

## ANNEXURE - III

DISCLOSURES PURSUANT TO REGULATION 14 OF THE SEBI (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 READ WITH SEBI CIRCULAR DATED JUNE 16, 2015 ON ESOP DISCLOSURES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019.

Sl. No.	Particulars	Employee Incentive Scheme, 2014
1.	Date of shareholders' approval	September 22, 2014 through postal ballot
2.	Total number of options/RSUs approved under Employee Incentive Scheme, 2014	49,90,000
3.	Vesting requirements	<p>The Options/RSUs granted under Employee Incentive Scheme 2014 (and various plans formulated thereunder) would vest not earlier than one year from the Grant Date in accordance with the SEBI Guidelines and not later than such Vesting Period as may be determined by the Nomination and Remuneration Committee from time to time on the Grant Date.</p> <p>Vesting of RSUs shall be subject to the condition that the Grantee is in continuous employment with the Company and is not serving any notice of resignation on the date of such Vesting (except in the case of (i) death; (ii) Permanent Disability suffered by the Grantee; (iii) retirement; or (iv) transfer to an entity within the Group and shall not be subject to any pending disciplinary proceeding and thus, the Options and/or RSUs would vest on passage of time.</p> <p>In addition to the above, the Nomination and Remuneration Committee may also specify certain performance parameters subject to which the Options and/or RSUs would vest. The specific vesting schedule and conditions, if any, subject to which vesting would take place would be outlined in the Letter of Grant given to the Grantee at the time of the grant of Options and/or RSUs.</p>
4.	Exercise price or pricing formula	The Option and/ or RSU Exercise Price would be determined by the Nomination and Remuneration Committee, provided that the Exercise Price shall not be less than the face value of the equity Shares of the Company on the date of grant of Options/ RSU.
5.	Maximum term of options granted	The Options and/or RSUs Granted to a Grantee shall be capable of being Exercised within a period of not exceeding seven years from the date of Grant of the respective Options and/or RSUs or such other period as may be determined by the Nomination and Remuneration Committee from time to time.
6.	Source of shares (primary, secondary or combination)	Primary
7.	Variation in terms of options	<p>Subject to applicable law, the Nomination and Remuneration Committee will at its absolute discretion have the right to modify/amend the Employee Incentive Scheme 2014 in such manner and at such time or times as it may deem fit, subject however that any such modification/amendment shall not be detrimental to the interest of the Grantees/ Employees and approval wherever required for such modification/ amendment is obtained from the shareholders of the Company in terms of the SEBI Guidelines.</p> <p>During the year, no amendment/ modification/ variation has been introduced in terms of options granted by the Company.</p>
8.	Method used to account for ESOS - Intrinsic or fair value	The employee compensation cost has been calculated using the fair value method for options using the Black-Scholes Options Pricing Model. The employee compensation cost as per the fair valuation method for the financial year 2018 -19 is ₹ 6.55 crore.

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 as the Company has calculated employee compensation cost using fair value method.

10. 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 under Employee Stock Option Plan, 2014 (ESOP 2014) – ₹ 2159

Weighted-average exercise price under Employee Stock Option Plan, 2016 (ESOP 2016) – ₹ 2469

Weighted-average exercise price under Employee Stock Option Plan, 2017 (ESOP 2017) – ₹ 2818

Weighted-average exercise price under Employee Stock Option Plan, 2018 (ESOP 2018) – ₹ 2033

Weighted-average exercise price under Restricted Stock Unit Plan, 2016 (RSU 2016) – ₹ 2 (Face value of share)

Weighted-average exercise price under Restricted Stock Unit Plan, 2017 (RSU 2017) – ₹ 2 (Face value of share)

Weighted-average exercise price under Restricted Stock Unit Plan, 2018 (RSU 2018) – ₹ 2 (Face value of share)

Weighted-average option fair value under ESOP Plan, 2014 – ₹ 1228.39

Weighted-average option fair value under ESOP Plan, 2016 – ₹ 1324.00

Weighted-average option fair value under ESOP Plan, 2017 – ₹ 1615.00

Weighted-average option fair value under ESOP Plan, 2018 – ₹ 1138.00

Weighted-average option fair value under RSU Plan, 2016 – ₹ 3290.00

Weighted-average option fair value under RSU Plan, 2017 – ₹ 3663.00

Weighted-average option fair value under RSU Plan, 2018 – ₹ 2672.00

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

The fair value of options/RSUs granted under various plans is estimated using the Black-Scholes option pricing model after applying the following key assumptions:

- (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;
- (b) the method used and the assumptions made to incorporate the effects of expected early exercise;
- (c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and
- (d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition

	ESOP 2014	ESOP 2016	ESOP 2017	ESOP 2018	RSU 2016	RSU 2017	RSU 2018
Share Price	2995.85	3292	3757	2711	3292	3757	2865
Exercise Price	2159	2469	2818	2033	2	2	2
Risk Free Interest Rate	8.45%	7.08%	6.42%	7.00%	7.06%	6.42%	7.23%
Expected Life (in years)	4.85	4.85	4.85	4.85	4.55	4.55	4.55
Expected annual volatility of shares	26.87%	27.39%	23.98%	22.96%	113.57%	107.92%	23.17%
Expected dividend yield	3.17%	2.87%	2.56%	2.78%	2.87%	2.56%	2.78%

The expected volatility has been calculated using the daily stock returns on NSE, based on expected life options of each vest.

The expected life of the share option is based on historical data and current expectation and not necessarily indicative of exercise pattern that may occur.

12.	Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with Indian Accounting Standard 33 or any other relevant Indian Accounting Standard as prescribed from time to time	₹ 169.47 per share
13.	Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant Indian Accounting Standard as prescribed from time to time	All relevant disclosures have been made in the financial statements.

#### Details of option movement during the year

S. No.	Particulars	ESOP 2014	ESOP 2016	ESOP 2017	ESOP 2018	RSU 2016	RSU 2017	RSU 2018
1.	Number of options/RSUs outstanding at the beginning of the year	4,146	33,778	29,800	-	7,083	14,330	-
2.	Number of options/RSUs granted during the year	-	-	-	1,25,000	-	-	17,760
3.	Number of options/RSUs forfeited / lapsed during the year	-	914	1,500	-	-	-	-
4.	Number of options/RSUs vested during the year	4,146	8,122	5,660	-	3,036	4,299	-
5.	Number of options/RSUs exercised during the year	1,962	4,848	1,284	-	3,036	4,299	-
6.	Number of shares arising as a result of exercise of options/RSUs	1,962	4,848	1,284	-	3,036	4,299	-
7.	Money realized by exercise of options/RSUs (INR), if scheme is implemented directly by the Company	42,35,958	1,19,69,712	36,18,312	-	6,072	8,598	-
8.	Loan repaid by the Trust during the year from exercise price received	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

S. No.	Particulars	ESOP 2014	ESOP 2016	ESOP 2017	ESOP 2018	RSU 2016	RSU 2017	RSU 2018
9.	Number of options/ RSUs outstanding at the end of the year	2,184	28,016	27,016	1,25,000	4,047	10,031	17,760
10.	Number of options/ RSUs exercisable at the end of the year	2,184	4,304	4,376	-	-	-	-
11.	Employee wise details (name of employee, designation, number of options/ RSUs granted during the year, exercise price) of options granted to -							
	(a) Key Managerial Personnel/ senior managerial personnel;	None	None	None	Refer Note 1 below	None	None	Refer Note 1 below
	(b) any other employee who receives a grant in any one year of option/ RSU amounting to 5% or more of option/ RSU's granted during that year; and	None	None	None	Refer Note 1 below	None	None	Refer Note 1 below
	(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.	None	None	None	None	None	None	None

## Note 1

	Employee Name	Designation	No. of options to senior managerial personnel
<b>ESOP 2018</b>			
	Vikram Sitaram Kasbekar	Executive Director- Operations (Plants)	8,400*
	Rajat Bhargava	Head - Strategy & Performance Transformation and Global Business	4,900
	Sanjay Bhan	Head - Sales & After Sales	4,600
	Vijay Sethi	Chief Information Officer, Chief Human Resource Officer & Head - CSR	4,600
	Neeraj Mathur	Head - Strategic Sourcing & Supply Chain	4,600
	Surender Kumar Chhabra	Vice President - Corporate Finance	4,600
	Neerja Sharma	Company Secretary & Chief Compliance Officer	3,100
	Rakesh Vasisht	Associate Vice President	3,100
	Malo Le Masson	Head - Global Product Planning	3,100
	Ravi Kumar Pisipaty	Plant Head - Dharuhera Plant	3,100
	Mukesh Goyal	Plant Head - Haridwar Plant	2,000
	Mahesh Kumar Kaikini	Plant Head - Gurgaon Plant	3,100
	Gurinder Singh Sandhu	Head - Marketing	2,000
	Markus Feichtner	Head - Engine Design and Development	3,100
		<b>Total</b>	<b>54,300</b>
<b>RSU 2018</b>			
	Markus Braunsperger	Chief Technology Officer	12,180*
	Niranjan Kumar Gupta	Chief Financial Officer	5,580*
		<b>Total</b>	<b>17,760</b>

\* 5% or more options/RSUs of total granted during the year