

August 16, 2022

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| To,<br><br>Asst. Vice President<br>Listing & Compliance<br><b>National Stock Exchange of India Limited</b><br>Exchange Plaza<br>Bandra-Kurla Complex<br>Bandra (East)<br>Mumbai 400 051<br><b>Scrip Code – OFSS</b> | To,<br><br>Asst. General Manager<br>Listing & Compliance<br><b>BSE Ltd.</b><br>1st Floor, Phiroze Jeejeebhoy Towers,<br>Dalal Street,<br>Mumbai 400 001<br><br><b>Scrip Code – 532466</b> |
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Dear Sir,

**Sub: Transcript of the 33<sup>rd</sup> Annual General Meeting held on August 3, 2022**

Please find enclosed the transcript of the 33<sup>rd</sup> Annual General Meeting (AGM) of the Company held on Wednesday, August 3, 2022 at 5.00 P.M.

This is for your reference and records.

The above document will also be uploaded on the Company's website.

Yours sincerely,

**For Oracle Financial Services Software Limited**

**Onkarnath Banerjee**  
**Company Secretary & Compliance Officer**  
**Membership No. ACS8547**

Encl: a/a

# TRANSCRIPT

33<sup>rd</sup> Annual General Meeting of  
Oracle Financial Services Software Limited

August 3, 2022, 5.00 PM IST

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Through Video Conferencing / Other Audio Visual Means

**Moderator:**

Good evening.

Welcome to the thirty-third annual general meeting of Oracle Financial Services Software Limited. This meeting is now live. My name is Shalaka Apte. I am your moderator for the day.

Let me now request Mr. S Venkatachalam, the Chairperson of the Board, to commence the meeting.

**S Venkatachalam:**

Good evening dear shareholders.

It's my pleasure to welcome you to the 33<sup>rd</sup> Annual General Meeting of Oracle Financial Services Software Limited.

My name is S Venkatachalam. I am the Chairperson of the Board. I am also the Chairperson of the Stakeholders' Relationship Committee and a member of the Audit Committee and Corporate Social Responsibility Committee.

I am joining this meeting from Mumbai.

Now, I request my fellow directors to introduce themselves.

**Chaitanya Kamat:**

Thank you Venkat. Good evening all of you. I am Chaitanya Kamat, Managing Director and Chief Executive Officer of your Company. I am also the Chairperson of the Business Responsibility Committee, Member of Stakeholders' Relationship Committee and the Risk Management Committee.

I am joining the meeting from Mumbai.

**Richard Jackson:**

Hello, my name is Richard Jackson. I am an Independent Director and I chair the Audit Committee as well as the Remuneration Committee.

I am joining you today from London in United Kingdom, and it's good to meet with you virtually once again. .

**Harinderjit Singh:**

Good evening shareholders and welcome to the 33<sup>rd</sup> annual general meeting. My name is Sonny Singh and I am a Board member for Oracle Financial Services Software Limited. I am a Member of the Nomination and Remuneration Committee and I am the Chairperson of the Corporate Social Responsibility Committee.

I am joining this meeting from San Francisco, California.

**Makarand Padalkar:**

Good evening to all of you.

I am Makarand Padalkar, Executive Director and Chief Financial officer of your Company and Member of Stakeholders' Relationship Committee and the Risk Management Committee.

I have joined the meeting from Mumbai. Thank you.

**Sridhar Srinivasan:**

Thank you. Good evening everyone. My name is Sridhar Srinivasan. I am an Independent Director on the Board of your Company. I am also the Chairperson of the Risk Management Committee, and a member of the Audit Committee and the ESOP Allotment Committee.

I am joining this evening from Baku in Azerbaijan. Thank you.

**Jane Murphy:**

Hello and welcome everybody.

My name is Jane Murphy and I am an Independent Director of your Company and also a member of the Audit Committee.

I am joining today's meeting from Essaouira, Morocco.

**Kimberly Woolley:**

Good evening. I am Kimberly Woolley. I am a non-executive, non-independent director of your Company. I am joining you this evening from San Francisco, Bay area in United States. It's a great pleasure to join you. Thank you.

**Yong Meng Kau:**

Hi, Good evening. My name is Yong Meng Kau. I am a non-executive, non-independent director and a member of the Audit Committee. I have joined the meeting from Singapore.

**Vincent Grelli:**

Hello, my name is Vincent Grelli. I am a non-executive, non-independent director of your Company and also a member of the Audit Committee. I am joining you from San Francisco, California. Thank you.

**S Venkatachalam:**

Let me request Mr. Onkar, our Company secretary to introduce himself and confirm the quorum...

**Onkarnath Banerjee:**

Good evening dear shareholders. I am Onkarnath Banerjee. I am the Company Secretary and Compliance Officer of your Company.

I have joined the meeting from Mumbai.

Sir, I would like to confirm that the necessary quorum for the meeting is present. Thank you.

**S Venkatachalam:**

Thank you Onkar and my fellow directors.

We shall now commence the proceedings of this meeting.

**S Venkatachalam:**

My dear shareholders, it's my pleasure to welcome you to the 33<sup>rd</sup> Annual General Meeting of Oracle Financial Services Software Limited.

I hope you are safe and in good health.

The Quorum being present, I call this meeting to order and declare this 33<sup>rd</sup> Annual General Meeting of Oracle Financial Services Software Limited 'open'.

This meeting is being conducted virtually in compliance with the regulatory guidelines. And, the members present can electronically participate and vote on the resolutions being considered at this AGM.

The Company has received a resolution from a corporate shareholder holding 73.02% of the paid-up equity capital of the Company, appointing and authorizing a representative under section 113 of the Companies Act, 2013.

The Statutory Auditors, the Secretarial Auditor and the Scrutinizer are attending this meeting.

Let me share some highlights on the performance of your Company for the financial year ended on March 31, 2022. Your Company has delivered a net profit of Rs. 18.9 billion, with a consolidated revenue of Rs. 52.2 billion. Our net profit grew by 7 percent over the previous year.

Covid-19 pandemic conditions improved in the financial year 2021-22 as the vaccination policies with intervention of health authorities to combat the pandemic continued. The Governments have started easing restrictions on people, businesses, and international & local travel. The Company has adopted a hybrid work policy as a conservative measure during this financial year 2021-22.

