



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

SEBI vide its notification dated August 13, 2021 had 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 the 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 2022-23.

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 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.

**SHARE BASED PAYMENTS RESERVE**

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

Date of shareholders' approval :-	13-Aug-18
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Total number of options approved under ESOP :	2,50,000 options
Maximum term of options granted : -	Maximum term of the options granted under the scheme shall be five years from the grant date.
Vesting requirements	The options granted shall vest between a minimum of 1 to maximum of 4 years from the date of grant of options.
Source of shares : -	Primary
Weighted average fair value of options	Rs. 104.42
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:

Grant date share price	Rs. 166.65
Exercise Price	Rs. 85.00
Historical Volatility	50.60% to 51.83%
DTE (Years)	3 to 4.5 years
Dividend yield	0.46%
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 2022 (out of the options granted)	99,945	85.00
Granted & accepted during the year	-	-
Forfeited / lapsed during the year		85.00

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	5,070	
Exercised during the year	10,255	85.00
Outstanding as at 31st March 2023 (out of the options granted)	71,646	85.00
Exercisable as at 31st March 2023	12,974	85.00

Fair value of options vested during the year is Rs. 130.51 (previous year Rs. Nil)

Money realised by exercise of option during the year is Rs. 8.72 lakhs (previous year Rs. Nil)

The options outstanding at 31st March 2023 have an exercise price of Rs. 85.00 (31st March 2022: Rs. 85)

Weighted average share price at the date of the exercise of share options exercised in FY 2022-23 is Rs. 215.51.

10255 options exercised during this year and Nil shares during previous year.

B. Diluted EPS on 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

<b>Earnings per share before exceptional item (face value of Rs. 2 each)</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
a. Basic	2.66	4.71
b. Diluted	2.64	4.68
<b>Earnings per share after exceptional item (face value of Rs. 2 each)</b>		
a. Basic	(3.84)	4.71
b. Diluted	(3.84)	4.68

**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 approved on August 13,



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	2018
(b) Total number of options approved under ESOS	250000
(c) Vesting requirements	The options granted shall vest between a minimum of 1 to maximum of 4 years from the date of grant of options.
(d) Exercise price or pricing formula	<p>The Exercise Price shall be based on the Market Price of the Company which shall mean the latest closing price on a recognized stock exchange on which the shares of the Company are listed on the date immediately prior to the date of meeting of committee on which grant is to be made.</p> <p>If the Company is listed on more than one Stock Exchange, then the price of the Stock Exchange where there is highest trading volume during the aforesaid period shall be considered.</p> <p>The Nomination and Remuneration Committee has a power to provide suitable discount or charge premium on such price as arrived above. However, in any case the Exercise Price shall not go below the par face value of Equity Share of the Company. The exercise price of stock options would be market price as on the date of the grant.</p>
(e) Maximum term of options granted	Four years from the date of grant.
(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	Not Applicable as Fair valuation through black Scholes model used



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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.	
(iv) Option movement during the year (For each ESOS):	
Particulars	Details
Number of options outstanding at the beginning of the period	99945
Number of options granted during the year	Nil
Number of options forfeited / lapsed during the year	5070 lapsed
Number of options vested during the year	23229
Number of options exercised during the year	10255
Number of shares arising as a result of exercise of options	10255
Money realized by exercise of options (INR), if scheme is implemented directly by the company	Rs. 8,71,675 (Rs. 85 for each option)
Loan repaid by the Trust during the year from exercise price received	NA
Number of options outstanding at the end of the year	71,646
Number of options exercisable at the end of the year	12974
(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.	85 - Weighted Average exercise price 104.42 - weighted average Fair value
(vi) Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to -	
(a) senior managerial personnel;	



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(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	No options granted during the reporting FY 2022-23
(c) identified employees who were granted option, 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:	No Options Granted During the year therefore no assumptions used to derive fair value in current year
(a) the weighted-average values of share price,	NA
exercise price,	NA
expected volatility,	NA
expected option life,	NA
expected dividends,	NA
the risk-free interest rate and	NA
any other inputs to the model;	NA
(b) the method used and the assumptions made to incorporate the effects of expected early exercise;	NA
(c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	NA
(d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	NA

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