

DETAILS OF IRIS EMPLOYEES STOCK OPTION SCHEME, 2017

Disclosures pursuant to SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 for the financial year ended March 31, 2023.

Sr. No.	Particulars	Remarks
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.	Members may refer to note A of the standalone financial statement of the Company.
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	Diluted EPS on consolidated basis for the year ended March 31, 2023, is ₹2.21 and on Standalone basis is ₹1.90
C.	i. Details related to ESOP	
	a. Date of shareholders' approval	September 13, 2017
	b. Total number of options approved under ESOP	7,00,000
	c. 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.
	d. 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.
	e. Maximum term of options granted	Nine years
	f. Source of shares (primary, secondary or combination)	Primary - Fresh equity allotment by the Company
	g. Variation in terms of options	During the financial year 2022-23, there was no amendment/ modification/ variation in the Scheme
	ii. Method used to account for ESOP - Intrinsic or fair value	The Company uses the Fair Value-based method of accounting for stock options granted
	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.	N.A.
	iv. Option movement during the year (for each ESOP)	Annexure - 2A
	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.	N.A.
	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 as defined under Regulations 16(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;	Nothing to report
	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	Refer Annexure – 2A
	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.	Nothing to report
	vii. 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;	Members may refer to note A of the standalone financial statement of the Company.

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	b. the method used and the assumptions made to incorporate the effects of expected early exercise;	Members may refer to note A of the standalone financial statement of the Company.
	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.
D.	Disclosures in respect of grants made in three years prior to IPO under each ESOP	Not Applicable
E.	Details related to ESPS	Not Applicable
F.	Details related to SAR	Not Applicable
G.	Details related to GEBS / RBS	Not Applicable
H.	Details related to Trust	Not Applicable

Annexure – 2A

Option movement during the year (For each ESOS)

Particulars	Details
Number of options outstanding at the beginning of the period	1,55,000
Number of options granted during the year*	2,10,000
Number of options forfeited / lapsed during the year	8,000
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	1,43,000
Number of shares arising as a result of exercise of options	1,43,000
Money realized by exercise of options (₹), if scheme is implemented directly by the company	45,76,000
Loan repaid by the Trust during the year from exercise price received	Not Applicable
Number of options outstanding at the end of the year	2,14,000
Number of options exercisable at the end of the year	4,000

Employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year:

Sr	Name	Designation	Exercise Price in INR	Options Granted
1	Mr. Puthenpurackal Kuncheria Xavier Thomas	Whole Time Director & CTO	75.55	50,000
2	Mr. Anand Padmanabhan	Manager - Business Development	32.00	1,00,000

*During the year ended March 31, 2023, the Company has granted 210,000 options. Out of this, 160,000 options have been granted at an exercise price of ₹32 and 50,000 options have been granted at an exercise price of ₹75.55 under the Scheme 2017. The weighted average share price for the year over which options was exercised was ₹42.37.

Note A**Employee Stock Option Scheme**

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
Maximum term of Options granted	Period of 4 (Four) years from the date of grant
Method of Settlement	9 Years
Source of shares	Shares
	Primary-Fresh equity allotment by the company

A summary of the activity in the Company's ESOP Scheme ("IRIS Business Services Limited – Employee Stock Option Scheme 2017") is as follows:

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	Shares arising from options	Weighted Average Exercise price	Shares arising from options	Weighted Average Exercise price
Outstanding at the beginning of the year	1,55,000	32.00	4,50,000	32.00
Options Granted during the year*	2,10,000	42.37		
Options exercised during the year	1,43,000		2,95,000	
Options Forfeited during the year	8,000			
No. of Options Outstanding at the end of the year	2,14,000		1,55,000	
Vested Options	4,000		1,55,000	
Unvested Options	2,10,000			
No. of Options exercisable at the end of the year	4,000		1,55,000	

*During the year ended March 31, 2023, the Company has granted 2,10,000 options. Out of this, 1,60,000 options have been granted at an exercise price of ₹ 32 and 50,000 options have been granted at an exercise price of ₹ 75.55 under the Scheme 2017. The weighted average share price for the year over which options was exercised was ₹ 42.37.

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	Employee Stock Option Scheme 2017	
	Year ended March 31, 2023	Year ended March 31, 2022
Grant Date	November 11, 2022	October 11, 2017
Risk Free interest rate	6.61% to 7.24%	6.61% to 7.00%
Expected Life (in Years)	3.5 Years to 6.5 Years	3.5 Years to 6.5 years
Expected Volatility	74.81%	11.73%
Dividend Yield	0%	0%
Stock price* (amount in `)	75.55	32
Exercise price (amount in `)	32 & 75.55	32
Weighted Average remaining Contractual life	3.43	1.06
Fair Value as on Grant date	57.09 & 43.55 & 7.92	7.07 & 9.53 & 7.92

* 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 B

Note B**Employee Benefits Expense**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries and Wages	3,61,634	3,11,644
Contribution to Provident and Other Funds	6,776	6,078
Compensated absences	1,906	195
Gratuity and other retiral benefits	9,736	8,359
Share Based Payment to Employees	4,339	4
Staff Welfare Expenses	5,466	3,554
Total Employee Benefits Expense	3,89,857	3,29,834