

July 26, 2022

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001.

National Stock Exchange of India Limited
Exchange Plaza, C/1, G Block,
Bandra - Kurla Complex, Bandra (E),
Mumbai - 400051.

Scrip ID: BSOFT
Scrip Code: 532400

Symbol: BSOFT
Series: EQ

Kind Attn: The Manager,
Department of Corporate Services

Kind Attn: The Manager,
Listing Department

Subject: Information on certain items of Special Business to be transacted at the Annual General Meeting ("the AGM") of Birlasoft Limited ("the Company") scheduled to be held on August 3, 2022

Dear Sir/Madam,

This is in relation to the AGM of the Company scheduled to be held on August 3, 2022.

Subsequent to the dispatch of the AGM Notice and Annual Report 2021-22, the Company has received requests and queries from some investors, seeking further information on certain resolutions in the AGM Notice.

Hence, for the benefit of all members, the Company is making available additional information, as attached herewith, in respect of the following items of Special Business to be transacted at the AGM -

1. Increase in the managerial remuneration limit payable to Dharminder Kapoor as CEO & Managing Director, in excess of 5% of the net profits of the Company and therefore, to increase the overall maximum managerial remuneration limit from 11% to 18% of the net profits of the Company in any financial year(s) during his tenure as CEO & Managing Director;
2. Approval for Birlasoft Share Incentive Plan-2022 for the employees of the Company and
3. Extension of the Birlasoft Share Incentive Plan-2022 to the employees of the subsidiary company(ies) of the Company.

Kindly take this on record.

Thanking you.

Yours faithfully,

For Birlasoft Limited



Sneha Padve
Company Secretary & Compliance Officer



Encl.: As mentioned above.

Birlasoft Limited

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CIN: L72200PN1990PLC059594

ADDITIONAL INFORMATION PROVIDED FOR THE SPECIAL RESOLUTIONS IN THE ANNUAL GENERAL MEETING

1. What is the impact of the proposed RSU ESOP plan on the companies' financials? What will be the hit on P&L over the next 1-5 years on account of the ESOP cost? How much was the cost in the previous years?
 - Our proposed LTI plan envisages grants in a staggered manner, with the first lot to be granted later this financial year. Therefore, the earliest impact of the new LTI plan would be in FY23-24. Also, the impact would be commensurate with the vesting schedule which is over 3 years.
 - ESOP costs for FY 21 and FY22 were Rs 111.8 M (\$1.5 M) and Rs 132.1 M (\$1.77) respectively. The 2019 scheme initially covered ~70 employees and around 115 employees over a period of 3-years.
2. Isn't 120 to 150 people covered in the ESOP program too low a number? Why not cover larger set of people?
 - We are planning to cover select leadership and a few other critical talents as part of our LTI plan. In normal course, these would be from among our extended leadership pool at levels of AVP and above.
 - We also have a plan to cover consistent top performers in middle management levels employees. However, this is intended to be a recognition instrument to show our appreciation for their commitment and performance and also to instill a greater sense of ownership.
3. What is our backup plan if the proposed ESOP resolution isn't successful?
 - The resolution not going through will adversely impact the Company's potential to attract and retain high caliber leadership talent
 - Company will have to resort to cash as an incentive tool and that will impact the Company's financials
4. Why RSU's why not only PSUs
 - Any instrument should appeal to the psyche of the beneficiary. An all-PSUs scenario would tend to lend itself to an element of uncertainty in the minds of the beneficiary. Not all people would be able to appreciate and take in their stride the potential downside of not meeting the performance criteria. With a combination of RSUs & PSUs, we would be able to address these kinds of concerns and yet, usher in an era of performance-based vesting.
5. Why ESOPs and not deferred compensation
 - Cash has limited stickiness in the minds of employees. It is an established fact that stocks of equivalent value create a much higher level of stickiness in the minds of the employees, bring in a sense of ownership of outcomes and finally, provide a potential outcome based on the stock performance.
6. What is the breakup between RSU and PSU for the proposed scheme?
 - We have planned a 55% as PSU and 45% as RSUs
7. What was the dilution in the 2019 plan?
 - In 2019 we had a total ESOP plan of 12.36 M shares which would have led to a dilution of ~4.5% to the then shares outstanding
 - Of the 12.36 M ESOPs, about 10.7 M were market-based ESOPs in which we have made grants to 115 employees over the last 3 years and 16.48 M were RSUs for CXOs
 - We have used ~70% of the ESOP and ~99% of the RSU pool

