) on gratuity fund including deferred tax thereon transferred to retained earnings	33.91	(31.71)
Less: Dividends on equity shares [Refer note below]		
Final equity dividend	–	(8,484.59)
Interim equity dividend	(27.30)	(14,439.84)
Tax on equity dividend (interim and final)	(5.56)	(4,184.00)
Balance, end of the year	19,719.03	7,300.77

Note: The Board of Directors has recommended a final dividend of ₹ 130 per equity share for the year ended March 31, 2018 (March 31, 2017 - ₹ Nil). This final dividend is subject to the approval of the shareholders. The Board of Directors had declared an interim dividend on March 29, 2017 of ₹ 170 per equity share for the year ended March 31, 2017 which was paid subsequent to the date of balance sheet.

	March 31, 2018	March 31, 2017
(Amounts in ₹ million)		
Other comprehensive income		
Balance, beginning of the year	385.13	561.58
Actuarial gain (loss) on gratuity fund net of tax	33.91	(31.71)
Translation of foreign subsidiaries	427.71	(176.45)
	846.75	353.42
Actuarial gain (loss) on gratuity fund including deferred tax thereon transferred to retained earnings	(33.91)	31.71
Balance, end of the year	812.84	385.13

Note 13: Financial liabilities

		March 31, 2018	March 31, 2017
(a)	Trade payable measured at amortized cost		
	Current		
	- Micro and small enterprises*	–	–
	- Others	646.43	108.37
		646.43	108.37
(b)	Other financial liabilities		
	Non-current		
	Financial liabilities measured at amortized cost		
	Accrued compensation to employees	35.45	23.90
		35.45	23.90
	Current		
	Derivative instruments at fair value through profit or loss		
	Derivatives not designated as hedges		
	Foreign exchange forward contract, net**	30.61	0.33
		30.61	0.33
	Other financial liabilities measured at amortized cost		
	Accrued compensation to employees	822.88	682.65
	Accrued Expenses	1,541.35	1,533.01
	Interim equity dividend payable	–	14,439.84
	Tax on interim equity dividend payable	–	2,765.64
	Advance from customers	720.12	192.45
	Unpaid dividends***	115.27	119.11
		3,199.62	19,732.70
		3,230.23	19,733.03

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

** The OFSS group entered into foreign exchange forward contracts with the intention of reducing the foreign exchange risk of Trade receivables, these contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

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

Terms and conditions of financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-day terms
- Other financial liabilities are normally settled as and when due

(Amounts in ₹ million)

Note 14: Other liabilities

	March 31, 2018	March 31, 2017
Non-current		
Deferred Revenue	39.17	88.53
Deferred Rent	151.36	156.24
	190.53	244.77
Current		
Deferred Revenue	4,223.64	3,436.80
Withholding and other taxes	208.51	534.24
Other statutory dues	393.62	150.21
Deferred Rent	12.63	15.68
	4,838.40	4,136.93

Note 15: Employee benefit obligations

	March 31, 2018	March 31, 2017
Non-current		
Gratuity	926.34	784.21
	926.34	784.21
Current		
Gratuity	120.25	112.22
Compensated absence	1,258.04	1,205.51
	1,378.29	1,317.73

Note 16: Income taxes

	Year ended March 31, 2018	Year ended March 31, 2017
(a) The major components of income tax expense for the year ended March 31, 2018 and March 31, 2017 are:		
(i) Profit or loss section		
Current taxes	5,933.26	6,078.91
Deferred taxes	100.74	(362.98)
	6,034.00	5,715.93
(ii) Other Comprehensive Income (OCI) section		
Deferred tax on actuarial (loss) on gratuity fund	15.92	(16.79)
	15.92	(16.79)

Deferred tax charge for the year ended March 31, 2018 and March 31, 2017 relates to origination and reversal of temporary differences.

(b) Reconciliation of tax expense and accounting profit for the year end March 31, 2018 and March 31, 2017:

	Year ended March 31, 2018	Year ended March 31, 2017
Profit before tax	18,404.41	17,569.78
Enacted tax rates in India	34.608%	34.608%
Computed expected tax expenses	6,369.40	6,080.55
Tax effect		
of earlier years	(127.44)	(16.77)
on exempt income	–	(129.44)
on income at different rates	(220.38)	242.85
on undistributed profits	189.76	(284.10)
on non-deductible expenses for tax purpose	12.53	36.29
on weighted deduction for tax purpose	(370.36)	(806.74)
Overseas taxes	118.62	551.07
Others	61.87	42.22
Income tax expense reported in consolidated statement of profit and loss	6,034.00	5,715.93

(Amounts in ₹ million)

		March 31, 2018	March 31, 2017
(c)	The tax effect of significant temporary differences that resulted in deferred tax asset are as follows:		
	Deferred tax asset		
	Difference between book and tax depreciation	220.75	208.53
	Provision for compensated absence	368.87	343.32
	Provision for gratuity	360.94	309.49
	Impairment loss on financial assets	389.15	394.17
	Net operating loss	103.36	103.26
	Tax on undistributed profits	(417.94)	(228.18)
	Other timing differences	202.52	215.69
		1,227.65	1,346.28
	Deferred tax liability		
	Deferred revenue	(5.30)	(6.57)
		(5.30)	(6.57)
	Net deferred tax asset	1,222.35	1,339.71

Deferred tax asset and deferred tax liabilities have been offset wherever the OFSS group has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. The unused tax losses having various expiry dates for which no deferred tax asset is recognized in the balance sheet amounts to ₹ 882.12.

		Year ended March 31, 2018	Year ended March 31, 2017
(d)	Reconciliation of Net deferred tax asset is as follow:		
	Balance, beginning of the year	1,339.71	965.98
	Tax (expense) income during the year recognized in profit or loss	(100.74)	362.98
	Tax (expense) income during the year recognized in OCI	(15.92)	16.79
	Translation differences	(0.70)	(6.04)
	Balance, end of the year	1,222.35	1,339.71

Note 17: Revenue from operations

Product licenses and related activities	39,378.60	37,613.50
IT solutions and consulting services	4,770.92	5,437.54
Business Processing Outsourcing services	1,125.20	1,214.29
	45,274.72	44,265.33

Note 18: Finance income

Interest on financial assets measured at amortized cost:		
Bank deposits	720.90	1,428.64
Deposits for premises and others	46.43	47.19
Others	27.51	15.33
	794.84	1,491.16

Note 19: Other income, net

Fair value gain on derivatives not designated as hedges	59.77	126.58
Foreign exchange (loss), net	(203.70)	(347.93)
Profit on sale of fixed assets, net	2.07	38.53
Profit on sale of investment in associate [Refer note 6]	16.91	–
Miscellaneous income	237.01	255.35
	112.06	72.53

(Amounts in ₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017

Note 20: Employee benefit expenses

Salaries and bonus	18,457.81	18,157.83
Contribution to provident and other funds	1,026.49	920.59
Stock compensation expense	683.35	780.44
Staff welfare expenses	824.06	843.81
	20,991.71	20,702.67

Note 21: Other operating expenses

Application software	57.78	76.62
Communication expenses	134.13	108.97
Rent	637.53	613.91
Power	214.90	213.24
Insurance	34.49	24.02
Repairs and maintenance:		
Buildings and leasehold premises	58.52	63.52
Computer equipments	14.47	18.09
Others	113.15	86.48
Rates and taxes	324.71	88.92
Impairment loss (reversed) on financial assets	(70.13)	(34.52)
Bad debts	70.09	257.47
Corporate Social Responsibility expenditure [Refer note below]	333.00	339.58
Miscellaneous expenses	364.79	360.16
	2,287.43	2,216.46

Note: As per the requirements of Section 135 of the Companies Act, 2013 the OFSS group was required to spend an amount of ₹ 332.90 million (March 31, 2017 - ₹ 338.31 million) on Corporate Social Responsibility expenditure based on the average net profits of the three immediately preceding financial years. The OFSS group has spent an amount of ₹ 333.00 million (March 31, 2017 - ₹ 339.58 million) against Corporate Social Responsibility expenditure.

Note 22: Research and development expenditure

Five 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	2,058.24	2,100.73
Capital Expenditure	82.06	230.35

Note 23: Exceptional item

During the year ended March 31, 2017, the OFSS Group has recorded a charge under the "Products" segment of ₹ 628.25 million on its receivables from customers in Egypt due to significant devaluation of Egyptian Pound post liberalization of exchange rates by the Egypt Government.

Note 24: Net equity dividend remitted in foreign exchange

Year of remittance (ending on)	March 31, 2018	March 31, 2017
Period to which it relates	March 31, 2017	March 31, 2016
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 US$ million)	166.02	94.68
Amount remitted (in ₹ million)	10,718.70	6,305.12

Note 25: Reconciliation of basic and diluted shares used in computing earnings per share

(Number of equity shares)

	Year ended March 31, 2018	Year ended March 31, 2017
Weighted average shares outstanding for basic earnings per share	85,182,848	84,817,337
Add: Effect of dilutive stock options	503,905	284,762
Weighted average shares outstanding for diluted earnings per share	85,686,753	85,102,099

Note 26: Significant accounting judgements, estimates and assumptions

The preparation of the OFSS group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions and estimate at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are described below. These assumptions and estimates are based on available parameters as on the date of preparation of financial statements. These assumptions and estimates, however, may change due to market changes or circumstances arising that are beyond the control of the OFSS group.

- **Operating lease**

  The OFSS group has entered into commercial property leases for offices. The OFSS group has accounted these contracts as operating leases which have been determined based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property, the fair value of the asset and that the OFSS group does not obtain any significant risks and rewards of ownership of these properties.

- **Fair value of investment property**

  As per the Ind AS, the OFSS group is required to disclose the fair value of the investment property. Accordingly, the Company has engaged an independent valuation specialist to assess the fair values of investment property as at March 31, 2017 and March 31, 2018. The investment property was valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the investment property. The key assumptions used to determine fair value of the investment property and sensitivity analysis are provided in note 4.

- **Employee Benefit Trust**

  The Company had formed a Trust with name i-flex Employee Stock Option Trust ('The Trust') in the year 1998. The main object was to provide benefit to the employees through stock purchase scheme. The Trust is holding certain assets including the equity shares of the Company. The Trust funds would now be utilized for the benefit of the employees. However, as per the Trust deed, the Company may use its controlling power on certain activities of the Trust. Accordingly, the financial of the Trust are consolidated with the financials of the OFSS group.

- **Impairment of non-financial assets**

  Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the projections for the next five years and do not include restructuring activities that the OFSS group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognized by the OFSS group. The key assumptions used to determine the recoverable amount for the different CGUs, are disclosed and further explained in Note 31.

- **Share based payments**

  The Company measures share-based payments and transactions at fair value and recognizes over the vesting period using Black Scholes valuation model. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and model used for estimating fair value for share based payment transactions are disclosed in note 29(b).

- **Taxes**

  Deferred tax liability is recognized on the undistributed profits of subsidiaries where it is expected that the earnings of the subsidiary will be distributed in foreseeable future. Deferred tax asset is recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

- **Defined benefit plans (gratuity benefits)**

  The cost of the defined benefit gratuity plan and other post-employment retirement benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date annually. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. For plans operated outside India, the management considers the interest rates of high quality corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

  The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases is based on expected future inflation rates for the respective countries. Further details about gratuity obligations are given in note 30.

- **Fair value measurement of financial instruments**

  When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 37 for further disclosures.

Note 27: Capital commitments and contingent liabilities

(Amounts in ₹ million)

Particulars		March 31, 2018	March 31, 2017
(a)	Capital Commitments against Property, Plant and Equipment		
	Contracts remaining to be executed on capital account not provided for (net of advances)	235.24	224.42
(b)	Contingent liabilities	4.61	Nil

Note 28: Leases

Where OFSS group is lessee

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, 2018 aggregated to ₹ 585.59 million (March 31, 2017 - ₹ 561.37 million). The minimum rental payments to be made in future in respect of these leases are as follows:

(Amounts in ₹ million)

Particulars	March 31, 2018	March 31, 2017
Not later than one year	488.58	568.00
Later than one year but not later than five years	993.15	1,352.77
Later than five years	234.99	433.85
	1,716.72	2,354.62

Note 29: Share based compensation / payments

(a) Employee Stock Purchase Scheme ("ESPS")

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

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 had filed a petition in the Honorable 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. As per the order of the Honorable Bombay High Court dated August 1, 2016, the trust funds would be utilized for the benefit of the employees. Accordingly during the financial year the trust has incurred an expenditure of ₹ 28.71 million (March 31, 2017 - ₹ Nil) towards welfare of employees of the Company.

As at March 31, 2018, the Trust is holding 70,600 equity shares (March 31, 2017 - 166,142 equity shares) of the Company.

(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 ("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 165,795 Stock Options and 586,984 OFSS Stock Units ("OSUs") under OFSS Stock Plan 2014. The issuance terms of OSUs are the same as for Stock Options, employees may elect to receive 1 OSU 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 options / OSUs 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 / OSUs have exercise period of 10 years from the date of grant. The employee pays the exercise price upon exercise of options / OSUs.

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

	Year ended			
	March 31, 2018		March 31, 2017	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of the year	12,000	2,333	23,000	1,835
Granted	–	–	–	–
Exercised	(12,000)	2,333	(5,000)	1,290
Forfeited	–	–	–	–
Lapsed	–	–	(6,000)	1,290
Outstanding at end of the year	–	–	12,000	2,333
Vested options	–		12,000	
Unvested options	–		–	

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

	Year ended			
	March 31, 2018		March 31, 2017	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of the year	56,675	2,050	95,344	2,062
Granted	–	–	–	–
Exercised	(14,600)	2,050	(30,869)	2,088
Forfeited	(590)	2,050	(7,800)	2,050
Outstanding at end of the year	41,485	2,050	56,675	2,050
Vested options	41,485		56,675	
Unvested options	–		–	

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

	Year ended			
	March 31, 2018		March 31, 2017	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of the year	860,798	2,922	1,119,925	2,882
Granted	–	–	–	–
Exercised	(196,016)	2,753	(185,197)	2,660
Forfeited	(28,900)	3,100	(73,930)	2,970
Outstanding at end of the year	635,882	2,966	860,798	2,922
Vested options	540,332		559,948	
Unvested options	95,550		300,850	

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

	Year ended			
	March 31, 2018		March 31, 2017	
	Shares arising from Stock Options and OSUs	Weighted average exercise price (₹)	Shares arising from Stock Options and OSUs	Weighted average exercise price (₹)
Outstanding at beginning of the year	534,537	905	386,361	858
Granted	138,383	237	217,773	958
Exercised	(87,871)	176	(29,162)	91
Forfeited	(24,380)	710	(40,435)	1,329
Outstanding at end of the year	560,669	863	534,537	905
Vested options and OSUs	154,597		109,267	
Unvested options and OSUs	406,072		425,270	

During the year ended March 31, 2018, the Company has granted 9,000 stock options and 129,383 OSUs under OFSS Stock Plan 2014 at an exercise price of ₹ 3,579 and ₹ 5 respectively.

The weighted average share price for the year over which stock options / OSUs were exercised was ₹ 3,795 (March 31, 2017 - ₹ 3,407).

The details of options / OSUs unvested and options / OSUs vested and exercisable as on March 31, 2018 are as follows:

	Exercise prices (₹)	Number of Options	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Options/OSUs unvested	5	329,388	5	8.4
	3,077	95,550	3,077	5.5
	3,241	11,994	3,241	7.0
	3,393	40,901	3,393	8.2
	3,579	9,000	3,579	9.2
	3,987	14,789	3,987	7.6
Options/OSUs vested and exercisable	5	92,910	5	7.5
	1,930	73,133	1,930	3.7
	2,050	41,485	2,050	2.4
	3,077	200,489	3,077	5.5
	3,127	266,710	3,127	4.9
	3,241	34,445	3,241	7.0
	3,393	12,556	3,393	8.2
	3,987	14,686	3,987	7.6
		1,238,036	1,983	6.3

The details of options / OSUs unvested and options / OSUs vested and exercisable as on March 31, 2017 are as follows:

	Exercise prices (₹)	Number of Options	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Options/OSUs unvested	5	319,971	5	8.8
	3,077	204,100	3,077	6.5
	3,127	96,750	3,127	5.9
	3,241	26,049	3,241	8.0
	3,393	56,425	3,393	9.2
	3,987	22,825	3,987	8.6
Options/OSUs vested and exercisable	5	75,607	5	8.2
	1,930	130,788	1,930	4.7
	2,050	56,675	2,050	3.4
	2,333	12,000	2,333	3.6
	3,077	192,205	3,077	6.5
	3,127	236,955	3,127	5.9
	3,241	26,060	3,241	8.0
	3,987	7,600	3,987	8.6
		1,464,010	2,147	6.8

Stock Options/OSUs granted during the financial year ended March 31, 2018:

The weighted average fair value of stock options / OSUs granted during the year was ₹ 3,407 (March 31, 2017 - ₹ 2,703).

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

	Year Ended March 31, 2018	
	OFSS Stock Plan 2014 (Stock Option)	OFSS Stock Plan 2014 (OSU)
	June, 2017	June, 2017
Weighted average share price (in ₹)	987	3,575
Exercise Price (in ₹)	3,579	5
Expected Volatility	23%	23%
Weighted average life (in years)	3.60	3.60
Expected dividend rate	Nil	Nil
Average risk-free interest rate	6.45%	6.45%

	Year Ended March 31, 2017					
	OFSS Stock Plan 2014 (Stock Option)	OFSS Stock Plan 2014 (OSU)				
	June, 2016	April, 2016	June, 2016	November, 2016	December, 2016	January, 2017
Weighted average share price (in ₹)	3,393	3,527	3,393	2,998	3,146	3,314
Exercise Price (in ₹)	3,393	5	5	5	5	5
Expected Volatility	24%	27%	27%	25%	25%	26%
Weighted average life (in years)	3.54	6.25	6.25	6.25	6.25	6.25
Expected dividend rate	Nil	Nil	Nil	Nil	Nil	Nil
Average risk-free interest rate	7.18%	7.55%	7.44%	6.50%	6.64%	6.65%

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.

Note 30: Defined benefits obligations

Defined contribution plans

During the year ended March 31, 2018 and March 31, 2017, the OFSS group contributed following amounts to defined contributions plans:

(Amounts in ₹ million)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Provident fund	352.07	337.64
Superannuation fund	124.16	135.65
	476.23	473.29

Defined benefit plan – gratuity

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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Current service cost	127.64	91.33
Past service cost	87.95	8.96
Interest cost, net	56.78	55.58
Total included in employee benefit expense	272.37	155.87

Remeasurements recognized in other comprehensive income (OCI) are as follows:

(Amounts in ₹ million)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Due to change in demographic assumptions	3.46	(0.79)
Due to change in financial assumptions	(48.27)	26.85
Due to change in experience adjustments	(7.18)	21.04
Return on plan assets (excl. Interest income)	2.16	1.40
Total remeasurements in OCI	(49.83)	48.50

The amounts recognized in the balance sheet are as follows:

Particulars	March 31, 2018	March 31, 2017
Present value of funded obligations	916.36	760.67
Present value of unfunded obligations	135.39	144.26
Fair value of plan assets	(5.16)	(8.50)
Net liability	1,046.59	896.43

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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Defined benefit obligation at beginning of the year	904.93	774.70
Current service cost	127.64	91.33
Past service cost	87.95	8.96
Interest cost	57.32	55.70
Benefits paid	(74.10)	(72.86)
Remeasurement		
- Due to change in demographic assumptions	3.46	(0.79)
- Due to change in financials assumptions	(48.27)	26.85
- Due to change in experience adjustments	(7.18)	21.04
Defined benefit obligation at end of the year	1051.75	904.93

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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Fair value of plan assets at beginning of the year	8.50	1.40
Interest income	0.54	0.12
Return on plan assets (excl. Interest income)	(2.16)	(1.40)
Contributions by employer	63.98	73.33
Benefits paid	(65.70)	(64.95)
Fair value of plan assets at end of the year	5.16	8.50

Plan assets are administered by LIC.

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

Particulars	March 31, 2018	March 31, 2017
Discount rate	3.91% - 7.70%	4.00% - 7.15%
Expected returns on plan assets	7.70%	7.15%
Salary escalation rate	2.00% - 8.00%	3.00% - 8.00%
Weighted average duration	5 years - 14 years	5 years - 14 years

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 LIC. 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 the fund for the year ending March 31, 2019 is expected to be ₹ 110.46 million (March 31, 2018 - ₹ 120.79 million).

A quantitative sensitivity analysis for significant assumptions on defined benefit obligation as at March 31, 2018 is as shown below:

(Amounts in ₹ million)

Particulars	Sensitivity level	Year ended March 31, 2018	Year ended March 31, 2017
Financial assumptions			
Discount rate	- 0.5%	1,092.01	938.21
	0.5%	1,014.13	873.98
Salary escalation rate	- 0.5%	1,017.75	881.82
	0.5%	1,087.06	928.62
Demographic assumptions			
Withdrawal rate	- 1%	1,049.49	900.52
	1%	1,053.59	908.77

Note 31: Impairment testing of goodwill

Goodwill acquired through business combinations with indefinite lives has been allocated to the two cash generating units (CGUs) below, which are also operating and reportable segments, for impairment testing:

1. Product licenses and related activities ('Products')
2. Business Processing Outsourcing services ('BPO Services')

Carrying amount of goodwill allocated to each of the CGUs:

(Amounts in ₹ million)

Particulars	March 31, 2018	March 31, 2017
Products	5,861.99	5,861.99
BPO Services	224.64	224.64
Total carrying value of goodwill	6,086.63	6,086.63

The OFSS group performed its annual impairment test for years ended March 31, 2018 and March 31, 2017 on respective balance sheet date. The recoverable amount of above CGUs exceeded their carrying amounts.

Products CGU

The recoverable amount of the Products CGU as at March 31, 2018 is determined based on a value in use calculation using projections covering a five-year period. The growth rate used to extrapolate the cash flows of the unit beyond the five-year period is 1% (March 31, 2017 1%). This growth rate is in line with the industry average growth rate. The pre-tax discount rate applied to the cash flow projections for impairment testing during the current year is 20.97% (March 31, 2017 - 20.55%). The management did not identify impairment for this CGU.

Key assumptions used for value in use calculations

The calculation of value in use for Products CGU is most sensitive to the following assumptions:

- Operating margins
- Discount rates
- Growth rates used to extrapolate cash flows beyond the forecast period

Operating margins - Operating margins are based on average values achieved in the current financial year.

Discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Growth rate estimates - Rates are in line with the industry average growth rate.

Note 32: Financial risk management objectives and policies

The OFSS group activities expose it to market risks, liquidity risk and credit risks. The management oversees these risks and is aided by the Risk Management Committee whose scope is to formulate the risk management policy, which will identify elements of risk, if any which may affect the OFSS group.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly comprises of foreign currency risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of monetary items will fluctuate because of changes in foreign exchange rates. This may have potential impact on the statement of profit and loss and other components of equity, where monetary items are denominated in a foreign currency which are different from functional currency in which they are measured. As of balance sheet date, the OFSS group's net foreign currency exposure expressed in INR that is not hedged is ₹ 3,017.10 million (March 31, 2017 - ₹ 5,747.27).

Following are the carrying amounts of foreign currency denominated monetary items (net) of OFSS group where it has significant exposure as at the balance sheet date:

(Amounts in ₹ million)

Currency	March 31, 2018	March 31, 2017
USD	1,062.49	2,128.07
CNY	1,034.53	1,207.25
GBP	696.22	668.70
EUR	(632.65)	563.77
AUD	(154.41)	(187.29)

The OFSS group manages its foreign currency risk by hedging the receivables in the major currencies (USD, EUR and AUD) using hedging instrument as forward contracts. The period of the forward contracts is determined by the expected collection period for invoices which currently ranges between 30 to 120 days.

Foreign currency sensitivity

The table below demonstrates sensitivity impact on OFSS group's profit after tax and total equity due to change in foreign exchange rates of currencies where it has significant exposure:

(Amounts in ₹ million)

Currency	March 31, 2018		March 31, 2017	
	+1%	-1%	+1%	-1%
USD	30.96	(30.96)	23.38	(23.38)
CNY	6.80	(6.80)	6.86	(6.86)
GBP	10.00	(10.00)	10.72	(10.72)
EUR	(15.57)	15.57	(10.17)	10.17
AUD	3.44	(3.44)	(1.23)	1.23

The above sensitivity impact gain (loss) is due to every percentage point appreciation or depreciation in the exchange rate of respective currencies, with all other variables held constant. Sensitivity impact is computed based on change in value of monetary assets and liabilities denominated in above respective currency, where the functional currency of the entity is a currency other than above respective currency and entities with functional currency as above respective currency where transactions are in foreign currencies. The OFSS group's exposure to foreign currency changes for all other currencies is not material.

