

August 14, 2023

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

Sub: Transcript of the 34th Annual General Meeting held on Thursday, July 27, 2023

Please find enclosed the transcript of the 34th Annual General Meeting (AGM) of the Company held on Thursday, July 27, 2023 at 5:00 P.M. IST.

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

34th Annual General Meeting of
Oracle Financial Services Software Limited

Thursday, July 27, 2023, 5:00 PM IST

Through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM')

Moderator:

Good evening and welcome to the thirty-fourth Annual General Meeting of Oracle Financial Services Software Limited.

My name is Shalaka Apte and I am your moderator for this AGM.

This meeting is now live.

Let me now request, Mr. 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 Thirty Fourth 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 will call upon my fellow directors to introduce themselves.

Chaitanya Kamat:

Thank you Venkat. Good evening, everybody. My name is Chet Kamat. I am MD & CEO of your Company. I am also the Chairperson of the Business Responsibility Committee and Member of the Stakeholders' Relationship Committee, CSR Committee and Risk Management Committee.

I am here in Mumbai with our Chairman.

Richard Jackson:

Thank you Venkat.

Hello, My name is Richard Jackson. I am an Independent, non-executive Director. I also chair the Audit Committee and the Nomination & Remuneration Committee.

I normally reside in United Kingdom, but I am delighted to be here in Mumbai for this meeting.

Makarand Padalkar:

Thank you Venkat and good evening to all of you.

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

I have joined the meeting from Mumbai.

Harinderjit Singh:

Thank you Venkat.

Good evening to you all. I am Harinderjit Singh and I am a non-executive, non-independent director of your Company. I am also the Chairperson of the Corporate Social Responsibility Committee and a Member of the Nomination and Remuneration Committee.

I have joined this meeting from San Francisco, California.

Sridhar Srinivasan:

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

I have joined this meeting from Mumbai. It's a pleasure to be here.

Jane Murphy:

Thank you Venkat. Hello and welcome everybody.

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

I live in Belgium, but I am joining this meeting from Mumbai. Thank you.

Kimberly Woolley:

Good evening. I am Kimberly Woolley. I am a non-executive, non-independent director of your Company and I am joining the meeting this evening from San Francisco, California. It's a great pleasure to welcome you. Thank you.

Vincent Grelli:

Good evening. My name is Vincent Grelli. I am a non-executive, non-independent director and a member of the Audit Committee. I am joining the meeting from San Francisco, California.

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 am joining the meeting from Mumbai.

Thank you.

Onkarnath Banerjee:

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

Today, I have joined the meeting from Kolkata.

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

S Venkatachalam:

Thank you my fellow directors.

We shall now commence the proceedings of this meeting.

My dear shareholders, it's my pleasure to welcome you to the thirty fourth Annual General Meeting of Oracle Financial Services Software Limited.

I hope all of you are safe and in good health.

Quorum being present, I call this meeting to order and declare this thirty fourth Annual General Meeting of the Oracle Financial Services Software Limited "OPEN".

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

The Company has received a resolution from a corporate shareholder, holding 72.9% 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.

I am pleased to report that for the financial year that ended on March 31, 2023 your Company reported a consolidated revenue growth of 9 percent to 57 billion rupees. The consolidated net profit for the year was 18 billion rupees. We rewarded our shareholders with an interim dividend of Rs. 225 per share.

The last three years were under the shadow of Covid. We are happy that things are getting back to normal, and travel has resumed. We opened our offices and have allowed employees and their managers to choose a mode of working, best suitable to execute their duties, whether in office or hybrid or remote.

In the post covid era, financial service players have seen major changes. There are newer forms of risk that they are exposed to. They face a new breed of smaller and nimble players as competitors. Customers are far more digitally literate. In this exciting period, your Company is well positioned to service its customers and capture the opportunities.

Last year, the business environment was quiet challenging. However, due to our diverse customer base, we have been relatively less impacted by this, whether it was the war in Ukraine or the US rate hike impact or recession fears.

Your Company's customer footprint continues to expand in scale and geography as well, as we won a number of global/ regional and in-country banks, non-banking financial institutions, fintech companies for our solutions in corporate & retail banking, digital enablement, lending, risk and finance, financial crime & compliance management, etc.