On the business side, the Company continued to improve its customer footprint. We acquired new customers across all businesses, namely, corporate and retail banking, analytics, digital, risk & compliance and other areas of banking we deal with. Our modern risk and finance solutions have helped banks to manage their risks much better. Our significant product enhancements, and cloud-enabled offerings are yielding results, which included a landmark multi-year SaaS deal with a tier 1 U.S. Bank.

The financial services industry has been witnessing rapid changes, as they need to constantly innovate, and improve their delivery models with changes in technology, and customer preferences, to keep pace with newer digital consumption patterns and FinTech disruptions. Your Company's solutions are built around an adaptive architecture with focus on innovation for faster business outcomes.

Your Company continues to explore, new ways to service our customers and give them an advantage in their businesses. For example, we offer embedded banking services capability to our customers, which helps them offer a personalized digital banking experience to their customers, backed by seamless payments and collections, better working capital management recommendations, and virtual account management. Your Company, offer several compelling capabilities in this area. Our solutions, take advantage of Artificial Intelligence, machine learning and advanced analysis to provide faster and accurate decisions, reduce human intervention and enhanced automation.

Across all regions, the customers are continuing to put investment, behind modernization of legacy infrastructure and in digitization of their business processes, which forms a good base for opportunities for your Company in the coming years.

On behalf of the Board of Directors, and the management and the staff of OFSS, I thank you for your continued support for the coming years.

Let me now turn to the business of the meeting.

The Statutory Registers are open and accessible electronically during the continuance of the meeting to any member attending the meeting.

The Annual report of the Company for the financial year 2021-22, including the Notice of the AGM, was sent on 5<sup>th</sup> July 2022 to all shareholders at their registered email addresses.

The Notice of the Meeting is taken as read. There are no qualifications in the Statutory Auditors' report and Secretarial Auditor's report, and those reports are also taken as read.

Pursuant to the notice of the AGM, there are five resolutions under Ordinary Business, and one resolution under Special Business on the agenda for this meeting.

**Resolution no. 1** is for adoption of the Company's audited standalone and consolidated financial statements for the financial year ended March 31, 2022, and, the Reports of the Board of Directors and the Auditors thereon.

**Resolution no. 2** is for appointment of a Director in place of Mr. Yong Meng Kau, who retires by rotation, and, being eligible, offers himself for re-appointment.

**Resolution no. 3** is for appointment of a Director in place of Mr. Makarand Padalkar, who retires by rotation, and, being eligible, offers himself for re-appointment.

**Resolution no. 4** is for the confirmation of interim dividend of Rs. 190 per equity share of Rs. 5 each, as the final dividend for the financial year ended 31<sup>st</sup> March 2022.

**Resolution no. 5** is for appointment M/s. S R Batliboi & Associates LLP, Chartered Accountants, as the Statutory Auditors of the Company to hold office from the conclusion of this AGM till the conclusion of the 38<sup>th</sup> AGM to be held in the year 2027. The term of appointment of the current Statutory Auditors, M/s. Mukund M Chitale & Company, is expiring at this AGM.

I would like to put on record our appreciation for their excellent work for the past five years.

**Resolution no. 6** is a special resolution for the adoption of a new set of Articles of Association in place of the existing Articles of Association of the Company.

We hope that most of you have already voted on these resolutions through the remote e-voting facility which closed yesterday. Any shareholder, who has not voted yet, can vote during this meeting. The voting facility will also remain open for 15 minutes after the conclusion of this meeting.

Let me now turn to the Question & Answer session.

We have received questions and speaker requests from the shareholders.

I now request the Moderator to provide the guidelines for the Q&A session and then have the speakers online.

**Moderator:**

Thank you, Sir. All the speakers are requested to adhere to the following guidelines:

- Please re-check that your audio and video have been setup as per the guidelines provided in the email, sent to you earlier.

- We will call the speakers in the order of the serial number which has been communicated to each of you in our email.
- Once your name is announced, your audio connection will be enabled. Please turn your video camera on and make sure you unmute your microphone.
- Each speaker shall be allotted 2 minutes.
- Speakers are requested to be brief and to the point. We request you to avoid reading the questions, if you have already sent them to us. Also, please avoid repetition in case any earlier speaker has asked the same question.
- Lastly, restrict your questions, related to the Company only.

Once the speakers are through, the Board will respond to your questions.

All the speakers are requested to state their full name and location first.

I now call our first speaker Mr. Vaibhav Badjatya.

Sir, you have already shared your questions with us via email. If you have any additional questions, please proceed. If not, your questions have been noted and will be answered soon. We have enabled your audio, and if you do in fact have any more questions, please unmute yourself, turn on your video and then proceed. Your 2-minute time starts now.

**Vaibhav Badjatya:** Hi Sir. Thanks for providing the opportunity. I don't have any other questions apart from what I have submitted earlier. But, I request the management to answer them point by point rather than kind of merging with other speakers and making it a common question because most of the time the points get lost in that approach. So great if you can answer them point by point, that would be helpful. That's it from my side.

**Moderator:**

Thank you Sir.

Inviting the next speaker, Mr. Anuj Sharma. Sir, we have received your question via email as well. So, if you have any more questions, please proceed. We have enabled your audio. Please unmute yourself and turn your video camera on. Your 2-minute time starts now.

**Mr. Anuj Sharma:** Thank you. Anuj Sharma here. I too have sent in my list of questions. I request you to please answer them as the earlier speaker said, by one-by-one rather than merging them. I will appreciate the responses. Thank you.



**Moderator:**

Thank you Sir.

Inviting the next speaker, Mr. Kashyap Pujara. Sir, we have received your question via email as well. So, if you have any other questions, please proceed. Unmute yourself, turn on your video and your 2-minute time starts now.

