

Annexure to Directors' Report

Disclosure under Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 for the year ended 31st March 2019 in respect of ESOP 2016

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.

The disclosures are provided in the Note 38 to the annual financial statements of the Company for the year ended 31st March, 2019

B No issue of shares pursuant to the schemes covered under the regulations hence no impact of diluted EPS

C. Details related to JSWSL Employees Stock Ownership Plan - 2016

| Scheme Name | | JSWSL Employees Stock Ownership Plan – 2016 | | |
|-------------|---|--|--|--|
| Sr. No. | Particulars | 1st Grant (17th May 2016) | 2nd Grant (16th May, 2017) | 3rd Grant (14th May, 2018) |
| 1 (a) | Date of shareholders' approval | 24th March, 2016 | | |
| (b) | Total number of options approved under ESOS | 2,86,87,000 for all three grants | | |
| (c) | Vesting requirements | Vesting of options shall be at least one year from the date of the grant. The maximum period within which the options shall vest shall be 4 years from the date of grant or such other period as the Board/ESOP Committee may determine. | | |
| (d) | Exercise price | Rs. 103.65 | Rs. 161.36 | Rs. 263.24 |
| (e) | Maximum term of options granted | up to 31st March, 2019 for 50% of the options granted and upto 31st March, 2020 for remaining 50% of the options granted | up to 31st March, 2020 for 50% of the options granted and upto 31st March, 2021 for remaining 50% of the options granted | up to 31st March, 2021 for 50% of the options granted and upto 31st March, 2022 for remaining 50% of the options granted |
| (f) | Source of shares (primary, secondary or combination) | Secondary | Secondary | Secondary |
| (g) | Variation in terms of options | No variation has been made in the terms of options during the year | No variation has been made in the terms of options during the year | No variation has been made in the terms of options during the year |
| 2 | Method used to account for ESOS - Intrinsic or fair value. | Fair Value | Fair Value | Fair Value |
| 3 | 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. | The Company follows fair value method of Accounting | The Company follows fair value method of Accounting | The Company follows fair value method of Accounting |

| | | | | |
|---|---|--|--|---|
| | | | | |
| 4 | Option movement during the year : | | | |
| | Number of options outstanding at the beginning of the period | 64,53,530 | 46,30,056 | Nil |
| | Number of options granted during the year | Nil | Nil | 31,23,407 |
| | Number of options transferred in | 2,82,140 | 1,67,243 | 19,690 |
| | Number of options transferred out | 4,97,220 | 2,68,017 | 13,027 |
| | Number of options forfeited / lapsed during the year | Nil | Nil | Nil |
| | Number of options vested during the year | 31,19,225 | Nil | Nil |
| | Number of options exercised during the year | Nil | Nil | Nil |
| | Number of shares arising as a result of exercise of options | Nil | Nil | Nil |
| | Money realized by exercise of options (INR), if scheme is implemented directly by the company | Nil | Nil | Nil |
| | Loan repaid by the Trust during the year from exercise price received | Not Applicable | Not Applicable | Not Applicable |
| | Number of options outstanding at the end of the year | 62,38,450 | 45,29,282 | 31,30,070 |
| | Number of options exercisable at the end of the year | 31,19,225 | Nil | Nil |
| | | | | |
| 5 | 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 per option is Rs.103.65 .Fair Value of each option at the time of grant was Rs.67.48 | Weighted-average exercise price per option is Rs.161.36 . Fair Value of each option at the time of grant was Rs.104.04 | Weighted-average exercise price per option is Rs.263.24. Fair Value of each option at the time of grant was Rs.167.15 |
| | | | | |
| 6 | Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to - | | | |
| | (a) senior managerial personnel; | Appendix-A | Appendix-A | Appendix-A |
| | (b) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and | None | None | None |
| | (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 |
| | | | | |

