

DISCLOSURES ON EMPLOYEE STOCK OPTION SCHEME FOR THE YEAR ENDED MARCH 31, 2018

Name of the Scheme: - Employee Stock Option Scheme – ESOP 2007

Details of the Scheme

Pursuant to the decision of the shareholders, at their meeting held on 24 July 2007, the Company had established an 'Employee Stock Option Scheme 2007' ('ESOP 2007' or 'the Scheme') to be administered by the Nomination and Remuneration Committee of the Board of Directors.

Under the Scheme, options not exceeding 1,27,85,976 equity shares of Re. 1/- each have been reserved to be issued to the eligible employees, with each option conferring a right upon the employee to apply for one equity share. The options granted under the Scheme would vest not less than one year and not more than five years from the date of grant of the options. The options granted to the employees are capable of being exercised within a period of three years from the date of vesting. In partial modification of the special resolution passed for establishing ESOP 2007, the shareholders in their meeting held on 23 July 2012 decided to approve the extension of the exercise period of options granted under the ESOP 2007 from three years to six years.

The exercise price of the option is equal to the latest available closing market price of the shares on the stock exchange where there is highest trading volume as on the date prior to the date of the Nomination and Remuneration Committee resolution approving the grant.

Disclosure pursuant to Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014

A. For disclosures in terms of the 'Indian Accounting Standard 33 - Earnings Per Share', please refer Note no. 35 of the Standalone Financial Statements of the Company for the year ended March 31, 2018.

B. Diluted EPS in accordance with Indian Accounting Standard

I. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Indian Accounting Standard (Ind AS) -33.	Rs.22.50 per share
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C. Details related to Employee Stock Option Schemes (ESOS) of the Company:

Sl. No.	Nature of Disclosure	Particulars
(i)	Details of Disclosures of ESOS, 2007 for the year ended March 31, 2018	
a)	Date of shareholder's approval	July 24, 2007
b)	Total number of options approved under ESOS	The total options approved under ESOP, 2007 is 1,27,85,976. Each Option gives the grantee a right to subscribe to one equity share of Re.1/ each of the Company. No Options were granted during the year.
c)	Vesting Requirement	The exercise period for all the options vested in 1 st year is 3 years and for the options vested in 2 nd ,3 rd and 4 th year has been extended from 3 years to 6 years.
d)	The pricing Formula	The Options carry a right to subscribe to equity shares at the closing price on the Stock Exchange in which there was highest trading volume, prior to the date of grant of the Options.
e)	Maximum term of options granted	6(Six) years from the date of grant of options
f)	Source of Shares	Primary
g)	Variation of terms of Option	Vesting schedule has been varied in certain cases.
(ii)	Method used to account for ESOS	Fair Value
(iii)	Whether the Company opts for expensing of the options using the intrinsic value of the options	No
(iv)	Option Movement during the year	
	Option Outstanding at the beginning of the year	6,61,182
	Options granted	Nil
	Options lapsed/surrendered	Nil
	Options vested	Nil
	Options exercised	6,09,082
	The total no of shares arising as a result of exercise of option	6,09,082
	Money realised by exercise of Options	Rs.13.37 crore
	Option Cancelled	Nil
	Loan repaid by the Trust during the year from exercise price received	Not Applicable
	Total No. of options outstanding at the end of the year	52,100
	Total No. of options exercisable at the end of the year	52,100

(v)	(i) Weighted Average exercise price of Options	Rs.219.45 per equity share	
	(ii) Weighted average fair value of Options	Rs. 99.92 per equity share	
(vi)	Employee wise details of options granted to		
	Senior Management Personnel	<i>Name and Designation</i>	<i>No of options granted</i>
		Mr. G Veerabhadram President – Crop Protection	2,70,400
		Mr P Gopalakrishna (retired on December 31, 2017) Executive Vice President –New Ventures	2,70,400
		Mr. S Govindarajan Executive Vice President & Head – Commercial	2,70,400
		Mr Arun Leslie George Executive Vice President & Head – Business (SSP)	2,70,400
		Mr S Sankarasubramanian President-Fertilisers	1,37,200
		Mr P Varadarajan Sr. Vice President – Legal & Company Secretary	95,000
(ii)	Any other employee who received a grant in any one year of Option amounting to 5% or more of Options granted during the year	Mr C Sitaram	1,44,000
		Mr K Sankaranarayanamoorthy	1,44,000
		Mr Manoj K Agarwal	91,400
		Mr K Muruganandham	96,400
		Mr Hari Shankar	72,000
	Note: Excludes Employees resigned/ retired during the previous year.		
(iii)	Employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital of the company at the time of grant.	None	
(vii)	A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:		
(i)	Method of calculation of employee compensation cost	The employee compensation cost has been calculated using the fair value method of accounting to account for Options issued under the ESOP Scheme 2007. The stock based compensation cost as per the fair value method for the financial year 2017-18 is Nil.	
(ii)	Method used to estimate the fair value of Options	Black Scholes Model	
(iii)	Significant assumptions used (weighted average information relating to all grants):		
(a)	Risk-free interest rate	8.0%	
(b)	Expected life of the Option	4-6 years	
(c)	Expected volatility *	0.39 – 0.47	
(d)	Expected dividend yields	700%	

(e)	Price of the underlying share in market at the time of option grant	<u>Date of Grant</u>	<u>Market Price (Rs.)</u>
		31-08-2007	44.58
		22-01-2008	56.08
		22-04-2008	67.88
		22-07-2008	59.95
		22-10-2008	62.75
		18-03-2009	45.10
		19-10-2010	317.30
		12-01-2011	287.50
		21-07-2011	334.35
		18-10-2011	315.00

* The expected volatility was determined based on historical volatility of the share of the Company over the previous 3 – 4 years.