

## Section 62(1) ((b) read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules 2014

The Brief details of the Employees Stock Options Scheme 2019 & 2008 are detailed as below:

S. No.	Particulars	ESOP 2019 Scheme	ESOP 2008 Scheme
(a)	Options granted during the year (No.)	27,428,285	Nil
(b)	Options vested at the end of the year (No.)	291,732	434,923
(c)	Options exercised during the year (No.)	576,261	4,343,960
(d)	The total number of shares arising as a result of exercise of option (including options that have been exercised but not allotted)	599,641	14,049,200
(e)	Options lapsed/ cancelled during the year (No.)	2,204,037	432,690
(f)	The exercise price (₹)	₹ 9 & ₹ 1900	₹ 1 to ₹ 37
(g)	Variation of terms of options	Refer Note 1	Refer Note 2
(h)	Money realized by exercise of options during the year (₹)	5,186,349	49,673,148
(i)	Total no. of options in force at the end of the year	29,317,167	585,450
(j)	Employees wise details of options granted to: (Name/ Designation/ No. of options)		
	(i) Key managerial personnel*;		
	a) Vijay Shekhar Sharma – MD & CEO	21,000,000	
	b) Madhur Deora – President & CFO	222,222	
	c) Amit Khera - Company Secretary & Compliance Officer	15,560	
	(ii) Any other employees who receives a grant of options in any one year of option amounting to five percent or more of options granted during the that year;		Nil
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant		
	a) Vijay Shekhar Sharma – MD & CEO	21,000,000	

\* Net of forfeiture, if any

### Note –

- During the year, the Company has cancelled 53,710 outstanding unvested/vested employee stock options, with prior consent of employee.
- During the year, the Company has cancelled 82,670 outstanding unvested/vested employee stock options, with prior consent of employee.

## Part F- Disclosures by the Board of Directors

### [See Regulation 14]

The Board of Directors in their report shall disclose any material change in the scheme(s) and whether the scheme(s) is / are in compliance with the regulations.

#### Significant changes/ modifications in the ESOP 2019 Scheme during FY 2021-22

- 1) Pursuant to the approval of Shareholders of the Company at the Annual General Meeting held on June 30, 2021, each equity share of the Company having face value of ₹ 10 each was sub divided into ten equity shares of face value of ₹ 1 per share with effect from June 30, 2021. Accordingly, all outstanding Employee Stock Options and remaining Employee Stock Option Pool have also been sub divided in the similar proportion.
- 2) Shareholders of the Company in the Extra Ordinary General Meeting held on September 2, 2021 has approved increase in ESOP Pool by adding 37,000,000 options. Accordingly, total ESOP Pool for ESOP 2019 Scheme stands at 46,455,832.
- 3) Approval for extending benefits under ESOP 2019 to eligible employees of associate companies by passing Special Resolution on February 19, 2022 through Postal Ballot.

Further, the following details, *inter-alia*, shall be disclosed on the company's website and a web-link thereto shall be provided in the report of Board of Directors.

**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.**

Refer Notes to Accounts to the Standalone & Consolidated Financial Statements forming part of this Annual Report.

**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.**

Refer Notes to Accounts to the Standalone & Consolidated Financial Statements forming part of this Annual Report.

**C. Details related to ESOP**

**(i) 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 Shareholder's Approval	September 30, 2019 further amended on February 19, 2022 by passing Special Resolution through Postal Ballot	October 22, 2008 further amended on September 30, 2019 by passing Special Resolution in Annual General Meeting
2	Total Number of Options approved under the plan	4,64,55,832	1,46,38,448
3	Vesting Requirements	Generally between 1 year to 5 years subject to achievement of certain performance criteria	Generally between 1 year to 4 years
4	Maximum Term of Options Granted	5 years	4 years
5	Source of shares (primary, secondary or combination)	Primary	Primary
6	Variation in terms of options	Refer Note 1	Refer Note 2

**Notes:**

1. During the year, the Company has cancelled 53,710 outstanding unvested/vested employee stock options, with prior consent of employee.
2. During the year, the Company has cancelled 82,670 outstanding unvested/vested employee stock options, with prior consent of employee.

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

Refer Notes to Accounts to the Standalone & Consolidated Financial Statements forming part of this Annual Report.

**(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.**

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	4,669,180	5,362,100
Number of options granted during the year	27,428,285	-
Number of options forfeited, cancelled / lapsed during the year	2,204,037	432,690
Number of options vested during the year	494,633	413,813
Number of options exercised during the year	576,261	4,343,960
Number of shares arising as a result of exercise of options (including options that have been exercised but not allotted)	599,641	14,049,200
Money realized by exercise of options during the year (₹), if scheme is implemented directly by the company	5,186,349	49,673,148
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	29,317,167	585,450
Number of options exercisable at the end of the year	291,732	434,923

**(iv) 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 Notes to Accounts to the Standalone & Consolidated Financial Statements forming part of this Annual Report.

**(v) 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 Regulation 16(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;**

S. No.	Name	Designation	No. of Shares*
1	Vijay Shekhar Sharma	Managing Director & Chief Executive Officer	2,10,00,000
2	Madhur Deora	President & Chief Financial Officer	2,22,222
3	Sudhanshu Gupta	Chief Operating Officer – Paytm First Games Pvt Ltd	1,00,000
4	Praveen Kumar Sharma	Managing Director & Chief Executive Officer - Paytm Payments Services Limited	88,889
5	Manmeet Singh Dhody	Chief Technology Officer - Payments	66,667
6	Bhavesh Gupta	Chief Executive Officer - Lending Business	2,44,444
7	Deepankar Sanwalka	President – Compliances & Operations	1,52,780
8	Amit Khera	Company Secretary & Compliance Officer	15,560

\* Net of Forfeiture, 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; and**

Nil

- (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 Shares*
Vijay Shekhar Sharma	Managing Director & Chief Executive Officer	2,10,00,000

- (vi) 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 Notes to Accounts to the Standalone & Consolidated Financial Statements forming part of this Annual Report.

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

Refer Notes to Accounts to the Standalone & Consolidated Financial Statements forming part of this Annual Report.

- (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

Until all options granted in the three years prior to the IPO have been exercised or have lapsed, disclosures of the information specified above in respect of such options shall also be made.

#### 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	Refer Note 1	Refer Note 2	-
Money realized by exercise of options	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) Key managerial personnel*			
Sudhanshu Gupta	34,910	-	-

Particulars	Details		
	FY 2019	FY 2020	FY 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*			
N Ramkumar	297,510	-	-
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 1:** During the year, the Company has cancelled 955,610 outstanding unvested employee stock options, with prior consent of the employees.

**Note 2:** During the year, the Company has cancelled 846,140 outstanding unvested employee stock options, with prior consent of employees.

**Note 3:** 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	-	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

Particulars	Details	
	Fiscal 2020	Fiscal 2021
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) Senior managerial personnel*		
- Harinder Pal Takhar	33,620	-
- Vikas Garg	43,750	-
- Praveen Kumar Sharma	138,890	-
- Madhur Deora	-	444,440
- Bhavesh Gupta	-	138,890
- Manmeet Singh Dhody	-	83,330
(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
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.