

Disclosure in terms of SEBI circular no. CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015

a) Employee Share Option Plans of the Company

(i) ESOP 2014

Pursuant to the approval received from the shareholders of the Company, at the Extraordinary General Meeting held on March 28, 2014, the Board of Directors formulated the Scheme titled "Employee Stock Option Scheme 2014" (ESOP 2014). The ESOP 2014 allows the issue of options to employees of the Company and its subsidiaries. Each option comprises one underlying equity share.

As per the Scheme, the Nomination and Remuneration Committee grants the options to the employees deemed eligible. The Exercise Price shall be a price that is not less than the face value per share per option. Options Granted under ESOP 2014 would vest not less than one year and not more than five years from the date of Grant of such Options. Vesting of Options would be a function of continued employment with the Company (passage of time) and achievement of performance criteria as specified by the Nomination and Remuneration Committee as communicated at the time of grant of options. The option holders may exercise those options vested within a period as specified which may range upto 10 years from the date of grant.

Employee stock options will be settled by delivery of shares.

Pursuant to the Investment Agreement, no further options shall be granted under the ESOP 2014.

(iii). HCG EMPLOYEE STOCK OPTION SCHEME - 2021 ("HCG ESOS 2021")

The Board of Directors at the meeting held on February 11, 2021 approved the new Employee Stock Options Scheme titled "HCG Employee Stock Option Scheme - 2021" (HCG ESOS 2021). HCG ESOS 2021 allows the issue of options to employees of the Company and its subsidiaries. Each option comprises one underlying equity share.

The shareholders have approved the HCG ESOS 2021 vide Postal Ballot on May 23, 2021.

As per the scheme, the Nomination and Remuneration Committee grants the options to the employees deemed eligible. The Exercise Price shall be a price that is not less than the face value per share per option. Under the HCG ESOS 2021, a maximum of 62,67,000 (Sixty-Two Lakh Sixty-Seven Thousand) Options can be Granted exercisable into 62,67,000 (Sixty-Two Lakh Sixty-Seven Thousand) Equity Shares of face value of INR 10/- (Rupees Ten only) each. Vesting of Options would be a function of continued employment with the Company (passage of time) and achievement of performance criteria as specified by the Nomination and Remuneration Committee as communicated at the time of grant of options. The option holders may exercise those options vested within a period as specified which may range upto 7 years from the date of grant.

Employee stock options will be settled by delivery of shares.

b) (i) The details of fair market value and the exercise price is as given below:

Particulars	ESOP 2014	ESOP 2014	ESOP 2014
Date of grant	24-Jun-14	10-Nov-16	10-Nov-16
Fair market value of option at grant date (INR)	73.34	232.48	156.93
Fair market value of share at grant date (INR)	78.95	240.15	240.15
Exercise price (INR)	10.00	10.00	110.68
No. of options	1,10,100	1,65,400	30,000

Particulars	ESOP 2014	ESOP 2014	ESOP 2014
Date of grant	01-Apr-17	01-Apr-17	11-Aug-17
Fair market value of option at grant date (INR)	221.80	120.08	261.61
Fair market value of share at grant date (INR)	229.45	229.45	269.35
Exercise price (INR)	10.00	150.00	10.00
No. of options	25,000	35,000	1,01,000

Particulars	ESOP 2014	ESOP 2014	ESOP 2014
Date of grant	06-Nov-17	22-May-18	09-Nov-18
Fair market value of option at grant date (INR)	269.27	298.55	220.74
Fair market value of share at grant date (INR)	276.95	306.81	231.85
Exercise price (INR)	10.00	10.00	10.00
No. of options	53,000	55,000	25,000

Particulars	ESOP 2014	ESOP 2014	ESOP 2014
Date of grant	07-Feb-19	8-Aug-19	8-Aug-19
Fair market value of option at grant date (INR)	181.62	48.45	94.94
Fair market value of share at grant date (INR)	187.00	102.35	102.35
Exercise price (INR)	10.00	110.68	10.00
No. of options	47,000	30,000	1,41,800

Particulars	ESOP 2021	ESOP 2021	ESOP 2021
Date of grant	11-Jun-21	11-Jun-21	09-Nov-2021
Vesting basis	Time based	Performance based	Time based
Fair market value of option at grant date (INR)	108.77	46.04	169.57
Fair market value of share at grant date (INR)	197.65	197.65	261.85
Exercise price (INR)	130.00	130.00	130.00
No. of options	7,80,000	18,20,000	1,38,000

Particulars	ESOP 2021	ESOP 2021	ESOP 2021
Date of grant	09-Nov-2021	10-Feb-22	10-Feb-22
Vesting basis	Performance based	Time based	Performance based
Fair market value of option at grant date (INR)	76.02	160.10	95.06
Fair market value of share at grant date (INR)	261.85	249.70	249.70
Exercise price (INR)	130.00	130.00	130.00
No. of options	322,000	73,500	1,71,500

(ii) The assumptions used for calculating fair value of the ESOPs granted during the year are as below:

Time based options

The Black-Scholes option pricing model has been used for computing the weighted average fair value considering the following inputs:

