

WELSPUN ENTERPRISES LIMITED  
 (Formerly known as Welspun Projects Limited)

**WELSPUN MANAGING DIRECTOR STOCK OPTION PLAN -  
 2014**  
 (“MDESOP-2014”)

[Disclosure pursuant to Regulation 14 of the SEBI (Share Based Employee Benefits)  
 Regulations, 2014 read with SEBI circular CIR/CFD / POLICY CELL / 2 / 2015 dated  
 June 16, 2015 ]

A.	<b>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.</b>	For details please refer to Note no. 48 to the Standalone Financial Statements of the Company forming part of the Annual Report for the financial year 2016-17.												
B.	<b>Diluted EPS on issue of shares pursuant to the scheme (in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time).</b>	Diluted EPS : Rs. 2.48 (Standalone) (For details refer to Note no. 44 to the Standalone Financial Statements mentioned in the Annual Report 2016-17) Diluted EPS : Re. 0.28 (Consolidated) (For details refer to Note no. 47 to the Consolidated Financial Statements mentioned in the Annual Report for the financial year 2016-17)												
C.	Details related to ESOS (i.e. MDESOP-2014):													
(i)	Description of MDESOP-2014 (including the general terms and conditions):													
(a)	Date of shareholders' approval	September 28, 2012												
(b)	Total number of options approved under MDESOP-2014	Up to 12,00,000												
(c)	Vesting requirements	The Vesting of ESOPs shall occur on the first anniversary of the Grant Date. However in case of Vesting period may be extended by the entire duration of the leave period for Employees on the Long Leave. The Vesting Schedule is as follows: <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">No. of ESOP</th> <th style="text-align: left;">Date of Grant</th> <th style="text-align: left;">Date of Vesting</th> </tr> </thead> <tbody> <tr> <td>720,000</td> <td>16-02-15</td> <td>16-02-16</td> </tr> <tr> <td>240,000</td> <td>14-07-15</td> <td>14-07-16</td> </tr> <tr> <td>240,000</td> <td>14-07-16</td> <td>14-07-17</td> </tr> </tbody> </table>	No. of ESOP	Date of Grant	Date of Vesting	720,000	16-02-15	16-02-16	240,000	14-07-15	14-07-16	240,000	14-07-16	14-07-17
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(d)	Exercise price or pricing formula	NIL												

(e)	Maximum term of options granted	The Employee Stock Options granted shall be capable of being exercised in one or more tranches in multiples of 5000 shares, within a period of three years from the date of Vesting of the respective Employee Stock Options.
(f)	Source of shares (primary, secondary or combination)	Primary
(g)	Variation in terms of options	No
(ii)	Method used to account for MDESOP-2014 (Intrinsic or fair value)	The Company has expensed out cost of issuance of ESOPs by using the fair value method for valuation and accounting of the aforesaid stock options as per the SEBI (Share Based Employee Benefits) Regulations, 2014.
(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 using the intrinsic value method and the employee compensation cost that shall have been recognized if it had used the fair value of the options and impact of this difference on profits of the company and on EPS of the company	The Company has accounted the aforesaid stock options on the basis of fair value determined in accordance with Black Scholes Valuation Model. Refer to Note 48 to the Notes to accounts of the standalone audited financial statements for other details.
iv)	Option movement during the financial year 2016-17:	
	Particulars	Details
	Number of options outstanding at the beginning of the period	2,40,000
	Number of options granted during the year	2,40,000
	Number of options forfeited / lapsed during the year	NIL
	Number of options vested during the year	2,40,000
	Number of options exercised during the year	2,40,000
	Number of shares arising as a result of exercise of options	2,40,000
	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	240,000
	Number of options exercisable at the end of the year	240,000
(v)	Weighted-average exercise prices and weighted-average fair values of options for options whose exercise price either equals or exceeds or is less than the market price of the stock.	i) Weighted average exercise price - NIL per option. ii) Weighted average fair value as per the Black Scholes Model - Rs. 53.23 per option.

(vi)	Employee wise details of options granted to -	Name of employee	Designation	Number of options granted during the year	Exercise price of options granted
(a)	Senior Managerial Personnel	Mr. Sandeep Garg	Managing Director	2,40,000	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	-	-	-	-
(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.	-	-	-	-

(vii)	A description of the method and significant assumptions used during the year to estimate the fair value of options:	<p>The Black Scholes Valuation model has been used for computing the weighted average fair value of stock options granted during the year (of Rs. 53.23) considering the following input: Grant Date: July 14, 2016          Vesting Date: July 14, 2017          Variables:          Stock Price: Rs. 58.10          Volatility: 19.32%          Risk free rate: 7.68%          Exercise Price: Nil          Time to Maturity: 2.5          Dividend Yield: 5%          Option Fair Value: Rs. 53.23</p> <p>The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.</p>
	Disclosures in respect of grants made in three years prior to IPO under each ESOS	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