**Mr. Kashyap Pujara:** Thank you for giving me this opportunity. I have sent my questions, but just would like to reiterate them. First is, that OFSS's revenue growth, CAGR of 3% since FY2017 to 2022 has been below industry peers like Temenos, Intellect or even Broader India IT Services Company. So, is the Board satisfied with this? And if not, what are the changes being made to increase the trajectory going forward? The second question, for the Board is, how do you evaluate management performance? The revenue growth metric, is it a metric you use while evaluating management's annual performance? And specifically, because if I look at it over the last five years, the share price of OFSS is down 15% in absolute terms, where the share prices of our small Indian peer like Intellect Design is also up 5 times. Infosys, TCS are up 2-3 times. HCL Tech, Tech M all have doubled. So just wondering as a shareholder, if one is owning OFSS for that last five years, the absolute return including dividends, is lower than the bank fixed deposit returns. So it doesn't seem satisfactory.

Third question specifically, if Mr. Sonny Singh could address, given that he heads the financial services business at Oracle Corporation level would be appreciated and that is how relevant is OFSS India with the strategic roadmap of the parent Oracle Corp? Is there any joint go-to-market strategy for OFSS which Oracle Corp engages with and is OFSS ready with the products on cloud and SaaS? In the recent past, we saw media article citing that ORACLE Cloud Infra business in India is set to triple and there was some employee comments around that in the Times of India or ET, if I recollect. So, just wanted to understand the opportunity that OFFS can participate in this opportunity. The fourth and the final one is, OFSS's dividend is reasonably good at 90%. But given that there is still sizeable cash, which is stuck on the balance sheet, the earnings that the cash returns is more or less mediocre. So, in the absence of any strategic use of this cash, what is the broad thought of the Board on returning a portion of this cash to shareholders in the form of either one time special dividend or a share buyback? That would be all from my side, and thank you for patient hearing. Appreciate the answers on a point-to-point basis. Thank you.

**Moderator:**

Thank you Sir.

Inviting the next speaker, Mr. Taha Iqbal Merchant. Sir, you too have shared your questions with us via email. So, if you have any further questions, I request you to please unmute yourself, turn on your video camera and then proceed. Your 2-minute time starts now.

**Mr. Taha Iqbal Merchant:** Hi, a very good evening to everyone. I would just like to reiterate that over the last decade, we've grown revenues at an average of about 5% annually. Over the last three years, this has fallen further to 2%. This, at a time when large software companies across the board are delivering growth rates of 15 to 30% plus. Now, we have an extremely strong and well established business with a great brand. We have an amazing geographical spread and sticky customers for whom switching is not easy. Despite these advantages, why are our revenues growing so slowly. Why are we not being able to grow faster even at a time of significantly increased digital adoption? That's the first question.

The second one is to do with new age FinTech start-ups. Now these guys are disrupting the market in all sorts of new ways. Even many banks are re-looking their business models in light of this. In such a background, what is the long-term risk of significant disruption to our business model and products? The third and the last small question is, why do we not have con calls? If not quarterly, then at least say, once a year, why do we not have con calls at all? So, yeah, I was hoping for your insightful answers to each of these questions. Thanks.

**Moderator:**

Thank you Sir.

Inviting the next speaker, Mr. Viraj Kacharia. Sir, we have enabled your audio. I request you to unmute yourself, turn on your video camera and then proceed with your question. Your 2-minute time starts now.

**Mr. Viraj Kacharia:** Hi, good evening. My name is Viraj Kacharia. Some of the questions have been already asked, so I will not repeat. Two or three questions, which I wanted to understand is like, 2-3 years back we had done a work on improving our API stack and improving on the cloud system of our product. So since then, how has the customer win rate improved for us? Secondly, what changes have we brought in the sales team to accelerate the growth? So, have we brought in people from outside the organization, or how is the KPIs of the sales team being judged? And how large is the sales team across geographies, if you can just help us understand. So those two were my main questions, others have been asked so I will not repeat. Thanks a lot.

**Moderator:**

Thank you Sir.

Inviting the next speaker, Mr. Yusuf Yunus Rangwala.

**Mr. Yusuf Yunus Rangwala:** Good evening, Sir. My name is Yusuf Rangwala. Firstly, I thank you for the dividend of Rs. 190 per share. We have not held a physical meeting of the company for the last 3 years, I hope that you will hold a physical meeting next year. My best wishes for the Company and the secretarial team. 15<sup>th</sup> of August is soon coming, wishing you a happy Independence Day. Nothing more to add. I wish to know,

what is the competition from Infosys and Wipro in this software business? What is our main competition? How many branches do we have all over India and the total number of staff? Thank you very much, Jai Hind...Jai Maharashtra!

**Moderator:**

Thank you Sir.

Inviting the next speaker, Ms. Hutokshi Sam Patel. Ma'am, we have enabled your audio, I request you to unmute yourself and then proceed with your question. Your 2-minute time starts now.

**Ms. Hutokshi Sam Patel:** Hello, can you hear me?

**Moderator:**

Yes, Ma'am, you are audible.

**Ms. Hutokshi Sam Patel:** Thank you, dear. Very good evening to all of you, respected Chairman and board of directors, I am Mrs. Patel here from Bombay. Oracle since the time it came in the market it was a slow and steady rise but it was always on the rise. Since a few days, I find that the price is also coming down, today the share price is almost 77 Indian rupees, Indian market, while Oracle Corporation in dollars is almost same price but 77 in US dollars. Why is the share price coming down? Why are we a steady fall in the market? Why the share prices, is it because that we are dealing with the layoffs in US? Does these layoffs in US give this hints or reflections in our share markets, and that's why our share price is coming down because of the layoffs, why there are so many job cuts in US, at least do throw some light on it, I request the management for that. I thank the whole secretarial team. <audio not clear>

**Moderator:**

Is there any difficulty with you?

**Ms. Hutokshi Sam Patel:** I thank Harshal too, but it was absolutely the whole secretarial department, hello. Are you able to hear me?

**Moderator:**

Yes, Ma'am, please proceed.

**Ms. Hutokshi Sam Patel:** So tell me, Ma'am, please be with the shareholder when they are speaking on the phone, don't waiver your this. So, I thank both Harshal and Lakshmi, they have been doing very well. I thank the whole secretarial team, very good financial reports, thank you CFO for the excellent financial figures. Though the share price has come very down, I am very much surprised it was always on the up, maybe because of the layoffs in US that's why it was throwing this, reflecting on our share market. So please do throw some light. One important thing, I would like to bring to

the notice of the management that AGM is meant mainly for shareholders. It is only once in a year AGM takes place, and if shareholders are not given importance on this day then we feel very bad and...