(b) Liquidity risk

Liquidity risk management implies maintaining sufficient availability of funds to meet obligations when due and to close out market positions. The OFSS group monitors rolling forecast of the cash and cash equivalent on the basis of expected cash flows.

The table below summarizes the maturity profile of the OFSS group's financial liabilities based on contractual undiscounted payments:

As at March 31, 2018 (Amounts in ₹ million)

Particulars	Less than 1 year	More than 1 year	Total
Trade payable	646.43	–	646.43
Accrued compensation to employees	822.88	35.45	858.33
Accrued Expenses	1,541.35	–	1,541.35
Advance from customers	720.12	–	720.12
Unpaid dividends	115.27	–	115.27
Foreign exchange forward contract, net	30.61	–	30.61
	3,876.66	35.45	3,912.11

As at March 31, 2017

Particulars	Less than 1 year	More than 1 year	Total
Trade payable	108.37	–	108.37
Accrued compensation to employees	682.65	23.90	706.55
Accrued Expenses	1,533.01	–	1,533.01
Interim equity dividend payable	14,439.84	–	14,439.84
Tax on interim equity dividend payable	2,765.64	–	2,765.64
Advance from customers	192.45	–	192.45
Unpaid dividends	119.11	–	119.11
Foreign exchange forward contract, net	0.33	–	0.33
	19,841.40	23.90	19,865.30

The OFSS group has sufficient funds in cash and cash equivalent and other bank balances to meet obligations towards financial liabilities.

(c) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The OFSS group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including time deposits with banks, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed in line with the established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on regional historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 8.

Cash and Bank balances

Credit risk from balances with banks is managed by the OFSS group's treasury department in accordance with the OFSS group's policy. Investments of surplus funds are made only with existing Bankers and within credit limits assigned to each banker.

OFSS group follows a conservative philosophy and aims to invest surplus funds mainly in India and only in time deposits with well-known and highly rated banks. The duration of such time deposits will not exceed 364 days. The OFSS group, on quarterly basis, monitors the credit ratings and total deposit balances of each of its bankers. Further limits are set to minimize the concentration of risks and therefore mitigate financial loss of any potential failure to repay deposits.

Note 33: Capital management

For the purpose of the OFSS group's capital management, capital includes issued equity share capital, share premium and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the OFSS group's capital management is to maximize the equity shareholder value.

The OFSS group manages its capital structure and makes adjustments in light of changes in economic conditions and other financial requirements.

Note 34: Derivative instruments

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, 2018 the Company has following outstanding derivative instrument:

(Amounts in million)

Particulars	March 31, 2018	March 31, 2017
Forward contracts – Sell in US Dollar	USD 57.40	USD 20.00
Forward contracts – Sell in AU Dollar	AUD 13.32	–
Forward contracts – Sell in Euro	EUR 10.88	–

Note 35: Recent accounting pronouncements

Standards issued but not yet effective

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standards.

Ind AS 115, Revenue from Contract with Customers:

Ind AS 115 was notified on March 28, 2018 and is applicable to the OFSS group from financial year 2018-19 beginning April 1, 2018.

The core principle of Ind AS 115 is to recognize revenues to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. Ind AS 115 establishes a five-step model to identify the contract(s) with the customers, identifying performance obligations, estimating variable consideration included in the transaction price and allocating the transaction price to each separate performance obligation and recognizing revenue when (or as) each performance obligation is satisfied. The new standard also provides guidance on recognition of incremental cost of obtaining and fulfilling a contract with a customer.

Ind AS 115 will supersede all current revenue recognition requirements under Ind AS. The standard permits two methods of transition: i) full retrospective method: retrospective application to each prior reporting period with the option to elect certain practical expedients as defined within Ind AS 115; or, ii) modified retrospective method: retrospective application with cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (i.e. April 1, 2018) and providing certain additional disclosures as defined in Ind AS 115.

The OFSS group will adopt the new standard effective April 1, 2018 using the modified retrospective method and is in the process of evaluating its contractual arrangements as per the five-step model required by Ind AS 115. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the assessment has been completed.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration:

On March 28, 2018, MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

This amendment will come into force from April 1, 2018. The OFSS group is evaluating the requirements of the amendment and the effect on the consolidated financial statements.

Note 36: Summary of net assets and share in profit or loss of the group

March 31, 2018 (Amounts in ₹ million)

Name of the Entity	Net Assets	%	Share in Profit or (loss)	%	Share in other comprehensive income	%	Share in total comprehensive income	%
Parent								
Oracle Financial Services Software Limited	30,290.54	64%	10,059.90	81%	32.79	7%	10,092.69	79%
Subsidiaries								
Indian								
Oracle (OFSS) Processing Services Limited	216.67	0%	45.39	0%	0.84	0%	46.23	0%
Oracle (OFSS) BPO Services Limited	212.76	0%	(62.57)	0%	4.05	1%	(58.52)	0%
Oracle (OFSS) ASP Private Limited	39.78	0%	0.63	0%	–	0%	0.63	0%
Mantas India Private Limited	19.56	0%	0.70	0%	–	0%	0.70	0%
Foreign								
Oracle Financial Services Software B.V.	1,353.19	3%	126.11	1%	209.26	45%	335.37	3%
Oracle Financial Services Software SA	926.74	2%	33.30	0%	31.85	7%	65.15	0%
Oracle Financial Services Software Pte. Ltd.	1,549.34	3%	712.11	6%	124.83	27%	836.94	6%
Oracle Financial Services Consulting Pte. Ltd.	(200.63)	0%	1.79	0%	(15.67)	(3%)	(13.88)	0%
Oracle Financial Services Software America, Inc.	19.04	0%	0.93	0%	0.07	0%	1.00	0%
Oracle Financial Services Software, Inc.	6,705.76	15%	1,257.03	10%	22.74	5%	1,279.77	10%
Mantas Inc.	4,881.82	10%	(6.49)	0%	(0.04)	0%	(6.53)	0%
Sotas Inc.	(0.46)	0%	(0.48)	0%	0.02	0%	(0.46)	0%
ISP Internet Mauritius Company	390.72	1%	(0.87)	0%	–	0%	(0.87)	0%
Oracle (OFSS) BPO Services Inc.	(641.20)	(1%)	38.61	0%	(0.06)	0%	38.55	0%
Oracle Financial Services Software Chile Limitada	406.68	1%	26.53	0%	35.52	8%	62.05	0%
Oracle Financial Services Software (Shanghai) Limited	149.54	0%	(53.77)	0%	15.42	3%	(38.35)	0%
Controlled trust								
Indian								
i-flex Employee Stock Option Trust	754.08	2%	343.16	3%	–	0%	343.16	3%
Associate								
Foreign								
Login SA	–	0%	–	0%	–	0%	–	0%
Adjustments arising out of consolidation	–	0%	(151.60)	(1%)	–	0%	(151.60)	(1%)
Total	47,073.93	100%	12,370.41	100%	461.62	100%	12,832.03	100%

March 31, 2017

(Amounts in ₹ million)

Name of the Entity	Net Assets	%	Share in Profit or (loss)	%	Share in other comprehensive income	%	Share in total comprehensive income	%
Parent								
Oracle Financial Services Software Limited	19,209.63	59%	12,880.97	109%	12.98	(6%)	12,893.95	111%
Subsidiaries								
Indian								
Oracle (OFSS) Processing Services Limited	170.44	1%	38.67	0%	0.67	0%	39.34	0%
Oracle (OFSS) BPO Services Limited	266.90	1%	18.92	0%	(0.74)	0%	18.18	0%
Oracle (OFSS) ASP Private Limited	39.15	0%	2.01	0%	–	0%	2.01	0%
Mantas India Private Limited	18.83	0%	0.74	0%	–	0%	0.74	0%
Foreign								
Oracle Financial Services Software B.V.	666.34	2%	523.17	4%	(35.78)	17%	487.39	4%
Oracle Financial Services Software SA	859.97	3%	24.19	0%	(29.88)	14%	(5.69)	0%
Oracle Financial Services Software Pte. Ltd.	634.03	2%	27.10	0%	(10.52)	5%	16.58	0%
Oracle Financial Services Consulting Pte. Ltd.	(186.75)	(1%)	0.38	0%	12.65	(6%)	13.03	0%
Oracle Financial Services Software America, Inc.	18.04	0%	946.32	8%	(13.24)	6%	933.08	8%
Oracle Financial Services Software, Inc.	5,412.48	18%	1,306.53	11%	(125.16)	60%	1,181.37	10%
Mantas Inc.	4,888.35	15%	0.18	0%	(4.05)	2%	(3.87)	0%
Sotas Inc.	–	0%	–	0%	–	0%	–	0%
ISP Internet Mauritius Company	391.59	1%	8.24	0%	–	0%	8.24	0%
Oracle (OFSS) BPO Services Inc.	(679.75)	(2%)	51.87	0%	13.28	(6%)	65.15	1%
Oracle Financial Services Software Chile Limitada	342.20	1%	138.67	1%	(7.82)	4%	130.85	1%
Oracle Financial Services Software (Shanghai) Limited	187.79	1%	(37.00)	0%	(20.55)	10%	(57.55)	0%
Controlled trust								
Indian								
i-flex Employee Stock Option Trust	406.62	1%	48.60	0%	–	0%	48.60	0%
Associate								
Foreign								
Login SA	–	0%	(2.72)	0%	–	0%	(2.72)	0%
Adjustments arising out of consolidation	–	0%	(4,122.99)	(35%)	–	0%	(4,122.99)	(35%)
Total	32,645.86	100%	11,853.85	100%	(208.16)	100%	11,645.69	100%

Note 37: Fair values

The management has assessed that fair value of financial instruments approximates their carrying amounts largely due to the short term maturities of these instruments.

Fair value hierarchy:

The following table provides the fair value measurement hierarchy of the OFSS group's assets and liabilities.

Fair value measurement hierarchy for assets and liabilities as at March 31, 2018: (Amounts in ₹ million)

	Date of valuation	Total	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed					
Investment property [Refer note 4]	March 31, 2018	237.50	–	237.50	–
Liabilities measured at fair value:					
Foreign exchange forward contract, net	March 31, 2018	30.61	–	30.61	–

Fair value measurement hierarchy for assets and liabilities as at March 31, 2017: (Amounts in ₹ million)

	Date of valuation	Total	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed					
Investment property [Refer note 4]	March 31, 2017	225.67	–	225.67	–
Liabilities measured at fair value:					
Foreign exchange forward contract, net	March 31, 2017	0.33	–	0.33	–

The following methods and assumptions are used to estimate the fair values:

The OFSS group enters into derivative financial instruments with various banks. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies.

There have been no transfers between Level 1 and Level 2 during the periods March 31, 2018 and March 31, 2017.

Note 38: 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	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 & 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.
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 (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 Software (Schweiz) GmbH
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
(iv)	Independent Directors	S Venkatachalam Sridhar Srinivasan Richard Jackson

Transactions and balances outstanding with these parties are described below:

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2018	Year ended March 31, 2017	As at March 31, 2018	As at March 31, 2017
Revenue				
Fellow subsidiaries				
Oracle America, Inc.	3,740.14	4,542.88	676.08	80.72
Oracle Austria GmbH	16.86	15.01	4.45	1.25
Oracle Belgium B.V.B.A/SPRL.	43.01	70.12	15.68	12.35
Oracle Bilgisayar Sistemleri Limited Sirketi	30.45	72.26	21.67	13.67
Oracle Canada ULC	1,020.53	1,244.52	176.14	177.00
Oracle Caribbean, Inc.	52.25	33.62	22.84	6.69
Oracle (China) Software Systems Company Limited	42.29	36.94	21.53	43.54
Oracle Colombia Limitada	279.63	227.24	172.46	41.14
Oracle Consulting Kazakhstan LLP	0.95	1.21	(0.19)	0.19
Oracle Corporation Japan	1,582.56	1,737.52	357.67	(99.91)
Oracle Corporation (South Africa)(Pty) Limited	942.58	736.10	165.99	73.99
Oracle Corporation (Thailand) Company Limited	449.06	129.10	141.14	17.59
Oracle Corporation Australia Pty. Limited	4,984.94	3,825.98	802.52	344.30
Oracle Corporation Malaysia Sdn. Bhd.	410.03	304.78	115.14	34.55
Oracle Corporation Singapore Pte. Ltd.	487.37	335.07	94.44	112.28
Oracle Corporation UK Limited	597.64	512.01	181.20	38.75
Oracle Czech s.r.o.	27.33	14.87	25.00	0.89
Oracle Danmark ApS	12.02	15.06	4.60	1.33
Oracle de Centroamerica, S.A.	4.33	2.39	0.85	0.29
Oracle de Mexico, S.A. de C.V.	52.05	85.82	22.03	21.17
Oracle Deutschland B.V & Co. KG	65.45	34.65	31.29	0.46
Oracle de Venezuela, C.A.	0.04	0.15	0.02	0.01
Oracle Do Brasil Sistemas Limitada	148.34	78.07	57.47	2.05
Oracle East Central Europe Limited	327.73	252.11	225.48	8.71
Oracle East Central Europe Services B.V.	76.37	84.06	31.65	309.38
Oracle Egypt Limited	618.08	756.46	677.42	1,854.90
Oracle France, S.A.S.	62.46	78.80	21.94	0.02
Oracle Hardware ZAO	–	–	–	231.65
Oracle Hellas, S.A.	151.33	34.47	189.24	10.54
Oracle Hrvatska d.o.o.	0.54	0.50	0.23	0.17
Oracle Hungary Kft.	255.51	403.29	69.77	53.69
Oracle Iberica, S.R.L.	33.00	68.63	7.49	1.91
Oracle India Private Limited	214.42	161.74	183.95	5.07
Oracle Italia S.r.l.	284.07	123.07	110.86	124.07
Oracle Korea, Ltd.	61.39	34.06	21.90	7.99
Oracle Luxembourg S.a.r.l.	3.15	17.31	0.65	2.12
Oracle Nederland B.V.	247.24	576.90	91.94	79.19
Oracle New Zealand	193.98	289.51	32.84	19.74
Oracle (Philippines) Corporation	390.25	193.89	41.16	(34.55)

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2018	Year ended March 31, 2017	As at March 31, 2018	As at March 31, 2017
Oracle Polska, Sp.z.o.o.	23.31	70.27	14.00	(7.82)
Oracle Portugal - Sistemas de Informacao Lda.	93.64	36.61	81.14	6.66
Oracle Serbia and Montenegro d.o.o	65.21	15.41	129.10	154.89
Oracle SRBIJA CRNA GORA d.o.o.	449.46	307.32	–	–
Oracle Software (Schweiz) GmbH	1.10	6.84	1.12	–
Oracle Svenska AB	–	15.50	–	0.94
Oracle Systems Hong Kong Limited	304.11	325.34	66.31	29.80
Oracle Systems Limited	1,179.76	925.09	579.53	326.99
Oracle Systems Pakistan (Private) Limited	276.42	312.50	84.93	135.64
Oracle Taiwan LLC	118.27	185.00	51.42	33.55
Oracle Technology Systems (Kenya) Limited	101.29	75.66	18.20	26.18
Oracle Vietnam Pte. Ltd.	131.53	68.01	76.39	21.47
PT Oracle Indonesia	191.99	188.07	17.88	8.00
Oracle Romania SRL	110.70	84.81	39.07	34.02
Sistemas Oracle de Chile, S.A.	51.74	10.07	26.91	19.81
Sistemas Oracle del Peru, S.A.	7.84	0.17	1.18	0.05
Impairment allowance				
Fellow subsidiaries				
Oracle America, Inc.	(1.73)	2.59	(0.86)	(2.59)
Oracle (China) Software Systems Company Limited	(3.09)	2.66	(3.59)	(6.68)
Oracle (Philippines) Corporation	3.10	(0.03)	(3.87)	(0.77)
Oracle Austria GmbH	–	(0.01)	–	–
Oracle Belgium B.V.B.A/SPRL.	(0.04)	0.03	–	(0.04)
Oracle Bilgisayar Sistemleri Limited Sirketi	0.01	(0.18)	(0.26)	(0.25)
Oracle Canada ULC	(4.77)	(2.93)	(1.47)	(6.24)
Oracle Caribbean, Inc.	2.56	(1.03)	(2.60)	(0.04)
Oracle Colombia Limitada	0.57	(0.28)	(0.92)	(0.35)
Oracle Consulting Kazakhstan LLP	0.05	(0.23)	(0.05)	–
Oracle Corporation (South Africa)(Pty) Limited	2.48	11.80	(14.28)	(11.80)
Oracle Corporation (Thailand) Company Limited	0.03	1.53	(1.81)	(1.78)
Oracle Corporation Australia Pty. Limited	1.44	(6.49)	(1.44)	–
Oracle Corporation Japan	10.61	(0.16)	(10.60)	0.01
Oracle Corporation Malaysia Sdn. Bhd.	0.34	0.14	(0.94)	(0.60)
Oracle Corporation Singapore Pte. Ltd.	1.78	(8.04)	(1.69)	0.09
Oracle Corporation UK Limited	(0.29)	(4.92)	(0.23)	(0.52)
Oracle Czech s.r.o.	0.52	(0.02)	(0.52)	–
Oracle Danmark ApS	(0.01)	(0.04)	(0.01)	(0.02)
Oracle de Centroamerica, S.A.	0.02	–	(0.02)	–
Oracle de Mexico, S.A. de C.V.	0.48	0.81	(1.38)	(0.90)
Oracle Deutschland B.V & Co. KG	–	–	(0.01)	(0.02)
Oracle Do Brasil Sistemas Limitada	0.28	(0.74)	(0.44)	(0.16)
Oracle East Central Europe Limited	2.97	–	(2.97)	–
Oracle East Central Europe Services B.V.	(13.55)	(1.64)	0.06	(13.49)
Oracle Egypt Limited	(80.91)	689.39	(677.06)	(757.97)
Oracle France, S.A.S.	–	(0.02)	–	–
Oracle Hardware ZAO	(24.39)	21.24	–	(24.39)
Oracle Hellas, S.A.	0.07	(0.13)	(0.10)	(0.03)
Oracle Hungary Kft.	0.05	0.09	(0.21)	(0.16)

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2018	Year ended March 31, 2017	As at March 31, 2018	As at March 31, 2017
Oracle Iberica, S.R.L.	(0.01)	(0.01)	–	(0.01)
Oracle India Private Limited	(1.50)	(3.41)	1.50	–
Oracle Italia S.r.l.	(0.37)	(0.05)	0.01	(0.36)
Oracle Korea, Ltd.	0.51	(1.51)	(0.55)	(0.04)
Oracle Luxembourg S.a.r.l.	(0.01)	(0.04)	–	(0.01)
Oracle Nederland B.V.	–	–	(0.32)	(1.21)
Oracle New Zealand	0.14	(6.04)	(0.15)	(0.01)
Oracle Polska, Sp.z.o.o.	0.09	(0.10)	(0.09)	–
Oracle Portugal - Sistemas de Informacao Lda.	(0.05)	0.03	(0.18)	(0.23)
Oracle Romania SRL	0.05	(4.03)	(0.25)	(0.20)
Oracle Serbia and Montenegro d.o.o	(0.35)	(5.64)	(0.08)	(0.43)
Oracle Software (Schweiz) GmbH	0.01	–	(0.01)	–
Oracle Svenska AB	(0.01)	0.01	–	(0.01)
Oracle Systems Hong Kong Limited	(1.35)	0.12	(0.35)	(1.70)
Oracle Systems Limited	(5.26)	0.51	(4.15)	(9.41)
Oracle Systems Pakistan (Private) Limited	(4.00)	(6.11)	(1.92)	(5.92)
Oracle Taiwan LLC	(3.72)	0.66	(2.38)	(6.10)
Oracle Technology Systems (Kenya) Limited	3.70	(5.87)	(5.56)	(1.86)
Oracle Vietnam Pte. Ltd.	(0.22)	0.01	(1.34)	(1.56)
PT Oracle Indonesia	(0.50)	0.37	–	(0.50)
Sistemas Oracle de Chile, S.A.	(0.32)	(2.12)	(0.36)	(0.68)
Sistemas Oracle del Peru, S.A.	0.03	(0.09)	(0.05)	(0.02)
Bad debts				
Fellow subsidiaries				
Oracle Canada ULC	0.16	–	–	–
Oracle Corporation (South Africa)(Pty) Limited	0.20	–	–	–
Oracle Corporation Australia Pty. Limited	0.08	–	–	–
Oracle Portugal - Sistemas de Informacao Lda.	–	8.76	–	–
Oracle Serbia and Montenegro d.o.o	0.07	0.15	–	–
Oracle Taiwan LLC	0.17	–	–	–
Oracle Vietnam Pte. Ltd.	2.31	–	–	–
Advance received from Customers				
Fellow subsidiaries				
Oracle America, Inc.	394.84	–	(394.84)	–
Oracle Belgium B.V.B.A/SPRL.	0.86	–	(0.86)	–
Oracle Bilgisayar Sistemleri Limited Sirketi	1.81	–	(1.81)	–
Oracle Colombia Limitada	13.04	–	(13.04)	–
Oracle Corporation Malaysia Sdn. Bhd.	0.16	(0.13)	(2.49)	(2.33)
Oracle Corporation (South Africa)(Pty) Limited	46.53	91.34	(137.87)	(91.34)
Oracle de Venezuela, C.A.	0.01	–	(0.01)	–
Oracle East Central Europe Limited	20.52	–	(20.52)	–
Oracle (Philippines) Corporation	0.03	–	(0.03)	–
Oracle Hellas, S.A.	2.10	–	(2.10)	–
Oracle Hungary Kft.	0.02	(0.02)	(0.16)	(0.14)
Oracle Italia S.r.l.	0.09	–	(0.09)	–
Oracle Polska, Sp.z.o.o.	9.44	–	(9.44)	–
Oracle Portugal - Sistemas de Informacao Lda.	0.05	–	(0.05)	–

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2018	Year ended March 31, 2017	As at March 31, 2018	As at March 31, 2017
Oracle SRBIJA CRNA GORA d.o.o.	(2.43)	(0.20)	–	(2.43)
Oracle Systems Hong Kong Limited	–	(0.72)	–	–
Oracle Systems Limited	33.14	90.25	(123.39)	(90.25)
Oracle Taiwan LLC	2.97	–	(2.97)	–
Oracle Technology Systems (Kenya) Limited	1.12	–	(1.12)	–
PT Oracle Indonesia	(2.77)	(0.06)	–	(2.77)
Deferred Revenue				
Fellow subsidiaries				
Oracle America, Inc.	–	–	(62.36)	–
Oracle Bilgisayar Sistemleri Limited Sirketi	–	–	(1.59)	–
Oracle (China) Software Systems Company Limited	–	–	(0.19)	–
Oracle Canada ULC	–	–	(2.80)	–
Oracle Colombia Limitada	–	–	(87.39)	–
Oracle Corporation Australia Pty. Limited	–	–	(0.73)	–
Oracle Corporation Japan	–	–	–	(12.50)
Oracle Corporation Malaysia Sdn. Bhd.	–	–	(26.21)	–
Oracle Corporation Singapore Pte. Ltd.	–	–	(0.67)	–
Oracle Corporation (South Africa)(Pty) Limited	–	–	(0.25)	(0.03)
Oracle Czech s.r.o.	–	–	(1.99)	–
Oracle Danmark ApS	–	–	(1.87)	–
Oracle East Central Europe Services B.V.	–	–	(0.21)	–
Oracle de Mexico, S.A. de C.V.	–	–	(0.01)	–
Oracle do Brasil Sistemas Limitada	–	–	6.83	–
Oracle Egypt Limited	–	–	(38.91)	(263.99)
Oracle Hellas, S.A.	–	–	(24.23)	–
Oracle Hrvatska d.o.o.	–	–	(0.05)	–
Oracle Hungary Kft.	–	–	(26.30)	–
Oracle Iberica, S.R.L.	–	–	(0.01)	–
Oracle India Private Limited	–	–	(4.46)	–
Oracle Italia S.r.l.	–	–	(80.80)	(45.98)
Oracle Korea, Ltd.	–	–	(1.19)	–
Oracle Nederland B.V.	–	–	(0.70)	–
Oracle New Zealand	–	–	(3.20)	(6.07)
Oracle (Philippines) Corporation	–	–	(9.09)	–
Oracle Polska, Sp.z.o.o.	–	–	(6.87)	–
Oracle Portugal - Sistemas de Informacao Lda.	–	–	(32.09)	–
Oracle SRBIJA CRNA GORA d.o.o.	–	–	(61.71)	–
Oracle Serbia and Montenegro d.o.o	–	–	(52.42)	–
Oracle Systems Hong Kong Limited	–	–	(2.04)	–
Oracle Systems Limited	–	–	(77.38)	(6.54)
Oracle Systems Pakistan (Private) Limited	–	–	(2.00)	–
Oracle Taiwan LLC	–	–	(2.99)	–
Oracle Technology Systems (Kenya) Limited	–	–	(0.28)	–
Oracle Vietnam Pte. Ltd.	–	–	(0.93)	–
Oracle Romania SRL	–	–	(0.53)	–
PT Oracle Indonesia	–	–	(0.16)	–

