

Disclosure pursuant to Regulation 14 of SEBI (Share Based Employee Benefits Regulations), 2014, as amended for the financial year ended on March 31, 2018.

A. General Disclosures

Disclosures in terms of Guidance Notes on accounting for employee share based payments or any other relevant accounting standards:

For details please refer Notes to Financial Statements for the financial year 2017-18.

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.

Basic and diluted earnings per share :

| | Year ended 31 March 2018 |
|--|-----------------------------|
| Number of equity shares at the beginning of the year | 17,402,938 |
| Number of equity shares at the end of the year | 17,410,492 |
| Weighted average number of equity shares outstanding during the year (A) | 17,407,056 |
| Weighted average number of potential equity shares on account of employee stock options (B) | 15,808 |
| Weighted average number of equity shares for computing diluted earnings per share [C= (A+B)] | 17,422,864 |
| Nominal value of each equity share (Rs.) | 10 |
| Profit after tax available for equity shareholders (Rs.in Lakhs) [D] | 3,050.73 |
| Basic earnings per share (Rs.) [D/A] | 17.53 |
| Diluted earnings per share (Rs.) [D/C] | 17.51 |

C. The following table sets forth the particulars of stock options granted under ESOP 2013:

| | | |
|---------|---|---|
| Sr. No. | Description of scheme | The establishment of the Employee Stock Option Scheme 2013 (Scheme) was approved by the shareholders at the 2013 Annual General Meeting. The Scheme is designed to provide incentives to eligible employees to deliver long term returns. |
| 1. | Date Of Shareholders Approval | July 26, 2013 |
| 2. | Total number of options approved under the scheme | 8,70,146 |
| 3. | Vesting requirements | The Options shall vest as per the following schedule: After 1 year from the date of grant : 20% of Options granted After 2 years from the date of grant : 20% of Options granted After 3 years from the date of grant : 20% of Options granted |

| | | |
|----|-----------------------------------|--|
| | | After 4 years from the date of grant : 20% of Options granted After 5 years from the date of grant : 20% of Options granted |
| 4. | Maximum term of options granted | 10 years from the date of vesting. |
| 5. | Source of shares | Primary |
| 6. | Variation in terms of options | None |
| 7. | Method used to account for ESOS | The employee compensation cost has been calculated using the fair value method of accounting for Options issued under the Company's Employee Stock Option Scheme 2013. The employee compensation cost as per fair value method for the financial year 2017-18 is Rs. 8.44 Lakhs (2016 -17 Rs. 3.23 Lakhs). |
| 8. | Exercise price or pricing formula | Exercise price shall be the price determined by the Nomination and Remuneration Compensation Committee from time to time at which the eligible Employees shall be authorized to exercise their Options provided that such price is not detrimental to such eligible Employees' interest. |

D. Option movement during the year:

| Particulars | Details |
|---|----------------|
| Number of options outstanding at the beginning of the period | 30000 |
| Number of options granted during the year | 10000 |
| Number of options forfeited / lapsed during the year | 2446 |
| Number of options vested during the year | 7143 |
| Number of options exercised during the year | 7554 |
| Number of shares arising as a result of exercise of options | 7554 |
| Money realized by exercise of options (INR), if scheme is implemented directly by the company | 407,538 |
| Loan repaid by the Trust during the year from exercise price received | Not Applicable |
| Number of options outstanding at the end of the year | 30000 |
| Number of options exercisable at the end of the year | 7589 |

E. 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.

Weighted average exercise price per Option: Rs.343.52

Weighted average fair value per Option: Rs.292.06

Details of fair value, share price and exercise price of the options granted is as follows:

| | | G. B. Aayeer | Kumar Ajit | Rohit Chopra |
|---------------------------------|--|-------------------------|-----------------------|---------------------|
| Fair value at grant date (Rs.) | | 49.48 | 141.9 | 684.80 |
| Share price at grant date (Rs.) | | 69.85 | 243.70 | 717.00 |
| Exercise price (Rs.) | | 69.85 | 243.70 | 717.00 |

F. Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to -

- (a) Senior managerial personnel; - 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 and
- (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

G. A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:

- (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;

The fair value of Employee Stock Options as on the date of grant was determined using the Black Scholes Model which takes into account the share price at the measurement date, expected price volatility of the underlying share, the expected dividend yield and risk free interest rate and carrying amount of liability included in employee benefit obligations.

The fair value of the options and the inputs used in the measurement of fair value as on the grant date are as follows:

| | G. B. Aayeer | Kumar Ajit | Rohit Chopra |
|---|---------------------|-------------------|---------------------|
| Fair value at grant date (Rs.) | 49.48 | 141.9 | 684.80 |
| Share price at grant date (Rs.) | 69.85 | 243.70 | 717.00 |
| Exercise price (Rs.) | 69.85 | 243.70 | 717.00 |
| Expected volatility | 57.30% | 55.96% | 56.96% |
| Expected Life (expected weighted average life) | 13 Years | 8 Years | 8 Years |
| Expected dividend | 0.50% | 1.34% | 0.81% |
| Risk free interest rate (based on government bonds) | 9% | 7% | 7% |

(b) the method used and the assumptions made to incorporate the effects of expected early exercise;

The Company has incorporated the early exercise of Options by calculating expected life on past exercise behaviour. There are no market conditions attached to the grant and vest.

(c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and

Expected volatility has been based on the evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The Expected term of the instruments has been based on the historical experience and general option holder behaviour.