## DISCLOSURE WITH RESPECT TO EMPLOYEES STOCK OPTION PLAN (ESOP) OF THE COMPANY

*[Pursuant to Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 and SEBI Circular CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 and Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021]*

**Capillary Technologies India Limited** ("the Company") has in place an Employee Stock Option Plan 2021 ("the plan 2021) duly approved by the Shareholders for the purpose of attracting and retaining talents by way of granting options to the eligible employees of the Company and its subsidiaries.

**A. Relevant disclosures in terms of the accounting standards prescribed by the Central Government under section 133 of the Companies Act, 2013, including the 'Guidance Note on Accounting for Employee Share-based Payments' issued in that regard from time to time:** Shareholders may refer to the note no. 32 of the notes to accounts of the consolidated audited financial statements prepared as per Indian Accounting Standards (Ind-AS) for the FY26, forming part of the Annual Report of the Company.

**B. Diluted EPS on issue of shares pursuant to all schemes covered under the regulations, disclosed in accordance with Ind AS 33 'Earnings Per Share' or other relevant accounting standards:** Shareholders may refer to the note no. 30 of the notes to accounts of the consolidated audited financial statements prepared as per Indian Accounting Standards (Ind-AS) for the FY26, forming part of the Annual Report of the Company.

**C. Details related to ESOP Scheme**

**(i) Description of each ESOP that existed during the year — general terms and conditions**

| | |
|---|---|
| **(a) Date of shareholders' approval** | October 29, 2021 (subsequently amended on November 30, 2021, March 24, 2023, October 10, 2023, March 12, 2025, April 10, 2025 and May 30, 2025). |
| **(b) Total number of options approved under the ESOP** | 72,91,000 |
| **(c) Vesting requirements** | The Options would Vest on passage of time, and continued employment of the Eligible Employee with the Company, subject to completion of a minimum period of 1 (One) year from the date of the Grant of Option and would vest over a period of 4 years. |
| **(d) Exercise price or pricing formula** | 1. Rs.2/- for all ESOPs issued till June 30, 2025<br><br>2. w.e.f July 1, 2025 , The Exercise Price shall be set at a 20% discount to The Fair Market Value (FMV) or such other price as may approved by the NRC<br><br>Pre-Listing- The FMV as determined by a SEBI-registered Category I Merchant Banker, with a valuation report valid for up to 180 days before the grant date.<br><br>Post- listing- the FMV of its equity shares be a price which should |

| | |
|---|---|
| | not be more the volume weighted average price of last 90 days immediately preceding working day of the date of grant of Options, on the stock exchange, having the highest trading volume. |
| **(e) Maximum term of options granted** | 8 years |
| **(f) Source of shares (primary, secondary or combination)** | Primary |
| **(g) Variation in terms of options** | There has been no change in the terms as specified under the plans/scheme. However, options are granted to employees with variation in vesting periods and Performance parameters, as specified in the respective grant letters. |
| **(h) Material changes in the scheme and whether the scheme(s) is/are in compliance with the regulations** | No material change; Compliant |

**(ii) Method used to account for ESOPs:** Fair 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 would have been recognised had the fair value of the options been used, and its impact on profits and EPS:** Not Applicable

**(iv) Option movement during the year**

| Particulars | No. of options |
|---|---|
| Number of options outstanding at the beginning of the period | 1,142,788 |
| Number of options granted during the year | 18,86,359 |
| Increase consequent to issue of bonus shares (if any) | Nil |
| Number of options forfeited / lapsed during the year | 109,282 |
| Number of options exercised during the year | 95,530 |
| Number of shares arising as a result of exercise of options | Nil |
| Money realised by exercise of options (INR), if scheme implemented directly by the Company | Nil |
| Loan repaid by the Trust during the year from exercise price received | Not applicable |
| Number of options outstanding at the end of the year | 28,24,335 |

| Particulars | No. of options |
|---|---|
| Number of options exercisable at the end of the year | 793,141 |
| Number of options vested during the year | 199,488 |