Your Company's products provide a highly scalable digital experience that helps modernize business capabilities of our customers faster and with less risk. Your Company's portfolio is one of the most advanced suite of products that caters to a very broad set of financial institutions across the world. We are progressively upgrading the cloud capability of our products and today offer a sophisticated cloud native deployment to most of our customers.

We have been early adopters of artificial intelligence and machine learning technologies. With these, we are able to reduce processing times for large amount of manual paper - from days & hours to minutes & seconds. These technologies have wide applications. This technology also helps us process large amounts of data to early detect customer dissatisfaction and possible loss of business.

Let me give you another example as to how machine learning is used. Reinforcement Learning is a well-honed concept in machine learning. We now use it in our OFSAA Compliance Agent product to train it to fight financial crime by exposing it to a set of virtual bad actors. Such training in conventional mode will take weeks. Using machine learning and our specified technology & processes, we are now doing it in a couple of hours.

I am very happy to let you know that your Company's products continued to receive awards and recognition from industry analysts. Our customers have also received recognition for the effective deployment of our solutions.

On behalf of the Board of Directors and the Management of Oracle Financial Services Software, I would like to thank you for your support. I would also like to thank your Company's employees for their stellar contributions. We look forward to marching together to achieve greater heights in future.

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 today's meeting.

The annual report of the Company for the financial year 2022-23, including the Notice of the AGM, was sent on 29th June, 2023 to all shareholders at their registered e-mail addresses.

The Notice of the Meeting is taken as read.

There are no qualifications in the Statutory Auditor's report and the Secretarial Auditor's report, and these reports are also taken as read.

Pursuant to the notice of the AGM, we have four resolutions under Ordinary Business, and one resolution under Special Business on the agenda for this meeting.

Resolution no. 1 is for the adoption of the Company's audited standalone and consolidated financial statements for the financial year ended March 31, 2023, and, the Reports of the Board of Directors and the Auditors thereon.

Resolution no. 2 is for the appointment of a Director in the place of Mr. Harinderjit Singh, who retires by rotation, and, being eligible, offers himself for re-appointment.

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

Resolution no. 4 is for the confirmation of the interim dividend of Rs. 225 per equity share of Rs. 5 each, already paid, as the final dividend for the financial year ended March 31, 2023.

Resolution no. 5 is a special resolution for the re-appointment of Ms. Jane Murphy as an Independent Director of the Company for a further term of 5 years from January 1, 2024 up to December 31, 2028.

Most shareholders have already voted on these resolutions through the remote e-voting facility which closed yesterday. However, any shareholder, who has not voted yet, can vote during this meeting till 15 minutes after the conclusion of this meeting.

We will now move to the next part of AGM.

We have received questions and speaker requests from the shareholders.

I will 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 and number 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 given 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.

The Board will respond to your queries after all the speakers have spoken.

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 been given access to the audio. Please unmute yourself before proceeding. Your two-minute time starts now.

Mr. Vaibhav Badjatya: Hi Sir, I hope I am audible?

Moderator: Yes Sir, you are audible. Please proceed.

Mr. Vaibhav Badjatya: Yeah. Thanks. Thanks a lot for providing the opportunity and you know, I have already submitted my list of questions, so I would not like to repeat them, but please do answer them point by point if possible. You know, I request to not group the questions, otherwise the points get lost. Sir, in the interest of time, that's it from my side. I would not repeat my questions. Please answer them. That's it from my side. Thank you.

Moderator:

Thank you Sir.

Inviting the next speaker, Speaker No. 2, Mr. K Sadananda Sastry. Sir, you have been given access to the audio. Please unmute yourself before you proceed with your questions.

Mr. K Sadananda Sastry: Am I Audible?

Moderator: Yes, Sir. Please proceed. Your two minutes start now.

Mr. K Sadananda Sastry: Good evening. I am Sadananda Sastry from Bangalore. My number is 11702201. I will go according to your report only and none other than that. I may steal one minute more, please bear with me. Page no. 1, there is a terminology in para three of your letter as persona driven. What is its meaning persona driven? Is the Company proposing to introduce artificial intelligence? Page no. 4, in terms of your history, in 10 years history except few net incomes and share earnings, others levels are excellently maintained. Keep it up, Sir. Page no. 5, Board of Directors list. If you don't differentiate, Mr., Mrs., or Miss, women empowerment's value dilutes. Page no. 6, financial highlights, revenue sufficiently increased, finance income also increased, but why the net profit showing negative growth? Final dividend plays vital role, but the Company has given interim dividend of 225, giving a hook to final dividend, what is the reason? Transfer to reserves is not a routine matter, that is the transfer of reserve, this total reserve speaks the company stability, why it is not transferred when dividend is not declared? Page no. 8, Company has subsidiaries, but whether they are viable or profitable not mentioned by providing its performances chart. Page no. 12, foreign exchange earnings are somehow sound at the present, but the Company has to minimize the other expenses to stabilize the earnings.

