

DiGiSPICE Technologies Limited

Disclosures relating to SML Employees Stock Option Plan-2018

The Board of Directors of the Company had formulated a plan viz. SML Employees Stock Option Plan-2018 to provide incentive benefits to the employees of the Company, its holding company and subsidiary companies. The said plan has been approved by the shareholders of the Company. During the year, there has been no change in the aforesaid plan.

S. No.	Particulars	Details						
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.	Refer Note No. 39 in Notes to Standalone Financial Statement {attached as Annexure-I}						
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.	During the year ended March 31, 2021, 30% of the options granted and existing on the date of vesting, were vested but the impact of same is anti-dilutive.						
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	February 11, 2018						
(b)	Total number of options approved under ESOS	2,53,18,220						
(c)	Vesting requirements	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">At the end of 1st year from the date of Grant</td> <td style="text-align: center;">40%</td> </tr> <tr> <td style="text-align: center;">At the end of 2nd year from the date of Grant</td> <td style="text-align: center;">30%</td> </tr> <tr> <td style="text-align: center;">At the end of 3rd year from the date of Grant</td> <td style="text-align: center;">30%</td> </tr> </table>	At the end of 1 st year from the date of Grant	40%	At the end of 2 nd year from the date of Grant	30%	At the end of 3 rd year from the date of Grant	30%
At the end of 1 st year from the date of Grant	40%							
At the end of 2 nd year from the date of Grant	30%							
At the end of 3 rd year from the date of Grant	30%							
(d)	Exercise price or pricing formula	Rs. 13.25 per option						
(e)	Maximum term of options granted	Three years from the date of vesting						
(f)	Source of shares (primary, secondary or combination)	Primary						
(g)	Variation in terms of options	NIL						
(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
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(iv)	Option Movement during the year (for each ESOS)	
	Particulars	Details
	Number of options outstanding at the beginning of the period	1,58,63,000
	Number of options granted during the year	NIL
	Number of options forfeited / lapsed during the year	50,18,500 *
	Number of options vested during the year	35,82,300
	Number of options exercised during the year	4,94,314
	Number of shares arising as a result of exercise of options	4,94,314
	Money realized by exercise of options (INR), if scheme is implemented directly by the company	65,49,660.50
	Loan repaid by the Trust during the year from exercise price received	Not Applicable
	Number of options outstanding at the end of the year	1,03,50,186
	Number of options exercisable at the end of the year	71,04,186

* 50,18,500 options got cancelled due to exit of employees.

(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	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Weighted Average Exercise Price</td> <td style="width: 30%; text-align: center;">Rs. 13.25 per option</td> </tr> <tr> <td>Weighted Average Fair Value</td> <td style="text-align: center;">Rs. 6.41 per option</td> </tr> </table>	Weighted Average Exercise Price	Rs. 13.25 per option	Weighted Average Fair Value	Rs. 6.41 per option
Weighted Average Exercise Price	Rs. 13.25 per option					
Weighted Average Fair Value	Rs. 6.41 per option					

(vi)	Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to –	
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<p>(a) senior managerial personnel as defined under Regulation 16(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015</p>	<p>Not Applicable</p>
<p>(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</p>	<p>Not Applicable</p>
<p>(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.</p>	<p>Not Applicable</p>
<p>(vii) A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:</p> <p>(a) the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;</p> <p>(b) the method used and the assumptions made to incorporate the effects of expected early exercise;</p> <p>(c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and</p> <p>(d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.</p>	<p>Not Applicable</p>

Disclosures in respect of grants made in three years prior to IPO under each ESOS Until all options granted in the three years prior to the IPO have been exercised or have lapsed, disclosures of the information specified above in respect of such options shall also be made: **Not Applicable**

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2021

Annexure - I to the ESOP Disclosure for the Financial Year ended March 31, 2021

39. Share-based payments

The Company has granted stock options under the SML Employees stock option Plan 2018 (ESOP) to the eligible employees of the Company. Under ESOP, the company has granted 21,381,000 options on September 18, 2018 and 3,439,000 options on February 05, 2019. 40%, 30% and 30% of total options granted would vest in after one year, two year and three year from the date of respective grant subject to fulfilment of vesting conditions. The maximum period for exercise of options is three year from the date of vesting. Each option when exercised would be converted into one fully paid-up equity share of Rs.3 each of the Company. The options granted under ESOP carry no rights to dividends and voting rights till the date of exercise.