**(v) Weighted-average exercise prices and fair values of options**

*(Disclosed separately for options whose exercise price equals, exceeds, or is less than the market price of the stock)*

The exercise price of the options granted under the Scheme does not exceed the fair market value of the Company's equity shares on the date of grant

| | |
|---|---|
| **Weighted average share price (INR)** | 500.10 |
| **Exercise Price (INR)** | 2/- - 500.10/- |
| **Expected Volatility** | 31.17% to 31.82% |
| **Expected life of the Options** | 6.75 – 9.00 |
| **Expected Dividends (%)** | 0% |
| **Risk free interest rate (%)** | 6.28% - 6.74% |

**(vi) Employee-wise details of options granted**

**(a) Senior Managerial Personnel & Key Managerial Personnel during the year**

| Name of the employee | Designation | No. of options granted | Exercise Price (INR) |
|---|---|---|---|
| Anant Choubey | Wholetime Director, COO and CFO | 8,30,000 | 400/- |
| Gireddy Bhargavi Reddy | Company Secretary and Compliance Officer | 5,000 | 400/- |
| Jan Pieter Lips | President, Europe\| Corporate | 175,160 | 400/- |
| Sunil M Jain | Head- Corporate Business Development | 45,585 | 400/- |
| Melody Mitchem | Chief Human Resource Officer | 4,293 | 2/-( as a part of earlier commitment) |
| Siddhant Jain | Chief Customer Officer | 127,547 | 400/- |
| Ravi Jaswani | Head- Finance | 5,000 | 400/- |

**(b) Any other employee who received a grant in any one year of option amounting to 5% or more of options granted during that year**

| Name of the employee | Designation | No. of options granted | Exercise Price (INR) |
|---|---|---|---|
| NA | NA | NA | NA |

**(c) 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**

| Name of the employee | Designation | No. of options granted | Exercise Price (INR) |
|---|---|---|---|
| Anant Choubey | Whole-time Director | 8,30,000 | Rs.400/- |

**(vii) Method and significant assumptions used to estimate fair value of options**

| | |
|---|---|
| (a) Weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, risk-free interest rate and other inputs to the model | Weighted average share price (INR): 500.10<br>Exercise Price (INR): 2/- 500.10/-<br>Expected Volatility: 31.17% - 31.82/-<br>Expected life of the Options: 6.75- 9.00<br>Expected Dividends (%): 0%<br>Risk free interest rate (%): 6.28%- 6.74% |
| (b) Method used, and assumptions made to incorporate the effects of expected early exercise | Method - Black Scholes and Monte Carlo Simulation methodology<br>Assumptions - Liquidity Events / Purchase by Investor / IPO |
| (c) How expected volatility was determined, including the extent based on historical volatility | The volatility is based on annualized standard deviation of the continuously compounded rates of return based on the peer companies and competitive stocks over a period of time. |
| (d) Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition | The Company has applied Black Scholes Option Pricing Model and Monte Carlo Simulation Model to stimulate equity value of the Company for options granted. |

**(viii) Disclosures in respect of grants made in the three years prior to IPO (if applicable)**

| Particulars | Number of options |
|---|---|
| Number of options outstanding at the beginning of the period | 1,956,912 |
| Number of options granted during the period | 486,071 |
| Number of options forfeited / lapsed during the period | 13,00,195 |
| Number of options vested during the period | 5,93,653 |

| Particulars | Number of options |
|---|---|
| Number of options exercised during the period | *Nil* |
| Number of shares arising as a result of exercise of options | *Nil* |
| Number of options outstanding at the end of the period | 11,42,788 |

**D. Details related to Trust:** Not applicable

For and on behalf of the Board of Directors of
**Capillary Technologies India Limited**

Sd/-

Aneesh Reddy Boddu
Managing Director and CEO
(DIN: 02214511)
Place: Bangalore
Date: May 29, 2025

Sd/-

Anant Choubey
Whole time Director, CFO & COO
(DIN: 06536413)

Place: Bangalore
Date: May 29, 2025