

DiGiSPICE Technologies Limited
(formerly Spice Mobility Limited)

Disclosures relating to SML Employees Stock Option Plan-2018

The Board of Directors of the Company had formulated a plan viz. SML Employees Stock Option Plan-2018 to provide incentive benefits to the employees of the Company, its holding company and subsidiary companies. The said plan has been approved by the shareholders of the Company. During the year, there has been no change in the aforesaid plan.

S. No.	Particulars	Details						
A.	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	Refer Note No. 39 in Notes to Standalone Financial Statement {attached as Annexure-I}						
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 ICAI or any other relevant accounting standards as prescribed from time to time	During the year ended March 31, 2020, 40% of the options granted and existing on the date of vesting, were vested but the impact of same is anti-dilutive accordance with the 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time.						
C.	Details related to ESOS							
(i)	A description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS, including –							
(a)	Date of shareholders' approval	February 11, 2018						
(b)	Total number of options approved under ESOS	2,53,18,220						
(c)	Vesting requirements	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">At the end of 1st year from the date of Grant</td> <td style="text-align: center;">40%</td> </tr> <tr> <td style="text-align: center;">At the end of 2nd year from the date of Grant</td> <td style="text-align: center;">30%</td> </tr> <tr> <td style="text-align: center;">At the end of 3rd year from the date of Grant</td> <td style="text-align: center;">30%</td> </tr> </table>	At the end of 1 st year from the date of Grant	40%	At the end of 2 nd year from the date of Grant	30%	At the end of 3 rd year from the date of Grant	30%
At the end of 1 st year from the date of Grant	40%							
At the end of 2 nd year from the date of Grant	30%							
At the end of 3 rd year from the date of Grant	30%							
(d)	Exercise price or pricing formula	Rs. 13.25 per option						
(e)	Maximum term of options granted	Three years from the date of vesting						
(f)	Source of shares (primary, secondary or combination)	Primary						
(g)	Variation in terms of options	NIL						

(ii)	Method used to account for ESOS - Intrinsic or fair value.	Fair Value
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(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
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(iv)	Option Movement during the year (for each ESOS)	
	Particulars	Details
	Number of options outstanding at the beginning of the period	2,27,61,000
	Number of options granted during the year	NIL
	Number of options forfeited / lapsed during the year	68,98,000 *
	Number of options vested during the year	69,07,600
	Number of options exercised during the year	NIL
	Number of shares arising as a result of exercise of options	Not Applicable
	Money realized by exercise of options (INR), if scheme is implemented directly by the company	Not Applicable
	Loan repaid by the Trust during the year from exercise price received	Not Applicable
	Number of options outstanding at the end of the year	1,58,63,000
	Number of options exercisable at the end of the year	63,45,200

* 68,98,000 options got cancelled due to exit of employees.

(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	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border: 1px dashed black; padding: 2px;">Weighted Average Exercise Price</td> <td style="border: 1px dashed black; padding: 2px;">Rs. 13.25 per option</td> </tr> <tr> <td style="border: 1px dashed black; padding: 2px;">Weighted Average Fair Value</td> <td style="border: 1px dashed black; padding: 2px;">Rs. 6.41 per option</td> </tr> </table>	Weighted Average Exercise Price	Rs. 13.25 per option	Weighted Average Fair Value	Rs. 6.41 per option
Weighted Average Exercise Price	Rs. 13.25 per option					
Weighted Average Fair Value	Rs. 6.41 per option					

(vi)	Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to -	
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<ul style="list-style-type: none"> (a) senior managerial personnel; (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 (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. 		<p>Not Applicable</p> <p>Not Applicable</p> <p>Not Applicable</p>
<ul style="list-style-type: none"> (vii) 	<p>A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:</p> <ul style="list-style-type: none"> (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; (b) the method used and the assumptions made to incorporate the effects of expected early exercise; (c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and (d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition. 	<p>Not Applicable</p>

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2020

Annexure-I to the ESOP Disclosure for the Financial Year ended March 31, 2020

39. Share-based payments

The Company has granted stock options under the SML Employees stock option Plan 2018 (ESOP) to the eligible employees of the Company. Under ESOP, the company has granted 21,381,000 options on September 18, 2018 and 3,439,000 options on February 05, 2019. 40%, 30% and 30% of total options granted would vest in after one year, two year and three year from the date of respective grant subject to fulfilment of vesting conditions. The maximum period for exercise of options is three year from the date of vesting. Each option when exercised would be converted into one fully paid-up equity share of Rs.3 each of the Company. The options granted under ESOP carry no rights to dividends and voting rights till the date of exercise.