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2018	Year ended March 31, 2017	As at March 31, 2018	As at March 31, 2017
Unbilled revenue				
Fellow subsidiaries				
Oracle America, Inc.	–	–	461.42	573.87
Oracle Austria GmbH	–	–	1.49	(0.05)
Oracle Belgium B.V.B.A/SPRL.	–	–	6.04	0.81
Oracle Bilgisayar Sistemleri Limited Sirketi	–	–	9.61	4.46
Oracle (China) Software Systems Company Limited	–	–	25.09	10.19
Oracle Canada ULC	–	–	107.63	421.63
Oracle Caribbean, Inc.	–	–	7.04	2.89
Oracle Colombia Limitada	–	–	28.36	10.72
Oracle Consulting Kazakhstan LLP	–	–	0.10	0.19
Oracle Corporation (South Africa)(Pty) Limited	–	–	155.14	87.13
Oracle Corporation (Thailand) Company Limited	–	–	182.85	8.00
Oracle Corporation Australia Pty. Limited	–	–	401.92	548.38
Oracle Corporation Japan	–	–	109.74	328.55
Oracle Corporation Malaysia Sdn. Bhd.	–	–	42.43	102.98
Oracle Corporation Singapore Pte. Ltd.	–	–	89.67	32.29
Oracle Corporation UK Limited	–	–	151.03	167.41
Oracle Czech s.r.o.	–	–	3.93	2.57
Oracle Danmark ApS	–	–	0.68	7.77
Oracle de Centroamerica, S.A.	–	–	0.68	0.33
Oracle de Venezuela, C.A.	–	–	0.03	–
Oracle Deutschland B.V & Co. KG	–	–	11.40	11.91
Oracle East Central Europe Limited	–	–	62.58	20.87
Oracle de Mexico, S.A. de C.V.	–	–	2.56	0.94
Oracle do Brasil Sistemas Limitada	–	–	74.08	28.46
Oracle France, S.A.S.	–	–	7.26	13.36
Oracle East Central Europe Services B.V.	–	–	29.49	55.63
Oracle Egypt Limited	–	–	49.09	–
Oracle Hellas, S.A.	–	–	13.86	26.31
Oracle Hrvatska d.o.o.	–	–	–	(0.01)
Oracle Hungary Kft.	–	–	87.47	(0.51)
Oracle Iberica, S.R.L.	–	–	1.86	1.38
Oracle India Private Limited	–	–	45.90	102.51
Oracle Italia S.r.l.	–	–	16.68	(9.07)
Oracle Korea, Ltd.	–	–	4.61	5.78
Oracle Luxembourg S.a.r.l.	–	–	0.13	2.03
Oracle Nederland B.V.	–	–	54.80	163.29
Oracle New Zealand	–	–	17.85	13.42
Oracle (Philippines) Corporation	–	–	22.28	8.49
Oracle Serbia and Montenegro d.o.o	–	–	0.86	1.28
Oracle Software (Schweiz) GmbH	–	–	0.02	–
Oracle SRBIJA CRNA GORA d.o.o.	–	–	76.92	–
Oracle Polska, Sp.z.o.o.	–	–	0.48	(5.75)
Oracle Portugal - Sistemas de Informacao Lda.	–	–	3.27	(1.56)
Oracle Romania SRL	–	–	11.35	5.51
Oracle Svenska AB	–	–	–	0.51
Oracle Systems Hong Kong Limited	–	–	42.18	33.42
Oracle Systems Limited	–	–	140.93	14.46
Oracle Systems Pakistan (Private) Limited	–	–	79.88	24.62

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2018	Year ended March 31, 2017	As at March 31, 2018	As at March 31, 2017
Oracle Taiwan LLC	–	–	19.66	(0.80)
Oracle Technology Systems (Kenya) Limited	–	–	11.59	3.31
Oracle Vietnam Pte. Ltd.	–	–	28.84	(0.24)
PT Oracle Indonesia	–	–	22.18	2.93
Sistemas Oracle de Chile, S.A.	–	–	8.17	0.23
Sistemas Oracle del Peru, S.A.	–	–	0.30	0.27
Rent expenses				
Fellow subsidiaries				
Oracle India Private Limited	2.43	1.69	(1.25)	(0.13)
Oracle (China) Software Systems Company Limited	2.23	0.98	(1.42)	(0.37)
Oracle Corporation Australia Pty. Limited	4.42	5.09	(0.87)	(0.41)
Oracle Corporation UK Limited	–	(0.13)	–	–
Oracle EMEA Limited	0.47	0.49	(0.08)	(0.35)
Oracle Hellas, S.A.	9.05	6.65	(5.63)	–
Oracle America, Inc.	22.01	23.01	(5.71)	–
Oracle Nederland B.V.	5.11	3.87	(4.87)	(0.36)
Oracle France, S.A.S.	2.85	2.76	(0.76)	–
Oracle Corporation Japan	7.64	6.61	–	–
Sistemas Oracle de Chile, S.A.	5.14	6.34	(2.56)	–
Oracle Systems Limited	31.14	–	–	–
Professional fee expenses				
Fellow subsidiaries				
Oracle America, Inc.	75.85	–	(18.43)	–
Oracle Belgium B.V.B.A/SPRL.	–	0.37	–	–
Oracle Corporation Australia Pty. Limited	13.26	33.28	–	–
Oracle Corporation Japan	20.43	17.40	–	–
Oracle Corporation (South Africa)(Pty) Limited	14.62	8.15	(41.52)	(36.31)
Oracle Corporation UK Limited	–	15.30	–	(1.55)
Oracle Colombia Limitada	4.19	–	(4.19)	–
Oracle Danmark APS	–	0.36	–	–
Oracle India Private Limited	414.88	420.05	(453.37)	(207.26)
Oracle Italia S.R.L.	–	0.78	–	–
Oracle Iberica, S.R.L.	1.40	–	(1.40)	–
Oracle Luxembourg S.a.r.l.	0.34	(0.02)	–	–
Oracle Systems Limited	1.02	9.22	(1.39)	–
Oracle Technology Systems (Kenya) Limited	4.13	1.86	(5.74)	(4.78)
Oracle Hellas, S.A.	–	1.10	–	–
Oracle Romania SRL	0.84	0.30	–	–
Oracle East Central Europe Limited	2.87	4.48	–	–
Oracle East Central Europe Services B.V.	–	0.19	–	–
Oracle de Mexico, S.A. de C.V.	39.79	12.11	–	–
Oracle Research & Development Center, Shenzhen, Ltd.	32.83	38.80	(17.14)	(12.91)
Oracle Research and Development Centre, Beijing, Ltd.	–	0.35	(0.13)	(0.13)
Oracle Canada ULC	0.66	19.58	–	–
Oracle Do Brasil Sistemas Limitada	–	1.29	–	–
Oracle Corporation (Thailand) Company Limited	–	0.45	–	–
Oracle Corporation Malaysia Sdn. Bhd.	2.09	1.36	–	–
Oracle Czech s.r.o.	–	0.32	–	–
Oracle Korea, Ltd.	–	(0.05)	–	–

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2018	Year ended March 31, 2017	As at March 31, 2018	As at March 31, 2017
Oracle Nederland B.V.	(1.23)	2.92	–	(2.91)
Oracle New Zealand	–	3.43	–	–
Oracle Taiwan LLC	–	1.32	–	–
Oracle Egypt Limited	3.97	3.33	(6.28)	(6.27)
Oracle Polska, Sp.z.o.o.	7.87	2.07	–	–
Oracle EMEA Limited	7.65	8.99	(37.95)	(30.30)
Oracle (Philippines) Corporation	–	4.68	–	–
Oracle Portugal - Sistemas de Informacao Lda.	8.26	33.32	(2.16)	(10.11)
Oracle Systems Hong Kong limited	–	(0.08)	–	–
Oracle Vietnam Pte. Ltd.	–	0.98	–	–
PT Oracle Indonesia	–	1.75	–	–
Application software expenses				
Fellow subsidiaries				
Oracle India Private Limited	20.13	16.03	–	–
Other expenses				
Fellow subsidiaries				
Oracle America, Inc.	0.82	(0.24)	(0.82)	5.55
Oracle Italia S.R.L.	4.17	(0.04)	(4.61)	(0.44)
Oracle Belgium B.V.B.A/SPRL.	8.83	–	(8.83)	–
Oracle Corporation UK Limited	4.87	5.75	(5.26)	(0.38)
Oracle Corporation Australia Pty. Limited	–	0.01	–	–
Oracle de Mexico, S.A. de C.V.	0.01	0.25	(0.58)	(0.57)
Oracle East Central Europe Services B.V.	–	3.77	(3.71)	(3.71)
Oracle EMEA Limited	(20.99)	(1.73)	–	(20.99)
Oracle Technology Systems (Kenya) Limited	1.28	1.03	(2.84)	(3.36)
Oracle (China) Software Systems Company Limited	0.01	(0.78)	(0.01)	(0.01)
Oracle Systems Hong Kong Limited	–	0.62	–	–
Oracle Systems Limited	–	0.01	–	–
Oracle Taiwan LLC	0.25	1.19	(5.94)	(5.70)
Oracle Czech s.r.o.	0.08	0.02	(0.41)	(0.33)
Oracle Egypt Limited	35.05	1.33	(12.57)	–
Oracle East Central Europe Limited	1.88	0.76	(2.64)	(0.76)
Oracle Hungary Kft.	2.23	–	(2.23)	–
Oracle India Private Limited	35.44	24.01	(5.64)	(0.13)
Oracle Canada ULC	1.39	10.34	(1.39)	–
Oracle Corporation Singapore Pte. Ltd.	0.28	0.05	(0.28)	–
Oracle Corporation (South Africa)(Pty) Limited	38.85	18.52	(53.61)	(14.75)
Oracle New Zealand	5.70	9.47	(15.17)	(9.47)
Oracle Polska, Sp.z.o.o.	5.20	4.59	(4.42)	(1.86)
Oracle Portugal - Sistemas de Informacao Lda.	0.54	4.90	(3.81)	(3.27)
Oracle Romania SRL	–	0.04	–	–
Oracle Corporation Malaysia Sdn. Bhd.	7.27	3.60	(6.72)	(1.81)
Oracle Corporation (Thailand) Company Limited	11.46	1.67	(9.84)	(1.48)
Oracle Vietnam Pte. Ltd.	0.54	5.45	(12.92)	(12.38)
Oracle (Philippines) Corporation	8.97	9.30	(6.49)	(11.85)
PT Oracle Indonesia	4.14	0.92	(5.06)	(0.92)

(Amounts in ₹ million)

	Transaction		Amount receivable (payable)	
	Year ended March 31, 2018	Year ended March 31, 2017	As at March 31, 2018	As at March 31, 2017
Procurement of fixed assets				
Fellow subsidiaries				
Oracle India Private Limited	62.10	322.79	–	–
Staff Welfare Expenses				
Ultimate Holding Company				
Oracle Corporation	0.49	–	(0.49)	–
Fellow subsidiaries				
Oracle Corporation Australia Pty. Limited	0.43	–	(0.43)	–
Oracle Corporation Japan	2.28	–	(0.17)	–
Oracle Corporation Singapore Pte. Ltd.	0.77	–	(0.77)	–
Oracle Corporation UK Limited	1.10	–	(1.10)	–
Oracle Systems Hong Kong Limited	0.34	–	(0.34)	–
Miscellaneous income				
Fellow subsidiaries				
Oracle America, Inc.	26.08	24.87	(0.86)	1.43
Oracle Corporation UK Limited	19.52	22.46	–	–
Oracle Solution Services (India) Private Ltd.	10.56	13.68	–	–
Oracle India Private Limited	39.51	61.70	–	–
Security Deposit				
Fellow subsidiaries				
Oracle France, S.A.S.	–	–	0.47	–
Stock compensation expense				
Ultimate Holding Company				
Oracle Corporation	48.17	–	–	–
Payment of equity dividend				
Holding Company				
Oracle Global (Mauritius) Limited	10,718.70	6,305.12	–	–
Key Managerial personnel	15.15	9.52	–	–
Independent Directors	0.85	0.50	–	–
Key Managerial personnel [Refer note 1 below]				
Short-term employment benefits	51.26	63.79	–	–
Post-employment gratuity benefits	2.59	0.33	–	–
Share based payments	168.28	186.62	–	–
Commission				
Independent Directors	7.10	7.10	–	–
Reimbursement of expenses				
Directors	3.02	2.84	–	–

Note 1: Remuneration includes salary, bonus and perquisites. During the year, 35,500 OSUs under OFSS Stock Plan 2014 (March 31, 2017 - 35,500 OSUs under OFSS Stock Plan 2014) were granted to KMP.

Note 2: Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year end are unsecured and interest free and settlement occurs in cash.

Note 39: Litigations

The OFSS group has some litigations in respect of which the OFSS group has made aggregate provisions of ₹ 883.78 million as at March 31, 2018 (as at March 31, 2017 - ₹ 945.50 million).

Note 40: 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:

a) Product licenses and related activities ('Products')

b) IT solutions and consulting services ('Services') and

c) 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.

Year ended March 31, 2018 (Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Total
Revenue	39,378.60	4,770.92	1,125.20	45,274.72
Segment result	18,586.26	321.82	332.35	19,240.43
Unallocable expenses				(1,742.92)
Finance income				794.84
Other income, net				112.06
Share in (loss) of associate				–
Profit before tax				18,404.41
Tax expenses				(6,034.00)
Net profit				12,370.41

Year ended March 31, 2017 (Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Total
Revenue	37,613.50	5,437.54	1,214.29	44,265.33
Segment result	16,285.90	682.16	415.25	17,383.31
Unallocable expenses				(1,374.50)
Finance income				1,491.16
Other income, net				72.53
Share in (loss) of associate				(2.72)
Profit before tax				17,569.78
Tax expenses				(5,715.93)
Net profit				11,853.85

Other information

Year ended March 31, 2018 (Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Unallocable	Total
Capital expenditure by segment					
Property, Plant and Equipment	201.80	44.31	12.09	26.88	285.08
Depreciation and amortization	469.80	79.53	37.40	27.90	614.63
Other non cash expenses	2.87	3.25	(6.28)	0.12	(0.04)
Segment assets	20,884.53	2,623.65	490.74	35,332.69	59,331.61
Segment liabilities	9,010.82	909.79	124.77	2,212.30	12,257.68
Equity				47,073.93	47,073.93

Year ended March 31, 2017 (Amounts in ₹ million)

Particulars	Products	Services	BPO - Services	Unallocable	Total
Capital expenditure by segment					
Property, Plant and Equipment	439.53	123.63	49.23	39.92	652.31
Depreciation and amortization	562.59	87.63	30.87	20.83	701.92
Other non cash expenses	846.30	4.72	0.05	0.13	851.20
Segment assets	17,710.60	2,684.22	687.12	39,126.42	60,208.36
Segment liabilities	7,076.01	804.02	109.02	19,573.45	27,562.50
Equity				32,645.86	32,645.86

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 property, plant and equipment. Segment liabilities primarily includes trade payables, deferred revenues, advance from customer, employee benefit obligations 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 OFSS group's consolidated sales by geographical market:

	Year ended March 31, 2018		Year ended March 31, 2017	
Regions	Amounts in ₹ million	%	Amounts in ₹ million	%
India	2,832.60	6%	2,460.36	6%
Outside India				
Americas				
United States of America	12,823.19	28%	13,619.72	30%
Rest of America	2,912.42	6%	3,131.61	7%
Europe	7,210.46	16%	7,495.51	17%
Asia Pacific	12,067.54	27%	11,080.88	25%
Middle East and Africa	7,428.51	17%	6,477.25	15%
	45,274.72	100%	44,265.33	100%

Revenue of ₹ 21,015.77 million (March 31, 2017 ₹ 19,756.84 million) is derived from a single customer in 'Products', 'Services' and 'BPO - Services' segment.

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

Regions	As at March 31, 2018		As at March 31, 2017	
	Amounts in ₹ million	%	Amounts in ₹ million	%
India	8,486.92	56%	8,713.29	57%
Outside India				
Americas				
United States of America	5,128.12	34%	5,135.99	34%
Rest of America	6.35	0%	0.91	0%
Europe	980.47	7%	936.03	6%
Asia Pacific	428.98	3%	485.17	3%
Middle East and Africa	5.49	0%	7.77	0%
	15,036.33	100%	15,279.16	100%

Non-current assets for this purpose consist of Property, Plant and Equipment, Intangible assets, Investment property, non-current income tax asset and other non-current assets.

As per our report of even date

For Mukund M. Chitale & Co.
Chartered Accountants
ICAI Firm Registration No. 106655W

S. M. Chitale
Partner
Membership No. 111383

Mumbai, India
May 11, 2018

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

S Venkatachalam
Chairman
DIN: 00257819

Chaitanya Kamat
Managing Director
& Chief Executive Officer
DIN: 00969094

Richard Jackson
Director
DIN: 06447687

Makarand Padalkar
Chief Financial Officer

Onkarnath Banerjee
Company Secretary
& Compliance Officer
ACS: 8547

Mumbai, India
May 11, 2018

Consolidated statement of cash flow
for the year ended March 31, 2018

(Amounts in ₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
Cash flows from operating activities		
Profit before tax	18,404.41	17,569.78
Adjustments to reconcile profit before tax to cash (used in) provided by operating activities:		
Depreciation and amortization	614.63	701.92
(Profit) on sale of fixed assets, net	(2.07)	(38.53)
(Profit) on sale of investment in associate	(16.91)	–
Impairment loss (reversed) / recognized on financial assets	(70.13)	593.73
Bad debts	70.09	257.47
Finance income	(794.84)	(1,491.16)
Employee stock compensation expense	683.35	780.44
Share of loss of an associate	–	2.72
Effect of exchange rate changes in cash and cash equivalent	(396.56)	259.15
Unrealized exchange loss / (gain) net	206.24	(41.97)
Deferred rent	(7.92)	(0.60)
Operating Profit before Working Capital changes	18,690.29	18,592.95
Movements in working capital		
Decrease in other non-current assets	41.78	18.86
(Increase) decrease in trade receivables	(2,399.77)	43.72
(Increase) in other financial assets	(242.64)	(1,030.79)
(Increase) decrease in other current assets	(21.77)	194.83
Increase (decrease) in non-current financial liabilities	11.06	(2.66)
(Decrease) increase in other non-current liabilities	(62.62)	57.99
Increase in non-current employee benefit obligations	191.96	118.56
Increase (decrease) in trade payables	537.51	(269.61)
Increase in other current financial liabilities	595.28	710.71
Increase (decrease) in current liabilities	429.36	(150.41)
Increase in current employee benefit obligations	55.30	102.92
Cash from operating activities	17,825.74	18,387.07
Payment of domestic and foreign taxes	(6,251.58)	(7,175.74)
Net cash provided by operating activities	11,574.16	11,211.33
Cash flows from investing activities		
Additions to fixed assets including capital work in progress	(305.17)	(612.53)
Refund of deposits for premises and others	6.70	50.04
Proceeds from sale of fixed assets	3.43	38.64
Proceeds from sale of associate	16.91	–
Bank fixed deposits having maturity of more than three months matured	10,706.71	24,969.58
Bank fixed deposits having maturity of more than three months booked	(24,438.83)	(7,524.06)
Proceeds from maturity of margin money	–	3.72
Interest received	482.45	1,561.01
Net cash (used in) / provided by investing activities	(13,527.80)	18,486.40

Consolidated statement of cash flow
for the year ended March 31, 2018 (continued)

(Amounts in ₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
Cash flows from financing activities		
Issue of shares under employee stock option plan	587.91	589.42
Sale of treasury shares	357.64	–
Final dividend paid on equity shares	(14,470.99)	(8,484.59)
Tax on final equity dividend paid	(2,771.20)	(1,418.36)
Net cash (used in) financing activities	(16,296.64)	(9,313.53)
Net (decrease) increase in cash and cash equivalents	(18,250.28)	20,384.20
Cash and cash equivalents at beginning of the year	25,914.71	5,789.66
Effect of exchange rate changes in cash and cash equivalents	396.56	(259.15)
Cash and cash equivalents at end of the year	8,060.99	25,914.71
Component of cash and cash equivalents		
Balances with banks:		
In current accounts*	6,352.67	5,707.33
In deposit accounts with original maturity of less than 3 months	1,593.05	5,494.34
In unpaid dividend account**	–	14,593.93
In unclaimed dividend account***	115.27	119.11
Total cash and cash equivalents [Refer note 9 (a)]	8,060.99	25,914.71

* Current account includes ₹ 39.03 million (March 31, 2017 - ₹ 0.92 million) on account of restricted cash and bank balances held by i-flex Employee Stock Option Trust controlled by the Company.

** These balances includes amount earmarked towards dividend declared on March 29, 2017.

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

As per our report of even date

For Mukund M. Chitale & Co.
Chartered Accountants
ICAI Firm Registration No. 106655W

S. M. Chitale
Partner
Membership No. 111383

Mumbai, India
May 11, 2018

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

S Venkatachalam
Chairman
DIN: 00257819

Chaitanya Kamat
Managing Director
& Chief Executive Officer
DIN: 00969094

Richard Jackson
Director
DIN: 06447687

Makarand Padalkar
Chief Financial Officer

Onkarnath Banerjee
Company Secretary
& Compliance Officer
ACS: 8547

Mumbai, India
May 11, 2018

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

(Amounts in ₹ million)

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	% of Shareholding
	Subsidiaries														
1	Oracle Financial Services Software B.V.	31-Mar-18	EURO	80.59	801.63	943.62	5,012.23	3,659.04	392.06	10,904.76	228.45	102.34	126.11	–	100%
2	Oracle Financial Services Software SA	31-Mar-18	EURO	80.59	383.48	543.26	1,275.83	349.09	–	558.69	40.52	7.30	33.22	–	100%
3	Oracle Financial Services Software Pte. Ltd.	31-Mar-18	USD	64.90	114.09	1,435.25	5,087.66	3,538.32	–	11,635.44	923.57	211.46	712.11	–	100%
4	Oracle Financial Services Consulting Pte. Ltd.	31-Mar-18	USD	64.90	–	(200.63)	46.65	247.28	–	–	1.79	–	1.79	–	100%
5	Oracle Financial Services Software America, Inc.	31-Mar-18	USD	64.90	5,863.44	445.13	23.95	4.91	6,289.53	–	2.94	2.01	0.93	–	100%
6	Oracle Financial Services Software, Inc.	31-Mar-18	USD	64.90	58.30	6,647.46	9,435.72	2,729.96	–	14,724.55	2,072.95	815.92	1,257.03	–	100%
7	Mantas Inc.	31-Mar-18	USD	64.90	5,650.17	(768.35)	4,881.82	–	–	–	(10.38)	(3.89)	(6.49)	–	100%
8	Sotas Inc.	31-Mar-18	USD	64.90	–	14.54	0.56	1.02	15.00	–	(0.08)	0.40	(0.48)	–	100%
9	Mantas India Private Limited	31-Mar-18	INR	1.00	15.00	4.56	19.59	0.03	–	–	0.94	0.24	0.70	–	100%
10	ISP Internet Mauritius Company	31-Mar-18	USD	64.90	196.74	252.01	391.00	0.28	58.03	–	(197.61)	–	(197.61)	–	100%
11	Oracle (OFSS) BPO Services Inc.	31-Mar-18	USD	64.90	0.43	(641.63)	140.18	781.38	–	285.15	38.87	0.26	38.61	–	100%
12	Oracle (OFSS) BPO Services Limited	31-Mar-18	INR	1.00	183.40	29.36	305.33	92.57	–	245.36	(48.54)	21.66	(70.20)	–	100%
13	Oracle (OFSS) Processing Services Limited	31-Mar-18	INR	1.00	13.00	203.84	273.77	57.10	0.17	307.40	45.53	12.32	33.21	–	100%
14	Oracle (OFSS) ASP Private Limited	31-Mar-18	INR	1.00	51.70	(11.92)	40.44	0.66	–	–	0.63	–	0.63	–	100%
15	Oracle Financial Services Software Chile Limitada	31-Dec-17	CLP	0.11	79.76	326.92	649.20	242.52	–	461.17	72.92	46.39	26.53	–	100%
16	Oracle Financial Services Software (Shanghai) Limited	31-Dec-17	CNY	10.34	45.85	103.69	1,616.47	1,466.93	–	402.29	(44.06)	9.71	(53.77)	–	100%
	Controlled Trust														
17	i-flex Employee Stock Option Trust	31-Mar-18	INR	1.00	–	754.08	762.52	8.44	–	–	385.83	13.45	372.38	–	–
	Total				13,456.99	10,081.19	29,962.92	13,179.53	6,754.79	39,524.81	3,514.27	1,239.57	2,274.70	–	

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

S Venkatachalam
Chairperson

Mumbai, India
July 3, 2018

Unconsolidated financials

Financial statements for the year ended March 31, 2018 prepared in accordance with Ind AS (Unconsolidated).

