

Information to be disclosed under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (“the Regulations”) for Employee Stock Option Scheme (ESOS) / Employee Stock Appreciation Rights (ESAR’s) as on 31st March, 2020:

Employee Stock Option Scheme (ESOS)

There is no change in the scheme as approved by the Shareholders. The Scheme is in Compliant with the Regulations as amended from time to time.

Delta Employees Stock Appreciation Rights Plan 2019 (“ESARP 2019”/ “Plan”)

The shareholders of the Company at its Annual General Meeting held on 24th July, 2019 approved a new Scheme under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, for the purposes of granting of Stock Appreciation Rights to the employees of the Company and its subsidiaries.

During the year 2019-20, the following Schemes were in operation

- i. DELTACORP ESOS 2009.
- ii. Delta Employees Stock Appreciation Rights Plan 2019.

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:-

Share-based payments

a Details of the Employee Share Option Plan of the Company

The options are granted at the price determined by the Nomination Remuneration Compensation Committee. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 1/- each. The Option granted in Financial Year 2017-18 and 2018-19 shall vest in three instalments. The Options granted in FY 2018-19 have been modified, re-priced and vesting period reduce to three years from four years of vesting period on 23rd September, 2019 and accordingly fair value recalculated with modified terms. Details of options granted during the financial year 2017-18 & 2018-19 duly approved by the Nomination Remuneration Compensation Committee under the said scheme are given below.

Each employee share option converts into one equity share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following share-based payment arrangements were in existence during the current and prior years:

Options series	Number of Options Granted	Grant date	Vesting date	Exercise price (₹)	Fair value at grant date (₹)
Granted on 28 th August, 2017	567,000	28/08/2017	28/08/2018	155	88.65
	567,000	28/08/2017	28/08/2019	155	101.84
	567,000	28/08/2017	28/08/2020	155	108.12
Granted on 23 rd September, 2019 (*)	319,900	23/09/2019	24/09/2020	180	150.24
	319,900	23/09/2019	24/09/2021	180	165.71
	274,200	23/09/2019	24/09/2022	180	176.56

(*) The incremental fair value, as a result of modification stated above is ₹ 27.14 per option.

Exercise period will expire after five years from the date of vesting of options or such other period as may be decided by the Compensation Committee.

Fair value of share options granted

Options were priced using Black Scholes Option Pricing Model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 3 years.

Particulars	Option series					
	23-09-2019			28-08-2017		
	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3
Inputs to the Model:						
Grant date share price (₹)	187.90	187.90	187.90	182.15	182.15	182.15
Exercise price (₹)	180.00	180.00	180.00	155.00	155.00	155.00
Expected volatility	52.48%	51.22%	50.65%	51.36%	54.96%	52.89%
Option life	3.01 years	4.01 years	5.01 years	3.5 years	4.51 years	5.51 years
Dividend yield	0.35%	0.35%	0.35%	0.19%	0.19%	0.19%
Risk-free interest rate	5.96%	6.16%	6.34%	6.37%	6.50%	6.61%

Movements in share options during the year

The following table reconcile the share option outstanding at the beginning and end of the year.

Particulars	2019-2020		2018-2019	
	Number of options	Weighted average of exercise price (₹)	Number of options	Weighted average of exercise price (₹)
Balance at beginning of year	2,645,000	187.12	1,750,750	152.07
Issued during the year	-	-	944,000	245.00
Forfeited during the year	(30,000)	245.00	-	-
Exercised during the year	-	-	(49,750)	52.00
Balance at end of year	2,615,000	163.74	2,645,000	187.12

Out of 9,44,000 options granted in F.Y 2018-19, 30,000 options have been cancelled and 9,14,000 options have been modified, repriced and the vesting period reduced to three years from four years. There is no Share options exercised during the year

b Details of the Employee Stock Appreciation Rights of the Company

The Nomination Remuneration Compensation Committee has granted Employee Stock Appreciation Rights ("ESAR") on 17th March, 2020 to certain eligible employees pursuant to the Company's Employee Stock Appreciation Rights plan, ("Plan"). The grant price is determined based on a formulae as defined in the Plan. There are scheme under each plan with different vesting periods. Under the Plan, the specified eligible employees are entitled to receive a value which is the excess of the maturity price over grant price subject to certain conditions. The Plans is a administered by the Nomination Remuneration Compensation Committee.

An Employee Stock Appreciation Right (ESAR) is an award which provides the holder with the ability to profit from the appreciation in value of a set number of shares of company stock over a set period of time. The valuation of a stock appreciation right operates exactly like a stock option in that the employee benefits from any increases in stock price above the price set in the award. However, unlike an option, the employee is not required to pay an exercise price to exercise them, but simply receives the net amount of the increase in the stock price in either shares of company stock or Cash, as decided by The Nomination Remuneration Compensation Committee.

