

DISCLOSURES WITH RESPECT TO COMPLIANCE TO SECTION 62 OF THE COMPANIES ACT, 2013 READ WITH RULE 12 OF THE COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014 AND REGULATION 14 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 READ WITH SEBI CIRCULAR DATED JUNE 16, 2015 (“SEBI (SBEB) REGULATIONS, 2014”) ON ESOP DISCLOSURES AS ON MARCH 31, 2018

There was no material change in the ESOP schemes. The ESOS Schemes are in Compliance with the SEBI (SBEB) Regulations, 2014.

(A) Relevant disclosures in terms of the ‘Guidance note on accounting for employee share-based payments’ issued by ICAI or any other relevant accounting standards as prescribed from time to time

Members may refer to the audited financial statement prepared as per Indian GAAP for the year 2017-18 and refer point no. D, E and F as mentioned below.

(B) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20

Diluted EPS for the year ended March 31, 2018 is ₹ (19.86).

(C) Details related to Employees’ Stock Option Scheme (“ESOS”)

i The description including terms and condition of ESOS is summarized as under:

| | Particulars | Spaisa Capital Limited Employee Stock Option Scheme 2017 (“5PCL ESOS 2017”) | Spaisa Capital Limited Employee Stock Option Trust Scheme 2017 (“ 5PCL ESOTS 2017”) |
|-----|--|--|---|
| (a) | Date of shareholders’ approval | January 25, 2018 | January 25, 2018 |
| (b) | Total number of options approved under ESOS | 600,000 | 600,000 |
| (c) | Vesting requirements | Vesting of the Stock Options may commence after the expiry of a minimum period of One year from the date on which the options were granted and may extend up to such time as may be decided at the discretion of the Nomination and Remuneration Committee (“Committee”) from the date of grant provided that the vesting period shall not exceed 5 (five) years. The vesting may occur in tranches and may be subject to such terms and conditions of vesting, as may be stipulated by the Committee, in its sole and exclusive discretion. | Vesting of the Stock Options may commence after the expiry of a minimum period of One year from the date on which the options were granted and may extend up to such time as may be decided at the discretion of the Nomination and Remuneration Committee (“Committee”) from the date of grant provided that the vesting period shall not exceed 5 (five) years. The vesting may occur in tranches and may be subject to such terms and conditions of vesting, as may be stipulated by the Committee, in its sole and exclusive discretion. |
| (d) | Exercise price or pricing formula | The exercise price of the Shares will be the closing Market Price of the Shares one day before the date of the meeting of the Committee wherein the grants of options will be approved. The closing market price of the Stock Exchange where there is highest trading volume during the aforesaid period shall be considered. The Committee has a power to provide suitable discount or charge premium on such price as arrived above. However, in any case the Exercise price shall not go below the par value of Equity Share of the Company | The exercise price of the shares will be the market price of the shares one day before the date of the meeting of the Committee wherein the grants of options will be approved. The closing market price of the stock exchange where there is highest trading volume during the aforesaid period shall be considered. The Committee has a power to provide suitable discount or charge premium on such price as arrived above. However, in any case the Exercise price shall not go below the par value of Equity Share of the Company. |
| (e) | Maximum term of options granted | Exercise Period shall be the time period after vesting within which the eligible employees/ Directors should exercise his right to apply for the Equity Shares against the Stock Options vested in them pursuant to the Scheme. The Exercise Period shall be decided by the Committee and will not be more than 7 (Seven) years from the date of grant. | Exercise Period shall be the time period after vesting within which the eligible employees/ directors should exercise his right to apply for the Equity Shares against the Stock Options vested in them pursuant to the Scheme. The Exercise Period shall be decided by the Committee and will not be more than 7 (Seven) years from the date of grant. |
| (f) | Source of shares (primary, secondary or combination) | Primary | Combination |
| (g) | Variation in terms of options | None | None |

ii. Method used to account for ESOS - Intrinsic or fair value.

Intrinsic 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.

Please refer Point no. F as mentioned below.

iv. Option movement during the year (for each ESOS):

| Particulars | 5PCL ESOS 2017 | 5PCL ESOTS 2017 |
|---|----------------|-----------------|
| Number of options outstanding at the beginning of the period | - | - |
| Number of options granted during the year | 220,000 | - |
| Number of options forfeited / lapsed during the year | - | - |
| Number of options vested during the year | - | - |
| Number of options exercised during the year | - | - |
| Number of shares arising as a result of exercise of options | - | - |
| Money realized by exercise of options (INR), if scheme is implemented directly by the Company | - | - |
| Loan repaid by the Trust during the year from exercise price received | - | - |
| Number of options outstanding at the end of the year | 220,000 | - |
| Number of options exercisable at the end of the year | - | - |

v. (i) Weighted average exercise price of Options outstanding at the end of the year whose:

