

Annexure III

Details of Stock Options as on March 31, 2019

Statement as on March 31, 2019 for Employee Stock Option Scheme, 2010 as required under Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

Sr. No	Particulars	ESOP 2010 Scheme
1.	Date of Shareholders' approval	July 14, 2010
2.	Total Number of options approved	Upto 5% of the paid-up capital of the Company
3.	Vesting Requirements	1. The company achieving targets as per prescribed 2. continuous employment with the company Performance Criteria
4.	Source of shares	Primary
5.	Exercise price	Options vest at a nominal value of equity shares i.e. ₹ 2 per option
6.	Maximum term of options granted	Granted options would vest over a period of five years from the date of grant. Vested options are to be exercised within one year from the date of vesting
7.	Variation of terms of option	None
8.	Option movement during the year:	
	Number of options outstanding at the beginning of the year	50,50,978
	Number of options granted during the year	16,36,950
	Number of options forfeited/ lapsed during the year	5,22,248
	Number of options vested during the year	21,59,818
	Number of options exercised during the year	15,51,202
	Number of shares arising as a result of exercise of options	15,51,202
	Money realised by exercise of options (INR), if scheme is implemented directly by the Company	₹ 31,02,404/-
	Number of options outstanding at the end of the year	46,14,478
	Number of options exercisable at the end of the year	3,41,195
9.	Employee-wise details of options granted during FY19 to	
I.	Number of options granted to Senior Managerial Personnel	
	Dr. Anand Agarwal CEO & Whole-time Director	1,30,000
II.	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Dr. Anand Agarwal
II.	Identified employees who were granted options during any one year, equal to or exceeding 1% of issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None
10.	Diluted earnings per share pursuant to issue of ordinary shares on exercise of Options calculated in accordance with Ind AS 33	₹ 13.16
11.	Method of Calculation of Employee Compensation Cost	The Company has used fair market value method for calculation of compensation cost, using the Black Scholes Option Pricing Model and Monte Carlo simulation model. Use of model is based on the related vesting conditions.
12.	Weighted average exercise price and weighted average fair values of Options granted 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) Weighted Average Fair value (per option)	₹ 2 Grant I - ₹ 25.87 Grant II - ₹ 29.77 Grant III - ₹ 28.22 Grant IV - ₹ 48.66 Grant V- ₹ 79.99 Grant VI- ₹ 84.62 & ₹ 87.30 Grant VII - ₹ 103.94 Grant VIII- ₹ 162.87 & ₹ 92.90 Grant IX - ₹ 265.58 Grant X- ₹ 377.59 Grant XI - ₹ 291.97 & ₹ 134. 31 Grant XII- ₹ 286.53

13. Description of method and significant assumptions used during the year to estimate the fair values of options:

a) Assumptions under Black Scholes Option Pricing :

Details	Grants											
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
1. Risk Free Interest rate (%)	8.33	8.04	8.66	7.84	7.22	6.50	6.12	6.20	6.27	6.54	7.03	6.88
2. Expected Life (yrs)	1.5	1.7	1.7	1.7	1.8	1.5	1.54	1.5	1.5	1.5	1.54	1.5
3. Expected Volatility (%)	48.31	53.93	44.41	51.55	55.34	50.28	47.02	37.00	42.75	43.28	44.79	44.64
4. Expected Dividend Yield (%)	0.73	0.79	0.79	0.59	0.72	1.14	0.47	2.20	1.90	1.30	1.04	0.69
5. Weighted Average Fair value (₹)	25.87	29.77	28.22	48.66	79.99	84.62	103.94	162.87	265.58	377.59	291.97	286.53

Assumptions used are as follows:

- Fair value of the options calculated by using Black-Scholes option pricing model.
- **Stock price:** The closing price on NSE as on the date of grant has been considered for valuing the options granted.
- **Expected Volatility:** The daily volatility of the stock prices on NSE till the date of grant corresponding with the expected life of the options has been considered to calculate the fair value of the options.
- **Risk free interest rate:** The risk free interest rate on the date of grant considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero coupon yield curve for Government Securities.
- **Time of Maturity/ Expected Life:** Time of Maturity/ Expected Life of option is the period for which the Company expects the option to be live. The minimum life of a stock option is the minimum period before which the options cannot be exercised and the maximum life is the period after which the options cannot be exercised.
- **Expected dividend yield:** Expected dividend yield has been calculated on the dividend prior to the date of the grant.

b) Assumptions under Monte Carlo Simulation model

Vesting of options is dependent on the shareholder return during the performance period as compared to comparator group identified by Nomination and Remuneration Committee. The Monte Carlo model requires the following variables of the company and comparator group companies.

- Historical share price and expected volatility during the performance period
- Risk free interest rate of the country where stock of comparator group is listed
- Dividend yield based on historical dividend payments
- Estimate of correlation coefficients for each pair of company

Assumptions used are as follows:

Variables	Grant VIII	Grant XI
Price of underlying stock	₹ 172.30	₹ 301.75
Expected volatility	37.00%	44.79%
Risk Free rate	6.40%	7.03%
Exercise Price (per Option)	₹ 2.00	₹ 2.00
Dividend Yield	2.20%	1.04%
Fair Value of the option	₹ 92.90	₹ 134.31