Moderator: Sir, sorry to interrupt you. Your two minutes are up. Please try to wrap your question.

Mr. K Sadananda Sastry: Hardly, three questions are there, in 365 days we have got only two minutes. You please bear with me. Page no. 23, Company has formed so many committees, but women Directors presentation is scanty, why? Page no. 60, Balance sheet, in trade receivables all are unsecured, however, credit impairments of 236 and 139 crores crept in, how do you manage for recovery? Cash and cash equivalents have been maintained very heavily. Why it is not put to use to earn revenue and reduce finance costs? Your equity capital in the same position, but other equities are highly inflated. Why can't the Company declare bonus shares and bring the capital to comfortable position to reduce liabilities and finance costs?

Moderator: Sir, thank you for your queries, but your time is up.

Mr. K Sadananda Sastry: Lastly, Companies travel related expenses in..

Moderator: Thank you Sir.

Inviting the next speaker, Ms. Meenal Bang. Hello, Ma'am, you have been given audio access.

Ms. Meenal Bang: I am audible?

Moderator: Yes, Ma'am, you are audible. Your 2-minutes starts now.

Ms. Meenal Bang: Yeah. Thank you very much for the opportunity. I have already submitted my list of questions. I hope you have received them and I request you to answer them one by one and just one thing, I have one request to the management, can we please start sharing more information in our annual report and make it more brighter and interactive? For a Company of our size, the information that we are sharing is pretty limited. So, that is the suggestion and thank you very much for the opportunity. Looking forward for the answers.

Moderator:

Thank you Ma'am.

Inviting the next speaker, Mr. Kaushik Shahukar. Hi Sir, you have been given audio access. Please unmute yourself before proceeding with your queries. Sir, are you with us?

Mr. Kaushik Shahukar: Hello. Am I audible?

Moderator: Hi, Sir. Yes Sir, you are audible. Your 2-minute starts now.

Mr. Kaushik Shahukar: Good afternoon to everyone. I am honored to have the opportunity to address you all today and would like to express my gratitude to the Board of Directors for allowing me speak again. First of all, I salute the Board of Directors for continuing VC mode of meeting, thereby allowing opportunity to PAN indian shareholders. So, I request you to continue the positive trend in the future. I am satisfied shareholder of our Company and I must commend the management for the remarkable efforts in creating wealth for its shareholders. However, I like to raise couple of questions. My primary concerns pertain to the utilization of savings on account of virtual mode of meeting. I believe it would be prudent and fair to allocate portion of these funds to the shareholders welfare, especially speaker shareholders. Considering the welfare contribution and active involvement in the meeting, it will be a gesture of recognition and appreciation to distribute small mementos amongst them on the occasion of important festivals. Sir, can you forward me the breakup of expenses for virtual meeting and physical meeting, if possible? I humbly request the board to consider our proposal and explore the possibility of implementing this gesture of appreciation. By doing so, I firmly believe it will reinforce that positive rapport between shareholders and Company and it will contribute to the overall well-being of a corporate family. My last concern is Company's assistance to supporting an individual in need like myself. I kindly request you to consider my credential which I am resending here with after this AGM through e-mail. I hope this time you consider it on a positive

note. Sir, I am following up, since last so many years, but it always got unheard. Sir, if I cannot receive support from a reputed company like Oracle, then who should I turn to. I want to clarify that I am not looking funds for free handouts or money or any sympathy. As a Chartered accountant I value independence and self-reliance and hope you will understand and respect my desire to maintain the independence.

Moderator: Sir, sorry to interrupt you. Your 2-minutes are up. Please wrap up your queries.