The following share-based payment arrangements were in existence during the current years:

Options series	Number of Options Granted	Grant date	Vesting date	Exercise price (₹)	Fair value at grant date (₹)
Granted on 17 th March, 2020	800,000	17/03/2020	17/03/2021	90	27.94
	800,000	17/03/2020	17/03/2022	90	31.10
	800,000	17/03/2020	17/03/2023	90	34.03

Fair value of Employee Stock Appreciation Rights (ESAR)

ESAR were priced using Black Scholes Option Pricing Model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 3 years.

Particulars	Option Series		
	17-03-2020		
	Vest 1	Vest 2	Vest 3
Inputs to the Model:			
Grant date share price (₹)	77.95	77.95	77.95
Exercise price (₹)	90.00	90.00	90.00
Expected volatility	53.17%	51.84%	51.45%
Option life	3.5 years	4.5 years	5.51 years
Dividend yield	1.80%	1.80%	1.80%
Risk-free interest rate	5.97%	6.14%	6.27%

Movements in ESARs during the year

The following table reconcile the ESARs outstanding at the beginning and end of the year.

Particulars	2019-2020	
	Number of options	Weighted average of exercise price (₹)
Balance at beginning of year	-	-
Issued during the year	2,400,000	90.00
Forfeited during the year	-	-
Exercised during the year	-	-
Balance at end of year	2,400,000	90.00

There is no Stock appreciation rights exercised during the year

The effect of share based payment transactions on the company's profit or loss for the period is presented below:

(₹ in Crores)

Particulars	31 st March, 2020	31 st March, 2019
Share based payment expense	7.44	12.93

Note:

- Volatility:** Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during the year. The measure of volatility is used in Black Scholes annualized standard deviation of the continuously compounded rate of return on the stock over a period of time. The Company considered the daily historical volatility of the Company's expected life of each vest.
- Risk Free Rate:** The risk free rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero - coupon securities.
- Expected Life of the Options / ESARs:** Expected life of the options / ESARs is the period for which the Company expects the options / ESARs to be live. The minimum life of a stock options / ESARs is the minimum period before which the options / ESARs cannot be exercised and the maximum life is the period after which the options / ESARs cannot be exercised. The Company has calculated expected life as the average of life of the options / ESARs.

B. Diluted EPS on issue of shares in accordance with 'IND AS 33 - Earnings Per Share' issued by ICAI or any other relevant accounting standard as prescribed from time to time:-

₹ 3.67

C. Details related to Employee Stock Option Scheme (ESOS)

(i)	A description of ESOS that existed at any time during the year:	
(a)	Date of shareholders' approval	7 th December 2009
(b)	Total number of options approved under ESOS	1,00,00,000
(c)	Vesting requirements	Options granted under DELTACORP ESOS 2009, would vest not less than one year and not more than five years from the date of grant of such options and on such other criteria as specified in detail in the ESOS of the Company.
(d)	Exercise price or pricing formula	<p>a) 31,00,000 options were granted at ₹ 30/- per option on 8th July, 2010.</p> <p>b) 27,14,335 options were granted at ₹ 52/- per on 9th May, 2013.</p> <p>c) 15,00,000 options were granted at ₹ 95/- per option on 12th November, 2014.</p> <p>d) 17,01,000 options were granted at ₹ 155/- per option on 28th August, 2017.</p> <p>e) *9,44,000 options were granted at ₹ 245 per option on 3rd April, 2018.</p>
(e)	Maximum term of options granted	Options granted under DELTACORP ESOS 2009, would vest not less than one year and not more than five years from the date of grant of such options
(f)	Source of shares (primary, secondary or combination)	Primary or as per the ESOS Scheme
(g)	Variation in terms of options	NIL
(ii)	Method used to account for ESOS - Intrinsic or fair value:-	Fair Value
(iii)	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.	Not Applicable
	The impact of this difference on profits and on EPS of the company shall also be disclosed.	Not Applicable
(iv)	Option movement during the year:	
	Number of options outstanding at the beginning of the year	17,01,000
		9,44,000
	Number of options granted during the year*	-
	Number of options forfeited / lapsed during the year *	30,000
	Number of options vested during the year	
	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																							
Loan repaid by the Trust during the year from exercise price received	Not Applicable																							
Number of options outstanding at the end of the year	17,01,000 *9,14,000																							
Number of options exercisable at the end of the year	11,34,000																							
(v) 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.	As per Annexure - A																							
(a)	<table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Dates of Grant</th> </tr> <tr> <th>28.08.2017</th> <th>23.09.2019</th> </tr> </thead> <tbody> <tr> <td>weighted-average share price (₹)</td> <td>182.15</td> <td>187.90</td> </tr> <tr> <td>exercise price (₹)</td> <td>155.00</td> <td>180.00</td> </tr> <tr> <td>expected volatility</td> <td>53.07%</td> <td>51.45%</td> </tr> <tr> <td>Option life (Comprising vesting period + exercise period) (In Years)</td> <td>5.51</td> <td>5.01</td> </tr> <tr> <td>expected dividends,</td> <td>0.19%</td> <td>0.35%</td> </tr> <tr> <td>risk-free interest rate</td> <td>6.61%</td> <td>6.34%</td> </tr> </tbody> </table>		Dates of Grant		28.08.2017	23.09.2019	weighted-average share price (₹)	182.15	187.90	exercise price (₹)	155.00	180.00	expected volatility	53.07%	51.45%	Option life (Comprising vesting period + exercise period) (In Years)	5.51	5.01	expected dividends,	0.19%	0.35%	risk-free interest rate	6.61%	6.34%
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(b) the method used and the assumptions made to incorporate the effects of expected early exercise;	Company has estimated the expected life of the options on the basis of average of minimum and maximum life of the Options. Historical data for early exercise of Options is not available, hence not considered in expected life calculations.																							
(c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	Volatility is the measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes options pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time. For calculating volatility, the daily volatility of the stock prices on the National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options has been considered.																							
(d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	No other feature has been considered for fair valuation of options except as mentioned in the points above.																							