| | | | | |
|---|--|--|--|--|
| 7 | 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 has been calculated by using Black Schole's Method. The assumptions used in the above are: | The fair value of options has been calculated by using Black Schole's Method. The assumptions used in the above are: | The fair value of options has been calculated by using Black Schole's Method. The assumptions used in the above are: |
| | Weighted-average values of share price | Not applicable | Not applicable | Not applicable |
| | Weighted-average exercise prices | Rs. 103.65 | 161.36 | 263.24 |
| | Expected volatility | Volatility was calculated using standard deviation of daily change in stock price. | Volatility was calculated using standard deviation of daily change in stock price. | Volatility was calculated using standard deviation of daily change in stock price. |
| | | The volatility used for valuation is 39.23 % for options with 3 year vesting and 39.62 % with 4 years vesting | The volatility used for valuation is 33.76 % for options with 3 year vesting and 37.43 % with 4 years vesting | The volatility used for valuation is 33.23 % for options with 3 year vesting and 33.28% with 4 years vesting |
| | Expected option life | The expected option life is assumed to be mid way between the option vesting and expiry. Since the vesting period and contractual term of each tranche is different, the expected life for each tranche will be different. The expected option life is calculated as (Year to Vesting + Contractual Option Term)/2 | The expected option life is assumed to be mid way between the option vesting and expiry. Since the vesting period and contractual term of each tranche is different, the expected life for each tranche will be different. The expected option life is calculated as (Year to Vesting + Contractual Option Term)/2 | The expected option life is assumed to be mid way between the option vesting and expiry. Since the vesting period and contractual term of each tranche is different, the expected life for each tranche will be different. The expected option life is calculated as (Year to Vesting + Contractual Option Term)/2 |
| | Expected dividends | Rs.1.10 per share | Rs.0.75 per share | Rs.2.25 per share |
| | Risk-free interest rate | Zero coupon sovereign bond yields were utilized with maturity equal to expected term of the option | Zero coupon sovereign bond yields were utilized with maturity equal to expected term of the option | Zero coupon sovereign bond yields were utilized with maturity equal to expected term of the option |
| | | The rate used for calculation is 7.36% for options with 3 year vesting and 7.44 % for options with 4 years vesting | The rate used for calculation is 6.87% for options with 3 year vesting and 6.96 % for options with 4 years vesting | The rate used for calculation is 7.85% for options with 3 year vesting and 7.92% for options with 4 years vesting |
| | | | | |
| | The method used and the assumptions made to incorporate the effects of expected early exercise; | Black-Scholes Options pricing model | Black-Scholes Options pricing model | Black-Scholes Options pricing model |
| | How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and | The following factors have been considered: a) Share price b) Exercise prices c) Historical volatility d) Expected option life e) Dividend Yield | The following factors have been considered: a) Share price b) Exercise prices c) Historical volatility d) Expected option life e) Dividend Yield | The following factors have been considered: a) Share price b) Exercise prices c) Historical volatility d) Expected option life e) Dividend Yield |
| | Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition. | | | |

Pursuant to the approvals of the members obtained on 17th December, 2016, the Equity Shares of the Company having face value of Rs.10/- (Rupees Ten only) each were subdivided into 10 (Ten) equity shares having face value Re.1/- each (Rupee one only.)

Accordingly, the number of options granted, exercise price, fair value of grant, etc. have been adjusted to reflect the sub-division of face value of equity shares of the Company

Appendix – A

Details of Total number of Options in force ,granted to and accepted by Senior Managerial Personnel .

| Sr. No. | Name of Senior Managerial Personnel | Designation | 1st Grant (in force as on 31 March 2019) |
|----------------|--|---------------------------------------|---|
| 1 | Mr Seshagiri Rao M V S | Joint Managing Director & Group CFO | 1,92,680 |
| 2 | Mr Arun Maheshwari | Executive Vice President | 1,92,680 |
| 3 | Mr Prashant Surendra Jain | Executive Vice President | 1,92,680 |
| 4 | Mr Murugan PK | Executive Vice President | 1,92,680 |
| 5 | Dr Vinod Nowal | Deputy Managing Director | 1,79,830 |
| 6 | Mr Jayant Acharya | Director - Commercial & Marketing | 1,79,830 |
| 7 | Mr Pawan Kumar Kedia | Group President - Commercial Strategy | 1,66,990 |
| 8 | Mr Vinay Shroff | Executive Vice President | 1,66,990 |
| 9 | Mr Alok Chandra | Executive Vice President | 1,66,990 |
| 10 | Mr D Ravichandar | CEO (Salem) | 1,66,990 |
| 11 | Mr Rajashekar P | President -Operations | 1,66,990 |
| 12 | Mr Ashok Kumar Aggarwal | Joint CEO- Dolvi Works | 1,41,300 |
| 13 | Mr Surendra Ranade | Executive Director - Operations | 1,41,300 |
| 14 | Mr Ram Prakash Nangalia | President - Corporate Relations | 1,28,450 |
| 15 | Mr Sandeep Gopal Gokhale | President - Business Development | 1,28,450 |
| 16 | Mr Partha Sengupta | President | 1,28,450 |