Mr. Kaushik Shahukar: So, thank you for considering my request. I firmly believe that with your support, we can make significant contribution to our society. I eagerly await your responses and sincerely appreciate the time and attention you have given today. Additional request and support from the auditors as the prosecution brother in need. Thank you so much.

Moderator:

Thank you Sir.

Inviting the next speaker, Mr. Viraj Kacharia. Hello, Sir, you have been given audio access. Please unmute yourself before you proceed.

Mr. Viraj Kacharia: Yeah, Hi, I am I audible?

Moderator: Yes Sir, you are audible. Your 2-minutes starts now.

Mr. Viraj Kacharia: I have already sent my questions. Can you acknowledge the receipt of my questions?

Moderator: Yes Sir, we have received your questions.

Mr. Viraj Kacharia: So, I just request you to answer each of those one by one and a suggestion to the management that if you can probably hold an investor call once a year, I mean, other than the AGM, there is no other avenue for us to kind of get our queries on the business addressed. So, I request that at least once a year they can hold an analyst call or investor call, it will help a lot in getting a clarity on the business and yeah if you can just answer each of those questions one by one in detail, that will be very helpful. Thank you.

Moderator:

Thank you Sir.

Inviting the next speaker, Mr. Jaydip Bakshi. Hi, Sir, you have been given audio access. Please unmute yourself before you proceed. Sir, are you with us? Mr. Bakshi? It appears Mr. Bakshi is experiencing a technical difficulty.

Inviting the next speaker, Mr. Anuj Sharma. Hi Sir, you have been given audio access. Please unmute yourself before you proceed.

Mr. Anuj Sharma: Yeah, thank you. I have too sent in my questions. I request management to please answer them, but I would like the management to focus on three particular aspects. One is, could you give some insights into the cloud-based revenues as to what percentage of revenues would be coming from cloud? Second is the Chairman did highlight that there are number of smaller and nimble competitors, who are giving some sort of competition, so how is the management really fighting them off, are we planning for some acquisitions or we do also have a format wherein we can offer similar services? and third thing is, it's a perception that the front end of OFSS is not as good as the back end and a lot of work needs to be done on the UI, so could you also help clear that perception? I will wait for the answers. Thank you.

Moderator:

Thank you Sir.

That concludes the speaker shareholder query session. There will now be a **10 minute break** after which the responses to your queries will be provided. Thank you.

After the break...

Moderator:

Thank you for waiting and welcome back.

I now request the Managing Director and CEO, Mr. Chaitanya Kamat to lead the answers to shareholder queries.

Chaitanya Kamat:

Thank you, and good evening to all our shareholders. I trust all of you are doing well. We have received several questions online and additional questions were raised by the speakers on various topics today and we will do our best to cover them.

I did register the request made several times to try and answer questions individually, but you will appreciate that given that there is a significant commonality across these questions, I have had to group them by theme. So, to avoid repetition, and to provide a more cogent perspective, I will try and answer related questions together. But, I will try and attribute the questions to the concerned shareholders, however, please do not take it amiss, if I miss your name. Now before I answer the questions, many of you spoke very appreciatively about the Company and I would like to thank you for your kind words.

Let's now move on to the first set of questions that we came across.

And, just in terms of themes of the questions, they were around growth triggers, looking ahead particularly in the rest of the fiscal year, the industry outlook over the medium-term. There were questions about gaps in our product portfolio that filling which might help accelerate growth in the addressable market of your Company. Then, somebody had commented on the steady growth in the US and wanted to know the opportunities and challenges in the US market. There were also queries on the potential impact of increase in interest rates, recession across geographies, all of this on the business of the Company, and of course, customer attrition and the inorganic growth. So, let me start with this broad group.

Mr. Chopra had questions around growth and industry outlook. Now, as members of this company, you will appreciate that our industry's fortunes are very closely linked to those of the financial services sector globally. Now, the banks are facing several pressures, as you can imagine. Let me just enumerate them for your understanding. Firstly, more than ever, there is increased competition from fintechs, embedded finance offerings from Non-banks – think about the likes of Walmart and Starbucks, and of course, the new banks set up by regulators, aimed at financial inclusion. The second thing that banks have to consider, is evolving buyer behavior that requires banks to adapt to the new generation of consumers who want to bank in ways very different from how their parents interacted with banks. Now, advances in artificial intelligence, now that's another big one, this is going to make, or already is making, financial crime much harder to detect. Banks will need to watch out for bad actors that use sophisticated evasion techniques, synthetic data that mimics legitimate financial transactions, adversarial attacks, automated money laundering, AI generated deep fake synthetic identities, and so on. So, we see banks responding to this on multiple dimensions.

