



**Disclosures pursuant to SEBI (Share Based Employee Benefits and Sweat Equity) Regulations 2021**

SEBI vide its notification dated August 13, 2021 issued the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations 2021 ('SEBI Regulations').

The Company's Employees Stock Option Scheme viz. 'HIRECT Employees Stock Option Plan - 2018' or 'ESOP 2018' was passed by the members of the Company in the 60<sup>th</sup> Annual General Meeting on August 13, 2018 for 250000 Options convertible into an equal number of equity shares.

The Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitors the Employees' Stock Option Plan of the Company. The options granted shall vest based upon the performance of the Employee, as may be determined by the Nomination and Remuneration Committee from time to time but shall not be less than 1 (one) year and not more than 4 (four) years from the date of grant of options. Vesting may happen in one or more tranches.

The disclosures pursuant to Regulation 14 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations 2021 for HIRECT Employees Stock Option Plan – 2018 are as follows:-

1. The Board of directors in their report shall disclose any material change in the scheme(s) and whether the scheme(s) is/are in compliance with the regulations: Refer to the Board's Report of the Annual Report for FY 2021-22.

2. Further, the following details, inter alia, shall be disclosed on the Company's website and a web link thereto shall be provided in the report of the Board of directors.

A. Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time.

As per Annexure -1

B. Diluted EPS on the issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Indian Accounting Standard (Ind AS) 33 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time

As per Annexure -1

**C. Details related to ESOS**

|   |  |
|---|--|
| (i) A description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS, including - |  |
| (a) Date of shareholders' approval  | ESOP 2018 was approved on August 13, 2018  |
| (b) Total number of options approved under ESOS   | 250000   |
| (c) Vesting requirements  | The options granted shall vest between a minimum of 1 to a maximum of 4 years from the date of grant of options. |
| (d) Exercise price or pricing formula   | The exercise price of stock options would be the market price as on the date of the grant.                       |
| (e) Maximum term of options granted   | Five years from the date of grant.   |



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|   |                      |
|---|----------------------|
| (f) Source of shares (primary, secondary or combination)  | Primary              |
| (g) Variation in terms of options   | No                   |
| (ii) Method used to account for ESOS - Intrinsic or fair value.   | Fair value           |
| (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 (For each ESOS):   |                      |
| Particulars   | Details              |
| Number of options outstanding at the beginning of the period  | Nil                  |
| Number of options granted during the year   | 108445               |
| Number of options forfeited/lapsed during the year  | 8500 lapsed          |
| Number of options vested during the year  | Nil                  |
| Number of options exercised during the year   | Nil                  |
| Number of shares arising as a result of the exercise of options   | Nil                  |
| Money realized by exercise of options (INR), if a scheme is implemented directly by the company   | NA                   |
| Loan repaid by the Trust during the year from exercise price received   | NA                   |
| Number of options outstanding at the end of the year  | 99945                |
| Number of options exercisable at the end of the year  | -                    |
| (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.   | NA                   |
| (vi) Employee-wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to -   | Refer to Annexure -2 |
| (a) senior managerial personnel;  |                      |
| (b) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and   |                      |



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|  |                                |
|--|--------------------------------|
| (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. |                                |
| (vii) A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:  | As per Annexure 1              |
| (a) the weighted-average values of share price,  | Rs. 104.42                     |
| exercise price,  | Rs. 85                         |
| expected volatility,   | 50.60% to 51.83%               |
| expected option life,  | Five Years from the grant date |
| expected dividends,  | 0.46%                          |
| the risk-free interest rate and  | 4.92% to 5.50%                 |
| any other inputs to the model;   | As per Annexure 1              |
| (b) the method used and the assumptions made to incorporate the effects of expected early exercise;  |                                |
| (c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and  |                                |
| (d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.   |                                |

Disclosures in respect of grants made in three years prior to IPO under each ESOS - NA

### **ANNEXURE - 1**

The Board of Directors of the Company and its Shareholders' approved an Employee Stock Option Plan (ESOP - 2018). During the current year, 99,945 options were granted to certain identified eligible employees of the Company. A detailed description of share-based payment arrangements is as below:

|   |   |   |
|---|---|---|
| a | Date of shareholders' approval              | 13-Aug-18   |
| b | Total number of options approved under ESOP | 2,50,000 options  |
| c | Maximum term of options granted             | Maximum term of the options granted under the scheme shall be five years from the grant date. |



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|   |   |  |
|---|---|--|
| d | Vesting requirements                        | The options granted shall vest between a minimum of 1 to maximum of 4 years from the date of grant of options. |
| e | Source of shares                            | Primary  |
| f | Weighted average fair value of options      | Rs. 104.42   |
| g | Weighted average remaining contractual life | 2.95 years   |

Options were priced using a Black Scholes Merton Formula pricing model. Where relevant, the expected life used in this model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavior considerations.

