

## 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, 2017.

- 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.

The Company had 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:

	<b>ESOP 2005</b>	<b>ESOP 2006</b>
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	
Vesting period ( <i>for fresh grant</i> )	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	
Vesting condition	Employee should be in service	

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

	Number of options		Weighted average exercise price (Rs.)	
	2016 - 2017	2015-2016	2016-2017	2015-2016
Outstanding at the beginning of the year	2,972,760	-	2.00	-
Granted during the year	-	2,972,760	-	2.00
Forfeited during the year	-	-	-	-
Exercised during the year	1,702,760*	-	2.00	-
Expired during the year	500,000	-	2.00	-
Outstanding at the end of the year	770,000	2,972,760	2.00	2.00
Exercisable at the end of the year	770,000	-	2.00	-

\* Out of these, 770,000 ESOPs exercised on March 31, 2017 were allotted on April 26, 2017.

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

	Number of options		Weighted average exercise price (Rs.)	
	2016 - 2017	2015-2016	2016-2017	2015-2016
Outstanding at the beginning of the year	1,897,240	-	2.00	-
Granted during the year	-	1,897,240	-	2.00
Exercised during the year	1,447,240**	-	2.00	-
Expired during the year	250,000	-	2.00	-
Outstanding at the end of the year	200,000	1,897,240	2.00	2.00
Exercisable at the end of the year	200,000	-	2.00	-

\*\* Out of these, 250,000 ESOPs exercised on March 31, 2017 were allotted on April 26, 2017.

The weighted average share price at the date of exercise of the options exercised during the year ended March 31, 2017 was Rs. 20.46. The weighted average remaining contractual life of the stock options outstanding as at March 31, 2017 is 2.45 years.

No options were granted during the year ended March 31, 2017. The fair value at the grant date of options granted during the year ended March 31, 2016 was Rs. 15.72 which was determined using the Black Scholes Model. The Model took into account the following inputs for computing the fair value:

<b>Particulars</b>	<b>Input</b>
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

Total expenses arising from share based payments transactions recognized in profit & loss as part of employee benefit expense is Rs. 6.13 crores (previous year Nil).

- B. Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Ind AS 33 - 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. (Refer Note 22 to the Financial Statements).

**C. Details related to ESOS**

Sl. No.	Particulars	ESOP 2005	ESOP 2006
(i)	(a) Date of Shareholders' approval	September 29, 2005 and April 03, 2006	September 22, 2006
	(b) Total number of options approved under ESOS	40,00,000	50,00,000
	(c) Vesting Requirements	100% vesting after the expiry of one year from the date of grant	
	(d) Exercise Price or pricing formula	At par value i.e. Rs. 2 per share	
	(e) 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 whichever is earlier	
	(f) Source of shares	Primary	
	(g) Variation in terms of options	None (During the year ended March 31, 2017)	
(ii)	Method used to account for ESOS -Intrinsic or fair value	Fair value	
(iii)	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	
(iv)	Option movement during the year (for each ESOS):		
	Number of options outstanding as on 01.04.2016	29,72,760	18,97,240
	Number of options granted during the year	NIL	NIL

Sl. No.	Particulars	ESOP 2005	ESOP 2006
	Number of options forfeited / lapsed during the year	500,000	250,000
	Number of options vested during the year	2,472,760	1,647,240
	Number of options exercised during the year	1,702,760	1,447,240
	Number of shares arising as a result of exercise of options	1,702,760*	1,447,240**
	Money realized by exercise of options (INR), if scheme is implemented directly by the Company	3,405,520	2,894,480
	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	770,000	200,000
	Number of options exercisable at the end of the year	770,000	200,000
(v)	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.	Refer above	
(vi)	Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of stock options granted to –		
	(a) Senior Managerial Personnel	NIL	NIL
	(b) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	NIL	NIL
	(c) 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

Sl. No.	Particulars	ESOP 2005	ESOP 2006														
(vii)	<p>A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:</p> <p>(a) 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</p> <p>(b) the method used and the assumptions made to incorporate the effects of expected early exercise</p> <p>(c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility</p> <p>(d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition</p>	<p>The Black Scholes valuation model was used for computing the weighted average fair value considering the following inputs:</p> <table border="1" data-bbox="565 275 1451 722"> <thead> <tr> <th data-bbox="565 275 1214 331">Particulars</th> <th data-bbox="1214 275 1451 331">Input</th> </tr> </thead> <tbody> <tr> <td data-bbox="565 331 1214 388">Dividend yield (%)</td> <td data-bbox="1214 331 1451 388">7.50</td> </tr> <tr> <td data-bbox="565 388 1214 485">Expected volatility (%) (computed based on past two years historical share price)</td> <td data-bbox="1214 388 1451 485">53.06</td> </tr> <tr> <td data-bbox="565 485 1214 541">Risk-free interest rate (%)</td> <td data-bbox="1214 485 1451 541">7.87</td> </tr> <tr> <td data-bbox="565 541 1214 598">Share price (Rs.)</td> <td data-bbox="1214 541 1451 598">22.40</td> </tr> <tr> <td data-bbox="565 598 1214 655">Exercise price (Rs.)</td> <td data-bbox="1214 598 1451 655">2.00</td> </tr> <tr> <td data-bbox="565 655 1214 722">Expected life of options granted (in years)</td> <td data-bbox="1214 655 1451 722">3.50</td> </tr> </tbody> </table>		Particulars	Input	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 options granted (in years)	3.50
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