Independent Auditor's Report

To the Members of Oracle Financial Services Software Limited

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of Oracle Financial Services Software Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018 and the Statement of Profit and Loss including the statement of Other Comprehensive Income, the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

2. 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

   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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS 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 of the standalone Ind AS financial statements in accordance with the Standards on Auditing, as prescribed 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 standalone Ind AS financial statements are free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 Ind AS financial statements.

Opinion

4. In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS 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, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

5. 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 Companies Act, 2013, and on the basis of such verification of the books and records as considered appropriate and available and according to the information and explanations given to us, we enclose in the Annexure '1' a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.

6. As required by section 143 (3) of the Act, based on our audit 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 including the Statement of Other Comprehensive Income, the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015, as amended.

e) On the basis of written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 the financial position in its standalone Ind AS financial statements – Refer Note 37 to the standalone Ind AS 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.

Other Matters

7. The figures of the standalone Ind AS financial statements for the year ended and as at March 31, 2017 have been audited by another auditor who expressed an unmodified opinion dated May 16, 2017.

For Mukund M. Chitale & Co.
Chartered Accountants
Firm Regn. No. 106655W

S. M. Chitale
Partner
M. No. 111383

Date : May 11, 2018
Place: Mumbai

Annexure 1 to the Independent Auditor's Report

Statement on the matters specified in paragraph 3 and 4 of the Companies (Auditor's report) Order, 2016

(Referred to in paragraph 5 of our report of even date)

(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 property, plant and equipment 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 paragraph 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 within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.

(vi) According to the information and explanations given to us, the Central Government has not specified the maintenance of cost records under Section 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 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 (₹)	Period to which the amount relates	Due Date	Date of Payment
Foreign Tax	Income Tax	225,625,284	April 2005 to March 2016	Various dates	Not yet paid
	Withholding Tax	1,376,284	December 2012 to June 2016	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 (₹)	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	1,376,749,702*	April 2012 to March 2013	Commissioner of Appeal (Income-tax)

*The demand of ₹ 1,376,749,702 is net of demand paid under protest of ₹ 400,000,000 and refunds adjusted against demand of ₹ 282,266,690.

(viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders 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 paragraph 3 (ix) is not applicable to the Company.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone Ind AS 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 paragraph 3(xii) of the Order are not applicable to the Company.

(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 standalone Ind AS 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 paragraph 3(xiv) are not applicable to the Company.

(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 them 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 Mukund M. Chitale & Co.
Chartered Accountants
Firm Regn. No. 106655W

S. M. Chitale
Partner
M. No. 111383

Date : May 11, 2018
Place: Mumbai

Annexure 2 to the Independent Auditor's Report

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

(Referred to in paragraph 6(f) of our report of even date)

1. We have audited the internal financial controls over financial reporting of Oracle Financial Services Software Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). 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 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 Companies Act, 2013.

Auditors' Responsibility

3. 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 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 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 judgment, 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 Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

4. 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

5. 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

6. 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, 2018, 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 Mukund M. Chitale & Co.
Chartered Accountants
Firm Regn. No. 106655W

S. M. Chitale
Partner
M. No. 111383

Date : May 11, 2018
Place: Mumbai

Balance sheet
as at March 31, 2018

(Amounts in ₹ million)

	Notes	March 31, 2018	March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	2,109.81	2,428.13
Capital work-in-progress	3	24.48	6.55
Investment property	4	102.00	102.00
Financial assets			
Investments in subsidiaries and associate	5	7,780.49	7,549.57
Other non-current financial assets	6	523.17	550.17
Deferred tax assets (net)	15(c)	1,053.11	1,102.19
Income tax assets (net)		5,794.41	5,680.53
Other non-current assets	9	672.81	713.52
		18,060.28	18,132.66
Current assets			
Financial assets			
Trade receivables	7	6,317.93	5,075.12
Cash and cash equivalents	8(a)	2,111.89	20,990.75
Other bank balances	8(b)	16,689.01	3,385.97
Other current financial assets	6	2,971.79	3,069.48
Other current assets	9	356.09	369.22
		28,446.71	32,890.54
TOTAL		46,506.99	51,023.20
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	427.08	425.53
Other equity	11	37,643.95	26,333.67
Total equity		38,071.03	26,759.20
Non-current liabilities			
Financial liabilities	12(b)	31.74	21.14
Other non-current liabilities	13	133.20	136.86
Employee benefit obligations	14	888.17	744.83
		1,053.11	902.83
Current liabilities			
Financial liabilities			
Trade payables	12(a)	555.40	75.49
Other current financial liabilities	12(b)	4,319.65	20,574.82
Other current liabilities	13	906.58	1,090.85
Employee benefit obligations	14	1,228.95	1,153.48
Income tax liabilities (net)		372.27	466.53
		7,382.85	23,361.17
TOTAL		46,506.99	51,023.20
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 Mukund M. Chitale & Co.
Chartered Accountants
ICAI Firm Registration No. 106655W

S. M. Chitale
Partner
Membership No. 111383

Mumbai, India
May 11, 2018

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

S Venkatachalam
Chairman
DIN: 00257819

Chaitanya Kamat
Managing Director
& Chief Executive Officer
DIN: 00969094

Richard Jackson
Director
DIN: 06447687

Makarand Padalkar
Chief Financial Officer

Onkarnath Banerjee
Company Secretary
& Compliance Officer
ACS: 8547

Mumbai, India
May 11, 2018

Statement of profit and loss
for the year ended March 31, 2018

(Amounts in ₹ million, except share data)

	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from operations	16	38,617.27	37,363.12
Finance income	17	722.62	1,420.83
Other income, net	18	163.65	215.76
Total income		39,503.54	38,999.71
Expenses			
Employee benefit expenses	19	18,586.73	18,108.63
Travel related expenses		2,091.45	2,048.80
Professional fees		1,739.71	1,850.38
Other operating expenses	20	1,642.98	1,660.57
Depreciation and amortization	3	573.53	667.99
Total expenses		24,634.40	24,336.37
Profit before exceptional item and tax		14,869.14	14,663.34
Exceptional item	41	–	2,162.59
Profit before tax		14,869.14	16,825.93
Tax expenses	15		
Current tax		4,775.76	4,383.88
Deferred tax		33.48	(438.92)
Total tax expenses		4,809.24	3,944.96
Profit for the year		10,059.90	12,880.97
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain (loss) gain on gratuity fund		44.61	(48.38)
Deferred tax		(15.59)	16.74
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		3.77	44.62
Total other comprehensive income for the year, net of tax		32.79	12.98
Total comprehensive income for the year		10,092.69	12,893.95
Earnings per equity share of par value of ₹ 5 (March 31, 2017 - ₹ 5) each (in ₹)	21		
Basic		117.91	151.57
Diluted		117.21	151.06
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 Mukund M. Chitale & Co.
Chartered Accountants
ICAI Firm Registration No. 106655W

S. M. Chitale
Partner
Membership No. 111383

Mumbai, India
May 11, 2018

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

S Venkatachalam
Chairman
DIN: 00257819

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Managing Director
& Chief Executive Officer
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Makarand Padalkar
Chief Financial Officer

Onkarnath Banerjee
Company Secretary
& Compliance Officer
ACS: 8547

Mumbai, India
May 11, 2018

Statement of changes in equity
for the year ended March 31, 2018

(a) Year ended March 31, 2018

(Amounts in ₹ million, except share data)

Particulars	Equity share capital					Other equity					Total equity attributable to equity shareholders of the Company
	Number of shares	Share Capital	Share application money pending allotment	Securities premium	General reserve	Employee stock options outstanding	Contribution from ultimate holding Company	Retained earnings	Other comprehensive income: Foreign currency translation reserve	Other comprehensive income: Remeasurement of defined benefit obligation	
Balance as of April 1, 2017	85,106,406	425.53	26.16	12,528.56	10,145.19	1,835.05	–	1,793.01	5.70	–	26,759.20
Changes in equity for the year ended March 31, 2018											
Application money received for exercised options	–	–	587.91	–	–	–	–	–	–	–	587.91
Shares issued for exercised options	310,487	1.55	(612.16)	610.61	–	–	–	–	–	–	–
Stock compensation charge	–	–	–	–	–	635.18	28.91	–	–	–	664.09
Forfeiture of options	–	–	–	–	–	(46.80)	–	46.80	–	–	–
Stock compensation related to options exercised	–	–	–	524.37	–	(524.37)	–	–	–	–	–
Profit for the year	–	–	–	–	–	–	–	10,059.90	–	–	10,059.90
Interim equity dividend including dividend distribution tax thereon	–	–	–	–	–	–	–	(32.86)	–	–	(32.86)
Actuarial gain (loss) on gratuity fund including deferred tax thereon	–	–	–	–	–	–	–	–	–	29.02	29.02
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	3.77	–	3.77
Actuarial gain (loss) on gratuity fund including deferred tax thereon transferred to retained earnings	–	–	–	–	–	–	–	29.02	–	(29.02)	–
Balance as of March 31, 2018	85,416,893	427.08	1.91	13,663.54	10,145.19	1,899.06	28.91	11,895.87	9.47	–	38,071.03

(b) Year ended March 31, 2017

(Amounts in ₹ million, except share data)

Particulars	Equity share capital		Other equity						Other comprehensive income		Total equity attributable to equity shareholders of the Company
	Number of shares	Share Capital	Share application money pending allotment	Securities premium	General reserve	Employee stock options outstanding	Contribution from ultimate holding Company	Retained earnings	Foreign currency translation reserve	Remeasurement of defined benefit obligation	
Balance as of April 1, 2016	84,856,178	424.28	3.00	11,690.10	10,145.19	1,345.71	–	16,003.25	(38.92)	–	39,572.61
Changes in equity for the year ended March 31, 2017											
Application money received for exercised options	–	–	589.42	–	–	–	–	–	–	–	589.42
Shares issued for exercised options	250,228	1.25	(566.26)	565.01	–	–	–	–	–	–	–
Stock compensation charge	–	–	–	–	–	780.37	–	–	–	–	780.37
Forfeiture of options	–	–	–	–	–	(17.58)	–	17.58	–	–	–
Stock compensation related to options exercised	–	–	–	273.45	–	(273.45)	–	–	–	–	–
Profit for the year	–	–	–	–	–	–	–	12,880.97	–	–	12,880.97
Final equity dividend including dividend distribution tax thereon	–	–	–	–	–	–	–	(9,843.42)	–	–	(9,843.42)
Interim equity dividend including dividend distribution tax thereon	–	–	–	–	–	–	–	(17,233.73)	–	–	(17,233.73)
Actuarial gain (loss) on gratuity fund including deferred tax thereon	–	–	–	–	–	–	–	–	–	(31.64)	(31.64)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	44.62	–	44.62
Actuarial gain (loss) on gratuity fund including deferred tax thereon transferred to retained earnings	–	–	–	–	–	–	–	(31.64)	–	31.64	–
Balance as of March 31, 2017	85,106,406	425.53	26.16	12,528.56	10,145.19	1,835.05	–	1,793.01	5.70	–	26,759.20

Summary of significant accounting policies [Refer note 2]

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

As per our report of even date

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

For Mukund M. Chitale & Co.
Chartered Accountants
ICAI Firm Registration No. 106655W

S. M. Chitale
Partner
Membership No. 111383

Mumbai, India
May 11, 2018

S Venkatachalam
Chairman
DIN: 00257819

Richard Jackson
Director
DIN: 06447687

Chaitanya Kamat
Managing Director
& Chief Executive Officer
DIN: 00969094

Makarand Padalkar
Chief Financial Officer

Onkarnath Banerjee
Company Secretary
& Compliance Officer
ACS: 8547

Mumbai, India
May 11, 2018

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 domiciled in India and has its registered office at Mumbai, Maharashtra, India. The Company is a subsidiary of Oracle Global (Mauritius) Limited holding 73.82% (March 31, 2017 - 74.09%) ownership interest in the Company as at March 31, 2018.

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 transaction processing and compliance needs of corporate, retail, investment banking, treasury operations and data warehousing.

The standalone financial statements for the year ended March 31, 2018 were approved by the Company's Board of Directors and authorized for issue on May 11, 2018.

Note 2: Summary of significant accounting policies

2.1 Basis of preparation

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. These standalone financial statements comprising of balance sheet as at March 31, 2018, statement of profit and loss, statement of changes in equity and statement of cash flows for the year then ended have been prepared in accordance with Ind AS as prescribed under Section 133 of the Companies Act, 2013 (the 'Act') read with relevant rules of the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

The standalone financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- certain financial assets and liabilities, including derivative instruments, that are measured at fair value
- assets held for sale
- defined benefit plan
- share-based payments

Previous year's comparative numbers in the standalone financial statements have been reclassified wherever necessary, to conform to current year's presentation.

2.2 Summary of significant accounting policies

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

(a) Property, plant and equipment, capital work-in-progress and depreciation

Property, plant and equipment and capital work-in-progress

Freehold land is stated at cost. All other items of property, plant and equipment and capital work in progress, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in the statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. All additions during the reported year are considered at cost.

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

Depreciation

Depreciation is computed as per the straight-line method using the rates arrived at based on the useful lives estimated by the management. The estimated useful life considered for depreciation of fixed assets is as follows:

Asset description	Asset life (in years)
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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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.

(b) Impairment of non-financial assets

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 asset's or cash generating units' ('CGU') fair value less cost of disposal, and its 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.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are validated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

(c) Foreign currencies

The standalone financial statements are presented in Indian Rupees ('INR'), which is the functional currency of the Company. For each branch, the Company determines the functional currency and items included in the financial statements of each branch are measured using that functional currency.

Foreign currency balances

Transactions in foreign currencies are initially recorded by the Company's branches at their respective functional currency using spot rates on the date the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the relevant functional currency at exchange rates at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss.

Non- monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

The assets and liabilities of foreign branches are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the date of the transactions. For practical reasons, the Company uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the date of the transactions. The exchange differences arising on translation for branch consolidation are recognized in Other Comprehensive Income ('OCI').

(d) 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 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.

(e) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made by the customer. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to credit risks.

In arrangements for software development and related services and maintenance services, the Company has applied the guidance in Ind AS 18 - Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering software development and related services as separately identifiable components. For allocating the consideration, the Company has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in Ind AS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where the Company is unable to establish objective and reliable evidence of fair value for the software development and related services, the Company has used a residual method to allocate the arrangement consideration. In these cases, the balance of the consideration, after allocating the fair values of undelivered components of a transaction, has been allocated to the delivered components for which specific fair values do not exist.

Revenue is recognized for fixed price contracts by reference to the stage of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

Revenue from contracts on time and material basis is recognized as services are performed. Product maintenance revenue is recognized rateably over the period of the contract.

The Company presents revenues net of applicable indirect taxes in its 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 using the effective interest method.

Dividend income

Dividends are recognized in statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be measured reliably.

(f) Income tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company and its branches operate and generate taxable income.

Current income tax relating to items recognized outside statement of profit or loss is recognized either in other comprehensive income or in equity. Current tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except.

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized either in other comprehensive income or in equity as applicable. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(g) Investment properties

Investment properties are measured initially and subsequently at cost. Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed annually in the notes which form an integral part of the financial statements. Fair values are determined based on an evaluation performed by an accredited external independent valuer applying a valuation technique as per the international norms and standards. Investment properties are derecognized either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from such disposal. The difference between the net sale proceeds and the carrying amount of asset is recognized in statement of profit and loss in the period of derecognition.

(h) Non-current assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts shall be recovered principally through a sale rather than through continuing use. Sale transactions shall include exchanges of non-current assets for other non-current assets when the exchange has commercial substance.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment once classified as held for sale are not depreciated.

All other notes to the standalone financial statements primarily include amounts for continuing operations, unless otherwise mentioned.

(i) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value so as to maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At the reporting date, the Company analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(j) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes a financial asset or a liability in its balance sheet only when the entity becomes party to the contractual provisions of the instrument.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets measured at amortized cost, fair value through other comprehensive income or fair value through statement of profit or loss as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through statement of profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Investments in subsidiaries and associate are carried at cost as per Ind AS 27 - Separate Financial Statements.

Subsequent measurement

For purposes of subsequent measurement, financial assets of the Company are classified in three categories:

- Debt instruments measured at amortized cost
- Debt instruments at fair value through other comprehensive income ('OCI')
- Debt instruments, derivatives and equity instruments at fair value through statement of profit or loss

Debt instruments measured at amortized cost

This category is the most relevant to the Company. Debt instruments are measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financials assets are amortized using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss.

Debt instruments at fair value through OCI

Debt instruments are measured at fair value through other comprehensive income if the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has not designated any financial assets at fair value through OCI.

Debt instruments at fair value through profit or loss

Debt instruments at fair value through statement of profit or loss include assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by Ind AS 109 – Financial Instruments. Debt instruments at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit and loss.

Derecognition

A financial asset is derecognized i.e. removed from the Company's statement of financial position when:

- The contractual rights to the cash flows from the financial asset expire or
- The Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

The Company applies expected credit loss ('ECL') model for measurement and recognition of impairment loss on the financial assets and credit risk exposure. For trade receivables the Company follows 'simplified approach' for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

The Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. Further, the trade receivables have customer concentration across the globe and therefore the Company also considers the socio-economic conditions of the regions where the customers are located.

On that basis, the Company estimates the following provision matrix at the reporting date:

Ageing	0-30 days	31-60 days	61-90 days	91-180 days	181-360 days	More than 360 days
Africa	8.20%	16.53%	5.72%	16.25%	42.26%	41.30%
Asia Pacific	–	0.25%	0.33%	2.99%	13.29%	33.95%
Europe & Middle East	0.02%	0.26%	–	1.12%	2.52%	3.38%
United States of America & Latin America	0.02%	0.08%	0.46%	1.10%	12.07%	27.48%

At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Impairment of investments

The carrying amounts of investments 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 investment exceeds its recoverable amount.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade payables, accrued expenses, accrued compensation to employees, advance from customers, amount due to subsidiaries, dividend and dividend tax payable along with unpaid dividends.

Subsequent measurement

The Company measures all financial liabilities at amortized cost except for financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Financial liabilities held for trading are measured at fair value through profit or loss. The Company has not designated any financial liability as at fair value through profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a nonfinancial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109 – Financial Instruments, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss, unless designated as effective hedging instruments.

(k) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation

The Company enters into foreign currency forward contracts that is used to hedge risk of exposure of changes in the fair value of trade receivables on account of foreign currency rate movement. These derivative contracts are not designated as hedges and accounted for at fair value through statement of profit or loss and are included in other income, net.

(l) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2015, the Company has examined and determined whether the arrangements contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease, at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability which leads to constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

A lease arrangement where substantially all the risks and rewards of ownership of an asset are not transferred to the Company as lessee is classified as operating lease. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

(m) Share based payments

Selected employees of the Company also receive remuneration in the form of share-based payments against stock option program of the Company.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The cost is recognized in employee benefit expenses, together with a corresponding increase in 'employee stock options outstanding' in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

The statement of profit and loss expense or credit recognized in employee benefit expense represents the movement in cumulative expense recognized as at the beginning and end of the year.

The Ultimate Holding Company of Oracle Financial Services Software Limited has extended its Stock Option program (ESOP) to selected employees of OFSS's subsidiaries and branches, who are working outside India. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The cost is recognized in employee benefit expenses over the period in which the performance and/or service conditions are fulfilled with a corresponding impact under statement of changes in equity as Contribution from Ultimate Holding Company.

(n) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(o) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Certain eligible employees of the Company on Indian payroll are entitled to Superannuation, a defined contribution plan. The Company makes monthly contributions until retirement or resignation of the employee which are recognized as an expense when incurred. The Company has no further obligations beyond its monthly contributions, the corpus of which is invested with the Life Insurance Corporation of India.

Compensated absences which are expected to occur within twelve months after the end of the period in which employee renders the related services are recognized as undiscounted liability at the balance sheet date. The expected cost of compensated absences which are not expected to occur within twelve months after the end of the period in which employee renders related services are recognized at the present value based on actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method.

The Company operates a defined benefit gratuity plan in India, under which 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.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

- Net interest expense or income.

(p) Cash dividend to equity shareholders of the Company

The Company recognizes a liability to make cash or noncash distributions to equity shareholders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the Act, a distribution of interim dividend is authorized when it is approved by the Board of Directors and final dividend is authorized when it is approved by the shareholders of the Company. A corresponding amount is recognized directly in other equity.

(q) 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.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short term investments with an original maturity of three months or less.

Note 3: Property, plant and equipment

Year ended March 31, 2018

(Amounts in ₹ million)

Particulars	Gross carrying value					Depreciation					Net carrying value
	As at April 01, 2017	Additions	Sale/ deletions	Translation gain (loss)	As at March 31, 2018	As at April 01, 2017	Additions	Sale/ deletions	Translation (gain) loss	As at March 31, 2018	As at March 31, 2018
Freehold land	436.31	–	–	–	436.31	–	–	–	–	–	436.31
Improvement to leasehold premises	283.56	–	14.52	–	269.04	199.40	39.29	14.52	–	224.17	44.87
Buildings	2,077.87	–	–	–	2,077.87	857.58	103.45	–	–	961.03	1,116.84
Computer equipments	1,851.49	190.78	95.70	–	1,946.57	1,572.66	213.11	95.70	(0.02)	1,690.05	256.52
Office equipments	290.28	5.04	50.04	–	245.28	226.45	57.23	50.04	–	233.64	11.64
Electricals and other installations	933.88	3.35	12.15	–	925.08	768.11	84.73	12.15	–	840.69	84.39
Furniture and fixtures	821.67	56.40	2.39	(0.04)	875.64	642.73	75.72	2.04	(0.01)	716.40	159.24
Total	6,695.06	255.57	174.80	(0.04)	6,775.79	4,266.93	573.53	174.45	(0.03)	4,665.98	2,109.81
										Capital work-in-progress	24.48
											2,134.29

Year ended March 31, 2017

(Amounts in ₹ million)

Particulars	Gross carrying value					Depreciation					Net carrying value
	As at April 01, 2016	Additions	Sale/ deletions	Translation gain (loss)	As at March 31, 2017	As at April 01, 2016	Additions	Sale/ deletions	Translation (gain) loss	As at March 31, 2017	As at March 31, 2017
Freehold land	436.31	–	–	–	436.31	–	–	–	–	–	436.31
Improvement to leasehold premises	299.68	15.02	30.85	(0.29)	283.56	176.85	54.10	30.85	(0.70)	199.40	84.16
Buildings	2,085.00	–	7.13	–	2,077.87	761.02	103.63	7.07	–	857.58	1,220.29
Computer equipments	1,585.46	394.38	127.89	(0.46)	1,851.49	1,431.72	268.31	127.87	0.50	1,572.66	278.83
Office equipments	173.47	135.23	18.35	(0.07)	290.28	168.21	77.20	18.35	(0.61)	226.45	63.83
Electricals and other installations	996.80	3.96	66.88	–	933.88	749.43	85.56	66.88	–	768.11	165.77
Furniture and fixtures	801.91	33.72	13.95	(0.01)	821.67	577.50	79.19	13.95	(0.01)	642.73	178.94
Total	6,378.63	582.31	265.05	(0.83)	6,695.06	3,864.73	667.99	264.97	(0.82)	4,266.93	2,428.13
										Capital work-in-progress	6.55
											2,434.68

Note 4: Investment property

Year ended March 31, 2018 (Amounts in ₹ million)

Particulars	Gross carrying value					Depreciation					Net carrying value
	As at April 01, 2017	Additions	Sale/ deletions	Translation gain (loss)	As at March 31, 2018	As at April 01, 2017	Additions	Sale/ deletions	Translation (gain) loss	As at March 31, 2018	As at March 31, 2018
Freehold land	102.00	–	–	–	102.00	–	–	–	–	–	102.00
Total	102.00	–	–	–	102.00	–	–	–	–	–	102.00

Year ended March 31, 2017 (Amounts in ₹ million)

Particulars	Gross carrying value					Depreciation					Net carrying value
	As at April 01, 2016	Additions	Sale/ deletions	Translation gain (loss)	As at March 31, 2017	As at April 01, 2016	Additions	Sale/ deletions	Translation (gain) loss	As at March 31, 2017	As at March 31, 2017
Freehold land	102.00	–	–	–	102.00	–	–	–	–	–	102.00
Total	102.00	–	–	–	102.00	–	–	–	–	–	102.00

The Company's investment property consists of a portion of land at Pune, India.

