

Disclosure with respect to Employees Stock Option Plan, 2022 of Shriram Asset Management Company Limited pursuant to Regulation 14 of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as on March 31, 2023

The details pursuant to Regulation 14 of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 are furnished hereunder:

- 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 the audited financial statements of the Company.

- 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.

Members may refer the audited financial statements of the Company.

During the financial year 2021-2022, the Company has introduced the Employee Stock Option Plan namely “ESOP 2022” effective from March 02, 2022. The grant price shall be as decided by the Nomination and Remuneration Committee (NRC) of the Company. The number of options and terms could vary at the discretion of the NRC.

C. Details related to ESOP:

Shriram Asset Management Company Limited Employees Stock Option Plan (“ESOP-2022”):

Sr. No.	Nature of Disclosure	Shriram Asset Management Company Limited Employees Stock Option Plan (“ESOP-2022”)
A.	A description of each ESOP that existed at any time during the year, including the general terms and conditions of each ESOP, including	The maximum number of Options that shall be granted to any specific Employee of the Company under the Scheme, in any financial year and in aggregate shall not exceed 1% of the issued equity share capital (excluding outstanding warrants and conversions) of the Company if the prior specific approval from members of the Company through a special resolution to this effect is not obtained.
a.	Date of shareholders’ approval	March 02, 2022
b.	Total number of Options approved under ESOP	1301689
c.	Vesting requirements	No Option granted to an Option Grantee shall vest within a period of one year from the date of grant of such Option. The options granted shall vest so long as the Employee continues to be in the employment of the Company. The Committee may, at its discretion, lay down certain performance metrics on the achievement of which such Options would vest, the detailed terms and conditions relating to such Vesting, and the proportion or tranches in which Options granted would vest, subject to the No Vesting Period
d.	Exercise price or pricing formula	The Exercise Price shall be equal to face value of shares i.e. Rs. 10/- (Rupees Ten only) per Option or any other price as decided by the Committee at its sole discretion. In any case, the Exercise Price per Option shall not be less than the face value of shares and it may be different for different class/ classes of Employees falling in the same tranche of grant of Options issued under ESOP– 2022

e.	Maximum term of Options granted	Options granted under ESOP - 2022 would vest subject to maximum period of 10 (ten) years from the date of respective grant/s of such options, unless otherwise decided by the Committee.
f.	Source of shares (primary, secondary or combination)	Primary
g.	Variation in terms of Options	Not Applicable
B.	Method used to account for ESOP - Intrinsic or fair value	Fair Value method
C.	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 since the Company has adopted Indian Accounting Standards from April 1, 2018 which is based on Fair Value method of accounting
D.	Option movement during the year (For each ESOP):	
a.	Number of Options outstanding at the beginning of the period	Nil
b.	Number of Options granted during the year	137916
c.	Number of Options forfeited / lapsed during the year	Nil
d.	Number of Options vested during the year	Nil
e.	Number of Options exercised during the year	Nil
f.	Number of shares arising as a result of exercise of Options	Nil
g.	Money realised by exercise of Options (INR), if scheme is implemented directly by the company	Nil
h.	Loan repaid by the Trust during the year from exercise price received	Not Applicable
i.	Number of Options outstanding at the end of the year	137916
j.	Number of Options exercisable at the end of the year	Nil

E.	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.	Weighted Average Fair value of Options for Tranche -I is Rs. 37.29/-						
F.	Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to:							
a.	a) Senior Management Personnel as defined under Regulation 16(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	Mr. Kartik Jain, Managing Director and CEO granted Options of 137916.						
b.	b) Any other employee who received a grant in any one year of Options amounting to 5 per cent or more of Options granted during that year:	Not Applicable						
c.	c) Identified employees who were granted Options, during any one year, equal to or exceeding 1 per cent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Mr. Kartik Jain, Managing Director and CEO granted Options of 137916.						
G.	A description of the method and significant assumptions used during the year to estimate the fair value of Options including the following information:	<p>Method to estimate fair value:</p> <p>To calculate the Fair value of Equity-settled share-based payment company has used the Black-Scholes-Merton formula which is one of Option-Pricing Models as recommended under Indian Accounting Standard 102 (Ind AS 102).</p> <p>Assumption to estimate fair value:</p> <ol style="list-style-type: none">Expected number of years to exercise shares: For all ESOPs granted as on 09-01-2023, it is assumed that each 3 tranches as per vesting schedule will be exercised immediately after vesting.Attrition rate is considered as NIL.Share Price at Grant Date 09-01-2023, is considered Rs. 121.05 per share as per BSE data.Exercise Price at Grant Date 09-01-2023, is considered Rs. 37.29 per share.Dividend yield assumption is taken as NIL as there is no recent history of dividend provided by the company.Risk Free Rate of Return considered as under:<table><tr><td>Year 1</td><td>7.01%</td></tr><tr><td>Year 2</td><td>7.05%</td></tr><tr><td>Year 3</td><td>7.20%</td></tr></table> <p>The discount rate used relates to the par-yield rate available on ZYC Government Securities (G. Sec.) for the tenure of the expected term of the obligation. The rate is taken as per</p>	Year 1	7.01%	Year 2	7.05%	Year 3	7.20%
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Year 2	7.05%							
Year 3	7.20%							

		<p>the deal rate as suggested under Indian Accounting Standard 102 (Ind AS 102).</p> <p>7. Annualized volatility is derived from historical data of share price. Volatility is calculated based on closing share price (BSE Data). A single volatility rate of 62% is being used for all the tranches of ESOPs granted as on 09-01-2023</p>						
a.	Weighted Average values of share price							
(ii)	Exercise price	Rs.37.29						
(iii)	Expected volatility	62%						
(iv)	Expected life of the Option	1-3 Years						
(v)	Expected dividend yields	0%						
(vi)	Risk-free interest rate	<p>Risk Free Rate of Return considered as under:</p> <table><tr><td>Year 1</td><td>7.01%</td></tr><tr><td>Year 2</td><td>7.05%</td></tr><tr><td>Year 3</td><td>7.20%</td></tr></table> <p>The discount rate used relates to the par-yield rate available on ZYC Government Securities (G. Sec.) for the tenure of the expected term of the obligation. The rate is taken as per the deal rate as suggested under Indian Accounting Standard 102 (Ind AS 102).</p>	Year 1	7.01%	Year 2	7.05%	Year 3	7.20%
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Year 3	7.20%							
(vii)	Any other inputs to the model	Nil						
b.	Method used and the assumptions made to incorporate the effects of expected early exercise	N.A.						
c.	How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	The measure of volatility used in ESOP pricing model is the annualised standard deviation of the continuously compounded rates of return (calculated by log function) on the share over a period prior to the date of grant corresponding to the expected life of the option. Annualised volatility is derived from historical data of share price. Volatility is calculated based on closing share price (BSE Data)						
d.	Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	Yes. Based on Management’s best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations.						
H.	<p>Disclosures in respect of grants made in three years prior to IPO under each ESOP</p> <p>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.</p>	N.A.						