Birlasoft Limited



8. Will we be also simultaneously issuing the balance ESOP of ~3.3 M which is ~1.2% dilution over and above the proposed scheme's 1.79% dilution?
 - We shall not be utilizing the balance pool of 3.3 mn to make grants to the existing pool of beneficiaries proposed to be covered under the LTI Scheme 2022.
 - Company is also doing a share buyback of 7.8 M shares which is ~2.79% of the share capital
 - The potential dilution on account of the current RSU ESOP plan is 1.79%.
9. What are the performance criteria's for PSU's across the levels – are they linked to Revenue growth / EBITDA margins?
 - RSUs will have tenure-based vesting in the ratio of 30%, 30% and 40% over 1st, 2nd and 3rd year respectively from the date of the grant.
 - The PSUs would have linkages to Company Performance in terms of Revenue and EBITDA and to Individual performance ratings arrived at under the company performance management program;
10. What is the cap on issue of RSUs like not more than 2% or 5% of the scheme for an individual person?
 - The grant numbers and the cap at each level have been arrived at based on levels in the organization.
11. Why not ESOPs at a higher discount to the market price instead of completely free? If employees get a discount, s/he has got some embedded value and also have skin in the game?
 - The biggest constraint of an ESOP-based LTI plan, even if managed at a discount is that it would lead to higher dilution compared to an RSU based LTI plan for the same value creation in the hands of the employee
 - Secondly, the current market sentiments among high caliber talent make an ESOP-based LTI plan less attractive and thus would place us disadvantageously.
12. Will this plan of 5 million ESOP be enough for the next 3 to 5 years or we will come and dilute every 3 to 5 years?
 - We believe the 5 mn RSUs would be good enough to cover normal grants over the next 5 odd years. Our intent is to keep the program alive and use stock-based compensation as an additional level to executive compensation. We would therefore go to the Board / shareholders should the pool need to be replenished.
13. How was this ratio of 45/55% arrived at?
 - There were multiple inputs. Our understanding of the change management efforts, our understanding of the market and competitive benchmarking inputs from our Partners, a Big 4 consulting firm.
14. Ultimately one would want to drive performance then why look at RSU ESOPs?
 - We need to be competitive as an employer and to that extent we should have a market aligned and comparable plan to offer our high performing talent and potential hires from the marketplace.
15. How many people are part of the current (2019 ESOP plan) and how many of them will be included in the 120-150 people we plan to cover?
 - We have made grants to 115 employees over the last 3 years, and this has helped to keep the regrettable attrition levels in this group to around 17% cumulatively across the 3 years
 - In the RSU ESOP scheme, we intend to cover about 100-120 existing employees and provide for about 30 potential new hires at leadership level.
16. The remuneration being paid to Mr. Dharmander Kapoor, CEO & MD, is well within the range of 5% of the Net Profits of the Company. However, due to the exercise of ESOP's and the subsequent

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perquisite value which is getting added into his income, the remuneration is showing a significant increase. It is proposed to increase the limit of managerial remuneration from 11% to 18%. There is no other payment being made from the Company to him, which will account for any increase in his remuneration.

17. For FY23, the approved amount of fixed and variable compensation payable to Mr. Dharmender Kapoor is Rs. 4.75 crores. The perquisite value of ESOPs will depend on the number of options he exercises. He will also be paid an amount of Long Term Cash Incentive, based on the criteria which has been approved by the Nomination & Remuneration Committee.



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