

**DISCLOSURES PURSUANT TO RULE 12 (9) OF THE COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014, READ WITH REGULATION 14 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014, READ WITH SEBI CIRCULAR DATED 16 JUNE 2015 ON ESOP DISCLOSURES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

**A. Relevant disclosures in terms of the 'Ind AS 102 – Share-based payments' notified under Section 133 of the Companies Act, 2013, ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended:**

All the relevant disclosures in terms of the 'Ind AS 102 – Share-based payments' notified under Section 133 of the Act are made in the Financial Statements.

**B. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Ind AS 33 (Earnings Per Share):**

Diluted EPS of the Company is ₹ 51.55

**C. Details related to Employees Stock Options Schemes (ESOS) of the Company:**

**i. The descriptions including terms and conditions of ESOS is summarised as under:**

Sr. No.	Particulars	Kirloskar Industries Limited – Employee Stock Option Plan 2017 (KIL ESOP 2017)
a.	Date of members' approval	28 August 2017 and further amended on 11 August 2018
b.	Dates of grant	1. 1 November 2017 2. 25 October 2018
c.	Total number of options approved under the KIL ESOP 2017	4,85,000
d.	Vesting requirement	<p><b>a. For vesting of options</b> There shall be a minimum period of 1 year between grant of options and vesting of options. The options would vest over a maximum period of 3 years. Based on being in continued employment with the Company and if the Nomination and Remuneration Committee feels necessary, in certain or in all cases, specify certain performance parameters, i.e., corporate, individual or combination, subject to which options will vest.</p> <p><b>b. For exercise of options</b> Three years from the date of vesting.</p>
e.	Exercise price or pricing formula	₹ 900 per option
f.	Source of shares	Primary
g.	Variation in terms of options	<p>Subject to necessary approvals as may be required, the Nomination and Remuneration Committee may at any time amend, alter or vary the terms of the KIL ESOP 2017, and / or terms of the options already granted under the KIL ESOP 2017, subject to the condition that such amendment, alteration or variation as the case may be, is not detrimental to the interest of employees.</p> <p>During the financial year under review, the exercise period has been extended from 1 year to 3 years from the date of vesting, as approved by the members in their meeting held on 11 August 2018.</p>

**ii. Method used to account for ESOS:**

The Company uses fair value method of accounting for stock options which is in accordance with Ind AS 102.

**iii. The difference between the employee compensation cost computed using the intrinsic value of options and the employee compensation cost that shall have been recognised if it had used the fair value of the options:**

Not applicable.

**iv. Options movement during the year ended 31 March 2019:**

Particulars	Kirloskar Industries Limited – Employee Stock Option Plan 2017 (KIL ESOP 2017)
Number of options outstanding at the beginning of the period (Nos.)	2,22,818
Number of options forfeited / lapsed during the year	8,088
Number of options granted during the year	1,06,000
Number of options vested during the year	1,34,910
Number of options exercised during the year	Nil
Number of shares arising as a result of exercise of options	Nil
Money realised by exercise of options (INR), if scheme is implemented directly by the Company	Nil
Number of options outstanding at the end of the year	3,20,730
Number of options exercisable at the end of the year	1,34,910

**v. Weighted-average exercise price and weighted-average fair value of options granted during the year, where exercise price is less than the market price on the date of grant:**

Weighted average exercise price: ₹ 900

Weighted average fair value of options: ₹ 213.45

**vi. Employee wise details (name of employee, designation, number of options granted, exercise price) of options granted during the Financial Year 2018-19 to:****a) Senior Managerial Personnel:**

Sr. No.	Name of employee	Designation	No. of options granted during the year	Exercise price ₹
1.	Mr. Mahesh Chhabria	Managing Director	95,000	900
		<b>Total</b>	<b>95,000</b>	

**Non-Executive Director:**

Sr. No.	Name of Director	Designation	No. of stock options granted during the year	Exercise price ₹
1.	Mr. Vinesh Kumar Jairath	Non-Executive Director	11,000	900
<b>Total</b>			<b>11,000</b>	

- b) Any other employee / Non-Executive Director who receive a grant in any one year of option amounting to 5% or more of options granted during that year:

Sr. No.	Name of Employee / Non-Executive Director	Designation	No. of stock options granted during the year	Exercise price ₹
1.	Mr. Mahesh Chhabria	Managing Director	95,000	900
2.	Mr. Vinesh Kumar Jairath	Non-Executive Director	11,000	900
<b>Total</b>			<b>1,06,000</b>	

- 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

**vii. Description of the method and significant assumption used during the year to estimate the fair value of options including the following information:**

- 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 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; and
- Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as market condition.

Please refer Note 43 forming parts of the Financial Statements.