

KAJARIA CERAMICS LIMITED

Disclosure pursuant to the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 - For the financial year 2022-23

The Kajaria Employee Stock Option Scheme 2015 ('ESOP Scheme 2015') was approved by the shareholders of the Company on September 7, 2015. During the year 2021-22, the ESOP Scheme 2015 was modified by the Board of Directors, as recommended by the Nomination and Remuneration Committee of the Company, to make the same align pursuant to the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. The shareholders of the Company have, through postal ballot on March 24, 2022, approved addition of 5,25,000 options and accordingly, the total options under the ESOP Scheme 2015 increased, which is equivalent to 15,87,000 equity shares of Re. 1 each.

A. Relevant disclosures in terms the Accounting Standards (Ind-AS) 102 - 'Share based Payment' has been made in Note No. 43 of the Notes of the Standalone Financial Statements, forming part of the Annual Report for the financial year 2022-23 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. 21.62.

C. Details related to ESOP Scheme 2015:

1. Description of the ESOP Scheme 2015 is summarised below:		
Sr. No.	Particulars	Details
a)	Date of shareholders' approval	<ul style="list-style-type: none">• September 7, 2015• March 24, 2022 (Options increased by 5,25,000 Options)
b)	Total number of options approved	<p><u>Tranche (Grant) 1:</u></p> <p>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 at an exercise price of Rs. 850/- per share.</p> <p>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 1st 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.</p> <p><u>Tranche (Grant) 2:</u></p> <p>Additional 5,25,000 equity shares of Rs. 1/- each were further approved by the shareholders of the Company and accordingly, total options increased from 10,62,000 options to 15,87,000 options</p>

		<p>equivalent to 15,87,000 equity shares of Re. 1 each.</p> <p>7,05,200 equity shares of Re. 1 each were granted at an exercise price of Rs. 980 per share.</p> <p><u>Tranche (Grant 3):</u></p> <p>1,32,400 equity shares of Re. 1 each were granted at an exercise price of Rs. 980 per share.</p>
c)	Vesting requirements	<p>Options granted will vest over a period of 5 (five) years as per the schedule below:</p> <ul style="list-style-type: none"> • 10% - On completion of 24 months from the grant date. • 20% - On completion of 36 months from the grant date • 30% - On completion of 48 months from the grant date • 40% - On completion of 60 months from the grant date <ul style="list-style-type: none"> ○ 1st Tranche (Grant) was made on October 20, 2015. ○ 2nd Tranche (Grant) was made on March 02, 2022. ○ 3rd Tranche (Grant) was made on April 19, 2022.
d)	Exercise price or pricing formula	<p><u>Tranche 1:</u></p> <p>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.</p> <p><u>Tranches 2 & 3:</u></p> <p>Rs. 980/- per share</p>
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
2.	Method used to account for ESOP Scheme 2015 - Intrinsic or fair value:	
	The compensation cost of stock options granted to employees is calculated based on Fair value method.	

3.	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: Not Applicable			
4.	Movement of options during the financial year 2022-23 are as follows:			
	Particulars	Details		
a)	Number of options outstanding at the beginning of the period	7,59,450		
b)	Number of options granted during the year	1,32,400		
c)	Number of options forfeited/lapsed during the year	12,000		
d)	Number of options vested during the year	0		
e)	Number of options exercised during the Year	28,500		
f)	Number of shares arising as a result of exercise of options	28,500		
g)	Money realized by exercise of options (INR), if scheme is implemented directly by the Company	Rs. 1,21,12,500		
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 (excluding number of options exercisable at the end of the year)	8,51,350		
j)	Number of options exercisable at the end of the year	25,750		
5.	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:			
Grant date	October 20, 2015 (1 st Tranche)			
Vesting date	October 20, 2017	October 20, 2018	October 20, 2019	October 20, 2020
Fair Value of option at grant date	260.22	310.20	354.01	392.99

	(Rs.)				
	Exercise Price (Rs.)	425.00	425.00	425.00	425.00
	Grant date	March 02, 2022 (2 nd Tranche)			
	Vesting date	March 02, 2024	March 02, 2025	March 02, 2026	March 02, 2027
	Fair Value of option at grant date (Rs.)	404.29	429.57	444.28	460.59
	Exercise Price (Rs.)	980.00	980.00	980.00	980.00
	Grant date	April 19, 2022 (3 rd Tranche)			
	Vesting date	April 19, 2024	April 19, 2025	April 19, 2026	April 19, 2027
	Fair Value of option at grant date (Rs.)	409.13	433.45	447.54	462.58
	Exercise Price (Rs.)	980.00	980.00	980.00	980.00
6.	Employee wise details of options granted during the financial year 2022-23 under ESOP Scheme 2015:				
Sr. No.	Particulars	Name of Employee	Designation	Number of options granted during the year	Exercise Price
a)	Senior Managerial Personnel				
1		Mr. R.C. Rawat	COO(A&T)&Co. Secy.	7,000	Rs. 980 per option
		Dr. Rajveer Choudhary	Chief Operating Officer	7,000	
		Mr. Sanjeev Agarwal	CFO	2,700	
2		Mr. Pankaj Sethi	COO (GVT)	2,700	
5		Mr. Bhupendra Vyas	Chief Operating Officer (PVT)	2,000	
6		Mr. Gautam Seth	Sr. VP (Marketing & Technical)	2,000	
7		Mr. Vivek Kumar Goyal	Sr. VP (Marketing)	2,000	
8		Mr. G P Nirmal	Sr. VP (Import & Export)	1,500	
9		Mr. S P Rajendran	Chief Operating Officer	1,400	
10		Mr. Arun Lath	Sr. VP (Works)	1,200	
11		Mr. Jaganathan B	VP (Sales)	2,000	

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	Nil		
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		
7.	Description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:			
Sr. No.	Particulars	Tranche 1	Tranche 2	Tranche 2
a)	Weighted-average value of share price	Rs. 918.10	Rs. 1038.60	Rs. 1031.25
	Exercise Price	Rs. 425 (After sub-division of face value of shares to Re. 1/- in F.Y. 2016-17)	Rs. 980	Rs. 980
	Expected volatility	27.63%	32.21% - 33.41%	32.59% - 33.95%
	Expected option life	2.5 - 5.5 years	5 - 6.5 years	5 - 6.5 years
	Expected dividend yield	0.40% p.a.	0.76% p.a.	0.83% p.a.
	Risk-free interest rate	7.15% - 7.30% p.a.	5.94%-6.30% p.a.	6.41%-6.68% p.a.
	Model used	Black Scholes Merton Option Pricing Model		
b)	Method used and the assumptions made to incorporate the effects of expected early exercise	Black Scholes Merton Option Pricing Model		
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	Black Scholes Merton Option Pricing Model has been adopted.		

8.	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	Not Applicable
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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