The fair value of the investment property as at March 31, 2018 and March 31, 2017 is based on valuations performed by Rakesh Narula & Co; an accredited independent valuer. Rakesh Narula & Co. is one of the senior most and reputed company in the field of asset valuation. Rakesh Narula & Co. has been carrying out valuation as per the international norms and standards. The fair value of the above investment property as at March 31, 2018 and March 31, 2017 is ₹ 237.50 million and ₹ 225.67 million respectively.

The direct operating expenses represent the proportionate amount of operating expenses incurred for the investment property and is included under Note 20: Other operating expenses. The proportionate amount of these expenses paid for the financial year ended March 31, 2018 and March 31, 2017 are ₹ 4.44 million and ₹ 3.49 million respectively.

The Company has no restrictions on the realizability of its investment properties and has no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements. Fair value hierarchy disclosures for investment properties have been provided in note 22 on fair value measurement.

Reconciliation of fair value: (Amounts in ₹ million)

Fair Value of Investment Property as on April 1, 2016	227.20
Adjustment towards Fair Values for the financial year ended March 31, 2017	(1.53)
Fair Value of Investment Property as on March 31, 2017	225.67
Adjustment towards Fair Values for the financial year ended March 31, 2018	11.83
Fair Value of Investment Property as on March 31, 2018	237.50

Description of valuation techniques used and key inputs to valuation on investment properties: (Amounts in ₹)

Investment property	Valuation technique	Significant unobservable inputs	Range (weighted average)	
			March 31, 2018	March 31, 2017
Freehold land	Market approach	Estimated market rate per sq. mt. of freehold land	₹ 13,306 to ₹ 29,659	₹ 14,827 to ₹ 28,481
	(Sale Comparison Method)	Negotiation, location and physical adjustments	-20% to +30%	-35% to +40%
		Final adjusted price per sq. mt.	₹ 13,050 to ₹ 18,628	₹ 9,155 to ₹ 24,351

The fair market value of the portion of land is computed using the market approach (Sale Comparison Method). The prevalent market rates of comparable property in the vicinity are considered to estimate the market value of the subject property. To estimate the market rate of land, a local enquiry as well as a market survey has been conducted with property dealers, brokers, owners of similar property in the surrounding areas and the rates from Joint Sub-Registrars' Office for actual transactions and the ready reckoner rates have also been considered. Weightages to additional factors like shape, size, location, frontage, access to main road and the demand and supply of similar properties have been considered while computing the market value of the subject property.

(Amounts in ₹ million)

		March 31, 2018	March 31, 2017
Note 5: Investments in subsidiaries and associate (unquoted) (at cost, unless otherwise stated)			
(i)	**In wholly owned subsidiaries**		
	Oracle (OFSS) ASP Private Limited		
	5,170,000 (March 31, 2017 - 5,170,000) equity shares of ₹ 10 each, fully paid-up	46.10	46.10
	(Provision) for diminution in value of investment	(46.10)	(46.10)
		–	–
	Oracle Financial Services Software B.V.		
	140,000 (March 31, 2017 - 140,000) equity shares of EUR 100 each, fully paid-up	776.31	776.31
	Equity contribution for stock options/OSUs	26.19	20.58
		802.50	796.89
	Oracle Financial Services Software Pte. Ltd.		
	250,000 (March 31, 2017 - 250,000) equity shares of SGD 1 each, fully paid-up	6.63	6.63
	Equity contribution for stock options/OSUs	107.46	88.31
		114.09	94.94
	Oracle Financial Services Software America, Inc.		
	1 (March 31, 2017 - 1) equity share of USD 0.01 each, fully paid-up	3,452.26	3,452.26
	100 (March 31, 2017 - 100) Series A Convertible Participating Preference Shares of USD 0.01 each, fully paid-up	2,839.49	2,839.49
	Fair valuation of loan	52.88	52.88
	Equity contribution for stock options / OSUs	58.29	49.50
		6,402.92	6,394.13
	Oracle Financial Services Software (Shanghai) Limited		
	100% (March 31, 2017 - 100%) subscription to the registered capital	45.51	45.51
	Equity contribution for stock options / OSUs	0.34	0.24
		45.85	45.75
	Oracle Financial Services Software Chile Limitada		
	100% (March 31, 2017 - 100%) subscription to the registered capital	70.49	70.49
	Equity contribution for stock options / OSUs	9.29	7.84
		79.78	78.33
	ISP Internet Mauritius Company		
	30,000 (March 31, 2017 - 30,000) equity shares of no par value	192.12	192.12
	Provision for diminution in value of investment	–	(192.12)
	Fair valuation of loan	113.70	113.70
	Provision for loss in fair value of loan	–	(4.63)
	Equity contribution for stock options/OSUs	16.53	10.87
		322.35	119.94
	Oracle (OFSS) Processing Services Limited		
	1,300,000 (March 31, 2017 - 1,300,000) equity shares of ₹ 10 each, fully paid-up	13.00	13.00
(ii)	**In associate**		
	Login SA		
	Nil (March 31, 2017 - 33,000) equity shares of EUR 2 each, fully paid-up	–	6.59
	Aggregate amount of unquoted investments	7,780.49	7,549.57
	Aggregate amount of impairment of unquoted investments	46.10	242.85

(Amounts in ₹ million)

Note 6: Financial assets

	March 31, 2018	March 31, 2017
Non-current		
Other financial assets at fair value through profit or loss		
Investment in Sarvatra Technologies Private Limited (unquoted)*		
242,240 (March 31, 2017 - 242,240) equity shares of ₹ 10 each, fully paid-up	–	–
Other financial assets measured at amortized cost		
Deposits for premises and others	523.17	550.17
	523.17	550.17
	523.17	550.17
Current		
Other financial assets measured at amortized cost		
Deposits for premises and others	114.40	46.77
Unbilled revenue	2,758.39	2,970.30
Other receivables and advances	99.00	52.41
	2,971.79	3,069.48
	2,971.79	3,069.48

* The Company had made an investment of ₹ 45 million and the same has been fair valued as at the balance sheet date.

	March 31, 2018	March 31, 2017
Breakup of financial assets measured at amortized cost		
Deposits for premises and others (note 6)	637.57	596.94
Unbilled revenue (note 6)	2,758.39	2,970.30
Other receivables and advances (note 6)	99.00	52.41
Trade receivables (note 7)	6,317.93	5,075.12
Cash and bank balances (note 8)	18,800.90	24,376.72
	28,613.79	33,071.49

Note 7: Trade receivables

	March 31, 2018	March 31, 2017
Break-up for security details:		
Secured, considered good	–	–
Unsecured, considered good	6,524.17	5,268.42
Considered doubtful	820.27	902.03
	7,344.44	6,170.45
Impairment allowance		
Unsecured, considered good	(206.24)	(193.30)
Considered doubtful	(820.27)	(902.03)
	6,317.93	5,075.12

No trade receivables are due from directors or other key managerial personnel of the Company either severally or jointly with any other person. Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Note 8: Cash and bank balance

		March 31, 2018	March 31, 2017
(a)	Cash and cash equivalents		
	Balances with banks:		
	In current accounts	492.79	828.45
	In deposit accounts with original maturity of less than 3 months	1,503.83	5,449.27
	In unpaid dividend account	–	14,593.93
	In unclaimed dividend accounts	115.27	119.10
		2,111.89	20,990.75

	(Amounts in ₹ million)	
	March 31, 2018	March 31, 2017
(b) Other bank balances		
Balances with banks:		
In deposit accounts with original maturity of more than 3 months but less than 12 months	16,687.39	3,384.38
In margin money deposit accounts	1.62	1.59
	16,689.01	3,385.97
	18,800.90	24,376.72

Cash at banks earns interest at floating rates based on the daily bank deposit rates and the daily balances. Time deposits are placed for varying periods ranging from 7 days to 364 days, depending on the immediate cash requirements of the Company. The time deposits earn interest at the respective deposit rates.

Note 9: Other assets

Non-current		
GST, VAT, service tax and other indirect taxes	460.57	460.57
Prepaid expenses	212.24	252.95
	672.81	713.52
Current		
GST, VAT, service tax and other indirect taxes	142.44	173.92
Prepaid expenses	213.65	195.30
	356.09	369.22

Note 10: Equity share capital

Authorized:		
100,000,000 (March 31, 2017 - 100,000,000) equity shares of ₹ 5 each	500.00	500.00
Issued, subscribed and fully paid-up:		
85,416,893 (March 31, 2017 - 85,106,406) equity shares of ₹ 5 each	427.08	425.53

(a) The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share.

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

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

Name and relationship of shareholder:	March 31, 2018	March 31, 2017
Oracle Global (Mauritius) Limited, holding company		
Number of equity shares	63,051,197	63,051,197
% of equity shares	73.82%	74.09%

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 outstanding at the beginning and at the end of the year

	No. of equity shares	Amounts in ₹ million
Outstanding as at April 1, 2016	84,856,178	424.28
Issued during the year ended March 31, 2017 under the employee stock option plan (ESOP)	250,228	1.25
Outstanding as at March 31, 2017	85,106,406	425.53
Issued during the year ended March 31, 2018 under the employee stock option plan (ESOP)	310,487	1.55
Outstanding as at March 31, 2018	85,416,893	427.08

(d) Refer note 26 (b) for details of shares reserved for issue under the employee stock option plan (ESOP) of the Company.

(Amounts in ₹ million)

	March 31, 2018	March 31, 2017

Note 11: Other equity

	March 31, 2018	March 31, 2017
Share application money pending allotment [refer note below]	1.91	26.16
Securities premium	13,663.54	12,528.56
Employee stock options outstanding	1,899.06	1,835.05
General reserve	10,145.19	10,145.19
Retained earnings	11,895.87	1,793.01
Other comprehensive income	9.47	5.70
Contribution from Ultimate Holding Company	28.91	–
	37,643.95	26,333.67

Note: Share application money pending allotment for the year ended March 31, 2018 represents the money received from employees of the Company towards exercise of 350 stock options at the exercise price of ₹ 3,077 and 200 stock options at the exercise price of ₹ 3,127 under Employee Stock Option Plan 2011 Scheme ("Scheme 2011") and 133 OFSS Stock Units ("OSUs") at the exercise price of ₹ 5 and 62 stock options at the exercise price of ₹ 3,393 under Oracle Financial Services Software Limited Stock Plan 2014 ("OFSS Stock Plan 2014"). Each stock option and OSUs will entitle one equity share of ₹ 5 each of the Company.

	March 31, 2018	March 31, 2017
Share application money pending allotment		
Balance, beginning of the year	26.16	3.00
Application money received for exercised options	587.91	589.42
Shares issued for exercised options	(612.16)	(566.26)
Balance, end of the year	1.91	26.16
Securities premium		
Balance, beginning of the year	12,528.56	11,690.10
Received during the year on exercise of employee stock options	610.61	565.01
Stock compensation related to options exercised	524.37	273.45
Balance, end of the year	13,663.54	12,528.56
Employee stock options outstanding		
Balance, beginning of the year	1,835.05	1,345.71
Stock compensation charge	635.18	780.37
Forfeiture of options	(46.80)	(17.58)
Stock compensation related to options exercised	(524.37)	(273.45)
Balance, end of the year	1,899.06	1,835.05
Retained earnings		
Balance, beginning of the year	1,793.01	16,003.25
Profit for the year	10,059.90	12,880.97
Balance, end of the year	11,852.91	28,884.22
Forfeiture of options	46.80	17.58
Actuarial gain (loss) on gratuity fund including deferred tax thereon transferred to retained earnings	29.02	(31.64)
Less: Dividends on equity shares [Refer note below]		
Final equity dividend	–	(8,501.20)
Interim equity dividend	(27.30)	(14,468.09)
Tax on equity dividend (interim and final)	(5.56)	(4,107.86)
Balance, end of the year	11,895.87	1,793.01

Note: The Board of Directors has recommended a final dividend of ₹ 130 per equity share for the year ended March 31, 2018 (March 31, 2017 - ₹ Nil). This final dividend is subject to the approval of the shareholders. The Board of Directors had declared an interim dividend on March 29, 2017 of ₹ 170 per equity share for the year ended March 31, 2017 which was paid subsequent to the date of balance sheet.

		(Amounts in ₹ million)
	March 31, 2018	March 31, 2017
Other comprehensive income		
Balance, beginning of the year	5.70	(38.92)
Actuarial gain (loss) on gratuity fund including deferred tax thereon	29.02	(31.64)
Exchange differences on translation of foreign operations	3.77	44.62
	38.49	(25.94)
Actuarial gain (loss) on gratuity fund including deferred tax thereon transferred to retained earnings	(29.02)	31.64
Balance, end of the year	9.47	5.70
Contribution from Ultimate Holding Company		
ESOP charge from Ultimate Holding Company		
Balance, beginning of the year	–	–
Charge for the year	28.91	–
Balance, end of the year	28.91	–

Note 12: Financial liabilities

		March 31, 2018	March 31, 2017
(a)	Trade Payables measured at amortized cost		
	Current		
	- Payable to micro and small enterprises*	–	–
	- Payable to others	555.40	75.49
		555.40	75.49
(b)	Other financial liabilities		
	Non-current		
	Financial liabilities measured at amortized cost		
	Accrued compensation to employees	31.74	21.14
		31.74	21.14
	Current		
	Derivative instruments at fair value through profit or loss		
	Derivatives not designated as hedges		
	Foreign exchange forward contract, net **	30.61	0.33
		30.61	0.33
	Other financial liabilities measured at amortized cost		
	Amount due to subsidiaries	1,927.42	648.84
	Accrued expenses	1,389.99	1,517.44
	Accrued compensation to employees	717.84	964.03
	Interim equity dividend payable	–	14,468.09
	Tax on interim equity dividend payable	–	2,765.64
	Advances from customers	138.52	91.35
	Unpaid dividends***	115.27	119.10
		4,289.04	20,574.49
		4,319.65	20,574.82

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

** The Company entered into foreign exchange forward contracts with the intention of reducing the foreign exchange risk of trade receivables; these contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

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

Terms and conditions of financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-day terms
- Other financial liabilities are normally settled as and when due

(Amounts in ₹ million)

Note 13: Other liabilities

	March 31, 2018	March 31, 2017
Non-current		
Deferred rent	133.20	136.86
	133.20	136.86
Current		
Deferred revenues	736.53	839.92
Withholding and other taxes	53.72	174.49
Other statutory dues	111.57	75.56
Deferred rent	4.76	0.88
	906.58	1,090.85

Note 14: Employee benefit obligations

	March 31, 2018	March 31, 2017
Non-current		
For Gratuity (refer note 27)	888.17	744.83
	888.17	744.83
Current		
For Gratuity (refer note 27)	110.06	103.15
For Compensated absence	1,118.89	1,050.33
	1,228.95	1,153.48

Note 15: Income taxes

	Year ended March 31, 2018	Year ended March 31, 2017
(a) The major components of income tax expense for the year ended March 31, 2018 and March 31, 2017 are:		
(i) Profit or loss section		
Current taxes	4,775.76	4,383.88
Deferred tax	33.48	(438.92)
Income tax expense reported in the statement of profit and loss	4,809.24	3,944.96
(ii) Other Comprehensive Income section		
Deferred tax on actuarial gain (loss) on gratuity fund	15.59	(16.74)
Income tax expense charge / (credit) reported in Other Comprehensive Income	15.59	(16.74)

Deferred tax charge (credit) for the year ended March 31, 2018 and March 31, 2017 relates to origination and reversal of temporary differences.

	Year ended March 31, 2018	Year ended March 31, 2017
(b) Reconciliation of tax expense and accounting profit for the year end March 31, 2018 and March 31, 2017:		
Accounting profit before income tax	14,869.14	16,825.93
Enacted tax rates in India	34.608%	34.608%
Computed expected tax expenses	5,145.91	5,823.12
Tax effect		
of earlier years	13.00	(86.21)
on exempt income	–	(129.44)
on income at different rates	(14.26)	(681.27)
on undistributed profits	189.76	(284.10)
on non-deductible expenses for tax purpose	0.98	29.72
on weighted deduction for tax purpose	(370.36)	(806.74)
overseas taxes	(136.24)	32.02
others	(19.55)	47.86
Income tax expense reported in statement of profit and loss	4,809.24	3,944.96

(Amounts in ₹ million)

		March 31, 2018	March 31, 2017
(c)	The tax effect of significant temporary differences that resulted in deferred tax asset are as follows:		
	Deferred tax assets		
	Difference between book and tax depreciation	176.88	136.82
	Provision for compensated absence	354.24	320.14
	Provision for gratuity	348.82	293.47
	Impairment loss on financial assets	389.15	383.63
	Tax on undistributed profits	(417.94)	(228.18)
	Other timing differences	201.96	196.31
		1,053.11	1,102.19

Deferred tax asset and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities.

		Year ended March 31, 2018	Year ended March 31, 2017
(d)	Reconciliation of net deferred tax asset is as follows:		
	Balance, beginning of year	1,102.19	646.52
	Tax (expense) income during the year recognized in statement of profit or loss	(33.48)	438.92
	Tax (expense) income during the year recognized in other comprehensive income	(15.59)	16.74
	Translation differences	(0.01)	0.01
	Balance, end of the year	1,053.11	1,102.19

Note 16: Revenue from operations

Product licenses and related activities	33,509.25	31,678.70
IT solutions and consulting services	5,108.02	5,684.42
	38,617.27	37,363.12

Note 17: Finance income

Interest on financial assets measured at amortized cost:		
Bank deposits	651.05	1,343.39
Deposits for premises and others	44.19	44.69
Loan to subsidiaries	–	20.32
Others	27.38	12.43
	722.62	1,420.83

Note 18: Other income, net

Fair value gain on derivatives not designated as hedges	59.77	126.58
Foreign exchange gain (loss), net	35.18	(283.99)
Profit on sale of fixed assets, net	2.08	35.15
Profit on sale of investment in associate [Refer note 28]	10.31	–
Miscellaneous income [Refer note 42]	56.31	338.02
	163.65	215.76

Note 19: Employee benefit expenses

Salaries and bonus	16,520.88	16,030.99
Contribution to provident and other funds	722.56	603.73
Stock compensation expense	623.33	714.10
Staff welfare expenses	719.96	759.81
	18,586.73	18,108.63

(Amounts in ₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017

Note 20: Other operating expenses

	Year ended March 31, 2018	Year ended March 31, 2017
Application software	58.06	51.24
Communication expenses	132.25	117.18
Rent	369.21	358.03
Power	202.64	199.60
Insurance	21.14	24.02
Repairs and maintenance:		
Buildings and leasehold premises	54.99	59.93
Computer equipments	11.34	15.40
Others	107.00	78.05
Rates and taxes	289.95	35.92
(Reversal) for diminution in value of investments in subsidiary company	(196.75)	–
(Reversal) for loss in fair value of loan	–	(82.72)
Impairment loss (reversed) on financial assets	(67.18)	(17.95)
Bad debts	62.56	200.27
Corporate Social Responsibility [Refer note below]	330.48	337.18
Auditors' remuneration	9.95	17.85
Miscellaneous expenses	257.34	266.57
	1,642.98	1,660.57

Note: As per the requirements of Section 135 of the Companies Act, 2013 the Company was required to spend an amount of ₹ 330.36 million (March 31, 2017 - ₹ 335.39 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 ₹ 330.48 million (March 31, 2017 - ₹ 337.18 million) against Corporate Social Responsibility expenditure.

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

(Number of equity shares)

	Year ended March 31, 2018	Year ended March 31, 2017
Weighted average shares outstanding for basic earnings per share	85,320,601	84,983,479
Add: Effect of dilutive component of stock options	503,905	284,762
Weighted average shares outstanding for diluted earnings per share	85,824,506	85,268,241

Note 22: Fair values

The management has assessed that fair value of financial instruments approximates their carrying amounts largely due to the short term maturities of these instruments.

Fair value hierarchy:

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Fair value measurement hierarchy for assets and liabilities as at March 31, 2018: (Amounts in ₹ million)

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Investment property [Refer note 4]	March 31, 2018	237.50	–	237.50	–
Liabilities measured at fair value:					
Foreign exchange forward contract, net	March 31, 2018	30.61	–	30.61	–

Fair value measurement hierarchy for assets and liabilities as at March 31, 2017: (Amounts in ₹ million)

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Investment property [Refer note 4]	March 31, 2017	225.67	–	225.67	–
Liabilities measured at fair value:					
Foreign exchange forward contract, net	March 31, 2017	0.33	–	0.33	–

The following methods and assumptions are used to estimate the fair values:

The Company enters into derivative financial instruments with various banks. Foreign exchange forward contracts are valued using valuation techniques, which employ the use market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies.

There have been no transfers between Level 1 and Level 2 during the periods March 31, 2018 and March 31, 2017.

Note 23: Significant accounting judgements, estimates and assumptions

The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions and estimate at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are described below. These assumptions and estimates are based on available parameters as on the date of preparation of standalone financial statements. These assumptions and estimates, however, may change due to market changes or circumstances arising that are beyond the control of the Company.

- **Operating lease**

  The Company has entered into commercial property leases for its offices. The Company has accounted these contracts as operating leases which have been determined based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property, the fair value of the asset and that the Company does not obtain any significant risks and rewards of ownership of these properties.

- **Fair value of investment property**

  As per the Ind AS, the Company is required to disclose the fair value of the investment property. Accordingly, the Company has engaged an independent valuation specialist to assess the fair values of investment property as at March 31, 2018 and March 31, 2017. The investment property was valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the investment property. The key assumptions used to determine fair value of the investment property and sensitivity analysis are provided in note 4.

- **Impairment of non-financial assets**

  Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the projections for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

- **Share based payments**

  The Company measures share-based payments and transactions at fair value and recognizes over the vesting period using Black Scholes valuation model. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and model used for estimating fair value for share based payment transactions are disclosed in note 26(b).

- **Taxes**

  Deferred tax liability is recognized on the undistributed profits of subsidiaries where it is expected that the earnings of the subsidiary will be distributed in foreseeable future. Significant management judgement is required to determine the amount of deferred tax that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

- **Defined benefit plans (gratuity benefits)**

  The cost of the defined benefit gratuity plan and other post-employment retirement benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date annually. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. For plans operated outside India, the management considers the interest rates of high quality corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

  The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases is based on expected future inflation rates for the respective countries. Further details about gratuity obligations are given in note 27.

- **Fair value measurement of financial instruments**

  When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 22 for further disclosures.