**Moderator:**

Your time is almost up. Ma'am, I request you to please wrap your question as your time is almost up.

**Ms. Hutokshi Sam Patel:** It's okay, please hold on, you have always been doing that. This is only once in a year we are able to speak, okay. Don't show your extra intelligence over here, give us a chance to speak. This AGM is only once in a year and please give more importance to the shareholders rather than we have directors meet, every month the directors meet takes place. Give importance to the directors in that meet. But if in AGM if the Company Secretary is giving importance only to the directors and not at all to the shareholders, it is not fair. Only the people below him are contacting us, why is it so? Are all shareholders treated with the same stick? We are not illiterates, we are also qualified people. Please see that we get importance in the AGM. It is only once in a year.

**Moderator:**

Thank you for your questions, Ma'am.

Inviting the next speaker, Ms. Meenal Varun Bang. Ma'am, you too have shared your questions with us via email, if you have any additional questions. I request you to unmute yourself, turn on your video and then proceed with your question. Your 2-minute time starts now.

**Ms. Meenal Varun Bang:** Thank you for the opportunity. I have already submitted my questions, there are about 16 questions. In the interest of time, I will just quickly touch upon a few of them. Question no. 1, What are the top 3 priorities for the management for the next 2 years? Can we expect the margins we are having currently can be maintained going ahead? Question no. 2, Can you elaborate on the success rate for us in various product suites that we have like core banking, analytical compliance, etc.? How has it moved over the last few years? Third question, has any customer moved away from using our product and started using our competitor's product last year? In 5 years how many customers would we have lost? What would be the reason for the customers to move away from our EO product to a competitor product? And last question, in the last few years, the customer addition has been from which geographies and are we seeing any improvement in any particular geographies?. Is there any J-Curve kind of shift that happens, if a few customers shift to core banking software then all others also have to shift, can you please elaborate? I request you to answer them one-by-one. Thank you.

**Moderator:**

Thank you Ma'am.

Inviting the next speaker, Mr. Kaushik Narendra Shahukar. Sir, we have enabled your audio, I request you to unmute yourself, turn on your video and then proceed with your question. Your 2-minute time starts now.

**Mr. Kaushik Narendra Shahukar:** Hello, I hope I am audible?

**Moderator:**

Yes, Sir, you are audible.

**Mr. Kaushik Narendra Shahukar:** Thank you. Good afternoon, everyone. First of all, I would like to thank the Board of Directors for giving me the opportunity again to speak in this forum. Many of you would remember me from the conversation in past years. So I will keep both my ask and introduction brief. I hope I am clearly audible.

**Moderator:**

Yes, Sir, you are very clearly audible.

**Mr. Kaushik Narendra Shahukar:** Thank you. Myself Kaushik Shahukar, a qualified and a Practicing Chartered Accountant from Mumbai. I have been suffering from dystonia, which has rendered 55% of my body paralyzed impacting my right hand, my right leg and my speech. While I have not let that come in my way of becoming a Chartered Accountant and a practicing, I do request your support in helping me continue to be self-reliant. I hope I am clearly audible till now.

**Moderator:**

Yes, Sir, please proceed.

**Mr. Kaushik Narendra Shahukar:** Thank you. I was optimistic after our conversations we had last year about me working for our organization in certification work including Form 15CB. However, nothing has progressed since. While I understand things may not have progressed due to pandemic situation last year, I do request your support in helping me. I hope that after our conversation today our organization will start engaging me in this area as soon as possible. Once again thank you for the opportunity to speak today and I hope to see a positive movement forward with my ask. I support all the resolutions. Also request you to please provide the reply for my ask. Also finally, sir, what impact will unfold and transform our enterprise. Thank you so much.

**Moderator:**

Thank you Sir.

Inviting the next speaker, Mr. Kapil Chopra. Sir, we have enabled your audio, please unmute yourself, turn on your video camera and then proceed. Your 2-minute time starts now.

**Mr. Kapil Chopra:** Many thanks for the opportunity, sir. We are long term shareholders and I agree that you do AGM but as the previous speaker has spoken that is my suggestion and I have requested earlier also after the December quarter number if you will put a small PPT and give us an opportunity to speak again and ask questions to the management related to the business that would be great through conference call. So please take this idea and be more transparent as a multinational public listed Company. Secondly, most importantly I just wanted to learn the outlook what you have spoken that you are going digitally. So how the story will convert into the numbers, if you can explain that in detail. What are the new areas or what are the new trends in the IT market or in IT banking sector, if you can throw some light on that. This is my request to the Company Secretary, secretarial department and the CFO, we are not able to open the register of the members, so if they can send the top 500 shareholder list to me by email that would be great. And if you can, that's it from my side, if you can explain us. And if you can put the recording of the same or link of the same on your website of this AGM, some of the members who are not able to join so that they can retrieve whatsoever are your answers, that would be really nice. Many thanks for the opportunity again, sir, I am grateful, Thank you.

**Moderator:**

Thank you Sir.

That concludes the speaker shareholder addresses. There will now be a **short break** after which the responses to your questions as well as those sent to the Company via email will be provided.

Please stay tuned.

**After the break...**

**Moderator:**

Thank you for waiting and welcome back. I now request the Managing Director and CEO, Mr. Chaitanya Kamat, to answer the questions. Sir, over to you.

**Chaitanya Kamat:**

Thank you. Good evening to all our shareholders. I trust everybody is doing well. We have received a number of questions on-line and of course additional questions earlier this evening.

And, I will take a shot at answering all of them. I did register the request to try and answer questions individually, but you will appreciate that given that there is a huge

amount of commonality across these questions, I have grouped them by theme. Yet I will try and answer where it is possible and I will reference the shareholders who have specifically asked questions.

