

**Annexure to the Report of the Board of Directors**

**Disclosure pursuant to Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 for FY 22-23**

- 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 regards from time to time.**

Please refer to note no. 2(n) & 24 of the notes to accounts forming part of the Standalone Financial Statements for FY 2022-23.

- 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.**

Please refer to note no. 22 of the notes to accounts forming part of the Standalone Financial Statements for FY 2022-23.

**C. Details related to ESOP**

A description of each ESOP that existed at any time during the year, including the general terms and conditions of each ESOP, including –

S. No.	Description	ESOP 2019 Scheme	ESOP 2008 Scheme
1	Date of Shareholders' approval	Pursuant to the approval of the shareholders at the Annual General Meeting held on September 30, 2019, the Company had adopted ESOP 2019 Scheme which was amended by the shareholders of the Company through special resolution by way of a Postal Ballot on February 19, 2022	Pursuant to the approval of the shareholders at the Extraordinary General Meeting held on October 22, 2008, the Company had adopted ESOP 2008 Scheme which was amended by the shareholders of the Company through a special resolution at the Annual General Meeting held on September 30, 2019  <i>[The Company doesn't intent to make any grant under this scheme post IPO]</i>
2	Total Number of Options approved under the plan	4,64,55,832	1,46,38,448

S. No.	Description	ESOP 2019 Scheme	ESOP 2008 Scheme
3	Vesting Requirements	Generally, between 1 year to 5 years subject to achievement of certain performance criteria / milestones	Generally, between 1 year to 4 years
4	Exercise price or pricing formula	Rs. 9 & Rs. 1900	Re. 1 to Rs. 37
5	Maximum Term of Options Granted	5 -7 years	4 years
6	Source of shares	Primary shares	Primary shares
7	Variation in terms of options	Not Applicable	Not Applicable

**(i) Method used to account for ESOS - Intrinsic or fair value.**

The Company has account for ESOS basis fair value of options. For further details, refer to note no. 24 of the notes to accounts forming part of Standalone Financial Statements for FY 2022- 23.

**(ii) 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.**

Not Applicable

**Option movement during the year under ESOP 2019 Scheme & ESOP 2008 Scheme**

Particulars	ESOP 2019 Scheme	ESOP 2008 Scheme
Number of options outstanding at the beginning of the year	29,317,167	585,450
Number of options granted during the year	12,385,196	-
Number of options forfeited, cancelled / lapsed during the year	3,671,671	33,267
Number of options vested during the year	1,294,322	117,260
Number of options exercised during the year	572,965	301,386
Number of shares arising as a result of exercise of options during the year (including options that have	572,965	301,386

Particulars	ESOP 2019 Scheme	ESOP 2008 Scheme
been exercised during the year but the allotment was made post March 31, 2023)		
Money realized by exercise of options during the year (INR), if scheme is implemented directly by the company	5,156,685	2,712,583
Loan repaid by the Trust during the year from exercise price received	Not Applicable	Not Applicable
Number of options outstanding at the end of the year	37,457,727	250,797
Number of options exercisable at the end of the year	1,013,089	250,797

- (iii) **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.**

Refer note no. 24 to notes to accounts forming part of the Standalone Financial Statements FY 2022-23.

- (iv) **Employee wise details (name of employee, designation, number of options granted during the year FY 2022-23, exercise price) of options granted to –**

- (a) **Senior Managerial Personnel as defined under Regulation 16(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015<sup>§</sup>;**

S. No.	Name	Designation	No. of stock options granted during the year
1	Mr. Bhavesh Gupta*	SVP – Business Management	1,095,671
2	Mr. Manmeet Singh Dhody**	CTO - Payments	341,085
3.	Mr. Praveen Sharma	SVP - Business	22,222
4	Mr. Sanjeev Garg***	SVP - Finance	32,778
5	Mr. Srinivas Yanamandra***	Head of Compliance	74,419
6	Ms. Urvashi Sahai***	General Counsel	32,500

\* Mr. Bhavesh Gupta was re-designated as President & Chief Operating Officer w.e.f. May 16, 2023

\*\* Mr. Manmeet Singh Dhody was re-designated as CTO - Paytm w.e.f. April 01, 2023

\*\*\* The Employee was recognized as Senior Management Personnel during FY 2022-23.

<sup>§</sup>**Net of Forfeiture / lapse, if any.**

Note – Exercise Price of above stock options is INR 9 per option.

- (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 (FY 22-23);\* and**

Nil [excluding the grant made to one of the SMPs as disclosed above in clause v(a)]\*

Net of Forfeiture / lapse, if any.

- (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.**

Name	Designation	No. of stock options granted *
Mr. Vijay Shekhar Sharma	Managing Director & Chief Executive Officer	21,000,000

\*The aforesaid stock options were granted during FY 2021-22.

- (v) 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;**

Refer note no. 24 to notes to accounts forming part of Standalone Financial Statements for FY 2022-23.

- (b) the method used and the assumptions made to incorporate the effects of expected early exercise;**

Refer note no. 24 to notes to accounts forming part of Standalone Financial Statements for FY 2022-23.

- (c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility;**

Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time. In the instant case, the Volatility of the Company is calculated using the historical stock volatility of its comparable companies.

