

Oracle Financial Services Software Limited

Details of Employee Stock Option Plan (ESOP)

Financial year 2023-24

Employee stock option plan (ESOP)

The Members of Oracle Financial Services Software Limited ("the Company") at their Annual General Meeting held on August 14, 2001 had approved grants of ESOPs to the employees / Directors of the Company and its subsidiaries up to 7.5% of the issued and paid-up capital of the Company from time to time. This said limit was enhanced up to 12.5% of the issued and paid-up capital of the Company and approved by the Members at their Annual General Meeting held on August 18, 2011. This extended limit is an all-inclusive limit applicable to the stock options ("options") granted in the past, in force, and those that will be granted by the Company in future.

Pursuant to ESOP scheme approved by the Members of the Company on August 14, 2001, the Board of Directors, on March 4, 2002 approved the 2002 Employees Stock Option Plan ("Scheme 2002") for issue of 4,753,600 options to the employees and directors of the Company and its subsidiaries. Under the Scheme 2002, the Company granted 4,548,920 options prior to its Initial Public Offer ("IPO") in 2002 and 619,000 options at various dates after IPO (including the grants of options out of options forfeited earlier). On August 25, 2010, the Board of Directors approved the Employees Stock Option Plan 2010 Scheme ("Scheme 2010") for issue of 618,000 options to the employees and Directors of the Company and its subsidiaries. Under the Scheme 2010, the Company has granted 638,000 options (including the grants of options out of options forfeited earlier).

Further, the Board of Directors approved the Employees Stock Option Plan 2011 Scheme ("Scheme 2011") on August 18, 2011 and Oracle Financial Services Software Limited Stock Plan 2014 ("OFSS Stock Plan 2014") on August 7, 2014.

As per the Scheme 2002, Scheme 2010 and Scheme 2011, each of 20% of the total options granted vest on completion of 12, 24, 36, 48 and 60 months from the date of grant. In respect of the OFSS Stock Plan 2014, each of 25% of the total options / OFSS Stock Units ("OSUs") granted vest on completion of 12, 24, 36 and 48 months from the date of grant. Any vesting is subject to continued employment with the Company or its subsidiaries. Options / OSUs have an exercise period of 10 years from the date of grant. The employee / Director pays the exercise price and applicable taxes upon exercise of vested options / OSUs.

All the above-mentioned Schemes of the Company are in compliance with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 applicable from time to time.

The summary of the options and/or OSUs granted under the Scheme 2002, Scheme 2010, Scheme 2011 and OFSS Stock Plan 2014 to eligible employees/ Directors of the Company and its subsidiaries in conformation to applicable regulations from time to time till March 31, 2024, is given below:

Particulars	Scheme 2002	Scheme 2010	Scheme 2011	OFSS Stock Plan 2014	OFSS Stock Plan 2014	Total
	(Options)			(OSUs)		
Pricing Formula	At the market price as on the date of grant					₹ 5
Variation of terms of grant	None	None	None	None	None	
Granted	5,167,920	638,000	1,950,500	178,245	1,719,811	9,654,476
Lapsed and forfeited	(620,725)	(304,362)	(650,576)	(68,144)	(195,267)	(1,839,074)
Exercised	(4,547,195)	(333,638)	(1,299,924)	(31,902)	(893,903)	(7,106,562)
Total number of options / OSUs in force as on March 31, 2024	-	-	-	78,199	630,641	708,840

The details of OSUs granted to Directors and Senior Management under OFSS Stock Plan 2014 during the financial year ended March 31, 2024 are as follows:

Name	Designation	Number of OSUs
Mr. Makarand Padalkar	Managing Director & Chief Executive Officer	21714
Mr. Arvind Gulhati	Vice President - Business Planning	4188
Mr. Avadhut Ketkar	Chief Financial Officer	6449
Mr. Dharpan Koul	Regional Vice President - Consulting	2816
Mr. Goutam Chatterjee	Vice President - Consulting	347
Mr. Onkarnath Banerjee	Company Secretary & Compliance Officer	1315
Mr. Rajaram Vadapandeshwara	Vice President - Software Development	1164
Mr. Sanjay Bajaj	Vice President - Development Operations	931
Mr. Sanjay Ghosh	Regional Vice President - Consulting	547
Mr. Surendra Shukla	Vice President - Product Support	2094
Mr. Tushar Chitra	Vice President - Product Strategy & Marketing	1280
Mr. Unmesh Pai	Vice President - Software Development	1745
Mr. Venkatraman H	Senior Director - Human Resource	1861
Mr. Vikram Gupta	Group Vice President - Banking Development	15120
Mr. Vinayak Hampihallikar	Regional Vice President - Consulting	3280
Mr. Vivek Jalan	Vice President - Real Estate and Facilities	481

