

# Report of the Board of Directors

## ANNEXURE- 1

### Disclosure pursuant to the provisions of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as at March 31, 2023

- i) 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 by ICAI or any other relevant accounting standards in that regard from time to time are disclosed in Note 46 of Notes forming part of Standalone Financial Statements.
- ii) **Description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS :-**

Particulars	ESOP 2013 - Tranche 2		ESOP 2013 - Tranche 3
	Grant A	Grant B	Grant A
1 Date of shareholder's approval	27.09.2013	27.09.2013	27.09.2013
2 Number of options granted	4,56,000	3,80,900	3,25,000
3 Exercise price (Rs.)	50/-	50/-	50/-
4 Maximum term of options granted	8 years	8 years	8 years
5 Source of shares	Primary	Primary	Primary
6 Vesting period	1-5 years	2-6 years	1-5 years
7 Vesting requirements	In a graded manner over a 5 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant	In a graded manner over a 6 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 24 months from the date of grant	In a graded manner over a 5 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant
8 Options outstanding at the beginning of the year	1,860	3,000	15,000
9 Options granted during the year	-	-	-
10 Options forfeited/lapsed during the year	1,860	-	-
11 Options vested during the year	-	-	-
12 Options exercised during the year	-	3,000	15,000
13 Number of shares arising as a result of exercise of option	-	3,000	15,000
14 Money realised by exercise of options (Rs.)	-	1,50,000	7,50,000
15 Loan repaid by the Trust during the year from exercise price received	Not applicable	Not applicable	Not applicable
16 Options outstanding at the end of the year	-	-	-
17 Options exercisable at the end of the year	-	-	-

Particulars	ESOP 2013 - Tranche 4		ESOP 2013 - Tranche 5	
	Grant A	Grant B	Grant A	Grant B
1 Date of shareholder's approval	27.09.2013	27.09.2013	27.09.2013	27.09.2013
2 Number of options granted	3,90,400	7,28,300	2,48,200	3,42,900
3 Exercise price (Rs.)	50/-	50/-	50/-	50/-
4 Maximum term of options granted	8 years	8 years	8 years	8 years
5 Source of shares	Primary	Primary	Primary	Primary
6 Vesting period	1-5 years	2-6 years	1-5 years	2-6 years
7 Vesting requirements	In a graded manner over a 5 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant	In a graded manner over a 6 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 24 months from the date of grant	In a graded manner over a 5 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant	In a graded manner over a 6 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 24 months from the date of grant



Particulars	ESOP 2013 - Tranche 4		ESOP 2013 - Tranche 5	
	Grant A	Grant B	Grant A	Grant B
8 Options outstanding at the beginning of the year	22,520	43,645	64,925	55,915
9 Options granted during the year	-	-	-	-
10 Options forfeited/lapsed during the year	3,400	10,115	3,790	21,250
11 Options vested during the year	-	30,630	53,970	19,775
12 Options exercised during the year	2,120	22,235	49,335	11,275
13 Number of shares arising as a result of exercise of option	2,120	22,235	49,335	11,275
14 Money realised by exercise of options (₹)	1,06,000	11,11,750	24,66,750	5,63,750
15 Loan repaid by the Trust during the year from exercise price received	Not applicable	Not applicable	Not applicable	Not applicable
16 Options outstanding at the end of the year	17,000	11,295	11,800	23,390
17 Options exercisable at the end of the year	17,000	11,295	11,800	9,350

### iii) Other details are as under:

18 Directors and Employees to whom options were granted during the year :-	
i) Director(s) including Managing Director and Senior Managerial personnel	Nil
ii) Other employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year	None
iii) Identified employees who were granted option during the year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	None
19 Variations of terms of Options	Nil
20 Diluted EPS	₹ 86.52/- per Share
21 i) Method of calculation of employee compensation cost	Fair value method
ii) Difference between the employee compensation cost so computed at i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the options	Not Applicable
iii) The impact of this difference on profits and on EPS of the company	Not Applicable
22 Weighted Average exercise price of options whose:-	Grant A Grant B
i) Exercise price either equals market price (Rs.) or	Nil Nil
ii) Exercise price greater than market price (Rs.) or	Nil Nil
iii) Exercise price less than market price (Rs.)	50/- 50/-
23 Weighted Average fair price of options whose:-	Grant A Grant B
i) Exercise price either equals market price (Rs.) or	Nil Nil
ii) Exercise price greater than market price (Rs.) or	Nil Nil
iii) Exercise price less than market price (Rs.)	
Tranche 1	70.95/- 71.20/-
Tranche 2	128.48/- 126.92/-
Tranche 3	159.37/- NA
Tranche 4	220.05/- 217.46/-
Tranche 5	409.38/- 406.32/-

