

EMPLOYEE STOCK OPTION SCHEME

The details as required to be provided in terms of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended from time to time with regards to the Employee Stock Option Plan 2005 and Employee Stock Option Plan 2006 of the Company as on March 31, 2016.

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

During the year ended March 31, 2016, the Company has issued 4,870,000 stock options out of the lapsed and unutilized stock options from the existing ESOP plans to the eligible employees. The relevant details of the schemes are as follows:

	ESOP 2005	ESOP 2006
Date of Board of Directors approval	September 05, 2005 and February 12, 2016	June 27, 2006 and February 12, 2016
Date of Remuneration Committee approval	Various dates subsequent to September 05, 2005	Various dates subsequent to June 27, 2006
Date of Shareholder's approval	September 29, 2005 and April 3, 2006	September 22, 2006
Number of options	4,000,000	5,000,000
Method of settlement	Equity	Equity
Vesting period (<i>for fresh grant</i>)	One year from the date of grant	One year from the date of grant
Exercise period (<i>for fresh grant</i>)	Five years from the date of vesting or one year from the date of separation from service, whichever is earlier	Five years from the date of vesting or one year from the date of separation from service, whichever is earlier
Vesting condition	Employee should be in service	Employee should be in service

The details of activities under ESOP 2005 have been summarized below:

	Number of options		Weighted average exercise price (Rs.)	
	2015-2016	2014-2015	2015-2016	2014-2015
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	2,972,760	-	2.00	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	2,972,760	-	2.00	-
Exercisable at the end of the year	-	-	-	-

The details of activities under ESOP 2006 have been summarized below:

	Number of options		Weighted average exercise price (Rs.)	
	2015-2016	2014-2015	2015-2016	2014-2015
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	1,897,240	-	2.00	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,897,240	-	2.00	-
Exercisable at the end of the year	-	-	-	-

The weighted average share price at the exercise date is not applicable since no stock options were exercised during the year. The weighted average remaining contractual life of the stock options outstanding as at March 31, 2016 is 5.85 years.

The weighted average fair value of stock options granted during the year was Rs. 15.72. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	March 31, 2016
Dividend yield (%)	7.50
Expected volatility (%) [computed based on past two years historical share price]	53.06
Risk-free interest rate (%)	7.87
Share price (Rs.)	22.40
Exercise price (Rs.)	2.00
Expected life of stock options granted (in years)	3.50

For the purpose of valuation of the options granted under the aforesaid schemes upto the year ended March 31, 2016, the compensation cost, calculated as per the fair value method, is Nil.

B. Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time.

There is no dilution of EPS on account of the options issued.

C. Details related to ESOS

Sl. No.	Particulars	ESOP 2005	ESOP 2006
1.	Date of Shareholders' approval	September 29, 2005 and April 03, 2006	September 22, 2006
2.	Total number of options approved under ESOS	40,00,000	50,00,000
3.	Vesting Requirements	100% vesting after the expiry of one year from the date of grant	
4.	Exercise Price or pricing formula	At par value i.e. Rs. 2 per share	
5.	Maximum term of options granted	To be exercised within five years from the date of vesting or upon resignation all vested options to be exercised within one year from the last working day which ever is earlier	
6.	Source of shares	primary	
7.	Variation in terms of options	Vesting Schedule	100% Vesting after the expiry of 1 year from the date of grant
		Exercise Price	At par value (Rs. 2 per share)
		Period	To be exercise within 5 years from date of Vesting
		Action on separation	Upon resignation all vested options to be exercised within 1 year from last working day
8.	Method used to account for ESOS – Intrinsic or fair value	Fair value	
9.	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 recognized, 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	
Option movement during the year (for each ESOS)			
10.	Number of options outstanding as on 01.04.2015	NIL	NIL

11.	Number of options granted during the year	29,72,760	18,97,240	
	Number of options forfeited / lapsed during the year	NIL	NIL	
	Number of options vested during the year	NIL	NIL	
	Number of options exercised during the year	NIL	NIL	
	Number of shares arising as a result of exercise of options	NIL	NIL	
	Money realized by exercise of options (INR), if scheme is implemented directly by the company	NIL	NIL	
	Loan repaid by the Trust during the year from exercise price received	N.A.	N.A.	
	Number of options outstanding at the end of the year	29,72,760	18,97,240	
	Number of options exercisable at the end of the year	NIL	NIL	
	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Rs. 15.72		
	Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of stock options granted to -			
	senior managerial personnel	29,72,760	18,97,240	
	any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	NAME	DESIGNATION	NUMBER OF OPTIONS
		AJAY KUMAR SINGH	CHIEF OPERATING OFFICER - PROCESS	300,000
		AJAY SONI	GENERAL MANAGER	250,000
		AMIT GUPTA	PRESIDENT – PROCESS	400,000

		ASHOK WADHAWAN	PRESIDENT – MANUFACTURING	450,000														
		ATUL JAIN	PRESIDENT & CEO – PIPELINE & TANKAGES	400,000														
		C.K. THAKUR	PRESIDENT & CEO – POWER	400,000														
		DINESH THAIRANI	GROUP PRESIDENT LEGAL & COMPANY SECRETARY	320,000														
		HARDIK HUNDIA	VICE PRESIDENT	300,000														
		HARISH KUMAR	PRESIDENT	250,000														
		RAJENDER KHANDALKAR	PRESIDENT & CHIEF PROCUREMENT OFFICER	400,000														
		S.K. GOYAL	VICE PRESIDENT & BIDDING & ESTIMATION LEADER	320,000														
	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	NIL															
	A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:	The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:																
	the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model	<table border="1"> <thead> <tr> <th>Particulars</th> <th>March 31, 2016</th> </tr> </thead> <tbody> <tr> <td>Dividend yield (%)</td> <td>7.50</td> </tr> <tr> <td>Expected volatility (%) [<i>computed based on past two years historical share price</i>]</td> <td>53.06</td> </tr> <tr> <td>Risk-free interest rate (%)</td> <td>7.87</td> </tr> <tr> <td>Share price (Rs.)</td> <td>22.40</td> </tr> <tr> <td>Exercise price (Rs.)</td> <td>2.00</td> </tr> <tr> <td>Expected life of options granted (in years)</td> <td>3.50</td> </tr> </tbody> </table>			Particulars	March 31, 2016	Dividend yield (%)	7.50	Expected volatility (%) [<i>computed based on past two years historical share price</i>]	53.06	Risk-free interest rate (%)	7.87	Share price (Rs.)	22.40	Exercise price (Rs.)	2.00	Expected life of options granted (in years)	3.50
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	the method used and the assumptions made to incorporate the effects of expected early exercise																	
	how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility																	
	whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition																	