

## **KAJARIA CERAMICS LIMITED**

### **Disclosure pursuant to the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - For the financial year 2018-19**

The Kajaria Ceramics Employee Stock Option Plan 2015 ('ESOP Plan 2015') was approved by the shareholders of the Company on September 7, 2015. There is no modification in the ESOP Plan 2015.

- A.** Relevant disclosures in terms the Accounting Standards (Ind-AS) 102 - 'Share based Payment' has been made in Note No. 39 of the Notes of the Standalone Financial Statements, forming part of the Annual Report 2018-19 of the Company.
- B.** Diluted Earnings Per Share ('EPS') pursuant to the issue of shares on exercise of options calculated in accordance with Indian Accounting Standards (Ind-AS) 33 - 'Earnings Per Share' is Rs. 15.46.

**C. Details related to ESOP Plan 2015:**

<b>1. Description of the ESOP Plan 2015 is summarised below:</b>		
<b>Sr. No.</b>	<b>Particulars</b>	<b>Details</b>
a)	Date of shareholders' approval	September 7, 2015
b)	Total number of options approved	5,31,000 equity shares of Rs. 2/- each were approved by the shareholders of the Company and out of which, 2,29,000 equity shares of Rs. 2/- each were granted to 33 employees at an exercise price of Rs. 850/- per share.  Subsequent to the sub-division, the face value of equity shares is Re. 1/- each and the approved equity shares have been increased to 10,62,000 equity shares of Re. 1/- each and total quantum of 1 <sup>st</sup> option granted has also been increased to 4,58,000 equity shares of Re. 1/- each and an exercise price has, accordingly, been reduced to Rs. 425/- per share.
c)	Vesting requirements	Options granted will vest over a period of 5 (five) years as per the schedule below: <ul style="list-style-type: none"><li>• 10% - On completion of 24 months from the grant date.</li><li>• 20% - On completion of 36 months from the grant date</li><li>• 30% - On completion of 48 months</li></ul>

		<p>from the grant date</p> <ul style="list-style-type: none"> <li>40% - On completion of 60 months from the grant date</li> </ul> <p>1<sup>st</sup> grant was made on October 20, 2015.</p>
d)	Exercise price or pricing formula	Subsequent to the sub-division, the face value of equity shares is Re. 1/- each and an exercise price has, accordingly, been reduced to Rs. 425/- per share from Rs. 850/- per share.
e)	Maximum term of options granted	8 (Eight) years from the grant date
f)	Source of shares (primary, secondary or combination)	Primary
g)	Variation in terms of options	Not Applicable
<b>2.</b>	<b>Method used to account for ESOP Plan 2015 - Intrinsic or fair value:</b>	
	The compensation cost of stock options granted to employees is calculated based on Fair value method.	
<b>3.</b>	Where the company opts for expensing of the options using the intrinsic value of the options, 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 shall also be disclosed: <b>Not Applicable</b>	
<b>4.</b>	<b>Movement of options during the financial year 2018-19 are as follows:</b>	
	Particulars	Details
a)	Number of options outstanding at the beginning of the period	3,92,700
b)	Number of options granted during the year	NIL
c)	Number of options forfeited/lapsed during the year	44,000
d)	Number of options vested during the year	74,400
e)	Number of options exercised during the Year	Nil
f)	Number of shares arising as a result of exercise of options	Nil

g)	Money realized by exercise of options (INR), if scheme is implemented directly by the Company	Nil			
h)	Loan repaid by the Trust during the year from exercise price received	Not Applicable			
i)	Number of options outstanding at the end of the year (including number of options exercisable at the end of the year)	3,48,700			
j)	Number of options exercisable at the end of the year	97,400			
<b>5.</b>	<b>Weighted-average exercise prices and weighted-average fair values of options whose exercise price equals or exceeds or is less than the market price of the stock:</b>				
	<b>Grant date</b>	<b>October 20, 2015</b>			
	<b>Vesting date</b>	<b>October 20, 2017</b>	<b>October 20, 2018</b>	<b>October 20, 2019</b>	<b>October 20, 2020</b>
	Fair Value of option at grant date (Rs.)	260.22	310.20	354.01	392.99
	Exercise Price (Rs.)	425.00	425.00	425.00	425.00
<b>6.</b>	<b>Employee wise details of options granted during the financial year 2018-19 under ESOP Plan 2015:</b>				
Sr. No.	Particulars	Name of Employee	Designation	Number of options granted during the year	Exercise Price
a)	Senior Managerial Personnel	Nil			
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	Not Applicable			
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	Not Applicable			

<b>7.</b>	<b>Description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:</b>	
Sr. No.	Particulars	Details
a)	Weighted-average values of share price	Rs. 425
	Exercise Price	Rs. 425 (After sub-division of face value of shares to Rs. 1/- in F.Y. 2016-17)
	Expected volatility	27.63%
	Expected option life	2.5 - 5.5 years
	Expected dividend yield	0.4% p.a.
	Risk-free interest rate	7.15% - 7.30% p.a.
	Model used	Black - Scholes Option Pricing Formula
b)	Method used and the assumptions made to incorporate the effects of expected early exercise	Black - Scholes Option Pricing Formula
c)	How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	The volatility is estimated from the actual movement in share prices of the Company over one year preceding the grant date. This historical volatility is the annualised standard deviation of the continuously compounded rates of daily stock returns.
d)	Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition	As per the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, Black – Scholes Option Pricing Formula has been adopted.
<b>8.</b>	<b>Until all options granted in the three years prior to the IPO have been exercised or have lapsed, disclosures of the information specified above in respect of such options</b>	Not Applicable

**D. Details related to ESPS** - Not Applicable

**E. Details related to SAR** - Not Applicable

**F. Details related to GEBS/RBS** - Not Applicable

**G. Details related to Trust** - Not Applicable