

LOOKING BEYOND CHALLENGES  
EMBRACING  
TOMORROW

DISCLOSURES WITH RESPECT TO ESOP SCHEME



# ESOP

**Disclosures with respect to Employees' Stock Option Scheme, 2011 of the Company pursuant to Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as on 31<sup>st</sup> March 2019:**

**A. Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by Institute of Chartered Accountants of India or any other relevant accounting standards as prescribed from time to time.**

Members may refer to note no. 42 to the audited financial statement prepared as per Indian Accounting Standard (Ind-AS) for the year 2018-19.

**B. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Ind-AS 33.**

Diluted EPS for the year ended 31<sup>st</sup> March 2019 is ₹ 44.51 calculated in accordance with Ind-AS 33 (Earnings per Share)

**C. Details related to Employees' Stock Option Scheme, 2011 (ESOS, 2011)**

**i. Description including terms and conditions of ESOS - 2011 is summarised as under:-**

a) Date of shareholders' approval	1 <sup>st</sup> July 2011
b) Total number of options approved under ESOS	13,50,000 (adjusted consequent to sub-division and bonus issue)
c) Vesting requirements	Vesting period shall be not earlier than one year and not later than five years from the date of grant.
d) Exercise price or pricing formula	Exercise price shall be face value of shares i.e. ₹ 2/-.
e) Maximum term of option granted	Five years
f) Source of shares (Primary, secondary or combination)	Primary
g) Variation in terms of options	None, during the year
h) Method used to account for ESOS	Fair value
i) 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 recognised 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

**ii. Option movement during the year (For each ESOS):**

Particulars	Details
Number of options outstanding at the beginning of the period	11,40,750
Number of options granted during the year	7,000
Number of options forfeited / lapsed during the year	2,000
Number of options vested during the year	8,500
Number of options exercised during the year	8,500
Number of shares arising as a result of exercise of options	8,500
Money realised by exercise of options (INR), if scheme is implemented directly by the company	₹ 17,000/-
Loan repaid by the Trust during the year from exercise price received	N.A.
Number of options outstanding at the end of the year	11,35,750
Number of options exercisable at the end of the year	13,500

**iii. Weighted average Fair Value of options granted during the year whose:**

#	Particulars	ESOS 2011
1.	Exercise price equals market price	Nil
2.	Exercise price is greater than market price	Nil
3.	Exercise price is less than market price	₹ 1,042.81/-

**iv. Weighted average Exercise price of options granted during the year whose:**

#	Particulars	ESOS 2011
1.	Exercise price equals market price	Nil
2.	Exercise price is greater than market price	Nil
3.	Exercise price is greater than market price	₹ 2/-

**v. Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to :**

#	Particulars	
1.	Senior managerial personnel	Nil
2.	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
3.	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	Nil

**vi. A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:**

Fair value calculated by using Black-Scholes option pricing formula

Variables	Information
Risk free rate (%)	7.40%
Expected Life (years)	2 years
Volatility (%)	13.43%
Dividend yield (%)	0.50%
Price of the underlying share in the market at the time of option grant	₹ 1,058.35

- **Stock price:** The closing price on NSE as on the date of grant has been considered for valuing the options granted.
- **Volatility:** The historical volatility of the stock for last four year has been considered to estimate the expected volatility.
- **Risk free rate of return:** The risk free discount rate assumed is equivalent to the average term of the option. The interest rate on the government bonds with equivalent term is approximately 7.40% p.a. Hence, the same is used for our calculation.
- **Expected dividend yield:** Weighted average dividend yield per annum of the last 4 years is taken to estimate the expected dividend yield of the company.