The fair value of the options are estimated at the grant dates using Black and Scholes Model, taking into account the terms and conditions upon which the options were granted.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2021

During the year, certain unvested options were cancelled on non-fulfilment of certain vesting conditions under ESOP.As at the end of the financial year, details and movements of the outstanding options are as follows:

Particulars	As at 31 March 2021		As at 31 March 2020	
	No of Options	Weighted Average exercise price (Rs.)	No of Options	Weighted Average exercise price (Rs.)
Options outstanding at the beginning of the year (1)	1,14,82,250	-	2,27,61,000	-
Options granted under ESOP 2018 (2)	-	-	-	-
Options exercised during the year	494,314	-	-	-
Options cancelled during the year	6,37,750	13.25	11,278,750	13.25
Options expired during the year	-	-	-	-
Options outstanding at the end of the year (3)	1,03,50,186	13.25	1,14,82,250	13.25
Options exercisable at the end of the year	1,03,50,186	13.25	1,14,82,250	13.25
Range of exercise price of outstanding options (₹)	13.25		13.25	
Remaining contractual life of outstanding options granted on September 18, 2018	1.47 years (40% vesting)		2.47 years (40% vesting)	
	2.47 years (30% vesting)		3.47 years (30% vesting)	
	3.47 years (30% vesting)		4.47 years (30% vesting)	
Remaining contractual life of outstanding options granted on February 05, 2019	1.85 years (40% vesting)		2.85 years (40% vesting)	
	2.85 years (30% vesting)		3.85 years (30% vesting)	
	3.85 years (30% vesting)		4.85 years (30% vesting)	

- 1) a) Options outstanding at the beginning of the current year includes 52,60,750 options hold by employees of Holding company (48,75,000 options) and subsidiary companies (3,85,750 options).
b) Options outstanding at the beginning of the previous year includes 71,59,000 options hold by employees of Holding company (48,95,000 options) and subsidiary companies (22,64,000 options).
- 2) a) Current Year- Options Excercised includes Nil options granted to employees of Holding company (Nil options) and subsidiary Companies (Nil options).
- 3) a) Current Year- Options cancelled includes 52,750 options granted to employees of Holding company (Nil options) and subsidiary Companies (52,750 options).
b) Previous year - Options cancelled includes 72,24,000 options granted to employees of Holding company (48,95,000 options) and subsidiary Companies (23,29,000 options).
- 4) a) Current year Options outstanding at the end of the year includes options 52,34,000 options hold by employees of Holding company (48,95,000 options) and subsidiary Companies (3,39,000 options).
b) Previous year Options outstanding at the end of the year includes options 52,60,750 options hold by employees of Holding company (48,75,000 options) and subsidiary Companies (3,85,750 options).

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2021

The fair value of each option is estimated on the date of grant based on the following assumptions:

Particulars	As at 31 March 2021	
	18-Sep-18	5-Feb-19
Grant Date		
No of options outstanding at the end of the year	1,07,76,500	68,000
Dividend yield (%)	-	-
Expected life	2.50,3.50 and 4.50 yrs.	2.50,3.50 and 4.50 yrs.
Risk free interest rate (%)	8.06% (2.50 yrs.)	7.02% (2.50 yrs.)
	8.11% (3.50 yrs.)	7.27% (3.50 yrs.)
	8.23% (4.50 yrs.)	7.42% (4.50 yrs.)
Expected Volatility (%)	62.56%	69.49%
Market price on date of grant/re-pricing ()	13.25	9.70
Weighted Average Fair Value of option at grant date	6.73	4.43