Firstly, they are looking to adopt technology and innovation faster by moving to cloud based solutions. Secondly, they are expanding the implementation of contactless banking across their various business segments, to both reduce cost of service, to improve speed, and of course, accuracy of service. There is even a move afoot to move from segment-based pricing to customer-specific pricing, given the information available on the various interaction and touchpoints that the customer has with the bank. And of course, banks are looking to invest in tools and approaches that support advanced anomaly detection, behavioral biometrics, adversarial AI defense and explainable AI, to just name a few areas. Now, this is what banks are looking to do.

I am very happy to report that your Company is responding to all of these changes in our customer base. Firstly, we have been building and releasing cloud native versions of our existing solutions. We have delivered front to back digitized processes for banks. For instance, in the corporate space, we are ahead of the competition in offering cloud native processes that support areas like virtual account management, liquidity management, credit lifecycle management, supply chain finance, to just name a few.

You know, being part of Oracle, our parent Oracle has a collaboration with Cohere, an AI platform that provides natural language processing models. Being part of the Oracle ecosystem, we are able to draw on the power of this alliance to embed the appropriate AI innovative capabilities in our banking and analytics offerings. There will be more to hear about this in future conversations.

So, to response to Mr. Badjatya's question on accelerating revenue growth - these are the engines we need to turbocharge, so we will be better positioned to respond to our customer needs.

What's unique in our industry is that, no player is able to stand still and depend on existing solutions alone - the fast pace of technology change demands that we reimagine our offerings to leverage the latest technology, while helping banks to deal with emerging opportunities and threats, some of which I covered earlier.

Now, Mr. Sharma and Mr. Kacharia had queries focused on the US market. Broadly speaking, the market can be segmented multiple ways, but let's just think of it as the big bulge bracket top banks, the medium size banks, the multitude of small banks, and add to this, the non-banking organizations that have some kind of a bank like play. Now, our enterprise risk, our financial crime and corporate banking offerings, have always had great traction among the top banks. We reported on this last year as well. Further, to respond to Mr. Kacharia, we have had excellent demand from non-banking players like telcos, timeshare companies and others, for our leasing solutions. We also see the multitude of small banks as an attractive segment to adopt cloud native retail banking solutions, because we believe they have been starved of innovation and technology for many years.

Now, Ms. Bang had a question on the evolution of the addressable market space for your company. Mr. Anuj Sharma & Mr. Kacharia had a similar question about core banking evolution and so on.

Now frankly, this is a great question – take our banking solutions for instance. You know, historically, what started off as a bank in a box i.e., a solution that provided basic but critical functionality to support a small bank's operation, has evolved on multiple dimensions over the years, while you have been members during our watch and earlier. Through componentization that enables phased adoption, through deepened functional density that improves the fit of the offering, and this is on many vectors. Addressing jurisdictional needs, means that the solution becomes acceptable in additional markets. For instance, FLEXCUBE today runs in a 140 countries; addressing financial product flexibility implies, it can be used by a variety of banks of increasing

complexity - having multi entity, multi brand offerings; addressing deployment capabilities through cloud native strategies, means that now suite customers who would like to deploy on premise or Oracle cloud or private cloud; addressing pricing flexibility means, that the product can now be consumed in a one time purchase or via subscription; addressing workflow needs implies, that in addition to being offered as a system of record; it can provide front to back digital self-service. So, that's the range of evolution that we have seen across core banking and our solutions.

Now also, the componentization I alluded to, enables a very significant level of cross-selling, given the breadth of our offering across banking, enterprise risk, financial crime and compliance.

Now, moving to customer attrition, and there were a couple of questions on that. As you must be aware, banking solutions tend to be very sticky - and change or decommissioning happens only when a customer has had some substantial event that causes a change in its strategy and its offerings. We as Oracle, have had a number of initiatives to ensure that our customers' issues get addressed on a timely fashion and they are able to truly extract the value of their software investment. Of course, there will be the odd situation where a customer's needs have evolved to a point where our solution no longer represents an acceptable fit for their needs. These are thankfully, very limited. In our industry, low single digit attrition is considered best in class and that's where we are. On a gross level, of course, our support revenues continues to grow. Most customer attrition happens due to mergers and acquisitions or entity shutdowns. I will give you a couple of examples from our own neighborhood.

