

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

Name of the Scheme: - Employee Stock Option Scheme – ESOP 2016

Details of the Scheme

Pursuant to the decision of the shareholders, by way of postal ballots on 11 January 2017, the Company had established an 'Employee Stock Option Scheme 2016' ('ESOP 2016' or 'the Scheme') to be administered by the Nomination and Remuneration Committee of the Board of Directors.

Under the Scheme, options not exceeding 1,45,81,000 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 four years from the date of grant of the options. The options granted to the employees would be capable of being exercised at any time within the period determined by the Nomination and Remuneration Committee from time to time subject to a maximum period of five years from the date of Vesting of the respective Options.

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 of Grant or any other price as decided by the Nomination and Remuneration Committee.

1,05,200 options have been exercised by the employees under ESOP Scheme, 2016 and an equivalent number of shares have been allotted.

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, 2016 for the year ended March 31, 2018	
a)	Date of shareholder's approval	January 11, 2017
b)	Total number of options approved under ESOS	The total no. of options approved under ESOP, 2016 is 1,45,81,000. Each Option gives the grantee a right to subscribe to one equity share of Re. 1/ each of the Company. 1,48,900 Options were granted during the year. 21,74,500 Options were granted during the previous year 2016-17.
c)	Vesting Requirement	Options granted under this ESOP 2016 would Vest on or after 1 (one) year from the date of grant but not later than 4 (four) years from the date of grant of such Options or any other terms as decided by the Nomination and Remuneration Committee.
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	5(Five) years from the date of grant of options
f)	Source of Shares	Primary
g)	Variation of terms of Option	The Board / Nomination and Remuneration Committee may, if it deems necessary, vary the terms of ESOP 2016, subject to compliance with the Applicable Laws and Regulations.
(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	Nil
(iv)	Option Movement during the year	
	Option Outstanding at the beginning of the year	21,74,500
	Options granted	1,48,900
	Options lapsed/surrendered	Nil
	Options vested	3,11,740
	Options exercised	1,05,200
	The total no of shares arising as a result of exercise of option	1,05,200
	Money realised by exercise of Options	Rs.3.36 crore
	Option Cancelled	89,800

	Loan repaid by the Trust during the year from exercise price received	Nil
	Total No. of options outstanding at the end of the year	21,28,400
	Total No. of options exercisable at the end of the year	3,11,740
(v)	(i) Weighted Average exercise price of Options	Rs.319.65 per equity share
	(ii) Weighted average fair value of Options	Rs.207.85 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. Sameer Goel Managing Director
		6,56,900
		Mr. G Veerabhadram President – Crop Protection
		1,22,100
		Mr. Ripu Daman Singh Executive Vice President & Head – Retail
		89,800
		Mr. Amir Alvi Executive Vice President & Head – Manufacturing- Fertilizers
		89,800
		Mr. Prasannatha Rao B Executive Vice President & Head – HR
		89,800
		Mr S Sankarasubramanian President-Fertilisers
		89,800
		Mrs. Jayashree Satagopan Executive Vice President & Chief Financial Officer
		89,800
		Mr. Kalidas Pramanik Executive Vice President & Head - Marketing – Fertilizers & Organics
		89,800
		Mr. S Govindarajan Executive Vice President & Head – Commercial
		89,800
		Mr Arun Leslie George Executive Vice President & Head – Business (SSP)
		64,500
		Mr. Srikanthan Srinivasan Executive Vice President & COO-Corp Protection
		89,800
		Mr P Gopalakrishna (retired on December 31, 2017) Executive Vice President-New Ventures
		64,500
		Mr P Varadarajan Sr. Vice President – Legal & Company Secretary
(ii)	Any other employee who received a grant in any one year of Option amounting to 5% or more of Options	None

	granted during the 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 2016. The stock based compensation cost as per the fair value method for the financial year 2017-18 is Rs.863 lakhs.
(ii)	Method used to estimate the fair value of Options	Black Scholes Model
(iii)	Significant assumptions used (weighted average information relating to all grants):	
	Risk-free interest rate	7.0% - 7.6%
	Expected life of the Option	5-6 years
	Expected volatility *	0.32 - 0.34
	Expected dividend yields	400% -500%
	Price of the underlying share in market at the time of option grant	<u>Date of Grant</u> 24-01-2017 31-01-2018
		<u>Market Price (Rs.)</u> 319.65 529.40

* The expected volatility was determined based on historical volatility of the share of the Company over the previous 5 – 6 years.