(a)	Any other employee, who receives grant in any one year amounting to 5% or more of options / OSUs granted during the year	None
(b)	Identified employees who were granted options / OSUs, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None
(c)	Diluted Earnings Per Share (EPS) pursuant to the issue of shares on exercise of option calculated in accordance with Indian Accounting Standard (Ind AS) 33 'Earnings Per Share' issued by the Institute of Chartered Accountants of India	₹ 232.78

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

	Year ended March 31, 2024		Year ended March 31, 2023	
	Shares arising from options	Weighted average exercise price (₹)	Shares arising from options	Weighted average exercise price (₹)
Outstanding at beginning of year	92,373	3,077	214,108	3,102
Granted	-	-	-	-
Exercised	(48,073)	3,077	(24,965)	3,100
Forfeited/Lapsed	(44,300)	3,077	(96,770)	3,126
Outstanding at end of the year	-	N.A.	92,373	3,077
Vested options	-	-	92,373	-
Unvested options	-	-	-	-
Options vested during the year	-	-	-	-

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

	Year ended March 31, 2024		Year ended March 31, 2023	
	Shares arising from options and OSUs	Weighted average exercise price (₹)	Shares arising from options and OSUs	Weighted average exercise price (₹)
Outstanding at beginning of year	746,021	462	619,586	647
Granted	254,781	5	281,387	5
Exercised	(226,404)	251	(125,749)	16
Forfeited	(65,558)	131	(29,203)	1,911
Outstanding at end of the year	708,840	396	746,021	462
Vested options and OSUs	195,152	-	251,994	-
Unvested options and OSUs	513,688	-	494,027	-
Options vested during the year	172,962	-	137,215	-

During the year ended March 31, 2024, the Company has granted 254,781 OSUs at an exercise price of ₹ 5 under OFSS Stock Plan 2014.

The details of total options / OSUs unvested and total options / OSUs vested and exercisable for OFSS Stock Plan 2014 as on March 31, 2024 are as follows:

	Exercise prices (₹)	Number of Options	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Options / OSUs unvested	5	513,688	5	8.7
Options / OSUs vested and exercisable	5	116,953	5	6.0
	3,241	19,748	3,241	1.0
	3,393	32,275	3,393	2.2
	3,579	4,038	3,579	3.2
	3,987	14,963	3,987	1.6
	4,158	7,175	4,158	4.2
		708,840	396	7.5

The compensation cost arising on account of grant of options and OSUs is calculated using the fair value method.

The reported profit for the financial year 2023-24 is after considering the cost of employee stock compensation of ₹ 649.52 million, using fair value method on options / OSUs.

The weighted average share price for the year over which options / OSUs were exercised was ₹ 5,801. Money realized on allotment of 274,477 fresh equity shares as a result of exercise of options / OSUs during the financial year 2023-24 was ₹ 204.68 million. The Company has recovered from the employees / directors the perquisite tax applicable on exercise of options / OSUs. The weighted average fair value of OSUs granted during the year was ₹ 4,217 calculated as per the Black Scholes valuation model, with details of features incorporated, considering the following inputs:

	Year Ended March 31, 2024				
	May, 2023	August, 2023	September, 2023	October, 2023	February, 2024
Weighted average share price (in ₹)	3,708	3,958	4,299	4,093	6,617
Exercise Price (in ₹)	5	5	5	5	5
Expected Volatility	25%	27%	28%	26%	32%
Weighted average life (in years)	2.92	3.16	3.26	3.16	3.16
Expected dividend rate	Nil	Nil	Nil	Nil	Nil
Average risk-free interest rate %	6.82%	7.02%	7.04%	7.19%	6.94%

The expected volatility was determined based on historical volatility data; historical volatility includes early years of the Company's life; the Company expects the volatility of its share price to reduce as it matures.