Both Canara and Syndicate Bank, were your Company's customers. When Syndicate Bank was subsumed in Canara, it ceased to be a customer of ours, although the erstwhile business still runs on your Company's product at Canara Bank. Another example in India is the scenario where a new bank licensee initially started with an alternate solution that they outgrew and are now mid-way through moving through your Company's offering.

Let me shift gears a bit and focus on product strategy, because there were number of questions around that. One question from Mr. Chopra was relating to new innovations and product launches in the year in question. Now, last year alone, we launched several new offerings. I won't drain the list, but to name just a few, we now offer a cloud native Corporate DDA, a Retail DDA, cloud-native multi-product originations, a cloud-native collections, just off the top of my head. There is a similar list of new offerings in the Risk and Finance space, as well as in the Financial Crime and Compliance Space. You asked about innovation. We use Natural Language Processing in our loan origination offerings to draw out information from KYC documents like passports, Aadhaar and the like. We use generative AI platforms to read credit reports obtained through automated real-time interfaces as well, to get the kind of information we need there.

Now, there were several questions that sought our revenue numbers split different ways. I think, Mr. Kacharia was one of them. I missed some of the other names. Beyond the level that we report currently, we don't go into further detail. So, I am going to have to regretfully skip those.

Mr. Sharma had a question on how well we have evolved our consumer facing interface? I think, you reiterated that both, you mentioned that in writing and also when you came online. Now, most banks today prefer to use a toolset approach and build a custom consumer facing front end. It is also an element of their solution, that if you realise, they modify all the time. So, that's where they want to differentiate - how they come across to customers. And in fact, what we have seen, large banks prefer a bespoke approach, while smaller banks will implement an off the shelf solution. We have invested significantly on our digital experience offerings. I am happy to report to you, that we now have many instances where banks have preferred to implement your Company's user experience on the top of competitor back end core banking solutions. And that of course, gives us an opportunity to get into those accounts, and move even the backend over to us over a period of time, through continuous pursuit.

Ms. Bang and Mr. Kacharia had a number of questions related to software as a service. Given a choice, we prefer to have our solutions be deployed as a software as a service offering rather than on a customer's premise. Our differentiator in the banking space is pretty obvious. Since our solutions are offered on Oracle cloud, we have the ability to offer the entire customer stack from a single provider, unlike our competition. Now, when one thinks about software as a service v/s on-premise - from a commercial perspective, what varies is the timing of the flows, the quantum of the flows, because software as a service offers a revenue stream that continues year on year, whereas on-premise solutions have a one time revenue, followed by a smaller support stream. I am not sure that the forum here gives me a chance to really take an example and take you through how those flows vary, but if you go on the internet, you will find number of examples of this type outlined very cleanly.

Now, there was also a question relating to price increases. See, we have inflationary increases baked into our support contracts, which is needed, because these are of long-term nature. Other prices are adjusted to market conditions and more fundamentally, the value we bring to the table; that's how we price.

Ms. Bang had a question on customers in key segments, with legacy solutions, and really questioning and seeking information on what do we do, what does your Company do to drive upgradation? See, Core banking transformations have cost and risk dimensions that need to be considered by the bank so that they can do upgrades. There is a technology debt element associated with legacy solutions, that accumulates over time and it limits the flexibility, the stability, and fundamentally the capability of the legacy solution. How can we help? Through componentisation, and therefore, phased upgrades, we help the customer to tackle the upgrade journey over a period of time in bite size chunks that they can support. We use our expert knowledge of the

customer's business and their solution usage, to help them control the associated risk of the migration.

Moving on to some more general queries, Mr. Chopra had a question on Government Initiatives for the industry, and our view about it. Frankly, the Indian government has been supporting the IT sector for several decades, and I believe, the industry is now mature and able to stand on its own. As such, we don't have any industry specific expectations from the government. Now, when you look outside India, there are still a few countries that restrict the use of foreign exchange, and hence, makes it challenging for their banks, our prospective customers, to adopt best in class global solutions, similar to what we offer. And, this makes it an uneven playing field for your Company. We would like to see this change.