Note 24: Capital commitments and contingent liabilities

(Amounts in ₹ million)

Particulars		March 31, 2018	March 31, 2017
(a)	Capital commitments against property, plant and equipment		
	Contracts remaining to be executed on capital account not provided for (net of advances).	235.24	197.32
(b)	Contingent liabilities	Nil	Nil

Note 25: Leases

Where Company is lessee

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, 2018 aggregated to ₹ 320.35 million (March 31, 2017 - ₹ 307.87 million). The minimum rental payments to be made in future in respect of these leases are as follows:

(Amounts in ₹ million)

Particulars	March 31, 2018	March 31, 2017
Not later than one year	320.01	350.57
Later than one year but not later than five years	691.40	1,056.94
Later than five years	176.78	381.40
	1,188.19	1,788.91

Note 26: Share based compensation / payments

(a) Employee Stock Purchase Scheme ("ESPS")

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

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 had filed a petition in the Honorable 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. As per the order of the Honorable Bombay High Court dated August 1, 2016, the trust funds would be utilized for the benefit of the employees. Accordingly during the financial year the trust has incurred an expenditure of ₹ 28.71 million (March 31, 2017 - ₹ Nil) towards welfare of employees of the Company.

As at March 31, 2018, the Trust is holding 70,600 equity shares (March 31, 2017 - 166,142 equity shares) of Oracle Financial Services Software Limited.

(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 ("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 165,795 stock options and 586,984 OFSS Stock Units ('OSUs') under OFSS Stock Plan 2014. The issuance terms of OSUs are the same as for stock options, employees may elect to receive 1 OSU 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 an 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 / OSUs 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 / OSUs have exercise period of 10 years from the date of grant. The employee pays the exercise price upon exercise of options / OSUs.

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

	Year ended			
	March 31, 2018		March 31, 2017	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	12,000	2,333	23,000	1,835
Granted	–	–	–	–
Exercised	(12,000)	2,333	(5,000)	1,290
Forfeited	–	–	–	–
Lapsed	–	–	(6,000)	1,290
Outstanding at end of the year	–	–	12,000	2,333
Vested options	–		12,000	
Unvested options	–		–	

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

	Year ended			
	March 31, 2018		March 31, 2017	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	56,675	2,050	95,344	2,062
Granted	–	–	–	–
Exercised	(14,600)	2,050	(30,869)	2,088
Forfeited	(590)	2,050	(7,800)	2,050
Outstanding at end of the year	41,485	2,050	56,675	2,050
Vested options	41,485		56,675	
Unvested options	–		–	

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

	Year ended			
	March 31, 2018		March 31, 2017	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	860,798	2,922	1,119,925	2,882
Granted	–	–	–	–
Exercised	(196,016)	2,753	(185,197)	2,660
Forfeited	(28,900)	3,100	(73,930)	2,970
Outstanding at end of the year	635,882	2,966	860,798	2,922
Vested options	540,332		559,948	
Unvested options	95,550		300,850	

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

	Year ended			
	March 31, 2018		March 31, 2017	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	534,537	905	386,361	858
Granted	138,383	237	217,773	958
Exercised	(87,871)	176	(29,162)	91
Forfeited	(24,380)	710	(40,435)	1,329
Outstanding at end of the year	560,669	863	534,537	905
Vested options	154,597		109,267	
Unvested options	406,072		425,270	

During the year ended March 31, 2018, the Company has granted 9,000 stock options and 129,383 OSUs under OFSS Stock Plan 2014 at an exercise price of ₹ 3,579 and ₹ 5 respectively.

The weighted average share price for the year over which stock options / OSUs were exercised was ₹ 3,795 (March 31, 2017 - ₹ 3,407).

The details of options / OSUs unvested and options / OSUs vested and exercisable as on March 31, 2018 are as follows:

	Exercise prices (₹)	Number of Options	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Options/OSUs unvested	5	329,388	5	8.4
	3,077	95,550	3,077	5.5
	3,241	11,994	3,241	7.0
	3,393	40,901	3,393	8.2
	3,579	9,000	3,579	9.2
	3,987	14,789	3,987	7.6
Options/OSUs vested and exercisable	5	92,910	5	7.5
	1,930	73,133	1,930	3.7
	2,050	41,485	2,050	2.4
	3,077	200,489	3,077	5.5
	3,127	266,710	3,127	4.9
	3,241	34,445	3,241	7.0
	3,393	12,556	3,393	8.2
	3,987	14,686	3,987	7.6
		1,238,036	1,983	6.3

The details of options / OSUs unvested and options / OSUs vested and exercisable as on March 31, 2017 are as follows:

	Exercise prices (₹)	Number of Options	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Options/OSUs unvested	5	319,971	5	8.8
	3,077	204,100	3,077	6.5
	3,127	96,750	3,127	5.9
	3,241	26,049	3,241	8.0
	3,393	56,425	3,393	9.2
	3,987	22,825	3,987	8.6
Options/OSUs vested and exercisable	5	75,607	5	8.2
	1,930	130,788	1,930	4.7
	2,050	56,675	2,050	3.4
	2,333	12,000	2,333	3.6
	3,077	192,205	3,077	6.5
	3,127	236,955	3,127	5.9
	3,241	26,060	3,241	8.0
	3,987	7,600	3,987	8.6
		1,464,010	2,147	6.8

Stock Options/OSUs granted during the financial year ended March 31, 2018:

The weighted average fair value of stock options / OSUs granted during the year was ₹ 3,407 (March 31, 2017 - ₹ 2,703).

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

	Year Ended March 31, 2018	
	OFSS Stock Plan 2014 (stock options)	OFSS Stock Plan 2014 (OSUs)
	June, 2017	June, 2017
Weighted average share price (in ₹)	987	3,575
Exercise Price (in ₹)	3,579	5
Expected Volatility	23%	23%
Weighted average life (in years)	3.60	3.60
Expected dividend rate	Nil	Nil
Average risk-free interest rate	6.45%	6.45%

	Year Ended March 31, 2017					
	OFSS Stock Plan 2014 (stock options)	OFSS Stock Plan 2014 (OSUs)				
	June, 2016	April, 2016	June 2016	November, 2016	December, 2016	January, 2017
Weighted average share price (in ₹)	3,393	3,527	3,393	2,998	3,146	3,314
Exercise Price (in ₹)	3,393	5	5	5	5	5
Expected Volatility	24%	27%	27%	25%	25%	26%
Weighted average life (in years)	3.54	6.25	6.25	6.25	6.25	6.25
Expected dividend rate	Nil	Nil	Nil	Nil	Nil	Nil
Average risk-free interest rate	7.18%	7.55%	7.44%	6.50%	6.64%	6.65%

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.

Note 27: Employee benefit obligation

Defined contribution plans

During year ended March 31, 2018 and 2017, the Company contributed following amounts to defined contributions plans:

(Amounts in ₹ million)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Provident fund	332.90	318.51
Superannuation fund	124.16	135.65
	457.06	454.16

Defined benefit plan – gratuity

The amounts recognized in the statement of profit and loss for the year ended March 31, 2018 and 2017 are as follows:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Current service cost	123.90	87.84
Past service cost	87.14	4.76
Interest cost, net	53.66	52.81
Total included in employee benefit expense	264.70	145.41

Remeasurements recognized in other comprehensive income are as follows:

(Amounts in ₹ million)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Due to change in demographic assumptions	2.79	–
Due to change in financial assumptions	(41.67)	25.59
Due to change in experience adjustments	(7.89)	21.39
(Return) on plan assets (excl. interest income)	2.16	1.40
Total re-measurements in other comprehensive income	(44.61)	48.38

The amounts recognized in the balance sheet are as follows:

Particulars	March 31, 2018	March 31, 2017
Present value of funded obligations	916.36	760.67
Present value of unfunded obligations	87.03	95.81
Fair value of plan assets	(5.16)	(8.50)
Net liability	998.23	847.98

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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Defined benefit obligation at beginning of the year	856.48	733.27
Current service cost	123.90	87.84
Past service cost	87.14	4.76
Interest cost	54.20	52.93
Benefits paid	(71.56)	(69.30)
Re-measurements		
- Due to change in demographic assumptions	2.79	–
- Due to changes in financial assumptions	(41.67)	25.59
- Due to change in experience adjustments	(7.89)	21.39
Defined benefit obligation at end of the year	1,003.39	856.48

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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Fair value of plan assets at beginning of the year	8.50	1.40
Interest income	0.54	0.12
(Return) on plan assets (excl. interest income)	(2.16)	(1.40)
Contribution by employer	63.98	73.33
Benefits paid	(65.70)	(64.95)
Fair value of plan assets at end of the year	5.16	8.50

Plan assets are administered by LIC.

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

	March 31, 2018	March 31, 2017
Discount rate	3.90% - 7.70%	4.00% - 7.15%
Expected return on plan assets	7.70%	7.15%
Salary escalation rate	2.00% - 8.00%	3.00% - 8.00%
Weighted average duration	7 years - 14 years	7 years - 14 years

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 LIC. 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, 2019 is expected to be ₹ 110.46 million (March 31, 2018 - ₹ 111.65 million).

A quantitative sensitivity analysis for significant assumptions on defined benefit obligation as at March 31, 2018 and March 31, 2017 is as shown below:

(Amounts in ₹ million)

Particulars	Sensitivity level	Year ended March 31, 2018	Year ended March 31, 2017
Financial assumptions			
Discount rate	- 0.5%	1,042.27	888.55
	+ 0.5%	967.06	826.67
Salary escalation rate	- 0.5%	970.71	834.50
	+ 0.5%	1,037.31	878.98
Demographic assumptions			
Withdrawal rate	- 1%	1,001.32	851.88
	+ 1%	1,005.05	860.48

Note 28: Investment in associate

The Company had a 33% interest in Login SA; a private company incorporated in France which specializes in trading, risk management and back-office software, dedicated to bank treasury and capital markets activities.

The Company had an investment of ₹ 6.59 million in Login SA During the year ended March 31, 2018, the Company has disposed off the investment for a total consideration of ₹ 16.91 million.

The disclosures for profit and loss, other comprehensive income and total comprehensive income for Login SA for the year ended March 31, 2018 and March 31, 2017 are as below:

(Amounts in ₹ million)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(Loss) for the year	–	(26.91)
Other Comprehensive Income for the year	–	–
Total Comprehensive Income for the year	–	(26.91)
Company's share in total Comprehensive Income for the year	–	(8.88)

Note 29: Financial risk management objectives and policies

The Company's activities expose it to market risks, Liquidity risk and credit risks. The management oversees these risks and is aided by the Risk Management Committee whose scope is to formulate the risk management policy, which will identify elements of risk, if any which may affect the Company.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly comprises of foreign currency risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of monetary items will fluctuate because of changes in foreign exchange rates. This may have potential impact on the statement of profit and loss and other components of equity, where monetary items are denominated in a foreign currency, which are different from functional currency in which they are measured. As at the balance sheet date, the Company's net foreign currency exposure expressed in INR that is not hedged is ₹ 787.80 million (March 31, 2017 - ₹ 4,009.00 million).

Following are the carrying amounts of foreign currency denominated monetary items (net) of the Company where it has significant exposure as at the balance sheet date:

(Amounts in ₹ million)

Currency	March 31, 2018	March 31, 2017
USD	(621.64)	573.15
CNY	1,034.53	1,231.66
JPY	297.48	363.47
EUR	(355.84)	819.60
AUD	0.64	541.65

The Company manages its foreign currency risk by hedging the receivables in the major currencies (USD, EUR and AUD) using hedging instrument as forward contracts. The period of the forward contracts is determined by the expected collection period for invoices which currently ranges between 30 to 120 days.

Foreign currency sensitivity

Below table demonstrates sensitivity impact on Company's profit after tax and total equity due to change in foreign exchange rates of currencies where it has significant exposure:

(Amounts in ₹ million)

Currency	March 31, 2018		March 31, 2017	
	+1%	-1%	+1%	-1%
USD	20.99	(20.99)	14.34	(14.34)
CNY	7.00	(7.00)	9.43	(9.43)
JPY	2.01	(2.01)	(1.34)	1.34
EUR	3.52	(3.52)	6.26	(6.26)
AUD	4.51	(4.51)	4.15	(4.15)

The above sensitivity impact gain (loss) is due to every percentage point appreciation or depreciation in the exchange rate of respective currencies, with all other variables held constant. Sensitivity impact is computed based on change in value of monetary assets and liabilities denominated in above respective currency, where the functional currency of the entity is a currency other than above respective currency and entities with functional currency as above respective currency where transactions are in foreign currencies. The Company's exposure to foreign currency changes for all other currencies is not material.

(b) Liquidity risk

Liquidity risk management implies maintaining sufficient availability of funds to meet obligations when due and to close out market positions. The Company monitors rolling forecast of the cash and cash equivalent on the basis of expected cash flows.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

As at March 31, 2018 (Amounts in ₹ million)

Particulars	Less than 1 year	More than 1 year	Total
Trade payables	555.40	–	555.40
Amount due to subsidiaries	1,927.42	–	1,927.42
Accrued expenses	1,389.99	–	1,389.99
Accrued compensation to employees	717.84	31.74	749.58
Unpaid dividends	115.27	–	115.27
Advance from customers	138.52	–	138.52
Foreign exchange forward contract, net	30.61	–	30.61
	4,319.65	31.74	4,351.39

As at March 31, 2017 (Amounts in ₹ million)

Particulars	Less than 1 year	More than 1 year	Total
Trade payables	75.49	–	75.49
Amount due to subsidiaries	648.84	–	648.84
Accrued expenses	1,517.44	–	1,517.44
Accrued compensation to employees	964.03	21.14	985.17
Unpaid dividends	119.10	–	119.10
Interim equity dividend payable	14,468.08	–	14,468.08
Tax on interim equity dividend payable	2,765.64	–	2,765.64
Advance from customers	91.35	–	91.35
Foreign exchange forward contract, net	0.33	–	0.33
	20,650.31	21.14	20,671.45

The Company has sufficient funds in cash and cash equivalents and other bank balances to meet obligations towards financial liabilities.

(c) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including time deposits with banks, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed in line with the established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on regional historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 7.

Cash and Bank balances

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with existing Bankers and within credit limits assigned to each banker.

Company follows a conservative philosophy and aims to invest surplus funds in India only in time deposits with well-known and highly rated banks. The duration of such time deposits will not exceed 364 days. The Company, on quarterly basis, monitors the credit ratings and total deposit balances of each of its bankers. Further limits are set to minimize the concentration of risks and therefore mitigate financial loss of any potential failure to repay deposits.

Note 30: Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital, share premium and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company's capital management is to maximize the equity shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and other financial requirements.

Note 31: Derivative instruments

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, 2018 the Company has following outstanding derivative instrument:

(Amounts in million)

Particulars	March 31, 2018	March 31, 2017
Forward contracts – Sell in US Dollar	USD 57.40	USD 20.00
Forward contracts – Sell in AU Dollar	AUD 13.32	–
Forward contracts – Sell in Euro	EUR 10.88	–

Note 32: 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	Oracle Financial Services Software B.V.
	Oracle Financial Services Software Pte. Ltd.
	Oracle Financial Services Software Chile Limitada
	Oracle Financial Services Software (Shanghai) Limited
	Oracle Financial Services Software America, Inc.

Relationship		Names of related parties
		ISP Internet Mauritius Company Oracle (OFSS) Processing Services Limited Oracle (OFSS) ASP Private Limited
	Subsidiaries of Subsidiaries	Subsidiary of Oracle Financial Services Software B.V. - Oracle Financial Services Software SA Subsidiary of Oracle Financial Services Software Pte. Ltd. - Oracle Financial Services Consulting Pte. Ltd. Subsidiaries of Oracle Financial Services Software America, Inc. - Oracle Financial Services Software, Inc. - Mantas Inc. Subsidiaries of Mantas Inc. - Sotas Inc. Subsidiary of Sotas Inc. - Mantas India Private Limited Subsidiaries of ISP Internet Mauritius Company - Oracle (OFSS) BPO Services Inc. - Oracle (OFSS) BPO Services Limited
(ii)	Associate	Login SA (disposed off on July 4, 2017)
(iii)	Related parties with whom transactions have taken place during the year	
	Fellow Subsidiaries	Oracle Egypt Ltd. Oracle Canada ULC Oracle Taiwan LLC Oracle Romania SRL Oracle Hungary Kft. Oracle EMEA Limited Oracle Czech s.r.o. Oracle America, Inc. Oracle Nederland B.V. Oracle Vietnam Pte. Ltd Oracle Italia S.R.L. Oracle Polska, Sp.z.o.o. 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 Solution Services (India) Private Ltd.

Relationship	Names of related parties
	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 de Mexico, S.A. de C.V.
	Oracle New Zealand
	PT Oracle Indonesia
	Oracle (China) Software Systems Co. Ltd.
	Oracle Colombia Limitada
	Sistemas Oracle de Chile, S.A
	Oracle Belgium B.V.B.A/SPRL
	Oracle Luxembourg S.a.r.l.
	Oracle Korea, Ltd.
(iv) Controlled Trust	i-flex ESOP Stock Option Trust
(v) Key Managerial Personnel ('KMP')	Chaitanya Kamat - Managing Director and Chief Executive Officer
	Makarand Padalkar - Chief Financial Officer
	Onkarnath Banerjee - Company Secretary & Compliance Officer
(vi) Independent Directors	S Venkatachalam
	Richard Jackson
	Sridhar Srinivasan

Transactions and balances outstanding with these parties are described below:

(Amounts in ₹ million)

Particulars	Transactions		Amount receivable (payable)	
	Year ended March 31, 2018	Year ended March 31, 2017	As at March 31, 2018	As at March 31, 2017
Revenue				
Fellow Subsidiaries				
Oracle America, Inc.	505.65	517.40	147.07	54.04
Oracle Corporation (South Africa) (Pty) Limited	942.57	664.73	168.57	73.85
Oracle Corporation Australia Pty. Limited	–	–	–	0.13
Oracle India Private Limited	200.60	148.88	171.52	0.63
Oracle Egypt Ltd.	616.68	756.43	676.80	1,854.29
Oracle Technology Systems (Kenya) Limited	–	(112.05)	(2.46)	(2.46)
Oracle Systems Limited	63.07	202.09	(2.39)	14.24
Oracle Portugal - Sistemas de Informação Lda.	–	–	0.05	0.04
Oracle do Brasil Sistemas Limitada	53.42	56.25	5.12	–
Subsidiaries				
Oracle Financial Services Software B.V.	9,546.72	8,749.01	963.82	963.69
Oracle Financial Services Software, Inc.	11,875.71	12,437.19	779.32	(448.72)
Oracle Financial Services Software Pte. Ltd.	9,403.88	8,438.72	1,667.21	873.89
Oracle Financial Services Software (Shanghai) Limited	324.46	392.37	1,216.08	1,424.22
Oracle Financial Services Software Chile Limitada	170.51	200.20	62.72	29.93

(Amounts in ₹ million)

Particulars	Transactions		Amount receivable (payable)	
	Year ended March 31, 2018	Year ended March 31, 2017	As at March 31, 2018	As at March 31, 2017
Advance from customers				
Fellow Subsidiary				
Oracle Corporation (South Africa)(Pty) Limited	(46.52)	91.34	(137.87)	(91.34)
Oracle America, Inc.	0.61	–	(0.61)	–
Oracle Systems Limited	0.04	–	(0.04)	–
Unbilled revenue				
Fellow Subsidiaries				
Oracle America, Inc.	–	–	43.01	35.70
Oracle Corporation (South Africa) (Pty) Limited	–	–	155.14	83.28
Oracle do Brasil Sistemas Limitada	–	–	0.01	6.89
Oracle India Private Limited	–	–	44.48	89.66
Oracle Systems Limited	–	–	45.83	(4.13)
Oracle Egypt Limited	–	–	47.88	–
Subsidiaries				
Oracle Financial Services Software B.V.	–	–	362.70	565.54
Oracle Financial Services Software, Inc.	–	–	460.71	727.92
Oracle Financial Services Software Pte. Ltd.	–	–	841.97	887.73
Oracle Financial Services Software (Shanghai) Limited	–	–	82.81	17.01
Oracle Financial Services Software Chile Limitada	–	–	(23.46)	3.45
Oracle Financial Services Software SA	–	–	–	–
Oracle (OFSS) Processing Services Limited	–	–	–	–
Deferred revenue				
Fellow Subsidiaries				
Oracle America, Inc.	–	–	(0.13)	–
Oracle Corporation (South Africa) (Pty) Limited	–	–	(0.25)	(0.03)
Oracle do Brasil Sistemas Limitada	–	–	6.97	–
Oracle India Private Limited	–	–	(4.46)	–
Oracle Systems Limited	–	–	(67.37)	–
Oracle Egypt Ltd.	–	–	(38.91)	(263.38)
Subsidiaries				
Oracle Financial Services Software B.V.	–	–	(18.00)	(49.67)
Oracle Financial Services Software Pte. Ltd.	–	–	–	(16.65)
Oracle Financial Services Software Chile Limitada	–	–	(6.99)	(9.13)
Bad debts				
Fellow Subsidiaries				
Oracle Corporation (South Africa) (Pty) Ltd.	0.06	–	–	–
Oracle Corporation Australia Pty. Limited	0.06	–	–	–
Subsidiaries				
Oracle Financial Services Software, Inc.	6.12	29.65	–	–
Oracle Financial Services Software Pte. Ltd.	15.68	39.74	–	–
Oracle Financial Services Software B.V.	27.72	11.10	–	–
Oracle Financial Services Software (Shanghai) Limited	–	25.23	–	–

(Amounts in ₹ million)

Particulars	Transactions		Amount receivable (payable)	
	Year ended March 31, 2018	Year ended March 31, 2017	As at March 31, 2018	As at March 31, 2017
Impairment allowance				
Fellow Subsidiaries				
Oracle America, Inc.	(4.54)	4.39	(0.21)	(4.75)
Oracle Egypt Ltd.	(81.17)	689.39	(676.80)	(757.97)
Oracle Portugal - Sistemas de Informação Lda.	0.00	(0.02)	(0.00)	–
Oracle Corporation (South Africa) (Pty) Limited	2.37	11.80	(14.17)	(11.80)
Oracle Corporation Australia Pty. Limited	–	(0.12)	–	–
Oracle Systems Limited	(1.20)	(8.07)	0.07	(1.13)
Oracle India Private Limited	2.71	(7.85)	1.73	4.44
Oracle do Brasil Sistemas Limitada	0.00	(0.45)	(0.00)	–
Oracle Technology Systems (Kenya) Limited	(0.09)	(4.18)	1.02	0.92
Subsidiaries				
Oracle Financial Services Software B.V.	(13.16)	69.69	(118.23)	(131.40)
Oracle Financial Services Software, Inc.	5.05	(15.92)	(26.76)	(21.71)
Oracle Financial Services Software Pte. Ltd.	(5.24)	(57.91)	(23.54)	(28.78)
Oracle Financial Services Software (Shanghai) Limited	0.83	(34.56)	(2.90)	(2.07)
Oracle Financial Services Software Chile Limitada	2.74	(2.22)	(3.19)	(0.45)
Oracle (OFSS) BPO Services Inc.	(0.02)	0.02	(0.00)	(0.02)
Application software expenses				
Fellow Subsidiaries				
Oracle India Private Limited	20.13	16.03	–	–
Rent expenses				
Fellow Subsidiaries				
Oracle Nederland B.V.	5.11	4.25	(4.87)	(0.36)
Oracle Systems Limited	31.14	–	–	–
Oracle India Private Limited	2.43	1.69	(1.25)	(0.13)
Miscellaneous income [Refer note 42]				
Fellow Subsidiaries				
Oracle India Private Limited	39.51	61.70	–	–
Oracle Solution Services (India) Private Ltd.	10.56	13.68	–	–
Subsidiary				
Oracle Financial Services Software B.V.	3.42	–	–	–
Oracle Financial Services Software, Inc.	0.23	245.04	–	–
Oracle Financial Services Software Chile Limitada	3.46	–	–	–
Oracle (OFSS) Processing Services Limited	0.37	0.39	0.34	(0.06)
Payment of equity dividend				
Holding Company				
Oracle Global (Mauritius) Limited	10,718.70	6,305.12	–	–
Key managerial personnel	15.15	9.52	–	–
Controlled Trust	28.24	16.61	–	–
Independent Directors	0.85	0.50	–	–

(Amounts in ₹ million)