I think one theme around which I got a number of questions, Mr. Pujara had a question around our growth rate vis-à-vis peers, Mr. Badjatya has asked about what are our areas of improvement or areas of focus, Mr. Sharma had a question around revenue growth, Ms. Bang had a question around growth and priorities, obviously growth is a priority for the management, I will talk more about that. Mr. Kacharia had a couple of questions on this area, so did Mr. Chopra. So, I am going to make a few comments on what your product portfolio of the Company and what we are doing around the whole growth agenda. Now to begin with, we have a very strong value proposition which has always been relevant and even more so given that the economic recovery post pandemic is gathering speed. Now step back and look at our footprint, we cover financial services vertically, globally, right? So we have covered retail banking, corporate, digital, risk, regulatory like compliance in areas of compliance, so that's the footprint.

Now if you look at the growth that we have had over the last year, particularly we keep highlighting the wins we have had in our quarterly reports. We have seen secular growth across all segments and across variety of geographies. Today, we see opportunities in banks replacing their systems or components of systems to get themselves digitally ready, implementing product processors, specialized lending solutions, digital compliance risk solutions, and so on. We are very well positioned to take advantage of these opportunities and increase our market share. Now what are we doing specifically around these areas?

Firstly, with regard to the product portfolio, now we have been investing and enhancing our market presence from a product perspective in areas where we have not traditionally been present. So over the last year we have added new solutions and expanded our capability across the portfolio. I'll give you a couple of examples. So virtual account management in the corporate space, liquidity management, cash management, supply chain finance, we re-wrote our payment hub to be compliant with ISO 20022 and again that's driving a lot of traction. Electronic data exchange, this is really connectivity between banks and corporates and their ERP, and of course, the whole process and lifecycle management in the area of retail liabilities and assets, corporate loans and trade finance, these are all areas where your Company has expanded its footprint and it's product portfolio.

So if you think about when we talk about Oracle banking, we talk about the way we have broken up our product into product processors, digital engagement and the user experience component, you can see that we have done a huge amount of work in what we call the digital engagement part which is some of what I have referred to. Now beyond that, we have enhanced our portfolio's quality and therefore the market

positioning that your Company's products have, I will just cite a few examples so that you can get a sense for that.

Now, Chartis has ranked your Company, OFSS, in the top 3 positions for the last 8 consecutive years. If you look at Gartner, we have retained the leadership position in this year's Gartner's - Global Retail Core Banking Annual Survey. If you look at Celent, then AI in the UI 2019 we have been profiled for our Corporate Banking Solutions very boldly there. Again, Forester calls our digital solutions as 'Strong Performers'. Aite has rated your Company as "Unique among its Competitors in its suite-based approach to commercial loan servicing" and I can go on and on. If you look at the Asia Risk Awards for 2021, we were awarded Best Solutions of the Year for our Asset and Liability Management solutions (ALM), our Risk Data Repository. Then if you look at the SPARK Matrix, there again we were in the Leadership Quadrant for AML and KYC. So effectively, we are seeing that there is market recognition of what your Company has done. Now how has this come about? We have taken the legacy solutions and systematically over the years rebuilt them on modern architecture which means micro services based domain driven design, API everything, using modern interfaces and user experience, so that plays into improving our growth prospects. And again if you talk about the question around what are the areas where we are focusing on improvement, this was Mr. Badjatya asking that, those are specifically those kind of areas. Also, from an execution perspective we have made subscription pricing available now for our entire legacy portfolio in addition to the SaaS solutions that we have built. And that is gaining a lot of traction. So recently a tier 1 bank in Japan bought our payment solution in subscription mode. So, you will see that from a growth perspective we are using all of these initiatives to drive growth. I will talk a little bit later about the revenue comparison aspect because there was a question about our revenue growth versus competitors. I am going to come back to that.

I want to move to another theme, in another area of questions that I received and heard, and these were Mr. Sharma had a question around the opportunities in the next 3-5 years and what is the environment for us, some questions around, you know, will our licence fee grow to a certain number. Now obviously, we don't do guidance but I will try and answer your questions around the demand environment. Also there was question from Ms. Bang about customers moving away and so on. Let me talk to you about how that happens. So currently, from a demand environment perspective you know and we had a question through email about whether we are seeing an impact of the macroeconomic environment. Currently, your Company is seeing demand across all of our regions and geographies. We haven't seen any major implications based on the macro economic environment, Yes, we are not doing business in Russia and we haven't seen a lot of new business in Ukraine. But outside of that, we are seeing demand across the globe. We are seeing pipeline in all regions. Our customers are continuing to put investment behind modernization of legacy infrastructure and in digitization of their business processes. Of course that can always change, but this is how things stand today. I saw a question about losing market share in the US, I think it was Mr. Badjatya's question around or email about why are we losing or are we



losing market share to competitors particularly in the US. Now, we look at the US market it is dominated by legacy players and home grown systems for the most part. And your Company's footprint there has been small. However, we have multiple engines of growth that we offer there particularly in financial crime, enterprise risk and finance and we have been seeing good traction. So Mr. Badjatya, I can't really relate to the comment that you are making. We are winning a lot of deals and getting more than our share particularly in enterprise risk and finance and in financial crime, also if you look at the Corporate Banking side, we have won significant accounts including (among Top 10 US banks), so that is something I would highlight. We won new logos in the US market for Corporate Banking, for lending and leasing solutions and for our analytics portfolio. I can't get into names because of some of the associated issues. But just a sense for how things have been going.

Now coming back to the comparison on revenue and the question around you know, revenue growth and growth at certain levels. Mr. Sharma asked about competitors are growing at 10 to 15, do we have similar growth. Mr. Merchant was talking about revenue, our revenues versus large software companies growing at 15 to 30%. And Mr. Badjatya had a question about Temenos growing faster than OFSS. And Mr. Rangwala also was talking about growth vis-à-vis competition. Now I want to make two sets of comments about this. Firstly, there was a question vis-à-vis a particular Company, now based on the latest results they have published, their revenue is about 50% higher but despite that, your Company's absolute margin is more than double theirs, yeah. So think about that let me repeat it, despite having 50% more revenue than your Company our absolute margin is more than double theirs, right. So we have been constantly delivering higher margins as compared to this and other competitors, particularly the Companies that are being named and this is easily validated when you look at competitors who publicly report their numbers. You know, your Company has a very strong value focus, and so we run a very high margin operation and we make sure that when we grow revenue, we grow it in a manner that preserves the high margin that you have expected us to deliver and that you tend to take for granted. Now the economic environment can change any time and there will be different pressures that we operate under but that tends to be our focus.