Mr. Chopra also had a question on improving the Company's image and investor interaction. Now, from an image perspective, we participate in a number of analyst evaluations, and you will see that our products are rated among the leaders across the various domains in which we operate. From an investor perspective, historically, we have been following a very consistent and conservative approach of making comprehensive disclosure to both, regulators and investors, alike. We have stood by our policy of not offering guidance on Company performance.

Mr. Chopra also had a question regarding credentials we look for in existing and new directors. Now, I appreciate that our Annual Report is fairly large and meaty, but I would encourage you to look at page 22 where we spell this out in adequate detail.

Ms. Bang, Mr. Sharma and Mr. Kacharia had questions on our perspective on acquisitions. This is always a question of interest to investors, so I shall respond to this. See, at any given time, we have 2 or 3 targets that we are engaged with and where the business opportunity matches valuations, we will progress those discussions. So, our efforts are disciplined and ongoing. In recent years, the amount of money that was in the system, particularly chasing startups, allowed for the valuations to be completely unrealistic. Now, as you can see from our financials, we run a very high quality business. So, acquisitions have to be margin accretive. They need to have assets that complement our existing portfolio. And of course, they have to use technologies that are complementary to the ones we use and that we approve off. We consistently track fintech and private equity / venture funding closely, and we go after targets where the valuations are truly realistic. But, at the core, we are a disciplined company and we are not just going to buy for the sake of buying.

Ms. Bang had a question about what should she track to understand the progress of the Company? Firstly, let me thank you for your interest in investing time in this manner. I would advise that beyond financials, please look at the management analysis offered by us in the annual reports, do read similar information about other companies in the industry. Also, following technology trends and understanding their implications for financial services, will also provide perspective. Several analysts publicly share their views on various industry players, so that can also be a source of insight for you.

I believe, I think, I have covered the bulk of what I have received, but there are some questions still outstanding, and I would like to request Mak to respond to the questions relating to our financials. Mak, over to you.

Makarand Padalkar:

Thank you, Chet, for the extensive insight into the overall strategy, product strategy, growth strategy. Let me take up some of the remaining questions they primarily relate to the financial statements. Before I do that, let me just state that as per our policy, we do not offer any guidance or make any forward-looking statements. Therefore, any questions which are requesting and seeking any forward guidance, we would regret answering those.

Now, there were several questions from Mr. Badjatya, Mr. Chopra, Mr. Kacharia, Mr. Rangwala on cost cutting initiatives, sustainability of the profit margins, the financial indicators, impact of recession across geographies, questions on management compensation, compensation cuts, etc. Now, I just want to note that some of the people who had asked questions probably were not able to join today, but for the benefit of everybody, we are trying to take those questions and providing an answer based on what they have submitted in advance.

So, taking up the cost-cutting question first. For us, cost-cutting is not really how we see it as a driver for margin. Your Company has a margin accretive business model. And the resilience of our margins has been amply demonstrated over a long period of time and, this was when the world has seen many shocks - currency crash, large bank failures, recessions, economic slowdowns, inflation, geo-political crisis, wars, and this list is quite long. And, our margins have stood test of the time. In FY23, the year we just completed in March, we reported our operating margins at 42%, which is one of the highest in our industry. And, I think, this would also answer the question from Mr. Chopra on cutting on various professional fees, which of course, are incurred as needed in the course of the business, and they are always negotiated at a fair price and try to get the best value out of that service.

Related to this, there were questions on future margin guidance, which as I have mentioned earlier, we are not going to comment.

Then there were questions on the management compensation cuts, HR policy and things like that. Now, your company has adopted a responsive compensation and reward mechanism to retain and develop the top talent. In fact, our employees are valuable and this impacts our attrition as our resources are valuable to many players in other industries. Now, specifically to answer the questions that were raised, in FY23, while the median average compensation of the employees increased by 16%, the management compensation increased for the key managerial personnel by 9%. You can see more details about this on page 14 of our Annual Report.

I would then next come to the questions on the attrition data that Mr. Sharma had requested. Now we report the attrition in our quarterly earning press releases, and for the quarter which just went by that was published yesterday, i.e., for the June quarter, we reported a trailing twelve-month attrition of 12%. The FY22 trailing twelve-month attrition was 28%, and FY23 was 15%, and these were the data points that Mr. Sharma had requested.