# Report of the Board of Directors

## Impact of fair value method on net profit and on EPS :-

Particulars	As at 31.03.2023
Net Profit as reported (₹ In lacs)	3,47,353.12
Proforma Net Profit based on fair value approach (₹ In lacs)	3,47,353.12
Basic EPS as reported (₹)	86.54/- per Share
Basic EPS (Proforma) (₹)	86.54/- per Share
Diluted EPS as reported (₹)	86.52/- per Share
Diluted EPS (Proforma) (₹)	86.52/- per Share

In computing the above information, certain estimates and assumptions have been made by the management which has been relied upon by the auditors.

## iv) Description of the method and significant assumptions used to estimate fair value: -

The Securities Exchange Board of India (SEBI) has prescribed two methods to account for employee stock options; (1) the intrinsic value method; (2) the fair value method. The company adopts the fair value method to account for the stock options it grants to the employees. Intrinsic value is the amount, by which the quoted closing market price of the underlying shares as on the date of grant exceeds the exercise price of the option. The fair value of the option is estimated on the date of grant using Black Scholes options pricing model with following assumptions:-

Particulars	Year ended 31-03-2023		
	ESOP 2013 - Tranche 2		ESOP 2013 - Tranche 3
	Grant A	Grant B	Grant A
i) Exercise Price per share (₹)	50/-	50/-	50/-
ii) Vesting Period (Years)	1-5	2-6	1-5
iii) Price of Share in market at the time of Grant of options (₹)	184.30/-	184.30/-	219.05
iv) Weighted Average fair price of options (₹)	128.48/-	126.92/-	159.37/-
v) Expected Volatility (%)	53.96	53.96	34.50
vi) Expected Life of the options granted (years)	1.5 -5.5	2.5-6.5	1.5 -5.5
vii) Weighted Average Contractual Life of the options granted (years)	4	5	4
viii) Risk Free Interest rate (% p.a)	8.26-8.35	8.24-8.32	7.45-7.60
ix) Expected Dividend Yield (%)	3.26	3.26	2.74

Particulars	Year ended 31-03-2023			
	ESOP 2013 - Tranche 4		ESOP 2013 - Tranche 5	
	Grant A	Grant B	Grant A	Grant B
i) Exercise Price per share (₹)	50/-	50/-	50/-	50/-
ii) Vesting Period (Years)	1-5	2-6	1-5	2-6
iii) Price of Share in market at the time of Grant of options (₹)	280.35/-	280.35/-	473/-	473/-
iv) Weighted Average fair price of options (₹)	220.05/-	217.46/-	409.38/-	406.32/-
v) Expected Volatility (%)	36.98	36.98	40.24	40.24
vi) Expected Life of the options granted (years)	1.5 -5.5	2.5-6.5	1.5 -5.5	2.5-6.5
vii) Weighted Average Contractual Life of the options granted (years)	4	5	5	6
viii) Risk Free Interest rate (% p.a)	6.91-7.41	7.08-7.47	6.16-6.59	6.27-6.67
ix) Expected Dividend Yield (%)	2.14	2.14	1.27	1.27

Note :

- It is assumed that the options will be exercised within the exercise period.
- Volatility is estimated from the actual movement in share prices of the company for one year preceding the grant date. This historical volatility is the annualised standard deviation of the continuously compounded rates of daily stock returns.
- The risk-free rate is equated to the yield on Government of India securities corresponding to the expected life of options in each option series.
- The market value per share is equated with the market value as observed from the adjusted closing market price on grant date of listed shares of the Company.