So moving on from that now there was a question I think on acquisitions and acquisition targets. So let me, and also about why don't we just simply, why doesn't the Board reduce the cash in the Company and so on. Now at any given point in time your Company is engaged with 2-3 targets and where the business opportunities match valuation we progress these discussions, right. So, this has been our ongoing exercise. Now you are all aware particularly those of you who are closer to the markets that the amount of money in the system chasing startups and these type of ventures has been making the valuations of these Companies very unrealistic. And as a disciplined Company we are not going to buy just for the sake of buying, but we keep looking for the right opportunity. Now we believe that in the coming 12-24 months valuations are starting to become more realistic. Why do we believe that, we have seen this happening with FinTech funding - we have seen sequential declines in calendar

Q1 and Q2 of 2022 of FinTech funding and big firms like Tiger Global and Sequoia who lead a lot of FinTech investments - their deal volumes and investments have come down by 50%. So we believe that's actually going to create buying opportunity for your Company and therefore the board needs to take that into account when looking at the cash we have, to take care of that. Now that was in terms of that topic, I hope that helps.

There was one question from Mr. Merchant around the whole topic of Fintech startups disrupting the marketplace, and I wanted to spend some time giving you some context on how your Company sees Fintechs because we tend to have a more evolved perspective on them. Its absolutely true that new age fintech startups are disruptive, but it is important to note that they are disrupting are customers, and not us or the software providers. In a way they are creating additional competition within the customer base - they are compelling existing players to transform, become leaner, much more customer centric and to offer better targeted solutions to their customers which plays to your Company's advantage because it forces or requires our customers and the market to move away from legacy solutions and refresh them with the latest best practice technology stack and best practice functionality. Beyond this, Fintechs will have to deal with the fact that banking is a regulated space after all, and they tend to tie-up with banks in order to support and acquire the bank's backend capabilities because there are a lot of things that FinTech's can't do by themselves, now again that plays to your Company's advantage. There was a reference in one of the questions to the API offerings that we had made, I think I can't remember who spoke about that, it was on the call today, now the API based offerings that your Company offers to enable banking as a service. This enabled our customers to closely work with FinTechs. For example: there is a Bombay headquartered bank which works with a Fintech for Automated Data Flow and NPA. That's just an example in our marketplace. There are examples in other global markets as well. We essentially enable Fintechs to also take advantage of our offerings, so we see Fintechs as buyers for our products as well. So we are enabling Fintechs to adopt risk based approach to regulatory compliance, and help them scale, based on their needs. So for example our FCCM suite which is Financial Crime and Compliance Management which is offered both as-a-service and via enterprise licensing, this is being used by Fintechs. So we have surprisingly, your Company has a number of Fintechs that are actually customers of your Company not all of them can be named but for example Banking Circle out of Luxembourg is a payment bank that uses your Company's solution. Witty Tech Ltd is a challenger bank out of the UK that again uses our solution. So you can see that we view FinTechs in a much more evolved manner compared to what one would typically expect.

There are a lot of questions so I am going to try and move ahead. There were a couple of questions from the emails, Mr. Badjatya had a question on dividend payout, Mr. Pujara spoke about and I think he mentioned it again on the call about a one-time special dividend or a share buyback. I think, I explained to you what we expect to happen with valuations in the coming quarters and coming years in the context of what we are seeing in terms of FinTech and other funding and therefore, you should

take that into account when you try and visualize how the board will operate. The specific dividend policy of your Company is available on our website and we will continue to distribute dividend in line with that policy. So that will stay as it is.

Mr. Pujara had another question around, you know, the joint-go-to-market strategy with Oracle and I think the focus was on the relevance of Oracle to your Company. Now frankly, there are a number of dimensions around how this provides a lot of advantage to your Company. You know, we have royalty free access to the Oracle brand which in itself is very significant but beyond that we are able to access over a 100 legal entities world-wide across geographies without having to incur the establishment cost of having those and so it enables us to do transactions in those markets. Even beyond that, we are able to leverage the pre-existing master agreements that Oracle because of its deep relationships has with financial service institutions around the globe and so that gets rid of major entry hurdle into large organizations, all your Company needs to do is maybe an ordering document, the whole framework for working with the bank is available to us. And of course, with the larger banks Oracle does a lot of investment in interacting with them on an ongoing basis through key account management models. And so those are some things we can leverage to get an insight into their strategy, their buying behaviour and therefore how we can position your Company's products. And of course, I have yet to mention the fact that Oracle does seminal investment in the latest technologies whether it is Artificial Intelligence, machine learning, chat bots, graph analytics and so on. All of which is available for us to incorporate into your Company's solutions without any incremental impact to us. And so those are benefits and of course, as we move to the Cloud with Oracle's SaaS and infrastructure platform and data centres across double digit number of markets and countries, we have the ability to leverage all of that very easily. Think about what our competition needs to do in terms of being able to engage with these providers, set up a commercial relationship and then on that basis figure out ways to leverage that SaaS platform in an economical way. All this comes very straightforwardly to your Company. So it is of tremendous relevance to us on an ongoing basis to be part of Oracle's portfolio.

I will move ahead because I still see a lot more questions. There was I think, Ms. Bang had a couple of questions on share-a-wallet and customer, and from which geographies and so on. I think our footprint tends to be a little bit more evolved and so I would like to try and give you context in which you can understand how to look at this. Now let me share buying patterns that we see and how customers expand their product usage over time. Now we see different behaviour between smaller banks and larger banks, smaller banks tend to have less complex needs and smaller IT teams, so they prefer to buy solutions often from a single vendor, not always, often. The overall ticket size and the transformation effort given their size tends to be smaller. On the other hand, larger banks have complex needs, complex because they are often multiple entities, multiple brands, multiple jurisdictions, particularly across specific categories. So such banks prefer to do more phase wise change, in terms of how they adopt change. They also take into account very significantly their operating models, their

business priorities, you know, the availability of business case in one part of the bank versus another and of course, budget. And despite all of this the numbers and the change tends to be large. So at any point of time if you look at our customer base and the banks that form part of our customer base because this question is about share-a-wallet, and deepening the relationship and so on. At any point of time such banks tend to have a very hybrid landscape with solutions from multiple vendors. Now it is not uncommon for larger tier 1 banks to even have multiple vendors in each solution area, for instance 5 different lending software products used in different segments of the bank. So this gets even more complex based on diversified decision making within the bank as well the mergers and acquisitions they do. And so the application landscape in banks tends to be complex, their buying behaviour is therefore complex. So what tends to happen is that as banks grow especially within our customer base. If their subscribed license values get exceeded, and they buy more from us. Also when they retire old legacy solutions or foray into new areas, we get the opportunity to expand our footprint. So those are both interesting ways to look at how share-a-wallet increases, right.

