

ESOP Disclosure

Disclosure pursuant to Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 for the year ended March 31, 2023.

- A. Relevant disclosures in terms of the accounting standards prescribed by the Central Government in terms of section 133 of the Companies Act, 2013 (18 of 2013) including the 'Guidance note on accounting for employee share-based payments' issued in that regard from time to time.**

The disclosures are provided under Note No. 15 of the Standalone Financial statements for the financial year ended March 31, 2023.

- B. Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by Central Government or any other relevant accounting standards as issued from time to time.**

The diluted EPS of the Company calculated after considering the effect of potential equity shares arising on account of exercise of options is INR 5.75 per share.

- C. Details related to ESOS**

- i. The description including the general terms and conditions of the existing scheme i.e. Employee Stock Options Plan 2016 ("ESOP 2016") are summarized as under:

| Sr. No. | Particulars | Employee Stock Option Plan 2016 |
|---------|----------------------------------|---|
| 1. | Date of shareholders' approval | Initial Approval – April 01, 2016 1 st Amendment – August 3, 2021 2 nd Amendment – August 31, 2021 Ratification – July 28, 2022 |
| 2. | Total number of options approved | 2,52,00,000 |
| 3. | Vesting requirements | The options would vest not earlier than one (1) year and further as determined by the Compensation Committee. The Options shall vest with the employees subject to continuing employment with the Company. |

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| Sr. No. | Particulars | Employee Stock Option Plan 2016 |
|---------|---|---|
| 4. | Exercise price or pricing formula | <p>The exercise price is INR 359/- for the ESOP grants during the year. (Face Value : INR 1/-).</p> <p>The exercise price for the grant was determined based on lower of following as on date of grant i.e. approval of the Committee:</p> <ul style="list-style-type: none">- closing price of previous day as on the date of grant - INR 390- average closing market price of 30 days – INR 359- average closing market price of three months - INR 373 |
| 5. | Maximum term of options granted during the year | 4 Years |
| 6. | Source of shares | Primary |
| 7. | Variation in terms of options | None |

ii. **Method used for Accounting of ESOP (Intrinsic or Fair Value):**

The Company has recorded compensation costs for all grants made during the year to employees using the fair value method of accounting. The fair value of each option granted is estimated based on the Black-Scholes-Merton formula.

iii. **Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed**

Not Applicable



iv. **Option movement during the year**

| Sr. No. | Particulars | ESOP 2016 |
|---------|---|-------------|
| 1. | Number of options outstanding at the beginning of the period | 7,519,125 |
| 2. | Number of options granted during the year | 3,63,000 |
| 3. | Number of options forfeited / lapsed during the year | (362,000) |
| 4. | Number of options vested during the year | 5,98,750 |
| 5. | Number of options exercised during the year | (4,479,508) |
| 6. | Number of shares arising as a result of exercise of option | (4,479,508) |
| 7. | Money realized by exercise of options (INR), if scheme is implemented directly by the company | 69,567,144 |
| 8. | Loan repaid by the Trust during the year from exercise price received | NA |
| 9. | Number of options outstanding at the end of the year | 3,040,617 |
| 10. | Number of options exercisable at the end of the year | 1,011,367 |

v. **Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.**

| S. No. | Particulars | Grant |
|---|---|-----------|
| Weighted average Fair Value of Options granted during the year whose - | | |
| a. | Exercise price equals market price | - |
| b. | Exercise price is greater than market price | - |
| c. | Exercise price is less than market price | INR 79.86 |
| Weighted average Exercise price of Options granted during the year whose - | | |
| a. | Exercise price equals market price | INR 359/- |
| b. | Exercise price is greater than market price | - |
| c. | Exercise price is less than market price | - |



vi. **Employee-wise details of options granted during the financial year 2022-23 to:**

a) **Senior managerial personnel**

| Sr. No. | Name of employee | Designation | Number of options granted during the year | Exercise Price Per Option (in INR) |
|---------|------------------|-------------------------|---|------------------------------------|
| 1 | Rajan Sethuraman | Chief Executive Officer | 75,000 | INR 359/- |
| 2 | Rajan Venkatesan | Chief Financial Officer | 18,000 | INR 359/- |

b) **Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year:**

Not Applicable

c. **Identified employees who were granted options, 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:**

| Sr. No. | Name of employee | Designation | Number of options granted | Exercise Price Per Option (in INR) |
|---------|--------------------------|----------------------|--|---|
| 1 | Bhavani Venkata Krishnan | Chief Client Officer | 25,87,500 (Granted during FY 21-22) | Pursuant to grant of Bonus options, the Corporate Action benefit passed on. |

vii. **Method and Assumptions used to estimate the fair value of options granted during the year:**

The method used for valuation of ESOP is Fair Value Method. The Assumptions used in the model are as follows:

| Sr. No. | Particulars | Grant I |
|----------------|-------------------------|----------------|
| 1 | Risk Free Interest Rate | 6.00% |
| 2 | Expected Tenure | 1-10 years |
| 3 | Expected Volatility | 18.15% |

Dividend yield is taken as 0% since the company has not declared any dividend in last 5 financial years.

Volatility rate has been calculated by considering NIFTY IT index for the period from 1st November 2021 to 28th October 2022.