**Inputs into the model were as follows:**

|   |                         |                  |
|---|-------------------------|------------------|
| a | Grant date share price  | Rs. 166.65       |
| b | Exercise Price          | Rs. 85.00        |
| c | Historical Volatility   | 50.60% to 51.83% |
| d | DTE (Years)             | 3 to 4.5 years   |
| e | Dividend yield          | 0.46%            |
| f | Risk free interest rate | 4.92% to 5.50%   |

**Reconciliation of outstanding share options is as follows:**

| Particulars  | Number of options | Exercise price (Rs.) |
|--|-------------------|----------------------|
| Outstanding as at 1st April 2021 (out of the options granted)  | -                 | -                    |
| Granted & accepted during the year                             | 99,945            | 85.00                |
| Forfeited/lapsed during the year                               | -                 | -                    |
| Exercised during the year                                      | -                 | -                    |
| Outstanding as at 31st March 2022 (out of the options granted) | 99,945            | 85.00                |
| Exercisable as at 31st March 2022                              | -                 | -                    |

The fair value of options vested during the year is Rs. Nil (previous year Rs. Nil)

Money realized by exercise of option during the year is Rs. Nil (previous year Rs. Nil)

The options outstanding at 31st March 2022 have an exercise price of Rs. 85.00 (31st March 2021: Rs. Nil)

Weighted average share price at the date of the exercise of share options exercised in FY 2021-22 is not disclosed as no shares were exercised during this year and the previous year.

Expense recognized in Statement of Profit and Loss

The Company has followed the fair value method to account for the grant of stock options, profit and loss impact for the year ended 31st March 2022 is Rs. 43.18 lakhs (previous year: Rs. Nil)



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### EARNINGS PER SHARE

(Rs. In lakhs)

| Particulars   | Year ended  | Year ended  |
|---|-------------|-------------|
|   | 31 Mar 2022 | 31 Mar 2021 |
| Profit after taxation as per Statement of Profit & Loss | 779.85      | 533.14      |
| Weighted Average Number of Equity Shares Outstanding    | 16563723    | 16563723    |
| Basic Earnings per Share (Rs.)                          | 4.71        | 3.22        |
| Diluted Earnings per Share (Rs.)                        | 4.68        | 3.22        |

### ANNEXURE-2

| Name of Senior Managerial Personnel | Designation                       | Number of options granted during the year | Exercise price |
|-------------------------------------|-----------------------------------|---|----------------|
| Anil Kumar Nemani                   | Chief Financial Officer           | 10000                                     | Rs. 85         |
| Lalit Tejwani                       | Chief Marketing Officer           | 9500                                      |                |
| K R Narayanan                       | Vice President                    | 7225                                      |                |
| Shailesh Dinkar Jadhav              | General Manager –Nashik Plant     | 8500                                      |                |
| Sisir Kumar Mondal                  | General Manager - R & D           | 6375                                      |                |
| Ravindra R Dhanavade                | Dy. General Manager (Engineering) | 5100                                      |                |
| Shailesh Omprakash Mehta            | DGM Marketing                     | 7650                                      |                |
| Nandan C Bapat                      | Dy. General Manager – ESP         | 7225                                      |                |
| B. Brahmananda Reddy                | Dy. General Manager - R&D         | 8500                                      |                |
| Sudhir Paranjpe                     | Dy. General Manager – Operation   | 4420                                      |                |
| Prosun Chakraborty                  | AGM-Traction (R&D)                | 2600                                      |                |
| Amit Kumar Borwal                   | Asst. General Manager – QC        | 5000                                      |                |
| Laukush Tiwari                      | Asst. General Manager – Design    | 5000                                      |                |
| Junaid Ahmed                        | Traction Transformer Head         | 3850                                      |                |
| Bhavin Shah                         | AGM – Marketing                   | 5000                                      |                |
| Pankaj Bhandarkar                   | AGM – QC                          | 4000                                      |                |

- Note: 1. Options granted but not accepted i.e. lapsed options were not reported in the above table.  
2. No other employee was granted shares in the year amounting to 5% or more of the total options granted during the reporting year.  
3. There was no grant in the reporting year that was equal to or exceeding 1% of the issued capital of the Company.