- (d) whether and how any other features of the options granted were incorporated into the measurement of fair value, such as a market condition.**

The Company has applied Monte Carlo Simulation Model to stimulate equity value of the Company for options granted to MD & CEO which are subject to achievement of certain milestones.

### Disclosures in respect of grants made in three years prior to IPO under each ESOS

Other than as disclosed above, details of options granted, exercised, lapsed and other information under ESOP 2008 Scheme and ESOP 2019 scheme are as under:

• **Details of options granted, exercised, lapsed and other information under ESOP 2008 Scheme:**

Particulars	Details		
	FY 2019	FY 2020	FY 2021
Total options outstanding as at the beginning of the year	9,885,210	9,607,430	7,292,570
Total options granted during the year	3,719,150	1,254,080	-
Vesting period	4 years	4 years	-
Exercise price of options in ₹ (as on the date of grant options)	9	9	-
Options forfeited/lapsed/cancelled during the year	2,417,330	2,290,440	1,316,610
Variation of terms of options		NA	-
Money realized by exercise of options (in Rs.)	14,730,105	11,187,559	5,468,740
Total number of options outstanding in force	9,607,430	7,292,570	5,362,100
Total options vested (excluding the options that have been exercised)	3,620,160	4,127,780	4,514,930
Options exercised (since implementation of the ESOP scheme)	7,812,880	9,091,380	9,705,240
The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised but not allotted)	7,812,880	9,091,380	9,705,240
Employee wise details of options granted to:			
(i) Senior Management Personnel*			
Sudhanshu Gupta	34,910	-	-
(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year*			
N Ramkumar	297,510	-	-

Particulars	Details		
	FY 2019	FY 2020	FY 2021
Jose Baby Manikathuparambil	204,050	-	-
(iii) Identified employees who were granted options 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		Nil	
Diluted earnings per share pursuant to the issue of Equity Shares on exercise of options in accordance with IND AS 33 'Earnings Per Share'	Not Applicable, as the Company has incurred losses		
Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Company and on the earnings per share of the Company	Employee Compensation cost has been computed basis fair value of options.		
Method and significant assumptions used to estimate the fair value of options granted during the year including, weighted average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends, and the price of the underlying share in the market at the time of grant of option			
Method of Valuation	Black Scholes Model	Black Scholes Model	-
Expected Volatility (%)	51% - 64%	40% - 53%	-
Dividend Yield (%)	0.00%	0.00%	-
Expected Life (Years)	3.5 years to 4 years	3 Years	-
Risk Free Interest Rate (%)	7.1% - 8.1%	6.8% - 7.2%	-

\*Net of cancellation and forfeiture.

**Note:** Number of Options and shares are updated in the table to factor in impact of equity shares subdivision in the ratio of 1:10, as approved by shareholders of the Company in AGM held on June 30, 2021.

• **Details of options granted, exercised, lapsed and other information under ESOP 2019 Scheme:**

Particulars	Details	
	Fiscal 2020	Fiscal 2021
Total options outstanding as at the beginning of the year	-	1,478,130
Total options granted during the year	1,633,690	3,868,310
Vesting period	5 years	5 years
Exercise price of options in ₹ (as on the date of grant options)	9	9 & 1900
Options forfeited/lapsed/cancelled during the year	155,560	653,880
Variation of terms of options	-	-
Money realized by exercise of options (in Rs.)	-	210,420
Total number of options outstanding in force	1,478,130	4,669,180
Total options vested (excluding the options that have been exercised)	91,240	240,250
Options exercised (since implementation of the ESOP scheme)	-	23,380
The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised but not allotted)	-	23,380
Employee wise details of options granted to:		
(i) Key managerial personnel (Senior Management Personnel)*		
-Harinder Pal Takhar	33,620	-
-Vikas Garg	43,750	-
-Praveen Sharma	138,890	-
-Madhur Deora	-	444,440
-Bhavesh Gupta	-	138,890
-Manmeet Singh Dhody	-	83,330

Particulars	Details	
	Fiscal 2020	Fiscal 2021
(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year*		
-Amit Nayyar	388,890	-
(iii) Identified employees who were granted options 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	-	-
Diluted earnings per share pursuant to the issue of Equity Shares on exercise of options in accordance with IND AS 33 'Earnings Per Share'	Not Applicable, as Company has incurred losses	
Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Company and on the earnings per share of the Company	Employee Compensation cost has been computed basis fair value of options.	
Method and significant assumptions used to estimate the fair value of options granted during the year including, weighted average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends, and the price of the underlying share in the market at the time of grant of option		
Method of Valuation	Black Scholes Model	
Expected Volatility (%)	40% - 61%	40.2% - 56.3%
Dividend Yield (%)	0.00%	0.00%
Expected Life (Years)	2.5 to 3 years	1.04 to 7.50 years



Particulars	Details	
	Fiscal 2020	Fiscal 2021
Risk Free Interest Rate (%)	6.1% - 7.2%	4.0% - 6.4%

*\*Net of Cancellation & forfeiture*

**Note:** Number of Options and shares are updated in the table to factor in impact of equity shares subdivision in the ratio of 1:10, as approved by shareholders of the Company in AGM held on June 30, 2021.