Next, there were questions from some shareholders about how the margins vary under cloud/SaaS differ as compared to the onsite. Chet had alluded to that question in terms of price profile, so I am not going to sort of drain on that question and I will just move forward on the other questions.

So, there were several speakers who had expressed opinion on the Audit Report quality and some of them said they need more content. Now, we have, of course, taken that opinion on record, and we note that. I would also like to mention to you that we receive many compliments from shareholders, including some at this meeting, about the high quality and the comprehensive disclosures that are in our Annual Report. So, I would just say that, that point is noted.

There were some specific questions on the balance sheet caption. One I remember was on the definition of current and non-current, other liabilities. Between the current and non-current, it's a question of timing. While current liabilities primarily refer to something which you will incur within 12 months. The non-current are typically classified those which are expected to be recognized or realised beyond 12 months. So, that's the accounting classification that goes on there.

Mr. Chopra, who has not joined today, wanted to know about improvement of the ratios and a host of financial ratios that he had asked for. So firstly, I am very happy to say, that your Company is leading in all these financial indicators as against its peers in the industry, and even with some of our international competitors, where their data is publicly available.

Interestingly, one shareholder had a question on our interest coverage ratio, and here I must say I am a bit puzzled with that question, because we are a zero-debt company. The only finance cost that you see on the balance sheet, pertains to the interest provisions on accounting provision for uncertain tax. And therefore, in theory, our interest coverage ratio is infinite.

I don't see any other question. So, with that, thank you so much for sharing your questions, and back to you Chet.

Chaitanya Kamat:

Thank you Mak. Shareholders, I have one announcement to make at this stage. In March 2024, our Chairperson, Mr. S. Venkatachalam and Mr. Richard Jackson our Audit Committee chair, will complete their term as Independent Directors of your Company, and will then not be eligible for re-appointment as directors. Sadly, as a result of that,

they will not be present at our next AGM. I therefore, wanted to take this opportunity to thank them for their contribution to your Company. We have immensely benefited from the wealth of their expertise, their leadership skills and their kind counsel. So, thank you once again Sir. I would like to request Richard and then Venkat to say a few words, if they wish.

Richard Jackson:

Chet, thank you very much indeed. I think, I should be brief, as it's towards the end of the meeting. Just to say, what a privilege it has been to serve on the board of this great company over the last 10 years and have the opportunity to spend so much time and meet so many people in this great country. I have developed a great respect for my board colleagues, the excellent management team that we have at this Company, as well as the hard work done every day by the thousands of staff that we have around the world, to build and develop this Company, in what is, a really fiercely competitive industry. To do so in such a way, as to maintain excellent performance, as well as investing so much in the future development of the Company. Most of all, is my respect for the shareholders, many of whom I recognise from many of these AGMs over a very long period of time, who take such a deep interest in the Company. You have deep knowledge about what goes on, have great ideas about how the Company may develop. And to them, I would like to say, since this is my last AGM, a very great thank you! Thank you for the support you have given me, and thank you for the support that you give our Company, which works so hard in your interests. I would like to wish you all very well for the future, and assure you as I leave, that from my perspective, you are investing in a great company that has a great future. Thank you very much.

S Venkatachalam:

I echo the sentiments expressed by my colleague Richard Jackson about the nature of the Company and the kind of the results they produce, and also, the way the Company is situated and works in the last several years. I have been associated with the company right from 2010, and every year I see a clear direction in going ahead and doing the right things to do from a Company's point of view. I also dealt with all of you in the last several years. I am very happy to see you ask several questions, which we are able to answer; certain questions we take into account and correct ourselves as we go along. That's something which is a great achievement and great knowledge which we get from all of you as well. I think, the Company and its employees, as well as management staff, are professionally run organization, and they do the right things as far as the Company. And the Company has been in solid footing at this point in time. I thank all of you for being patient with us, and understanding us, in a year after year, and as we grow, and I hope the same tradition will continue as we go forward. Thank you very much.

We are now at the conclusion of this meeting.

On behalf of my fellow board members and myself, I thank you all for attending this meeting.

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

Take good care of yourself.

Thank you very much.

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 the next two working days.

Thank you.

Note: The meeting concluded at 6:26 PM IST. (including the time allowed for e-voting after the AGM).
