

ANNEXURE I TO THE BOARDS' REPORT

DISCLOSURES AS REQUIRED UNDER 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, AS ON 31 MARCH 2018

A. Relevant disclosures in terms of the 'Guidance Note on Accounting for Employee Share – Based Payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time

All the relevant disclosures in terms of the 'Guidance Note on Accounting for Employee Share-Based Payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time, are made in the Financial Statements.

B. Diluted EPS on issue of shares pursuant to all the schemes covered under the Regulations shall be disclosed in accordance with 'Accounting Standard 20 – Earnings Per Share' issued by ICAI or any other relevant Accounting Standards as prescribed from time to time

Diluted EPS of the Company is ₹ 54.56

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

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

Sr. No.	Particulars	Kirloskar Industries Limited – Employee Stock Option Plan 2017 (KIL ESOP 2017)
a.	Date of shareholders' approval	28 August 2017
b.	Date of grant	1 November 2017
c.	Total number of options approved under KIL ESOP 2017	4,85,000
d.	Vesting requirement	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.
e.	Exercise price or pricing formula	₹ 900 per option
f.	Source of shares	Primary
g.	Variation in terms of options	Nil

ii. Methods to account for ESOS

The Company is following fair value method for accounting of KIL ESOP 2017.



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

Not applicable.

- iv. **Options movement during the year:**

Particulars	Kirloskar Industries Limited – Employee Stock Option Plan 2017 (KIL ESOP 2017)
Number of options outstanding at the beginning of the period (Nos.)	Nil
Number of options granted during the year	2,26,862
Number of options forfeited / lapsed during year	4,044
Number of options vested during the year	Nil
Number of options exercised during the year	Nil
Number of shares arising as a result of exercise of options	Nil
Money realized by exercise of options (INR), if scheme is implemented directly by the Company	Nil
Number of options outstanding at the end of the year	2,22,818
Number of options exercisable at the end of the year	Nil

- v. **Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equal or exceeds or is less than the market price of the stock**

Particulars	Kirloskar Industries Limited – Employee Stock Option Plan 2017 (KIL ESOP 2017)
Weighted-average exercise prices	₹ 900 per share

- vi. **Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to:**

- a) **Senior Managerial Personnel:**

Name of employee	Designation	No. of options granted during the year	Exercise price
Mr. Mahesh Chhabria	Managing Director	95,000	900
Ms. Aditi Chirmule	Executive Director	48,540	900
Mrs. Jasvandi Deosthale	Chief Financial Officer	38,832	900
Mrs. Ashwini Mali	Company Secretary	24,270	900

- b) **Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during that year:**

Sr. No.	Name of Employee	No. of Options granted
1.	Mr. Mahesh Chhabria	95,000
2.	Ms. Aditi Chirmule	48,540
3.	Mrs. Jasvandi Deosthale	38,832
4.	Mrs. Ashwini Mali	24,270

- 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:**

- 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 market condition.

Please refer Note 31 forming parts of the Financial Statements.