

DISCLOSURES ON EMPLOYEE STOCK OPTION SCHEME FOR THE YEAR ENDED MARCH 31, 2019

Name of the Scheme: - Employee Stock Option Scheme – ESOP 2007

Details of the Scheme

Pursuant to the decision of the shareholders, at their meeting held on 24 July 2007, the Company had established an 'Employee Stock Option Scheme 2007' ('ESOP 2007' or 'the Scheme') to be administered by the Nomination and Remuneration Committee of the Board of Directors.

Under the Scheme, options not exceeding 1,27,85,976 equity shares of Re. 1/- each have been reserved to be issued to the eligible employees, with each option conferring a right upon the employee to apply for one equity share. The options granted under the Scheme would vest not less than one year and not more than five years from the date of grant of the options. The first vesting is exercisable over a period of three years from the date of vesting. The second, third and fourth vesting are exercisable over a period of 6 years from the date of vesting.

The exercise price of the option is equal to the latest available closing market price of the shares on the stock exchange where there is highest trading volume as on the date prior to the date of the Nomination and Remuneration Committee resolution approving the grant.

Disclosure pursuant to Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014

- A.** For disclosures in terms of the 'Indian Accounting Standard 33 - Earnings Per Share', please refer Note no. 35 of the Standalone Financial Statements of the Company for the year ended March 31, 2019.

B. Diluted EPS in accordance with Indian Accounting Standard

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| I. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Indian Accounting Standard (Ind AS) -33. | Rs. 24.37 per share |
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C. Details related to Employee Stock Option Schemes (ESOS) of the Company:

| Sl. No. | Nature of Disclosure | Particulars |
|---------|--|---|
| (i) | Details of Disclosures of ESOS, 2007 for the year ended March 31, 2019 | |
| a) | Date of shareholder's approval | July 24, 2007 |
| b) | Total number of options approved under ESOS | The total options approved under ESOP, 2007 is 1,27,85,976. Each Option gives the grantee a right to subscribe to one equity share of Re.1/ each of the Company. No Options were granted during the year. |
| c) | Vesting Requirement | The exercise period for all the options vested in 1 st year is 3 years and for the options vested in 2 nd , 3 rd and 4 th year has been extended from 3 years to 6 years. |
| d) | The pricing Formula | The Options carry a right to subscribe to equity shares at the closing price on the Stock Exchange in which there was highest trading volume, prior to the date of grant of the Options. |
| e) | Maximum term of options granted | 6(Six) years from the date of grant of options |
| f) | Source of Shares | Primary |
| g) | Variation of terms of Option | Vesting schedule has been varied in certain cases. |
| (ii) | Method used to account for ESOS | Fair Value |
| (iii) | Whether the Company opts for expensing of the options using the intrinsic value of the options | No |
| (iv) | Option Movement during the year | |
| | Option Outstanding at the beginning of the year | 52,100 |
| | Options granted | Nil |
| | Options lapsed/surrendered | Nil |
| | Options vested | Nil |
| | Options exercised | 23,700 |
| | The total no of shares arising as a result of exercise of option | 23,700 |
| | Money realised by exercise of Options | Rs.68.13 Lakhs |
| | Option Cancelled | Nil |
| | Loan repaid by the Trust during the year from exercise price received | Not Applicable |
| | Total No. of options outstanding at the end of the year | 28,400 |
| | Total No. of options exercisable at the end of the year | 28,400 |

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|-------|---|---|-----------------------|
| (v) | (i) Weighted Average exercise price of Options (ii) Weighted average fair value of Options | Rs.287.50 per equity share | |
| (vi) | Employee wise details of options granted to | | |
| | Senior Management Personnel | Name and Designation | No of options granted |
| | | Mr. G Veerabhadram (retired on June 30, 2018) President – Crop Protection | 2,70,400 |
| | | Mr. S Govindarajan Executive Vice President & Head – Commercial | 2,70,400 |
| | | Mr. Arun Leslie George Executive Vice President & Head – Retail | 2,70,400 |
| | | Mr. S Sankarasubramanian President-Fertilisers | 1,37,200 |
| | | Mr. P Varadarajan Sr. Vice President – Legal & Company Secretary | 1,43,000 |
| (ii) | Any other employee who receives a grant in any one year of Option amounting to 5% or more of Options granted during that year | Mr. C Sitaram VP & Head Mfg.-CPC | 1,44,000 |
| | | Mr. Manoj K Agarwal VP-Head CSPD | 1,86,400 |
| | | Mr. Hari Shankar VP-Commercial & SCM (CPC & SND) | 72,000 |
| | Note: Excludes Employees resigned/ retired during the previous year(s). | | |
| (iii) | Employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital of the company at the time of grant. | None | |
| (vii) | A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information: | | |
| (i) | Method of calculation of employee compensation cost | The employee compensation cost has been calculated using the fair value method of accounting to account for Options issued under the ESOP Scheme 2007. The stock-based compensation cost as per the fair value method for the financial year 2018-19 is Nil. No Options granted under the Scheme during the year. | |
| (ii) | Method used to estimate the fair value of Options | Black Scholes Model | |
| (iii) | Significant assumptions used (weighted average information relating to all grants): | | |
| (a) | Risk-free interest rate | 8.0% | |
| (b) | Expected life of the Option | 4-6 years | |
| (c) | Expected volatility * | 0.39 – 0.47 | |
| (d) | Expected dividend yields | 700% | |

| (e) | Price of the underlying share in market at the time of option grant | <u>Date of Grant</u> | <u>Market Price (Rs.)</u> |
|-----|---|----------------------|---------------------------|
| | | 31-08-2007 | 44.58 |
| | | 22-01-2008 | 56.08 |
| | | 22-04-2008 | 67.88 |
| | | 22-07-2008 | 59.95 |
| | | 22-10-2008 | 62.75 |
| | | 17.03.2009 | 45.10 |
| | | 19-10-2010 | 317.30 |
| | | 12-01-2011 | 287.50 |
| | | 21-07-2011 | 334.35 |
| | | 18-10-2011 | 315.00 |

* The expected volatility was determined based on historical volatility of the share of the Company over the previous 3 – 4 years.