Now there was one more question I think Ms. Bang had and that was around buying trends and about follow the leader, kind of an approach that we can see. Now what we have seen over the years is like this, in any given country or jurisdiction which is a better way to look at it, there's significant software purchase behaviour outside the normal cycle. So the normal cycle is when there is a reasonable homogeneous level of technology usage and solutions across a bank. Now that changes, and significant software purchase behaviour happens outside the normal cycle triggered by one of the following: either regulatory decisions, so the regulator releasing new banking licenses or maybe new payment methods and so on; that's one. Technological obsolescence, so the stack they use, whether it is database or the hardware equipment and so on, that is getting out of currency, so to speak; that's another aspect. And then of course, banks need to refresh their solutions given changing customer demographics and customer expectations. So all of that is what triggers buying behaviour outside the normal. Now, when these situations come about, there's usually one or more early adopters. So to your point Ms. Bang, there is such a phenomenon that happens and we've seen it that there's usually an early adopter, maybe one or more that takes on the newer transformative solutions. The market tends to watch them and based on their experience, the entire market then initiates adoption of the newer generation of solution in order to keep up. However, while this is a general theme, there is complexity because markets vary, business cases and the fortunes of banks tend to be different, and therefore the transformation patterns will vary. It may or may not be a classic J curve that you are talking about in all situations. But I'm happy to just tell you that, that's how we have seen this aspect and I hope that addresses your question.

Now, there were a couple of questions. I saw Mr. Sharma had a question around new players entering the market what is OFSS's strategy. Ms. Bang also talked about challenges and risks for your Company's products. So how do we look at this? So, if you think of the competitive environment, there's never been a time where we have not had to compete for business. Our competitors have been Global Players, Regional Players and often extremely small niche local players. And so while there are newer players that you refer whether it is Mambu, Thought Machine coming through, the competitive environment has always been quite present for us as a factor to contend with. What has served your Company in good stead in this kind of an environment is that, your Company has the depth and breadth of solutions. Because of the footprint we have, the intellectual capital that's in our solutions is quite deep and so that makes global best practices available to the banks. And over time we have built a deep understanding of the market because of our installed base. Besides that, the ecosystem effect of being part of Oracle that I referred to earlier, that also gives us a distinct advantage.

Now if you look at the new players that are coming into the market, it's not a very straightforward path for them either. Because if you think about it, banking tends to be complex to begin with because it's about the movement of funds and money. On top of that, it's non-trivial because every jurisdiction tends to have different rules for the banks, every market has different established market practices, products and solutions that everybody seems to adopt, which is very different from one market to the other. And so what tends to happen is that, being able to go from being a start-up solution with some new technology to being a fully functional and being able to enable to power a bank in a particular market that is not a very straightforward exercise for these new Companies. While they're able to get into some smaller new banks, it's much harder for them to be able to expand into the larger installed base. Just recently, I was on a call with one of our European customers, a Tier 1 systemically important banks that have launched into a FinTech initiatives with one of the players we refer to, yet, they are talking to us about how our payments solution can really help them because the solution that they are looking at, just doesn't address payment in a robust enough manner. And so that is an example of what I was talking about.

I think I have gotten through quite a bit of questions. I think there's one question from a couple of folks around how the Board evaluates management performance. And so, I would request Richard Jackson to answer that question from his vantage point or as Chair of the Remuneration Committee.

**Richard Jackson:**

Thank you very much indeed Chet, and let me deal with the points raised in the question. First of all, I just like to assure the question of that the performance of the stock over time is a key part of the structure of performance assessment and compensation that we have for management in the Company, because obviously it aligns the interests of the management with the interests of shareholders. And so, the

approved stock option plan that is in place is an important tool to helping to make that happen and link particularly for the more senior management where it is a more important part of the performance and benefit infrastructure to link the share ownership of managers with shareholders. That obviously ties in with the longer-term and the longer-term strategy of the Company, which is approved by the Board. But obviously in the short term, the market can be volatile. Whilst our dividend performance is very good, we're also subject to things like limited liquidity in the market and volatility of the technology market in general. And so, we also look at short-term indicators, which are really more derived from the annual budget that is put in place, which obviously itself is linked to the longer term strategy.

The indicators that we use for short-term performance assessment, usually with a time horizon of a year or possibly two, is a basket of indications, and they would include revenue performance against plans for the year, the level of new customer acquisition and retention, the level of license sales, the success that we have with new products and product development, and also very importantly, the margin that we are able to maintain in the Company and Chet referred to the level of margin, which really is behind supporting the dividend as being something which your Company feel very proud of. So, it's really a mix of short-term and then medium long-term stock price and the level of dividends is very important to management. And in the short to medium-term, a range of indicators which are directly linked to approve budgets, to try and make sure that the Company continues along the track that it needs to do in order to meet our longer term strategic goals.

So, I hope that answers your question, and Chet, if I could hand back to you.

**Chaitanya Kamat:**

Thank you Richard. We had a few more questions relating to financials. So, I shall now request our CFO Mak to pick those up.

**Makarand Padalkar:**

Thank you Chet for the extensive insight into the strategy and Richard covering up the fairly clear dialogue on the performance and the ESOP management structure. Chet, you have covered most of the queries so let me polish off some of the remaining questions with the financial related aspects. And just to make sure, I mean, these really were from three people – Ms. Bang, Mr. Badjatya and Mr. Pujara. Since the questions were spread, let me for the sake of efficiency, instead of serially answering them, I will take these questions into two buckets. There were two buckets which I have sort of broadly observed. One is questions around the revenue dynamics of the business and second on the margin profile. There were also some specific questions on some specific numbers and some metrics which I will take subsequently.

