

**ANNEXURE I TO THE BOARD'S REPORT**

**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 ESAR DISCLOSURES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

**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 ESARs calculated in accordance with 'IND AS 33 - Earnings Per Share':**

Diluted EPS of the Company is ₹ 27.30

**C. Details related to Equity Settled Stock Appreciation Rights (ESARs) of the Company:**

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

<b>Sr. No.</b>	<b>Particulars</b>	<b>Kirloskar Industries Limited – Employees Stock Appreciation Rights Plan 2019 (KIL ESARP 2019)</b>
a.	Date of members' approval	The members of the Company had passed Special Resolution through Postal Ballot on 29 December 2019.
b.	Date of grant	30 January 2020
c.	Total number of ESARs approved	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><b>a. For vesting of ESARS</b></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>b. For exercise of ESARS</b></p> <p>Five (5) years from the date of vesting.</p>
e.	Exercise price or pricing formula	₹ 500 per ESAR
f.	Source of shares	Primary
g.	Variation in terms of options	Nil

ii. **Methods to account for KIL ESARP 2019:**

The Company uses Fair Value Method of accounting for 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 ESARP 2019
Number of ESARs outstanding at the beginning of the period (Nos.)	4,70,898
Number of ESARs granted during the year	Nil
Number of ESARs cancelled during the year during year	Nil
Number of ESARs forfeited / lapsed during year	Nil
Number of ESARs vested during the year	2,14,449
Number of ESARs exercised during the year	Nil
Number of shares arising as a result of exercise of ESARs	Nil
Money realised by exercise of ESARs (INR), if scheme is implemented directly by the Company	Nil
Number of ESARs outstanding at the end of the year	4,70,898
Number of ESARs exercisable at the end of the year	2,14,449

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

Particulars	KIL ESARP 2019 in ₹
Weighted-average exercise price	N.A.
Weighted-average Fair Value	N.A.

vi. **Employee wise details (name of employee, designation, number of ESARs granted) during the Financial Year 2020-2021 to:**

a) **Senior Managerial Personnel:**

Sr. No.	Name of Employee	Designation	No. of ESARs granted during the year 2019-2020	No. of ESARs granted during the Year 2020-2021	No. of ESARs vested during the Year 2020-2021
1	Mr. Mahesh Chhabria	Managing Director	2,31,000	Nil	1,15,500
2	Ms. Aditi Chirmule	Executive Director	48,540	Nil	24,270
3	Mr. Umesh Shastry	Chief Financial Officer	36,000	Nil	12,000
4	Mrs. Ashwini Mali	Company Secretary	24,270	Nil	12,135
5	Mr. Lokesh Gupta	Vice President Projects, Wellness Space Developers Limited, a Wholly Owned Subsidiary Company w.e.f. 01.01.2021	36,000	Nil	12,000
6	Mr. Chandrahas Charekar	Vice President Strategy and Co- ordination, Wellness Space Developers Limited, a Wholly Owned Subsidiary Company w.e.f. 01.01.2021	36,000	Nil	12,000
7	Mr. Jagdish Purandare	Head – Human Resource	18,000	Nil	6,000
		<b>Total</b>	<b>4,29,810</b>	<b>Nil</b>	<b>1,93,905</b>

**Non-Executive Director:**

Sr. No.	Name of Director	Designation	No. of ESARs granted during the year 2019-2020	No. of ESARs granted during the year 2020-2021	No. of ESARs vested during the Year 2020-2021
1.	Mr. Vinesh Kumar Jairath	Non-Executive Director	33,000	Nil	16,500
		<b>Total</b>	<b>33,000</b>	<b>Nil</b>	<b>16,500</b>

- 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 ESARs granted during the year 2019-2020	No. of ESARs granted during the Year 2020-2021
1	Ms. Mahesh Chhabria	Managing Director	2,31,000	Nil
2	Ms. Aditi Chirmule	Executive Director	48,540	Nil
3	Mr. Umesh Shastry	Chief Financial Officer	36,000	Nil
4	Mrs. Ashwini Mali	Company Secretary	24,270	Nil
5	Mr. Lokesh Gupta	Vice President Projects, Wellness Space Developers Limited, a Wholly Owned Subsidiary Company w.e.f. 01.01.2021	36,000	Nil
6	Mr. Chandrahas Charekar	Vice President Strategy and Co-ordination Wellness Space Developers Limited, a Wholly Owned Subsidiary Company w.e.f.01.01.2021	36,000	Nil
7	Mr. Vinesh Kumar Jairath	Non-Executive Director	33,000	Nil

- 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 ESARs granted during the year 2019-2020	No. of ESARs granted during the Year 2020-2021
1.	Mr. Mahesh Chhabria	Managing Director	2,31,000 (2.38%)	Nil

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

Please refer Note No. 45 forming parts of the Financial Statements.