

DISCLOSURES ON EMPLOYEE STOCK OPTION SCHEME FOR THE YEAR ENDED MARCH 31, 2016

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 Remuneration and Nomination 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 would be 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 Remuneration and Nomination Committee resolution approving the grant.

Pursuant to the Scheme, the Company granted options which vest over a period of four years commencing from one year after the respective dates of grant. The exercise price being equal to the closing market price prevailing on the date prior to the date of grant, there is no deferred compensation cost to be accrued in this regard.

Shares in respect of options exercised by the employees of the Company are allotted by the Company.

Details of Disclosures for the year ended March 31, 2016 are given below:

Nature of Disclosure	Particulars
a. Options granted	The total options granted upto date is 75,72,000. 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.
b. 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.
c. Options vested	50,09,874
d. Options exercised	36,43,166

e. The total no of shares arising as a result of exercise of option	36,43,166	
f. Options lapsed/surrendered	2,80,784	
g. Option Cancelled	25,62,126	
h. Variation of terms of Option	Vesting schedule has been varied in certain cases. The exercise period for the all the options vested in the 2 nd , 3 rd and 4 th year has been extended from 3 years to 6 years.	
i. Money realised by exercise of Options	Rs. 1991 Lakhs (Rs. 32.02 in 2015-16)	
j. Total no of Options in force	10,85,924	
k. (i) 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 Arun Leslie George Executive Vice President & Head – Business (SSP)	2,70,400
	Mr P Gopalakrishna Executive Vice President-Specialty Nutrients and Business Development	2,70,400
	Mr. S Govindarajan Executive Vice President & Head of Commercial	2,70,400
	Mr S Sankarasubramanian Executive Vice President & Chief Financial Officer	1,37,200
	Mr G Veerabhadram President - Crop Protection	2,70,400
	Mr P Varadarajan 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
Mr K Sankaranarayanamoorthy		1,44,000
Mr Manoj K Agarwal		91,400
Mr Parvez Sheikh		80,000
Mr K Muruganandham		96,400
Mr M Ravindra Rao *		72,000
Mr M Hari Shankar		72,000
Note: Excludes Employees resigned/ retired during the previous year. * Retired during the current 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	

<p>i. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard AS-20.</p>	<p>Rs.12.39 per share</p>																	
<p>m. (i) Method of calculation of employee compensation cost</p> <p>(ii) Difference between the compensation cost using the intrinsic value of the stock Options (which is the method of accounting used by the company) and the compensation cost that would have been recognized in the accounts if the fair value of Options had been used as the method of accounting.</p> <p>(iii) Impact of the difference mentioned in (ii) above on the profits of the company</p> <p>(iv) Impact of the difference mentioned in (ii) above on the EPS of the company</p>	<p>The employee compensation cost has been calculated using the intrinsic value method of accounting to account for Options issued under the ESOP Scheme 2007. The stock based compensation cost as per the intrinsic value method for the financial year 2015-16 is Nil.</p> <p>Rs. Nil</p> <table border="1" data-bbox="695 1077 1412 1255"> <thead> <tr> <th>Net Income</th> <th>RS. in lakhs</th> </tr> </thead> <tbody> <tr> <td>As reported</td> <td>36139</td> </tr> <tr> <td>Less: fair value compensation cost</td> <td>-</td> </tr> <tr> <td>(Black Scholes model)</td> <td>36139</td> </tr> </tbody> </table> <table border="1" data-bbox="695 1318 1412 1444"> <thead> <tr> <th></th> <th>Basic (Rs.)</th> <th>Diluted (Rs.)</th> </tr> </thead> <tbody> <tr> <td>As reported</td> <td>12.41</td> <td>12.39</td> </tr> <tr> <td>As Adjusted</td> <td>12.41</td> <td>12.39</td> </tr> </tbody> </table>	Net Income	RS. in lakhs	As reported	36139	Less: fair value compensation cost	-	(Black Scholes model)	36139		Basic (Rs.)	Diluted (Rs.)	As reported	12.41	12.39	As Adjusted	12.41	12.39
Net Income	RS. in lakhs																	
As reported	36139																	
Less: fair value compensation cost	-																	
(Black Scholes model)	36139																	
	Basic (Rs.)	Diluted (Rs.)																
As reported	12.41	12.39																
As Adjusted	12.41	12.39																
<p>n. (i) Weighted Average exercise price of Options</p>	<p>Rs.175.64 per equity share</p>																	
<p>(ii) Weighted average fair value of Options</p>	<p>Rs.148.03 per equity share</p>																	
<p>o. (i) Method used to estimate the fair value of Options</p> <p>(ii) Significant assumptions used (weighted average information relating to all grants): -</p>	<p>Black Scholes Model</p>																	

(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.