So onto the first basket. There were questions around requesting some basic understanding of the revenue cycle. I think it was from Ms. Bang. So I think, we have covered this in the earlier meeting. The revenue cycle of the Company would typically comprise of license and support, and then you have the consulting services for the implementation. And, if you do a subscription deal, then the revenue typically would be spread over the usage life cycle, because that's what subscription is for. Now classically product implementation life cycles vary very widely. They can vary from being just under a year for a small implementation to a multi-year implementation for a complex project. It's actually a function of size, complexity of the implementation, preparedness of the customer and various other areas of the transformation that are being undertaken by the bank. So that sort of gives you the colour on the revenue life cycle how different components work. Then we had a number of questions seeking understanding of the revenue contribution by various products, types of customers, Fintech, non-Fintech, by region, customers' age, and of course there were questions about additional opportunities of growth. How does the revenue grow with the customer?

Now, Chet has pretty much covered most of these areas. I'll just like to offer some qualitative comments around this. So firstly, the banking marketplace globally is extremely diverse, complex, and from a modelling sense, trying to fit it into a simplistic model will obviously be challenging. So once we sign a customer, the revenue relationship generally grows through number of factors. One is the expansion of usage of the product, and Chet had in fact covered some of these things so this could be slight repetition. Customer will grow from million accounts to say 2 million accounts and that will mean extra usage. Customer could add new modules. We could cross sell it into other areas and compliance analytics solution. They get into new business areas, digital, and these are all the opportunities which help. Mergers and acquisitions amongst the bank could turn out to be both positive and negative, depending upon whether the bank who is our customer is an acquirer or is being acquired. There were questions you had asked about breakout of the revenue by Fintech, non-Fintech and how would these be revenue contribution for the new products. So I understand you, but, that is not the way we will manage our portfolio. Instead, we do it by the product portfolio, the customer relationship, what the customers want, what do we have from our portfolio and how through that we can add value to the customer. And it is that value, which gives us a stickiness and the foundation of a long and happy customer relationship which has potential to generate steady revenues through maintenance and incremental revenues through consulting, up sell, cross sell opportunity, etc. which I just described.

Then I will take up questions on the margin performance. We had many people asking about the sustainability of the current margins and specifically I think the people's focus was how would SaaS impact the margin. So firstly, thanks for your compliments to Company's performance. You know your Company delivers one of the highest margins in its space, not just in India, but we stand quite well in the global comparisons as well. Chet covered some of that when he was speaking about different competitive

landscape. We of course have a very good, highly profitable business. Our business model is also margin accretive and we have amply demonstrated this over last so many years where the world has received a series of economic shocks, currency has crashed, recessions, economic slowdowns, warfare etc. Just to cite some example. In 2007 around, we were at an operating margin of around 20%. In 2012, we were already at about 33%. Today, we are at 45%, a fairly consistent growth, and economies in the world has witnessed many financial storms. Now having said that, our margin profile is influenced by various factors. We expense out our R&D aggressively. We have a quarter-by-quarter volatility in terms of revenue, and of course we can't comment on the margin forecasts that you are looking for. But, in terms of how do we see the cloud SaaS movement happening? At this point of time, we do not expect any short-term shocks. We do expect a gradual moment to SaaS, and as long as it remains that way, I don't see any major short-term shocks to the margins.

Then I think there were a couple of data-based questions, I think largely from Mr. Badjatya seeking breakout of the R&D by product, new product, segment of the product. So, I think it's important to give you some insight into it. Firstly, the R&D spend, whatever you call it, R&D spend or new product development, we need to upgrade our existing products, there is research happening on the new technology trends, where we require to maintain the leadership. And then, we have so many different product families and multiple versions will be at different cycles and there are many many categories, so such breakup is not publicly reported and therefore we will not do that. You should also note that we expense out the entire R&D as it is incurred. So, our balance sheet is actually much stronger since the entire product assets which are generating the revenue are already fully expensed out. Then, you had asked for additional colour on breakout of the SaaS cloud revenue. At this point of time, we do not break out the subscription or the SaaS or the cloud revenue. However, we will continue to review the segments and disclose this, and we would take an appropriate call at a point of time in future when our SaaS or cloud revenue is material. Idea is to kind of, once the numbers are material. They will all be compliant with the Indian accounting standard, which is of course the Indian IFRS and we will take a call on that. But at this point of time, we do not break out that.

Lastly, before I close, I think Mr. Badjatya had some observations, whether we can pass on the cost of inflation to the customers, and I think yeah, you rightly noted that attrition is putting a lot of pressure on the IT Companies and in IT Companies there is a general talk about how much of the cost escalation can be passed on to the customers. Now this question actually is very relevant to IT services business, and that model does envisage repricing, inflations, FX, productivity etc. But this is not the way the product businesses run. So, that's all the commentary I can offer.



There's one specific data, Mr. Rangwala wanted, to know India headcount. That number is 6,805 as of March. I mean, that's the data point you're looking for. Many of these data points are also available in our quarterly and annual disclosures. So I would also encourage the shareholders to go through those and you will find most of this data.

So with that, thank you very much for your enthusiastic participation and back to you Venkat.

**S Venkatachalam:**

I thank all the shareholders, Mr. Chet Kamat, Mr. Richard Jackson and Mr. Makarand Padalkar. We are now at the conclusion of this meeting.

On behalf of my fellow Board of Directors and myself, I thank you all for attending this meeting. We look forward to meeting you next year, and hopefully in person.

I now declare the thirty third Annual General Meeting of Oracle Financial Services Software Limited "CLOSED".

Take good care of yourself.

The moderator will make some announcements.

**Moderator:**

Please note - Members attending the AGM today who have not already cast their votes by remote e-voting may cast their votes on the e-voting platform now which will be open for the next 15 minutes.

The results of the remote e-voting, including e-voting done today, will be posted on the website of the Company, website of NSDL and the stock exchanges within next two working days.

Thank you.

**Note:** The meeting concluded at 6:55 pm (IST). (including the time allowed for e-voting after the AGM).

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