* Out of 9,44,000 options granted FY 2018-19, 30,000 options have been cancelled and 9,14,000 options have been modified, repriced and the vesting period reduced to three years from four years.

Annexure-A

Weighted Average exercise price of option granted/reprice whose: (Amount in ₹)

Sr	Particulars	28 th August, 2017	23 rd September, 2019
A	Exercise Price equals the Market Price	NA	NA
B	Exercise Price is greater than the Market Price	NA	NA
C	Exercise Price is less than the Market Price	155	180

Weighted Average fair value of option granted/reprice whose: (Amount in ₹)

Sr	Particulars	28 th August, 2017	23 rd September, 2019
A	Exercise Price equals the Fair Value	NA	NA
B	Exercise Price is greater than the Fair Value	99.54	87.48
C	Exercise Price is less than the Fair Value	NA	NA

Annexure-B

Name of Senior Managerial Persons to whom Stock Options have been granted/reprice	Options granted/reprice in 2020
Mr. Dilip Vaidya	40,000

D. Details of SARs granted under Delta Employees Stock Appreciation Rights Plan 2019 (“ESARP 2019”/ “Plan”) are as follows:

Particulars	Delta Employees Stock Appreciation Rights Plan 2019 (“ESARP 2019”/ “Plan”)
i) Description of Stock Appreciation Rights Scheme (“SAR Scheme”) that existed at any time during the year	
Date of shareholders’ approval	24 th July, 2019
Total number of shares approved under the SAR scheme	The aggregate number of Shares upon Exercise of Employee Stock Appreciation Rights (“ESARs”) under the Plan shall not exceed 50,00,000 (Fifty Lakhs) Shares of face value of Re. 1/- (Rupee One), each fully paid up, of the Company.
Vesting requirements	ESARs granted under ESARP 2019 would Vest after a minimum period of One (1) year but not later than a maximum period of Five (5) years from the Grant Date of such ESARs. The Nomination, Remuneration and Compensation Committee (“NRC Committee”) shall determine the specific Vesting percentage and schedule which may be different for different Employees or class thereof at the time of Grant.
SAR price or pricing formula	The ESAR Price per ESAR shall not be less than the Market Price. Provided that the Board or NRC Committee may at its sole discretion can provide a discount on ESAR Price of not more that 10% (Ten percent) to the Market Price.
Maximum term of SAR granted	Maximum period of Five (5) years from the Grant Date of such ESARs.
Method of settlement (whether in cash or equity)	Any or all Vested ESARs upon Exercise shall be settled by way of allotment of Shares unless otherwise intended to be settled by way of Cash at the sole discretion of the NRC Committee.
Choice of settlement (with the company or the employee or combination)	At the discretion of NRC committee
Source of shares (primary, secondary or combination)	At the discretion of NRC committee
Variation in terms of scheme	-
ii) Method used to account for SAR – Intrinsic or fair value	
Method used to account for SAR	Fair Value
iii) Where the company opts for expensing of SAR using the intrinsic value of SAR	
Where the company opts for expensing of SAR using the intrinsic value of SAR, 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 SAR, shall be disclosed.	Not Applicable
The impact of this difference on profits and on EPS of the company shall also be disclosed.	

iv) SAR movement during the year

Number of SARs outstanding at the beginning of the year	Nil
Number of SARs granted during the year	24,00,000
Number of SARs forfeited / lapsed during the year	Nil
Number of SARs vested during the year	Nil
Number of SARs exercised / settled during the year	Nil
Number of SARs outstanding at the end of the year	24,00,000
Number of SARs exercisable at the end of the year	Nil

v) Employee wise details of SARs granted during the year to

(i) Senior management personnel	Annexure - I
(ii) Any other employee who receives a grant in any one year of amounting to 5% or more of SAR granted during that year	Nil
(iii) Identified employees who were granted SAR, 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

Annexure-I

Name of Senior Managerial Persons to whom SAR have been granted	SAR granted in 2020
Mr. Ashish Kapadia	15,00,000
Mr. Hardik Dhebar	3,00,000
Mr. Anil Malani	3,00,000