

DETAILS OF IRIS EMPLOYEES STOCK OPTION SCHEME, 2017

DISCLOSURES PURSUANT TO REGULATION 14 OF SEBI (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 SEBI (SHARE BASED EMPLOYEE BENEFITS AND SWEAT EQUITY) REGULATIONS, 2021 READ WITH SEBI CIRCULAR DATED JUNE 16, 2015 ON ESOS DISCLOSURES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022.

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.	Please refer to Annexure – 1
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.	Diluted EPS on consolidated basis for the year ended March 31, 2022, is Rs. 0.52 and on Standalone basis is Rs. 0.35
Date of shareholders' approval	13 th September, 2017
Total number of options approved under ESOS	7,00,000
Vesting requirements	Employee Stock Options granted under Scheme shall vest not earlier than 1 (one) year and not later than maximum Vesting Period of 4 (four) years from the date of Grant and that different vesting period may be decided by the Nomination and Remuneration Committee (NRC) for employees at discretion of the NRC.
Exercise price or pricing formula	The Exercise Price per Option shall be determined by the Nomination and Remuneration Committee being not lesser than the face value of the Share underlying such Option as on date of Grant.
Maximum term of options granted	Nine years
Source of shares (primary, secondary or combination)	Primary - Fresh equity allotment by the Company
Variation in terms of options	N.A.
Method used to account for ESOS - Intrinsic or fair value	Fair Value
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.	N.A.
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.	N.A.
(a) options granted;	7,00,000
(b) options vested;	4,50,000
(c) options exercised;	2,95,000
(d) the total number of shares arising as a result of exercise of option;	2,95,000
(e) options lapsed / cancelled;	2,06,000
(f) the exercise price;	Rs. 32/- per Option
(g) variation of terms of options;	N.A.

(h) money realized by exercise of options;	INR 94,40,000
(i) total number of options in force;	1,55,000
(j) employee wise details of options granted to:—	
(i) senior managerial personnel/ key managerial personnel.	Nothing to Report
(ii) any other employee who receives a grant of options in any one year of option amounting to five per cent or more of options granted during that year.	Nothing to Report
(iii) Identified employees who were granted option, during any one year, equal to or exceeding one per cent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Nothing to Report
A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:—	
(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;	Please refer to Annexure – 1
(b) the method used and the assumptions made to incorporate the effects of expected early exercise;	Please refer to Annexure – 1
(c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	Since shares of the Company got listed only on the Grant Date and there is no history of share price trading, expected volatility had been derived from historic values NSE index as on the Grant date.
(d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	N.A.

Option movement during the year (For each ESOS)

Particulars	Details
Number of options outstanding at the beginning of the period	4,50,000
Number of options granted during the year	NIL
Number of options forfeited / lapsed during the year	NIL
Number of options vested during the year (excluding lapsed options which were vested, due to resignation of employee)	NIL
Number of options exercised during the year	2,95,000
Number of shares arising as a result of exercise of options	2,95,000
Money realized by exercise of options (INR), if scheme is implemented directly by the company	94,40,000
Loan repaid by the Trust during the year from exercise price received	Nothing to Report
Number of options outstanding at the end of the year	1,55,000
Number of options exercisable at the end of the year	1,55,000

The Company provides share-based payment schemes to its employees. The relevant details of the scheme are as follows:

On September 11, 2017, the Board of Directors approved the “IRIS Business Services Limited – Employee Stock Option Scheme 2017” (“Scheme”) in order to reward the employees for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Company with an intent to attract and retain talent in the organisation. The aforesaid Scheme was duly approved by shareholders in its Extra-Ordinary General Meeting held on September 13, 2017. The Nomination and Remuneration committee of the Board has granted options under the said Scheme to certain category of employees as per criteria laid down by Nomination and Remuneration committee of the Board. The shareholders of the Company approved the ratification of the Scheme and extension of the benefits of the Scheme to the employees of Subsidiary Company(ies) by Special Resolutions through Postal Ballot on March 29, 2019.

Key terms of the scheme:

Date of Shareholder's Approval	September 13, 2017
Total Number of Options approved	7,00,000
Vesting Schedule	Option shall vest not earlier than 1 (One) year and not later than maximum Vesting Period of 4 (Four) years from the date of grant
Maximum term of Options granted	9 Years
Method of Settlement	Shares
Source of shares	Primary-Fresh equity allotment by the company

Option Movement during the year ended March 2021

Particulars	As at March 31, 2022	As at March 31, 2021	As at April 01, 2020
No. of Options Outstanding at the beginning of the year	4,50,000	5,47,000	5,52,000
Options Granted during the year	-	-	-
Options exercised during the year	2,95,000	44,000	-
Options Forfeited during the year	-	-	-
Options Expired during the year	-	53,000	5,000
No. of Options Outstanding at the end of the year	1,55,000	4,50,000	5,47,000
No. of Options exercisable at the end of the year	1,55,000	4,47,000	5,31,000
Exercise price (amount in `)	32	32	32

Weighted average share price during the period for shares options exercised during the year, the weighted average share price at the date of exercise was ` . 74.55/-

Fair value determination method

The Black-Scholes model requires consideration of certain variables such as implied volatility, risk free rate of interest, expected dividend yield, expected life of option, market price of the underlying stock and exercise price for the calculation of Fair Value of the option. Variability of these parameters could significantly affect the estimated Fair value of the option.

Particulars	As at March 31, 2022	As at March 31, 2021	As at April 01, 2020
Risk Free interest rate	6.61% to 7.00%	6.61% to 7.00%	6.61% to 7.00%
Expected Life (in Years)	3.5 Years to 6.5 years	3.5 Years to 6.5 years	3.5 Years to 6.5 Years
Expected Volatility	11.73%	11.73%	11.73%
Dividend Yield	0%	0%	0%
Stock price* (amount in `)	32	32	32
Exercise price (amount in `)	32	32	32
Weighted Average remaining Contractual life	1.06	1.34	2.12

* The stock price of the Company is the listing market price of the Company's equity share on Stock Exchanges on the date of grant.

To understand the effect of share based payment transactions on the entity's profit and loss for the year refer Note no.1

Note 22 : Employee Benefits Expense

Particulars	(Amount in Thousands - ₹)	
	Year ended March 31, 2022	Year ended March 31, 2021
Salaries and Wages	311644	270368
Contribution to Provident and Other Funds	6078	5431
Leave availment (refer note no.22b of the standalone financial statement of the Company)	195	4064
Gratuity and other retiral benefits (refer note no. 22a of of the standalone financial statement of the Company)	8359	7074
Share Based Payment to Employees (refer note no. 32 of of the standalone financial statement of the Company)	4	-364
Staff Welfare Expenses	3554	2791
Total Employee Benefits Expense	329834	289364