The fair value of the options are estimated at the grant dates using Black and Scholes Model, taking into account the terms and conditions upon which the options were granted.

During the year, certain unvested options were cancelled on non-fulfilment of certain vesting conditions under ESOP. As at the end of the financial year, details and movements of the outstanding options are as follows:

Particulars	As at 31 March 2020		As at 31 March 2019	
	No of Options	Weighted Average exercise price	No of Options	Weighted Average exercise price
Options outstanding at the beginning of the year (1)	22,761,000	-	-	-
Options granted under ESOP 2018 (2)	-	13.25	24,820,000	13.25
Options exercised during the year	-	-	-	-
Options cancelled/provision for attrition during the year	11,278,750	13.25	2,059,000	13.25
Options expired during the year	-	-	-	-
Options outstanding at the end of the year (3)	11,482,250	13.25	22,761,000	13.25
Options exercisable at the end of the year	11,482,250	13.25	22,761,000	13.25
Range of exercise price of outstanding options (₹)	13.25	-	13.25	-

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2020

Particulars	As at 31 March 2020		As at 31 March 2019	
	No of Options	Weighted Average exercise price	No of Options	Weighted Average exercise price
Remaining contractual life of outstanding options granted on September 18, 2018	2.47 years (40% vesting)		3.47 years (40% vesting)	
	3.47 years (30% vesting)		4.47 years (30% vesting)	
	4.47 years (30% vesting)		5.47 years (30% vesting)	
Remaining contractual life of outstanding options granted on February 05, 2019	2.85 years (40% vesting)		3.85 years (40% vesting)	
	3.85 years (30% vesting)		4.85 years (30% vesting)	
	4.85 years (30% vesting)		5.85 years (30% vesting)	

- 1) Options outstanding at the beginning of the year includes 71,59,000 options held by employees of Holding company (48,95,000 options) and subsidiary companies (22,64,000 options).
- 2)
 - a) Options granted includes 72,24,000 options granted to employees of Holding company (48,95,000 options) and subsidiary Companies (23,29,000) options.
 - b) Previous year - 1,32,66,000 options granted to employees of amalgamated companies and DTS business of Spice digital limited has been merged with the company.
- 3)
 - a) Current year Options outstanding at the end of the year includes options 52,86,750 options held by employees of Holding company (48,95,000 options) and subsidiary Companies (3,91,750) options.
Previous year Options outstanding at the end of the year includes options 71,59,000 options held by employees of Holding company (48,95,000 options) and subsidiary Companies (22,64,000) options.
 - b) Previous year - 1,16,82,000 options outstanding of employees of amalgamated companies and DTS business of Spice digital limited has been merged with the company.

The fair value of each option is estimated on the date of grant based on the following assumptions:

Particulars	As at 31 March 2020	
	18-Sep-18	5-Feb-19
Grant Date		
No of options outstanding at the end of the year	11,306,250	176,000
Dividend yield (%)	-	-
Expected life	2.50,3.50 and 4.50 yrs.	2.50,3.50 and 4.50 yrs.
Risk free interest rate (%)	8.06% (2.50 yrs.)	7.02% (2.50 yrs.)
	8.11% (3.50 yrs.)	7.27% (3.50 yrs.)
	8.23% (4.50 yrs.)	7.42% (4.50 yrs.)
Expected Volatility (%)	62.56%	69.49%
Market price on date of grant/re-pricing (₹)	13.25	9.70
Weighted Average Fair Value of option at grant date	6.73	4.43