Assumptions	ESOP 2021	ESOP 2021	ESOP 2021
Grant date	11-Jun-21	9-Nov-21	10-Feb-22
Risk free interest rate	5.35% to 5.94%	5.34% to 5.97%	5.82% to 6.73%
Expected life (years)	1 to 6	1 to 6	1 to 6
Expected annual volatility of shares	34.07%-36.65%	34.78%-39.09%	34.26%-38.60%
Expected dividend yield	0.00%	0.00%	0.00%

Performance based options

The Monte Carlo Simulation model has been used for computing the weighted average fair value considering the following inputs:

Assumptions	ESOP 2021	ESOP 2021	ESOP 2021
Grant date	11-Jun-21	9-Nov-21	10-Feb-22
Volume weighted average price of stock as on grant date	157.77	206.52	222.62
Risk free interest rate	5.71%	5.75%	6.17%
Expected life (years)	5.14	5.56	4.89
Expected annual volatility of shares	34.96%	34.07%	36.44%

There were no ESOPs granted during the previous year ended March 31, 2021.

c) Employee stock options details as on the Balance Sheet date are as follows:

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	Options (Numbers)	Weighted average exercise price per option (INR in Million)	Options (Numbers)	Weighted average exercise price per option (INR in Million)
Option outstanding at the beginning of the year:				
- ESOP 2014	5,38,390	27.26	6,33,590	27.26
- ESOP 2021	-	-	-	-
Granted during the year:				
- ESOP 2010	-	-	-	-
- ESOP 2014	-	-	-	-
- ESOP 2021	33,05,000	130.00	-	-
Vested during the year:				

- ESOP 2010	-	-	-	-
- ESOP 2014	86,080	17.02	1,61,646	31.47
- ESOP 2021	-	-	-	-
Forfeited during the year:				
- ESOP 2010	-	-	-	-
- ESOP 2014	-	-	-	-
- ESOP 2021	-	-	-	-
Exercised during the year:				
- ESOP 2010	-	-	-	-
- ESOP 2014	1,49,240	30.24	95,200	10.00
- ESOP 2021	-	-	-	-
Lapsed during the year:				
- ESOP 2014	2,69,270	28.42	-	-
- ESOP 2021	1,52,000	130.00	-	-
Options outstanding at the end of the year:				
- ESOP 2014	1,19,880	35.20	5,38,390	27.26
- ESOP 2021	31,53,000	130.00	-	-
Options exercisable at the end of the year:				
- ESOP 2010	-	-	5,877	10.00
- ESOP 2014	12,750	81.07	2,33,270	45.25
- ESOP 2021	-	-	-	-

* Options available for grant are as under:

- ESOP 2021: 2,962,000 as at March 31, 2022 (March 31, 2021: Nil)
- ESOP 2014: Nil as at March 31, 2022 (March 31, 2021: 21,62,506).

No further grants would be made under ESOP 2014.

** The above figure include options granted to employees of the subsidiaries.

The weighted average share price at the date of exercise for share options exercised during the year ended March 31, 2022 is INR 247.97 (March 31, 2021: INR 123.24).

The options outstanding at the end of the reporting period has exercise price in the range of INR 10 to INR 130 (March 31, 2021: INR 10 to INR 150) and weighted average remaining contractual life of 6.34 years (March 31, 2021: 6.79 years).

- d) For details of expense recognised in statement of profit and loss please refer note 26 and for details of movement in share options outstanding account refer note 16.2 of Financial statements.

(e) Fully diluted EPS pursuant to issue of Equity Shares on exercise of options in accordance with the relevant accounting standard				
Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18
2.83	(16.85)	(6.02)	0.82	2.89

- (f) Variation in terms of options

Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18
None	None	None	None	None

(g)

Where the Company has calculated the employee compensation cost using the intrinsic value of stock options, difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options	The cost is determined by the fair value at the date when the grant is made using an appropriate valuation model and management's estimate of equity instruments that will vest. That cost is recognised over the period in which the performance and/or service conditions are fulfilled in employee benefits expense.
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(h)

Impact on profit and EPS of the last three years if the accounting policies prescribed in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 had been followed	The Company has accounted for cost of options as prescribed under Ind AS. The cost of Employee Stock Options is recognised based on the fair value of the options as at the grant date.
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(i)

Money realized by exercise of options (INR), if scheme is implemented directly by the Company	2021-22: INR 45,12,800 2020-21: INR 9,52,000 2019-20: INR 6,10,700
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(j)

Loan repaid by the Trust during the year from exercise price received	Not Applicable
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(k) **Employee wise details of options granted during the year**

a) Senior Management Personnel:

Name of Senior Management personnel	Designation	No. of options granted	Exercise price (INR)
Meghraj Arvind Rao Gore	Chief Executive Officer	10,00,000	130
Srinivasa V. Raghavan	Chief Financial Officer	2,00,000	130
Dr. Bharat S. Gadhavi	Regional Director – Gujarat	2,00,000	130
Sunu Manuel	Company Secretary	50,000	130
Vineesh Ghei	Senior VP – Sales	2,00,000	130
Deepti Gautam Tewari	VP – HR	1,00,000	130

Sudeep Dey	Chief Information Officer	1,00,000	130
Madan Kumar Sampath	AVP – Supply Chain Management	70,000	130

b) Other than Senior Management Personnel:

Employees who have received a grant in any one year of options amounting to 5% or more of options granted during that year.	Nil
Employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital of the company at the time of grant.	Nil