Particulars	Transactions		Amount receivable (payable)	
	Year ended March 31, 2018	Year ended March 31, 2017	As at March 31, 2018	As at March 31, 2017
Professional fee expenses				
Fellow Subsidiaries				
Oracle India Private Limited	414.88	420.05	(453.37)	(207.26)
Oracle Research & Development Center, Shenzhen, Ltd.	32.83	38.80	(17.14)	(12.91)
Oracle Research & Development Center, Beijing, Ltd.	–	0.35	(0.13)	(0.13)
Oracle EMEA Limited	7.65	7.16	(37.95)	(30.30)
Oracle Systems Limited	1.02	9.22	(1.39)	–
Oracle Portugal - Sistemas de Informação Lda.	3.03	25.47	(2.16)	(10.11)
Oracle Corporation (South Africa) (Pty) Limited	14.62	8.15	(41.52)	(36.31)
Oracle Egypt Ltd.	3.97	3.33	(6.28)	(6.27)
Oracle Technology Systems (Kenya) Limited	4.13	1.86	(5.74)	(4.78)
Oracle Belgium B.V.B.A.	–	–	–	–
Oracle Danmark APS	–	–	–	–
Oracle Nederland B.V.	(1.23)	2.92	–	(2.91)
Oracle Colombia Limitada	4.19	–	(4.19)	–
Oracle de Mexico, S.A. de C.V.	–	(0.42)	–	–
Oracle Polska, Sp.z.o.o.	–	(4.18)	–	–
Oracle Romania SRL	–	(0.18)	–	–
Oracle Vietnam Pte. Ltd	–	(2.00)	–	–
Oracle Canada ULC	–	(7.93)	–	–
Oracle Corporation Malaysia Sdn. Bhd.	–	(1.39)	–	–
Oracle Corporation (Thailand) Company Limited	–	(3.22)	–	–
Oracle (Philippines) Corporation	–	(2.15)	–	–
Oracle Italia S.R.L.	–	(1.20)	–	–
Oracle do Brasil Sistemas Limitada	–	(1.50)	–	–
Oracle East Central Europe Limited	–	(3.66)	–	–
Oracle Systems Hong Kong Limited	–	(3.81)	–	–
Oracle Hungary Kft.	–	(0.08)	–	–
Oracle East Central Europe Services BV	–	(1.82)	–	–
Oracle Luxembourg S.a.r.l.	–	(0.79)	–	–
Oracle Czech s.r.o	–	(0.50)	–	–
Oracle Korea, Ltd.	–	(0.05)	–	–
Oracle New Zealand	–	(1.65)	–	–
Oracle Taiwan LLC	–	(1.95)	–	–
PT Oracle Indonesia	–	(5.11)	–	–
Subsidiaries				
Oracle Financial Services Software, Inc.	40.28	18.22	8.38	(1.30)
Oracle Financial Services Software Pte. Ltd.	–	–	–	–
Oracle (OFSS) Processing Services Limited	302.89	291.51	(58.88)	(50.51)
Oracle Financial Services Software Chile Limitada	–	–	–	(3.46)

(Amounts in ₹ million)

Particulars	Transactions		Amount receivable (payable)	
	Year ended March 31, 2018	Year ended March 31, 2017	As at March 31, 2018	As at March 31, 2017
Reimbursement of expenses				
Subsidiaries				
Oracle Financial Services Software B.V.	987.62	1,018.14	(289.84)	(220.87)
Oracle Financial Services Software, Inc.	4,046.45	4,265.38	(1,210.17)	(714.55)
Oracle Financial Services Software Pte. Ltd.	2,519.33	2,009.10	(782.87)	(400.06)
Oracle Financial Services Software Chile Limitada	–	4.33	(0.38)	(4.00)
Oracle Financial Services Software (Shanghai) Limited	270.61	322.07	(60.75)	(48.26)
Oracle (OFSS) Processing Services Limited	1.97	–	(1.00)	0.08
Oracle (OFSS) BPO Services Limited	0.95	–	–	(0.33)
i-flex ESOP Stock Option Trust	(0.08)	–	0.08	–
Directors	3.02	2.84	–	–
Key managerial personnel [Refer note 1]				
Short-term employment benefits	51.26	63.79	–	–
Post-employment gratuity benefits	2.59	0.33	–	–
Share based payments	168.28	186.62	–	–
Commission				
Independent Directors	7.10	7.10	–	–
Other expenses				
Fellow Subsidiaries				
Oracle America, Inc.	0.82	(0.24)	(0.82)	–
Oracle Corporation UK Limited	4.87	5.75	(5.26)	(0.38)
Oracle India Private Limited	35.44	24.01	(5.64)	(0.13)
Oracle Corporation Singapore Pte. Ltd.	0.28	0.05	(0.28)	–
Oracle (China) Software Systems Co. Ltd.	0.01	(0.78)	(0.01)	(0.01)
Oracle Corporation Australia Pty. Limited	–	0.01	–	–
Oracle Systems Hong Kong Limited	–	0.62	–	–
Oracle Systems Limited	–	0.01	–	–
Sistemas Oracle de Chile, S.A	–	–	–	–
Oracle Corporation (South Africa) (Pty) Limited	38.85	18.52	(53.61)	(14.75)
Oracle Portugal - Sistemas de Informação Lda.	0.54	4.90	(3.81)	(3.27)
Oracle Polska, Sp.z.o.o.	5.20	4.59	(4.42)	(1.86)
Oracle Romania SRL	–	0.04	–	–
Oracle Vietnam Pte. Ltd	0.54	5.45	(12.92)	(12.38)
Oracle Canada ULC	1.39	10.34	(1.39)	–
Oracle Corporation Malaysia Sdn. Bhd.	7.27	3.60	(6.72)	(1.81)
Oracle Corporation (Thailand) Company Limited	11.46	1.67	(9.84)	(1.48)
Oracle (Philippines) Corporation	8.97	9.30	(6.49)	(11.85)
Oracle Italia S.R.L.	4.17	(0.04)	(4.61)	(0.44)
Oracle Taiwan LLC	0.25	1.19	(5.94)	(5.70)
Oracle Czech s.r.o.	0.08	0.02	(0.41)	(0.33)
Oracle Egypt Ltd.	35.05	1.33	(12.57)	–

(Amounts in ₹ million)

Particulars	Transactions		Amount receivable (payable)	
	Year ended March 31, 2018	Year ended March 31, 2017	As at March 31, 2018	As at March 31, 2017
Oracle East Central Europe Limited	1.88	0.76	(2.64)	(0.76)
Oracle de Mexico, S.A. de C.V.	0.01	0.25	(0.58)	(0.57)
Oracle EMEA Limited	(20.99)	(1.73)	–	(20.99)
Oracle Technology Systems (Kenya) Limited	1.28	1.03	(2.84)	(3.36)
Oracle East Central Europe Services B.V	–	3.77	(3.71)	(3.71)
Oracle New Zealand	5.70	9.47	(15.17)	(9.47)
PT Oracle Indonesia	4.14	0.92	(5.06)	(0.92)
Oracle Hungary Kft	2.23	–	(2.23)	–
Oracle Belgium B.V.B.A/SPRL	8.83	–	(8.83)	–
Procurement of fixed assets				
Fellow Subsidiary				
Oracle India Private Limited	62.10	322.79	–	–
Loan outstanding [Refer note 2 below]				
Subsidiaries				
Oracle Financial Services Software America, Inc.	–	(645.64)	–	–
Oracle (OFSS) BPO Services Limited	–	(11.55)	–	–
Interest accrued on loan given [Refer note 2 below]				
Subsidiaries				
Oracle Financial Services Software America, Inc.	–	(199.63)	–	–
Oracle (OFSS) BPO Services Limited	–	(16.28)	–	–
Interest received on loan [Refer note 2 below]				
Subsidiaries				
Oracle Financial Services Software America, Inc.	–	12.47	–	–
ISP Internet Mauritius Company	–	5.67	–	–
Oracle (OFSS) BPO Services Limited	–	2.18	–	–
Investments				
Subsidiaries				
Oracle Financial Services Software B.V.	5.61	5.36	802.50	796.89
Oracle Financial Services Software Pte. Ltd.	19.15	35.13	114.09	94.94
Oracle Financial Services Software America, Inc.	8.79	17.88	6,402.92	6,394.13
Oracle Financial Services Software (Shanghai) Limited	0.10	0.17	45.85	45.75
Oracle Financial Services Software Chile Limitada	1.45	2.35	79.78	78.33
ISP Internet Mauritius Company	5.66	5.43	322.35	316.69
Oracle (OFSS) ASP Private Limited	–	–	46.10	46.10
Oracle (OFSS) Processing Services Limited	–	–	13.00	13.00

(Amounts in ₹ million)

Particulars	Transactions Year ended March 31, 2018	Transactions Year ended March 31, 2017	Amount receivable (payable) As at March 31, 2018	Amount receivable (payable) As at March 31, 2017
Stock compensation charge				
Ultimate Holding Company				
Oracle Corporation	28.91	–	–	–
Provision for diminution in investment				
Subsidiaries				
ISP Internet Mauritius Company	196.75	–	–	(196.75)
Oracle (OFSS) ASP Private Limited	–	–	(46.10)	(46.10)

Note 1: Remuneration includes salary, bonus and perquisites. During the year, 35,500 OSUs under OFSS Stock Plan 2014 (March 31, 2017 - 35,500 OSUs under OFSS Stock Plan 2014) were granted to KMP.

Note 2: During the year ended March 31, 2017, all loans given to subsidiaries; including the interest accrued thereon were settled. Interest received on loans represents the interest for the year till the date of settlement of the loan.

Note 3: Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year end are unsecured and interest free and settlement occurs in cash.

Note 33: Earnings in foreign currency (on accrual basis)

(Amounts in ₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
Product licenses and related activities	30,879.33	29,688.14
IT solutions and consulting services	5,057.16	5,620.67
Dividend received	–	2,416.83
Interest income	–	18.14
Miscellaneous income	7.11	–
	35,943.60	37,743.78

Note 34: Expenditure in foreign currency (on accrual basis)

(Amounts in ₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
Employee benefit expenses	7,440.14	7,326.05
Travel related expenses	545.47	463.64
Professional fees	1,094.88	1,248.31
Other operating expenses	332.34	136.15
Foreign taxes	319.13	230.56
	9,731.96	9,404.71

	Year ended March 31, 2018	Year ended March 31, 2017

Note 35: Net equity dividend remitted in foreign exchange

Year of remittance (ending on)	March 31, 2018	March 31, 2017
Period to which it relates	March 31, 2017	March 31, 2016
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 US$ million)	166.02	94.68
Amount remitted (in ₹ million)	10,718.70	6,305.12

Note 36: Value of imports on CIF basis - capital goods

Note 36: Value of imports on CIF basis - capital goods	–	–

Note 37: Litigations

The Company has some litigations in respect of which the Company has aggregate provisions of ₹ 883.78 million as at March 31, 2018 (as at March 31, 2017 - ₹ 945.50 million).

Note 38: Research and development expenditure

Five 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, 2018	Year ended March 31, 2017
Revenue expenditure	2,058.24	2,100.73
Capital expenditure	82.06	230.35

Note 39: Auditors remuneration (including GST / service tax)

(Amounts in ₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
As auditor		
Audit fees	4.96	8.62
Limited review	4.52	6.54
Tax audit	0.59	1.14
Certifications	1.46	3.11
Out-of-pocket expenses	0.21	1.12
	11.74	20.53

Note 40:

Other operating expenses for the year ended March 31, 2018 include ₹ 196.75 million towards reversal of provision for diminution in value of investment in ISP Internet Mauritius Company along with reversal of provision for loss in fair value of loan given to ISP Internet Mauritius Company.

Note 41: Exceptional item

(a) During the year ended March 31, 2017, the Company has recorded a charge under the Products segment of ₹ 628.25 million on its receivables from customers in Egypt due to significant devaluation of Egyptian Pound post liberalization of exchange rates by the Egypt Government.

(b) During the year ended March 31, 2017, the Company has received dividend of ₹ 1,146.73 million, ₹ 1,270.10 million and ₹ 374.01 million from its wholly owned subsidiaries Oracle Financial Services Software B.V., Oracle Financial Services Software Pte. Ltd. and Oracle (OFSS) Processing Services Limited respectively. Considering the amount of dividend received, the same has been disclosed as an exceptional item. Tax expenses for the year ended March 31, 2017 includes applicable tax credits on this dividend income.

Note 42:

Other income for the year ended March 31, 2017 includes ₹ 245.04 million against liability written-back towards amount due to its wholly owned subsidiary Oracle Financial Services Software, Inc.

Note 43: Recent accounting pronouncements

Standards issued but not yet effective

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standards:

Ind AS 115, Revenue from Contract with Customers

Ind AS 115 was notified on March 28, 2018 and is applicable to the Company from financial year 2018-19 beginning April 1, 2018.

The core principle of Ind AS 115 is to recognize revenues to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. Ind AS 115 establishes a five-step model to identify the contract(s) with the customers, identifying performance obligations, estimating variable consideration included in the transaction price and allocating the transaction price to each separate performance obligation and recognizing revenue when (or as) each performance obligation is satisfied. The new standard also provides guidance on recognition of incremental cost of obtaining and fulfilling a contract with a customer.

Ind AS 115 will supersede all current revenue recognition requirements under Ind AS. The standard permits two methods of transition: i) full retrospective method: retrospective application to each prior reporting period with the option to elect certain practical expedients as defined within Ind AS 115; or, ii) modified retrospective method: retrospective application with cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (i.e. April 1, 2018) and providing certain additional disclosures as defined in Ind AS 115.

The Company will adopt the new standard effective April 1, 2018 using the modified retrospective method and is in the process of evaluating its contractual arrangements as per the five-step model required by Ind AS 115. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the assessment has been completed.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

On March 28, 2018, MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

This amendment will come into force from April 1, 2018. The Company is evaluating the requirements of the amendment and the effect on the standalone financial statements.

Note 44: 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.

Year ended March 31, 2018 (Amounts in ₹ million)

Particulars	Products	Services	Total
Revenue from operations	33,509.25	5,108.02	38,617.27
Segment result	14,741.71	408.22	15,149.93
Unallocable expenses			(1,167.06)
Finance income			722.62
Other income, net			163.65
Profit before tax			14,869.14
Tax expenses			(4,809.24)
Profit for the year			10,059.90

Year ended March 31, 2017 (Amounts in ₹ million)

Particulars	Products	Services	Total
Revenue from operations	31,678.70	5,684.42	37,363.12
Segment result [Refer note 41(a)]	12,666.81	721.94	13,388.75
Unallocable expenses			(990.25)
Finance income			1,420.83
Other income, net [Refer note 42]			215.76
Profit before exceptional item and tax			14,035.09
Exceptional item [Refer note 41(b)]			2,790.84
Profit before tax			16,825.93
Tax expenses			(3,944.96)
Profit for the year			12,880.97

Other information

Year ended March 31, 2018 (Amounts in ₹ million)

Particulars	Products	Services	Unallocable	Total
Capital expenditure by segment				
Property, plant and equipment	201.80	44.31	9.46	255.57
Depreciation and amortization	452.76	102.76	18.01	573.53
Other non cash expenses [Refer note 40]	(9.27)	4.54	(196.64)	(201.37)
Segment assets	9,438.73	2,335.93	34,732.33	46,506.99
Segment liabilities	6,654.15	1,139.82	641.99	8,435.96
Equity			38,071.03	38,071.03

Year ended March 31, 2017 (Amounts in ₹ million)

Particulars	Products	Services	Unallocable	Total
Capital expenditure by segment				
Property, plant and equipment	439.53	123.63	19.15	582.31
Depreciation and amortization	542.97	107.70	17.32	667.99
Other non cash expenses [Refer note 41(a)]	803.99	6.49	(82.63)	727.85
Segment assets	9,054.47	1,973.51	39,995.22	51,023.20
Segment liabilities	5,300.61	1,005.66	17,957.73	24,264.00
Equity			26,759.20	26,759.20

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 property, plant and equipment. Segment liabilities primarily includes trade payables, deferred revenues, advance from customer, employee benefit obligations 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, 2018 Amounts in ₹ million	%	Year ended March 31, 2017 Amounts in ₹ million	%
India	2,804.51	7%	2,438.04	7%
Outside India				
Americas				
United States of America	10,683.86	28%	11,226.45	30%
Rest of America	2,159.36	6%	2,284.52	6%
Europe	6,325.21	16%	6,419.37	17%
Asia Pacific	9,765.70	25%	8,966.27	24%
Middle East and Africa	6,878.63	18%	6,028.47	16%
	38,617.27	100%	37,363.12	100%

Revenue of ₹ 31,321.29 million (March 31, 2017 ₹ 30,217.48 million) is derived from a single customer in 'Products' and 'Services' segment.

The following table shows the Company's non-current operating assets by geographical market:

Regions	As at March 31, 2018 Amounts in ₹ million	%	As at March 31, 2017 Amounts in ₹ million	%
India	8,313.54	96%	8,582.69	97%
Outside India				
Europe	258.19	3%	221.99	2%
Asia Pacific	126.28	1%	118.28	1%
Middle East and Africa	5.50	0%	7.77	0%
	8,703.51	100%	8,930.73	100%

Non-current assets for this purpose consist of property, plant and equipment, capital work-in-progress, investment property, income tax assets (net) and other non-current assets.

As per our report of even date

For Mukund M. Chitale & Co.
Chartered Accountants
ICAI Firm Registration No. 106655W

S. M. Chitale
Partner
Membership No. 111383

Mumbai, India
May 11, 2018

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

S Venkatachalam
Chairman
DIN: 00257819

Chaitanya Kamat
Managing Director
& Chief Executive Officer
DIN: 00969094

Richard Jackson
Director
DIN: 06447687

Makarand Padalkar
Chief Financial Officer

Onkarnath Banerjee
Company Secretary
& Compliance Officer
ACS: 8547

Mumbai, India
May 11, 2018

Statement of cash flow
for the year ended March 31, 2018

(Amounts in ₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
Cash flows from operating activities		
Profit before tax	14,869.14	16,825.93
Adjustments to reconcile profit before tax to cash (used in) provided by operating activities:		
Depreciation and amortization	573.53	667.99
Profit on sale of fixed assets, net	(2.08)	(35.15)
Profit on sale of investment in associate	(10.31)	–
Employee stock compensation expense	623.33	714.10
(Reversal) for diminution in investment in subsidiary company	(196.75)	–
(Reversal) for loss in fair value of loan	–	(82.72)
Dividend received from subsidiary companies	–	(2,790.84)
Finance income	(722.62)	(1,420.83)
Effect of exchange rate changes in cash and cash equivalents	(43.62)	(24.09)
Unrealized exchange (gain), net	(104.59)	(322.93)
Deferred rent	0.22	0.56
Impairment loss (reversed) recognized on financial assets	(67.18)	610.30
Bad debts	62.56	200.27
Operating Profit before Working Capital changes	14,981.63	14,342.59
Movements in working capital		
Decrease in other non-current assets	40.71	16.89
(Increase) decrease in trade receivables	(1,072.39)	2,429.35
Decrease (increase) in other current financial assets	168.03	(467.12)
Decrease in other current assets	13.46	118.11
Increase (decrease) in non-current financial liabilities	10.60	(1.89)
(Decrease) in other non-current liabilities	–	(28.92)
Increase in non-current employee benefit obligations	187.95	62.75
Increase (decrease) in trade payables	441.10	(167.79)
Increase (decrease) in other current financial liabilities	982.39	(3,631.40)
(Decrease) increase in other current liabilities	(234.84)	86.59
Increase in current employee benefit obligations	75.48	78.23
Cash from operating activities	15,594.12	12,837.39
Payment of domestic and foreign taxes	(4,925.03)	(5,791.60)
Net cash provided by operating activities	10,669.09	7,045.79
Cash flows from investing activities		
Additions to fixed assets including capital work-in-progress	(275.88)	(564.33)
Proceeds from sale of fixed assets	2.43	35.23
Proceeds from sale of investment in associate	16.90	–
(Placement) refund of deposits for premises and others	(0.60)	52.08
Repayment of loan by subsidiary companies	–	972.28
Bank fixed deposits having maturity of more than three months matured	8,940.00	20,847.78
Bank fixed deposits having maturity of more than three months booked	(22,007.53)	(3,801.50)
Refund of margin money deposit	–	3.72

Statement of cash flow
for the year ended March 31, 2018 (continued)

(Amounts in ₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
Dividend received from subsidiaries	–	2,790.84
Interest received	415.62	1,480.54
Net cash (used in) provided by investing activities	(12,909.06)	21,816.64
Cash flows from financing activities		
Issue of shares under employee stock option plan	587.91	589.42
Final equity dividend paid	(14,499.22)	(8,501.20)
Tax on final equity dividend paid	(2,771.20)	(1,342.22)
Net cash (used in) financing activities	(16,682.51)	(9,254.00)
Net (decrease) increase in cash and cash equivalents	(18,922.48)	19,608.43
Cash and cash equivalents at beginning of the year	20,990.75	1,358.23
Effect of exchange rate changes in cash and cash equivalents	43.62	24.09
Cash and cash equivalents at end of the year	2,111.89	20,990.75
Component of cash and cash equivalents		
Balances with banks:		
In current accounts	492.79	828.45
In deposit accounts with original maturity of less than three months	1,503.83	5,449.27
In unpaid dividend account *	–	14,593.93
In unclaimed dividend account **	115.27	119.10
Total cash and cash equivalents [Refer note 8(a)]	2,111.89	20,990.75

* These balances includes amount earmarked towards dividend declared on March 29, 2017.

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

As per our report of even date

For Mukund M. Chitale & Co.
Chartered Accountants
ICAI Firm Registration No. 106655W

S. M. Chitale
Partner
Membership No. 111383

Mumbai, India
May 11, 2018

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

S Venkatachalam
Chairman
DIN: 00257819

Chaitanya Kamat
Managing Director
& Chief Executive Officer
DIN: 00969094

Richard Jackson
Director
DIN: 06447687

Makarand Padalkar
Chief Financial Officer

Onkarnath Banerjee
Company Secretary
& Compliance Officer
ACS: 8547

Mumbai, India
May 11, 2018

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Notice of annual general meeting

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of Oracle Financial Services Software Limited ("the Company") will be held at Rama & Sundri Watumull Auditorium, K C College, 124, Dinshaw Wachha Road, Churchgate, Mumbai 400020 on Tuesday, August 14, 2018 at 3.00 p.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited financial statements (including the consolidated financial statements) of the Company for the financial year ended March 31, 2018 and the Reports of the Board of Directors and Auditors thereon.

2. To declare a final dividend of ₹ 130 per equity share of ₹ 5 each for the financial year ended March 31, 2018.

3. To appoint a Director in place of Mr. Chaitanya Kamat (DIN: 00969094), who retires by rotation and, being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Mr. Harinderjit Singh (DIN: 06628566), who retires by rotation and, being eligible, offers himself for re-appointment.

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 resolution passed by the Members at the Annual General Meeting of the Company held on Wednesday, September 20, 2017, the appointment of M/s. Mukund M Chitale & Co., Chartered Accountants (ICAI Firm Registration no. 106655W), as the Statutory Auditors of the Company, be and is hereby ratified to hold office from the conclusion of this Annual General Meeting till the conclusion of the Annual General Meeting to be held in the year 2022, and that the Board of Directors be and is hereby authorized to fix their remuneration as may be recommended by the Audit Committee in consultation with the Statutory Auditors plus applicable taxes 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 Mr. Robert K Weiler, a Director, who retires by rotation at this Annual General Meeting and does not offer himself for re-appointment as a Director, be retired and not be re-appointed.

   RESOLVED FURTHER THAT the vacancy on the Board of Directors of the Company so created be not filled at the meeting."

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

   "RESOLVED THAT pursuant to the provisions of Section 143(8) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Board of Directors of the Company be and is hereby authorized to appoint Branch Auditors for any branch office of the Company outside India, whether existing or which may be opened / acquired hereafter, in consultation with the Company's Auditors, any person(s) qualified to act as Branch Auditors and to fix their remuneration."

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

   "RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, and applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force and including the Securities and Exchange Board of India Notification No. SEBI/LAD-NRO/GN/2018/10 dated May 9, 2018 which shall come into effect from April 1, 2019), and pursuant to the resolution passed by the Members at the Annual General Meeting of the Company held on Friday, September 12, 2014, Mr. S Venkatachalam (DIN: 00257819) who was appointed as an Independent Director of the Company for a term of five consecutive years up to March 31, 2019 and who shall have attained the age of 75 years during the term of his re-appointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for a further term of five consecutive years, i.e., from April 1, 2019 up to March 31, 2024."