| Sr. No. | Name of Senior Managerial Personnel | Designation | 2nd Grant (in force as on 31 March 2019) |
|----------------|--|---------------------------------------|---|
| 1 | Mr Seshagiri Rao M V S | JMD and Group CFO | 1,27,968 |
| 2 | Mr Vinod K Nowal | Deputy Managing Director | 1,27,968 |
| 3 | Mr Anil Kumar Singh | Executive Vice President | 1,27,968 |
| 4 | Mr Murugan P K | Executive Vice President | 1,27,968 |
| 5 | Mr Jayant Acharya | Director (Commercial & Marketing) | 1,19,436 |
| 6 | Mr Arun Maheshwari | Executive Vice President | 1,19,436 |
| 7 | Mr Pawan Kedia | Group President - Commercial | 1,19,436 |
| 8 | Mr Prashant Jain | Executive Vice President | 1,19,436 |
| 9 | Mr Alok Chandra | Executive Vice President (Operations) | 1,10,905 |
| 10 | Mr Ravichandar D | Chief Executive Officer | 1,10,905 |
| 11 | Mr Rajashekar P | President Operations | 1,02,374 |
| 12 | Mr Sanjay Jayram | Executive Vice President | 1,02,374 |
| 13 | Mr Vinay Shroff | Executive Vice President | 1,02,374 |
| 14 | Mr Ashok Kumar Aggarwal | Jt Chief Executive Officer | 93,843 |
| 15 | Mr Sandeep Gokhale | President - Business Deve | 93,843 |
| 16 | Mr Partha Sengupta | President - Operations | 85,312 |
| 17 | Mr Ram Prakash Nangalia | President - Corporate Relations | 85,312 |
| 18 | Mr Gautam Chainani | Group President - Human Resources | 76,781 |

| Sr. No. | Name of Senior Managerial Personnel | Designation | 3rd Grant (in force as on 31 March 2019) |
|----------------|--|---------------------------------------|---|
| 1 | Mr Seshagiri Rao M V S | JMD and Group CFO | 87,841 |
| 2 | Mr Vinod K Nowal | Deputy Managing Director | 87,841 |
| 3 | Mr Anil Kumar Singh | Executive Vice President | 81,985 |
| 4 | Mr Murugan P K | Executive Vice President | 81,985 |
| 5 | Mr Jayant Acharya | Director (Commercial & Marketing) | 81,985 |
| 6 | Mr Pawan Kedia | Group President - Commercial | 81,985 |
| 7 | Gajraj Singh Rathore | President Dolvi and Salav | 76,129 |
| 8 | Mr Arun Maheshwari | Executive Vice President | 76,129 |
| 9 | Mr Alok Chandra | Executive Vice President (Operations) | 76,129 |
| 10 | Mr Rajashekar P | President Operations | 76,129 |
| 11 | Mr Sanjay Jayram | Executive Vice President | 70,273 |
| 12 | Mr Vinay Shroff | Executive Vice President | 70,273 |
| 13 | Mr Ravichandar D | Chief Executive Officer | 64,417 |
| 14 | Mr Ashok Kumar Aggarwal | Jt Chief Executive Officer | 64,417 |
| 15 | Mr Sandeep Gokhale | President - Business Deve | 64,417 |
| 16 | Mr Partha Sengupta | President - Operations | 58,561 |
| 17 | Mr Gautam Chainani | Group President - Human Resources | 58,561 |

D. Details related to Trust**(i) General information on JSWSL Employees Stock Ownership Plan - 2016**

| Sl. No. | Particulars | Details |
|---------|---|-------------------------------------|
| 1 | Name of the Trust | JSWSL Employees Welfare Trust |
| 2 | Details of the Trustee(s) | Mr Jyoti Agarwal Mr B K Tripathy |
| 3 | Amount of loan disbursed by company / any company in the group, during the year | Rs. 152.66 crores |
| 4 | Amount of loan outstanding (repayable to company / any company in the group) as at the end of the year | Rs. 284.05 crores |
| 5 | Amount of loan, if any, taken from any other source for which company / any company in the group has provided any security or guarantee | - |
| 6 | Any other contribution made to the Trust during the year | - |

(ii) Brief details of transactions in shares by the Trust:

| | | |
|---|---|---|
| a | Number of shares held at the beginning of the year: | 68,25,000 |
| b | Number of shares acquired during the year through (i) primary issuance (ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share: | 45,20,116 equity shares (0.19% of the paid-up equity capital as at 31.03.2019) have been acquired through secondary acquisition during FY 2018-19 |
| c | Number of shares transferred to the employees/ sold along with the purpose thereof: | Not applicable |
| d | Number of shares held at the end of the year | 1,13,45,116 |

(iii) In case of secondary acquisition of shares by the Trust:

| Number of shares | As a percentage of paid-up equity capital as at the end of the year immediately preceding the year in which shareholders' approval was obtained |
|--|---|
| Held at the beginning of the year | 0.28 |
| Acquired during the year | 0.19 |
| Sold during the year | 0.00 |
| Transferred to the employees during the year | 0.00 |
| Held at the end of the year | 0.47 |