

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 (SEBI) (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014, READ WITH SEBI CIRCULAR DATED 16 JUNE 2015, ON ESOP / ESAR DISCLOSURES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

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, read with the Companies (Indian Accounting Standards) Rules, 2015, 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 ₹ 61.33.

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

i. Description of ESOSs that existed at any time during the year:

Sr. No.	Particulars	Kirloskar Industries Limited - Employee Stock Option Plan 2017 (KIL ESOP 2017)	Kirloskar Industries Limited – Employees Stock Appreciation Rights Plan 2019 (KIL ESARP 2019)
a.	Date of members’ approval	20 August 2017 and further amended on 11 August 2018.	The members of the Company had passed Special Resolution through Postal Ballot on 29 December 2019.
b.	Date of grant	<ul style="list-style-type: none"> • 1 November 2017 • 25 October 2018 	30 January 2020
c.	Total number of ESOPS / ESARs approved	4,85,000 (Four Lakhs Eighty-Five Thousand) .	4,85,000 (Four Lakhs Eighty-Five Thousand) ESARs, where one ESAR upon exercise shall entitle for lesser than one equity share of the Company.
d.	Vesting requirement	<p>a. For vesting of options</p> <p>There shall be a minimum period of one (1) year between grant of options and vesting of options.</p> <p>The options would vest over a maximum period of three (3) years.</p> <p>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. For exercise of options</p> <p>Three (3) years from the date of vesting.</p>	<p>a. For vesting of ESARS</p> <p>The ESARs granted under the KIL ESARP 2019 would vest after a minimum period of one (1) year but not later than a maximum period of four (4) years from the Grant Date of such ESARs.</p> <p>Based on being in continued employment with the Company or subsidiary company(ies).</p> <p>b. For exercise of ESARs</p> <p>Five (5) years from the date of vesting.</p>
e.	Exercise price or pricing formula	₹ 900 per option	₹ 500 per ESAR

Sr. No.	Particulars	Kirloskar Industries Limited - Employee Stock Option Plan 2017 (KIL ESOP 2017)	Kirloskar Industries Limited – Employees Stock Appreciation Rights Plan 2019 (KIL ESARP 2019)
f.	Source of shares	Primary	Primary
g.	Variation in terms of options	Nil	Nil

ii. Methods to account for KIL ESOP 2017 and KIL ESARP 2019:

The Company uses Fair Value Method of accounting for ESOPs and ESARs, 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:

Particulars	KIL ESOP 2017	KIL ESARP 2019
Number of ESOPs / ESARs outstanding at the beginning of the period (Nos.)	3,20,730	Nil
Number of ESOPs / ESARs granted during the year	Nil	4,70,898
Number of ESOPs / ESARs cancelled during the year during year	2, 81,898	Nil
Number of ESOPs / ESARs forfeited / lapsed during year	38,832	Nil
Number of ESOPs / ESARs vested during the year	Nil	Nil
Number of ESOPs / ESARs exercised during the year	Nil	Nil
Number of shares arising as a result of exercise of ESOPs / ESARs	Nil	Nil
Money realised by exercise of ESOPs / ESARs (INR), if scheme is implemented directly by the Company	Nil	Nil
Number of ESOPs / ESARs outstanding at the end of the year	Nil	4,70,898
Number of ESOPs / ESARs exercisable at the end of the year	Nil	Nil

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

Particulars	KIL ESOP 2017 in ₹	KIL ESARP 2019 in ₹
Weighted-average exercise price	NA	500
Weighted-average Fair Value	NA	263.68

vi. Employee wise details (name of employee, designation, number of ESOPs / ESARs granted) during the Financial Year 2019-2020 to:

a) Senior Managerial Personnel:

Sr. No.	Name of Employee	Designation	No. of ESOPs Granted During the Year	No. of ESARs Granted During the Year
1.	Mr. Mahesh Chhabria	Managing Director	Nil	2,31,000
2.	Ms. Aditi Chirmule	Executive Director	Nil	48,540
3.	Mr. Umesh Shastry	Chief Financial Officer	Nil	36,000
4.	Mrs. Ashwini Mali	Company Secretary	Nil	24,270
5.	Mr. Lokesh Gupta	Vice President – Projects	Nil	36,000
6.	Mr. Chandrahas Charekar	Vice President – Strategy and Coordination	Nil	36,000
7.	Mr. Jagdish Purandare	Head – Human Resource	Nil	18,000
		Total		4,29,810

Non-Executive Director:

Sr. No.	Name of Director	Designation	No. of ESOPs Granted During the Year	No. of ESARs Granted During the Year
1.	Mr. Vinesh Kumar Jairath	Non-Executive Director	Nil	33,000
	Total			33,000

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

Sr. No.	Name of Employee / Non-Executive Director	Designation	No. of ESOPs Granted During the Year	No. of ESARs Granted During the Year
1.	Mr. Mahesh Chhabria	Managing Director	Nil	2,31,000
2.	Mr. Aditi Chirmule	Executive Director	Nil	48,540
3.	Mr. Umesh Shastry	Chief Financial Officer	Nil	36,000
4.	Mr. Ashwini Mali	Company Secretary	Nil	24,270
5.	Mr. Lokesh Gupta	Vice President – Projects	Nil	36,000
6.	Mr. Chandrahas Charekar	Vice President – Strategy and Coordination	Nil	36,000
7.	Mr. Vinesh Kumar Jairath	Non-Executive Director	Nil	33,000

- c) Identified employees who were granted ESARs, 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:

Sr. No.	Name of Employee / Non-Executive Director	Designation	No. of ESOPs Granted During the Year	No. of ESARs Granted During the Year
1.	Mr. Mahesh Chhabria	Managing Director	Nil	2,31,000

- vii. Description of the method and significant assumption used during the year to estimate the fair value of ESARs 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;
- 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 ESARs grant were incorporated into the measurement of fair value, such as market condition.

Please refer Note No. 44 forming parts of the Financial Statements.