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

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, and pursuant to the resolution passed by the Members at the Annual General Meeting of the Company held on Friday, September 12, 2014, Mr. Richard Jackson (DIN: 06447687), who was appointed as an Independent Director of the Company for a term of five consecutive years up to March 31, 2019 be and is hereby re-appointed as an Independent Director of the Company to hold office for a further term of five consecutive years, i.e., from April 1, 2019 up to March 31, 2024."

By Order of the Board of Directors

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

Mumbai
July 3, 2018

Registered Office:
Oracle Park
Off Western Express Highway
Goregaon (East), Mumbai 400063
Tel. no. +91 22 6718 3000 Fax no. + 91 22 6718 3001
CIN: L72200MH1989PLC053666
Website: www.oracle.com/financialservices
Email: investors-vp-ofss_in_grp@oracle.com

Notes:

a. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 (the "Act") in respect of item nos. 6 to 9 as mentioned in the above Notice is annexed hereto.

b. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, August 8, 2018 to Tuesday, August 14, 2018, both days inclusive, for the purpose of payment of final dividend for the financial year ended March 31, 2018 and the Annual General Meeting ("AGM").

c. Final Dividend on equity shares as recommended by the Board of Directors of the Company for the financial year ended March 31, 2018, if approved at the AGM, will be paid to those Members whose name appears in the Register of Members of the Company and to those persons whose name appears as the 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 Tuesday, August 7, 2018. Final Dividend of ₹ 130 per equity share of ₹ 5 each has been recommended by the Board of Directors of the Company for the financial year ended on March 31, 2018 and, subject to approval of Members at the AGM, is proposed to be paid on or before Wednesday, September 12, 2018.

d. Corporate Members intending to send their authorized representatives to attend the AGM 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.

e. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE IN THE AGM 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 AGM. A BLANK PROXY FORM IS ENCLOSED.

f. The Members / proxies / authorized representatives are requested to bring duly completed Attendance Slip sent herewith for attending the AGM.

g. The Members / proxies are requested to bring their copy of the Annual Report to the AGM.

h. 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. and 4.00 p.m. on any working day of the Company up to the date of the AGM.

i. Statutory Registers maintained under the provisions of the Act, will be available for inspection by the Members at the AGM.

j. 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 ("Listing Regulations").

k. Additional information required as per Regulation 36 of the Listing Regulations, in respect of the Directors seeking re-appointment at the AGM, forms an integral part of the Notice. The Directors have furnished the requisite declarations and consents for their re-appointment.

l. 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 and Compliance Officer 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 Act, be transferred to the Investor Education and Protection Fund (IEPF).

m. As per the notifications issued by Ministry of Corporate Affairs pursuant to Section 124 of the Act and applicable rules, the equity shares of the Company on which dividend remained unclaimed for seven consecutive years have been transferred to the demat account of IEPF Authority. Details of the shareholders and their shares transferred to the IEPF Authority are available on the Company's website: www.oracle.com/financialservices. No claims shall be entertained against the Company for the shares so transferred.

n. Members who hold shares in physical form are requested to notify promptly any change in their addresses, updates to their bank accounts and other relevant information to the Company's Registrar and Share Transfer Agents, Link Intime India Private Limited, having its office at C101, 247 Park, L B S Marg, Vikhroli (West), Mumbai 400083, Maharashtra, India ("RTA"). 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 RTA of the Company. Members may write to the RTA or call RTA on +91-22- 4918 6000 or e-mail to rnt.helpdesk@linkintime.co.in

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 Act 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: https://www.linkintime.co.in/client-downloads.html under the section 'General → Nomination'.

q. Members who hold shares in demat mode are requested to make nomination in respect of their shareholding by contacting their Depository Participants. They should also notify promptly, any change in their addresses, bank particulars and other related information to their respective Depository Participants.

r. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number ("PAN") by every participant in securities market. Members holding shares in electronic form are, therefore, required to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the RTA.

s. Pursuant to Sections 20, 101, 136 and other applicable provisions, if any, of the Act 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 addresses either with the Company, RTA or their Depository Participants. SEBI has also permitted listed entities to supply softcopies of full annual reports to all those Members who have registered their email addresses for this purpose under Regulation 36 (1) (a) of the Listing Regulations. In case there is any change in your registered email address, please update the same with RTA / Depository Participant. The Company has been annually sending communications to the Members of the Company, whose email addresses are not registered with RTA / Depository Participant, requesting them to communicate their preference for receiving corporate documents. Accordingly, the Company has emailed or dispatched a physical copy of the Annual Report to the Members.

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 service such requests promptly.

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 AGM. People and their accompanied items would be subject to inspection. We solicit your co-operation.

v. A route map to the venue of the AGM is provided at the back of the attendance slip.

w. No gifts or gift coupons shall be distributed to Members at or in connection with the AGM.

x. Voting through electronic mode - In terms of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of the Listing Regulations 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 provided by National Securities Depository Limited (NSDL) 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 Tuesday, August 7, 2018, 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 NSDL. The facility of e-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 Tuesday, August 7, 2018. The remote e-voting period begins on Thursday, August 9, 2018 (9.00 a.m. IST) and ends on Monday, August 13, 2018 (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 NSDL for remote e-voting thereafter.

The instructions for remote e-Voting are as under:

Step 1: Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/

Step 2: Cast your vote electronically on NSDL e-Voting system

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******
b) For Members who hold shares in demat account with CDSL	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in physical form	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

   a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

      i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

   a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com

   b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com

   If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" of company for which you wish to cast your vote.

4. Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders:

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to pddiwan@yahoo.co.in with a copy marked to evoting@nsdl.co.in

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

Other instructions:

1. The remote e-voting period commences on Thursday, August 9, 2018 (9.00 a.m. IST) and ends on Monday, August 13, 2018 (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 Tuesday, August 7, 2018, may cast their vote electronically. The e-Voting module shall be disabled by NSDL for remote e-Voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

2. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the close of business hours of Tuesday, August 7, 2018.

3. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice convening the AGM and up to the cut-off date i.e., Tuesday, August 7, 2018, may obtain the login ID and password by sending a request at evoting@nsdl.co.in

4. The facility of voting will also be made available at the AGM. Members attending the meeting who have not already cast their vote will be able to exercise their right at the AGM. Please note that the members who have cast their vote by e-voting prior to the AGM may also attend the meeting but shall not be entitled to cast their vote again.

5. 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.

6. 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 favour of or against, if any, not later than three working days after the conclusion of the AGM to the Chairperson of the Company. The Chairperson, or any other person authorized by the Chairperson, shall declare the result of the voting forthwith.

7. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.oracle.com/financialservices and on the website of National Securities Depository Limited www.nsdl.com, after the result is declared by the Chairperson, 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 9 in the accompanying Notice dated July 3, 2018.

Item no. 6:

Mr. Robert K Weiler (DIN: 01531399), who retires by rotation at the forthcoming Annual General Meeting, has informed the Company that he does not wish to offer himself for re-appointment as a Director of the Company. In terms of Section 152(7) of the Companies Act, 2013 ("the Act"), a resolution for not filling the vacancy caused by Mr. Robert K Weiler's retirement has been included in the Notice of the Annual General Meeting.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested in the resolution set out at item no. 6 of the Notice.

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

Item no. 7:

The Company has branches outside India and may also open / acquire new branches in future. It may be necessary to appoint branch auditors for carrying out the audit of the accounts of such branches. The Members are requested to authorize the Board of Directors of the Company (the "Board") to appoint branch auditors in consultation with the Company's Statutory Auditors and fix their remuneration.

None of the Directors 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 set out at item no. 7 of the Notice.

Item no. 8:

At the Annual General Meeting held on September 12, 2014, the Members of the Company have appointed Mr. S Venkatachalam (DIN: 00257819) as an Independent Director on the Board of the Company to hold office for a term of five consecutive years up to March 31, 2019, not liable to retire by rotation, pursuant to Section 149 of the Act.

In terms of Section 149(10) of the Act, an Independent Director can hold office for a term up to five consecutive years on the board of a company, not be liable to retire by rotation and be eligible for re-appointment on passing of a special resolution by the company. Further, in terms of the Securities and Exchange Board of India Notification No. SEBI/LAD-NRO/GN/2018/10 dated May 9, 2018 which shall come into effect from April 1, 2019, for appointment or continuing the directorship of a Non-Executive Director who has attained the age of seventy five years, a special resolution needs to be passed to that effect and the explanatory statement annexed to the notice for such motion needs to set out the justification for re-appointing such a person.

Mr. Venkatachalam will complete 75 years of age on November 8, 2019, i.e. during the term of his proposed re-appointment. During the years of his association with the Company as an independent director, he has been the Chairperson of the Board of Directors from 2012, and a key member of several board committees. Mr. Venkatachalam has demonstrated keen sense of ownership and resourcefulness in governing the financial discipline and fair play at the Company. He has played a vital role in risk management and enriching compliance culture in the organization. Mr. Venkatachalam is a vital contributor to the success of the Company with his immense knowledge of Indian and international banking landscape, as also financial management and legal/regulatory compliances. Your Directors consider that his continued association for the next five years would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. S Venkatachalam as an Independent Director up to March 31, 2024.

Further, in terms of Sections 149, 152 read with Schedule IV of the Act, and Regulation 16 of the Listing Regulations, the Board of Directors has reviewed the declaration made by Mr. S Venkatachalam that he meets the criteria of independence as provided in Section 149(6) of the Act, and the Board of Directors is of opinion that he fulfils the conditions specified in the Act and the rules made thereunder and is independent of the management. Hence, it is deemed fit to re-appoint Mr. S Venkatachalam as an Independent Director on the Board of the Company to hold office for a further term of five consecutive years from April 1, 2019 up to March 31, 2024.

A copy of the draft letter of re-appointment of Mr. S Venkatachalam as an Independent Director setting out the terms and conditions is available for inspection by the Members at the Company's Registered Office between 2.00 p.m. to 4.00 p.m. on any working day of the Company up to the date of the AGM.

The detailed profile of Mr. S Venkatachalam, and Directorship and Committee positions held by him in other companies, are included separately in this Notice and report on Corporate Governance forming part of the Annual Report.

Accordingly, your Directors recommend the Special Resolution for re-appointing Mr. S Venkatachalam as an Independent Director of the Company for a further term of five consecutive years, up to March 31, 2024.

Except Mr. S Venkatachalam, no Director, Key Managerial Personnel of the Company, or their relatives, is in any way concerned or interested in the resolution at item no. 8 of the Notice.

Your Directors recommend the resolution at item no. 8 of the Notice.

Item no. 9:

At the Annual General Meeting held on September 12, 2014, the Members of the Company have appointed Mr. Richard Jackson (DIN: 06447687) as an Independent Director on the Board of the Company to hold office for a term of five consecutive years up to March 31, 2019, not liable to retire by rotation, pursuant to Section 149 of the Act.

In terms of Section 149(10) of the Act, an Independent Director can hold office for a term up to five consecutive years on the board of a company, not be liable to retire by rotation and be eligible for re-appointment on passing of a special resolution by the Company.

Further, in terms of Sections 149, 152 read with Schedule IV of the Act, and Regulation 16 of the Listing Regulations, the Board have reviewed the declaration made by Mr. Richard Jackson that he meets the criteria of independence as provided in Section 149(6) of the Act, and the Board is of opinion that he fulfils the conditions specified in the Act and the rules made thereunder and is independent of the management. Hence, it is deemed fit to re-appoint Mr. Richard Jackson as an Independent Director on the Board of the Company to hold office for a further term of five consecutive years from April 1, 2019 up to March 31, 2024.

A copy of the draft letter of re-appointment of Mr. Richard Jackson as an Independent Director setting out the terms and conditions is available for inspection by the Members at the Company's Registered Office between 2.00 p.m. to 4.00 p.m. on any working day up of the Company up to the date of the AGM.

The detailed profile of Mr. Richard Jackson, and Directorships and Committee positions held by him in other companies are included separately in this Notice and report on Corporate Governance forming part of the Annual Report.

Your Directors consider that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Richard Jackson as an Independent Director.

Accordingly, your Directors recommend the Special Resolution for re-appointing Mr. Richard Jackson as an Independent Director of the Company for a further term of five consecutive years, up to March 31, 2024.

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

Your Directors recommend the resolution at item no. 9 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 NINTH ANNUAL GENERAL MEETING:

1. Mr. Chaitanya Kamat

Mr. Chaitanya Kamat, born on September 14, 1961 and having DIN: 00969094, is the Managing Director & CEO of the Company since October 25, 2010.

Mr. Kamat has over 35 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 held on September 7, 2016 have approved the re-appointment of Mr. Kamat as the Managing Director & CEO of the Company for a period of five years up to October 24, 2021 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 Chairperson of Business Responsibility Committee of the Company. He is also a Member of Corporate Social Responsibility Committee, ESOP Allotment Committee, Risk Management Committee and Stakeholders' Relationship Committee of the Board.

Mr. Kamat does not hold any directorship in any other company.

He does not hold any equity shares of the Company as on date.

2. Mr. Harinderjit Singh

Mr. Harinderjit Singh, born on October 9, 1965 and having DIN: 06628566, is Senior Vice President and General Manager of Oracle's Financial Services Global Business Unit. In this role, he is responsible for a global organization focused on Sales, Consulting, Engineering and Support, of Oracle's products focused on Banking, Insurance and Capital Markets.

During his 28 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, which is responsible for Oracle's go-to-market strategy. In this role, his organization was responsible for 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 provided 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 was appointed as a Non-Executive Non-Independent Director on July 10, 2013.

Mr. Singh is a Chairperson on Corporate Social Responsibility Committee and a Member of Nomination and Remuneration Committee.

Mr. Singh does not hold any equity shares of the Company as on date.

3. **Mr. S Venkatachalam**

Mr. S Venkatachalam, born on November 8, 1944 and having DIN: 00257819, has served Citibank N. A. and its Group for nearly 30 years and has held Senior Positions. He is a Chartered Accountant by profession. He has served as an advisor to Fullerton India Credit Corporation Ltd., a subsidiary of Temasek Holding (Private) Limited. Prior to Citibank, he served as a Consultant with A. F. Ferguson & Co., Chartered Accountants, Mumbai (now a part of Deloitte Haskins & Sells). He has been an independent Director of the State Bank of India (2008-2014) and has served on several of their Committees.

Currently he is on the Board of few Companies and an Advisor to few Financial Services Companies. He has rich experience in the field of Banking, Finance, Administration, Compliance, Taxation and labour laws. He is well regarded in the financial services industry and by regulatory bodies.

Mr. Venkatachalam was appointed as an Independent Director of the Company on September 12, 2014, for a term of five consecutive years up to March 31, 2019.

Mr. Venkatachalam is also a Chairperson of ESOP Allotment Committee, Stakeholders' Relationship Committee, Transfer Committee and a Member of the Audit Committee and Risk Management Committee of the Board.

Mr. Venkatachalam holds 6,000 equity shares of the Company as on date.

Mr. Venkatachalam holds directorships and committee memberships* in the following companies:

List of other Directorships held	Membership in Committees of other companies	Chairpersonship in Committees of other companies
Equifax Credit Information Services Private Limited	–	–
Canara Robeco Asset Management Company Limited	1	–
Sam Foundation for Eco Friendly Environment	–	–

*Only the Audit and Stakeholders' Relationship Committee are considered.

4. **Mr. Richard Jackson**

Mr. Richard Jackson, born on March 2, 1956 and having DIN: 06447687, prior to joining the Board of Oracle Financial Services Software Limited, he was for seven years in China as the President of Ping An Group's banking business, 21 years with Citibank in seven different countries including time as their country head in Korea and Hungary. He is also Vice Chairman of The Great Britain China Centre.

Mr. Jackson served on the Boards of Bank Handlowy w Warsawie (Poland), Citibank (Hungary), Koram Bank (Korea), Shenzhen Commercial Bank and Shenzhen Development Bank (China).

Mr. Jackson is a Fellow of the Chartered Insurance Institute in 1981 and was awarded the National Friendship Medal by the Chinese Government in 2007.

Mr. Jackson was appointed as an Independent Director of the Company on September 12, 2014, for a term of five consecutive years up to March 31, 2019. Mr. Jackson is the Chairperson of the Audit Committee and Member of Nomination and Remuneration Committee of the Board.

Mr. Jackson does not hold any equity shares of the Company as on date.

Mr. Jackson holds directorships and committee memberships* in the following companies:

List of other Directorships held	Membership in Committees of other companies	Chairpersonship in Committees of other companies
Novoview Ltd.	–	–
ageas SA/NV	1	–
Great Britain China Centre	–	–
Ageas Seguros Ltd	1	–

* Only the Audit and Stakeholders' Relationship Committee are considered.

There are no inter-se relationships between the board members in terms of Regulation 36 of the Listing Regulations.

The Directors seeking re-appointment are not debarred from holding the office of Director pursuant to any SEBI order.

The details on number of Meetings of the Board attended during the year and other Directorships, Memberships/ Chairpersonships of Committees of other Boards are given in the Report on Corporate Governance forming part of the Annual Report.

By Order of the Board of Directors

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

Mumbai
July 3, 2018

Registered Office:
Oracle Park
Off Western Express Highway
Goregaon (East), Mumbai 400063
Tel. no. +91 22 6718 3000 Fax no. +91 22 6718 3001
CIN: L72200MH1989PLC053666
Website: www.oracle.com/financialservices
Email: investors-vp-ofss_in_grp@oracle.com

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ATTENDANCE SLIP

ORACLE FINANCIAL SERVICES SOFTWARE LIMITED

Registered Office: Oracle Park, Off Western Express Highway, Goregaon (East), Mumbai 400063
CIN: L72200MH1989PLC053666; Tel. no. +91 22 6718 3000; Fax no. + 91 22 6718 3001
Website: www.oracle.com/financialservices; Email: investors-vp-ofss_in_grp@oracle.com

I hereby record my presence at the Twenty Ninth Annual General Meeting of the Company held on Tuesday, August 14, 2018 at 3.00 p.m. at Rama & Sundri Watumull Auditorium, K C College, 124, Dinshaw Wachha Road, Churchgate, Mumbai 400020.

Full name of the Shareholder ....
(in block letters)

Ledger Folio No. .... DP ID .... Client ID ....

Number of Shares held ....

Full name of Proxy ....
(in block letters)

Signature of Shareholder or Proxy attending ....

Please provide full name of the 1st Joint Holder.

....

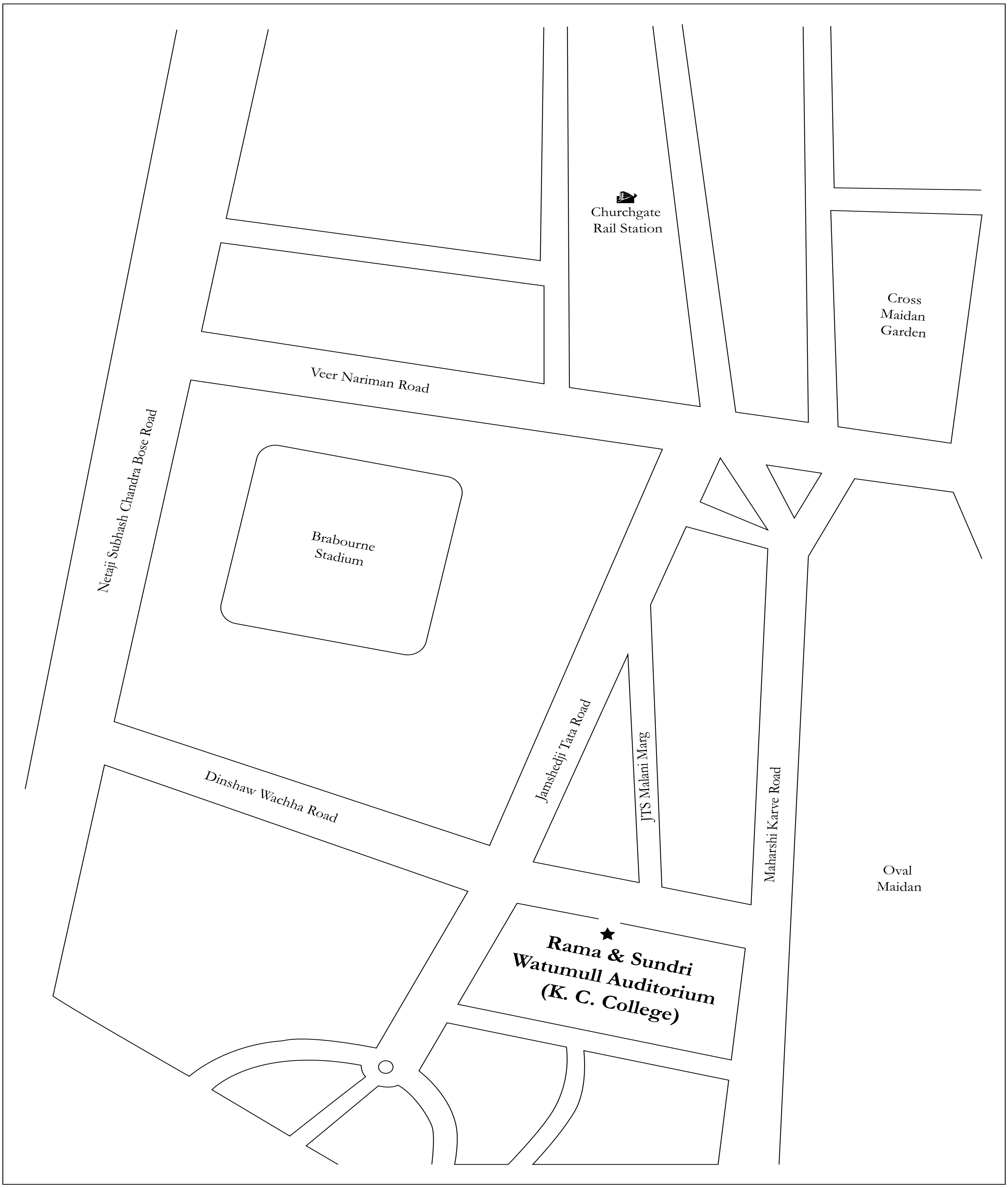
Notes:

(1) Members / 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.

P.T.O.

Route map to the venue of the Annual General Meeting



★ Annual General Meeting venue

Map not to scale

Form No. MGT-11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

ORACLE FINANCIAL SERVICES SOFTWARE LIMITED

Registered Office: Oracle Park, Off Western Express Highway, Goregaon (East), Mumbai 400063
CIN: L72200MH1989PLC053666; Tel. no. +91 22 6718 3000; Fax no. + 91 22 6718 3001
Website: www.oracle.com/financialservices; Email: investors-vp-ofss_in_grp@oracle.com

Name of the member(s)

Registered address

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: ____

P.T.O.

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Twenty Ninth Annual General Meeting of the Company to be held on Tuesday, August 14, 2018 at 3.00 p.m. at Rama & Sundri Watumull Auditorium, K C College, 124, Dinshaw Wachha Road, Churchgate, Mumbai 400020 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 audited financial statements (including consolidated financial statements) for the financial year ended March 31, 2018 and the Reports of the Board of Directors and the Auditors thereon.			
2	Declaration of a Final Dividend of ₹ 130 per equity share of ₹ 5 each for the financial year ended March 31, 2018.			
3	Appointment of a Director in place of Mr. Chaitanya Kamat (DIN: 00969094), who retires by rotation and, being eligible, offers himself for re-appointment.			
4	Appointment of a Director in place of Mr. Harinderjit Singh (DIN: 06628566), who retires by rotation and, being eligible, offers himself for re-appointment.			
5	Ratification of the appointment of M/s. Mukund M Chitale & Co., Chartered Accountants (ICAI Firm Registration no. 106655W), as the Statutory Auditors of the Company and to fix their remuneration.			
	Special Business			
6	Retirement of Mr. Robert K Weiler (DIN: 01531399), who retires by rotation and does not opt for re-appointment, and not filling up the vacancy so created at the meeting.			
7	Authorization to the Board to appoint Branch Auditors.			
8	Re-appointment of Mr. S Venkatachalam (DIN: 00257819) as an Independent Director for a further term of five consecutive years up to March 31, 2024.			
9	Re-appointment of Mr. Richard Jackson (DIN: 06447687) as an Independent Director for a further term of five consecutive years up to March 31, 2024.			

* 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 ……………………… 2018.

Please affix ₹ 1 revenue stamp and sign across

Signature of Member(s)

Signature of proxy holder(s)

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.

Oracle Financial Services Software Limited

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

CIN: L72200MH1989PLC053666

Investor Enquiries
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