(Amount in ₹)

| | |
|---|-----|
| Exercise price equals market price | NA |
| Exercise price is greater than market price | 308 |
| Exercise price is less than market price | NA |

(ii) Weighted average fair value of Options outstanding at the end of the year whose:

(Amount in ₹)

| | |
|---|--------|
| Exercise price equals market price | NA |
| Exercise price is greater than market price | 145.72 |
| Exercise price is less than market price | NA |

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 including Key Managerial Personnel

| Name of the Employee | Designation | Number of options | Grant/exercise price (in ₹) |
|----------------------|---|-------------------|-----------------------------|
| Mr. Prakarsh Gagdani | Whole Time Director & Chief Executive Officer | 125,000 | 308 |
| Mr. Santosh Jayaram | Whole Time Director | 20,000 | 308 |
| Mr. Roshan Dave | Company Secretary | 5,000 | 308 |

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

| Name of the Employee | Designation | Number of options | Grant/exercise price (in ₹) |
|----------------------|--------------------------|-------------------|-----------------------------|
| Mr. Mayur Dedhia | Assistant Vice President | 15,000 | 308 |
| Mr. Beejish Pillai | Head - Operations | 15,000 | 308 |

- 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. – Not Applicable

*The Options were granted under 5paisa Capital Limited Employee Stock Option Scheme.

- 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 | 307.75 |
| (b) | the method used, and the assumptions made to incorporate the effects of expected early exercise | Expected life has been calculated as an average of the minimum and maximum life of the options |
| (c) | how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility | Expected Volatility has been calculated based on the historical volatility of the identified peer group Company |
| (d) | whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition | Not Applicable |

- (D) For share options exercised during the period, the weighted average share price at the date of exercise. If options were exercised on a regular basis throughout the period, the entity may instead disclose the weighted average share price during the period.

Not Applicable

- (E) For share options outstanding at the end of the period, the range of exercise prices and weighted average remaining contractual life. If the range of exercise prices is wide, the outstanding options shall be divided into ranges that are meaningful for assessing the number and timing of additional shares that may be issued and the cash that may be received upon exercise of those options.

| Date of Grant | No of options granted | Grant / Exercise Price | Outstanding as on 31.03.2018 | Remaining Contractual Life |
|---------------|-----------------------|------------------------|------------------------------|----------------------------|
| 29.01.2018 | 220,000 | 308 | 220,000 | 6.8 Years |

- (F) 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 ICAI or any other relevant accounting standards as prescribed from time to time.

| Particulars | (Amount in ₹) |
|--|---------------|
| Net Income | (252,986,094) |
| As Reported | |
| Add: Intrinsic Value Compensation Cost | Nil |
| Less: Fair Value Compensation Cost | 2,143,079.48 |
| Adjusted Pro Forma Net Income | (255,129,174) |
| Earnings Per Share: Basic | |
| As Reported | (19.86) |
| Adjusted Pro Forma | (20.03) |
| Earning Per Share: Diluted | |
| As Reported | (19.86) |
| Adjusted Pro Forma | (20.03) |

Details related to Trust

The following details, inter alia, in connection with transactions made by the Trust meant for the purpose of administering the schemes under the regulations are to be disclosed:

i) **General information on all schemes:**

| Sl. No. | Particulars | Details |
|---------|---|--|
| 1 | Name of the Trust | 5paisa Capital Employee Welfare Trust |
| 2 | Details of the Trustee(s) | Vistra ITCL (India) Limited (formerly IL&FS Trust Company Limited) |
| 3 | Amount of loan disbursed by Company / any Company in the group, during the year | NIL |
| 4 | Amount of loan, if any, taken from any other source for which Company / any Company in the group has provided any security or guarantee | NIL |
| 5 | Adjusted Pro Forma Net Income | NIL |
| 6 | Any other contribution made to the Trust during the year | NIL |

ii) **Brief details of transactions in shares by the Trust**

| Sl. No. | Particulars | Details |
|---------|--|---------|
| 1 | Number of shares held at the beginning of the year; | NIL |
| 2 | Number of shares acquired during the year through: | |
| | (i) primary issuance | NIL |
| | (ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share; | NIL |
| 3 | Number of shares transferred to the employees / sold along with the purpose thereof; | NIL |
| 4 | Number of shares held at the end of the year. | NIL |

(iii) **In case of secondary acquisition of shares by the Trust**

| Number of shares | As a percentage of paid-up equity capital as at the end of the year immediately preceding the year in which shareholders' approval was obtained |
|--|---|
| Held at the beginning of the year | NIL |
| Acquired during the year | NIL |
| Sold during the year | NIL |
| Transferred to the employees during the year | NIL |
| Held at the end of the year | NIL |