

**Disclosure pursuant to Regulation 14 of Securities and Exchange Board of India
(Share Based Employee Benefits) Regulations, 2014 as on March 31, 2016**

The shareholders of the Company had approved CFCL Employees Stock Option Scheme, 2010 on August 27, 2010 which was amended by the shareholders on September 13, 2013. Consequent upon promulgation of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (“**ESOP Regulations**”), the shareholders of the Company had approved the revised CFCL Employees Stock Option Scheme, 2010 on September 15, 2015 in compliance with the ESOP Regulations. The disclosures in pursuance of ESOP Regulations are as under:

A. Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by Institute of Chartered Accountants of India (“ICAI”) or any other relevant accounting standards as prescribed from time to time.

The disclosures are provided in Note 43 of the Notes to Standalone Financial Statements of the Company for the year ended March 31, 2016.

B. Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time.

Rs. 2.07

C. Details related to Employees Stock Option Scheme (ESOS):

| i. | A description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS, including - | |
|----|--|--|
| a) | Date of shareholders' approval | August 27, 2010, amended on September 13, 2013 and September 15, 2015 |
| b) | Total number of options approved under ESOS | 41,62,000 |
| c) | Vesting requirements | Not earlier than 1 (one) year and not later than 5 (five) years from the date of grant of such options. Vesting of options is a function of continued employment with the Company (passage of time) and achievement of performance criteria as specified by the Nomination and Remuneration Committee. |
| d) | Exercise price or pricing formula | The options are / will be granted at the market price i.e. the latest available closing price on the stock exchanges where the shares of the Company are listed, prior to the date of the meeting of the Nomination and Remuneration |

| | | |
|------------|--|---|
| | | Committee in which the options are granted or to be granted. As the shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited, the stock exchange where there is highest trading volume on the said date is considered. |
| e) | Maximum term of options granted | Eight years from the date of grant of options. In case of death, permanent incapacity or retirement of an employee, the vested options can be exercised within 3 years from the date of death, permanent incapacity or retirement, as the case may be or before the expiry of the exercise period, whichever is earlier. |
| f) | Source of shares (primary, secondary or combination) | Combination |
| g) | Variation in terms of options | <p>The shareholders of the Company, at the Annual General Meeting held on September 15, 2015, had approved revised Employees Stock Option Scheme, 2010 (“ESOS 2010”). The details of variations are as under:</p> <ul style="list-style-type: none"> i) Provision has been made for ‘CFCL Employees Welfare Trust’ (“Trust”), to purchase shares from the secondary market. ii) The provision for direct subscription of shares by the employees upon exercise of stock options has been deleted as ESOS 2010 envisaged secondary acquisition of shares and in such case, as per ESOP Regulations, it has to be implemented through Trust only. iii) In order to give more time to the employees for exercise of options, the exercise period has been increased from five years to eight years from the date of vesting. iv) Certain other changes were made mainly to align ESOS 2010 with the requirements under ESOP Regulations. |
| ii. | Method used to account for ESOS - Intrinsic or fair value | |
| | The Company has calculated the employee compensation cost using the intrinsic value method of accounting to account for the options granted under ESOS 2010. | |

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|-------------|---|--|----------------------------|--|-----------------------|
| iii. | Where the company opts for expensing of the options using the intrinsic value of the options - | | | | |
| a) | 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 | Rs. 114.92 lac | | | |
| b) | Impact of this difference on profits and on EPS of the Company | Reported | Proforma (Adjusted) | | |
| | Profit after Tax | Rs. 8,629.75 lac | Rs. 8,514.83 lac | | |
| | Earning per share (Basic and diluted) | Rs. 2.07 | Rs. 2.05 | | |
| iv. | Option movement during the year (For each ESOS): | | | | |
| | Particulars | Details (ESOS 2010) | | | |
| | Number of options outstanding at the beginning of the period | 28,02,800 | | | |
| | Number of options granted during the year | NIL | | | |
| | Number of options forfeited / lapsed during the year | 1,25,400 | | | |
| | Number of options vested during the year | 6,90,500 | | | |
| | 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 | No options were exercised during the year. During the Financial Year 2015-16, Rs. 42.75 lac was repaid by Trust to the Company from dividend income. | | | |
| | Number of options outstanding at the end of the year | 26,77,400 | | | |
| | Number of options exercisable at the end of the year | 25,34,900 | | | |
| v. | 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 | | | | |
| | Not Applicable | | | | |
| vi. | Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to – | | | | |
| | Particulars | Name of Employee | Designation | Number of options granted during the year | Exercise Price |
| a) | Senior Managerial Personnel | | | | |

| | | | | | | |
|-------------|---|--|------------------|------------------|------------------|------------------|
| 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 | No options were granted during the Financial year 2015-16 | | | | |
| 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 including the following information: | | | | | |
| | The Black Scholes valuation model is an option pricing model widely used for valuation of options and the Company has used this model for computing the weighted average fair value considering the following inputs: | | | | | |
| | Particulars | Tranche 1 | Tranche 2 | Tranche 3 | Tranche 4 | Tranche 5 |
| a) | The weighted average values: | | | | | |
| | Share Price (Rs.) | 55.05 | 55.05 | 55.05 | 55.05 | 55.05 |
| | Exercise Price (Rs.) | 73.50 | 76.85 | 82.90 | 101.10 | 69.40 |
| | Expected volatility | 37.12% | 37.30% | 37.46% | 38.09% | 37.94% |
| | Expected option life | 3.15 | 3.37 | 3.56 | 3.84 | 4.27 |
| | Expected dividend yield | 3.45% | 3.45% | 3.45% | 3.45% | 3.45% |
| | Risk-free interest rate | 7.71% | 7.72% | 7.73% | 7.76% | 7.79% |
| | Any other input to the model | - | - | - | - | - |
| b) | the method used and the assumptions made to incorporate the effects of expected early exercise | Black Scholes Method | | | | |
| c) | how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility | The expected volatility was determined based on historical volatility data. Volatility has been considered for periods, corresponding to the respective expected lives of the different vests, prior to the grant date. Daily volatility of the company's stock price on NSE over these years 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. | Not applicable |
| viii. | 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 shall also be made. | Not applicable |

D. Details related to Trust

i. General information

| Sl. No. | Particulars | Details |
|---------|---|---|
| 1. | Name of the Trust | CFCL Employees Welfare Trust |
| 2. | Details of the Trustee(s) | Mr. Naveen Kapoor Mr. Suresh Kumar Khandelia |
| 3. | Amount of loan disbursed by company / any company in the group, during the year | NIL |
| 4. | Amount of loan outstanding (repayable to company / any company in the group) as at the end of the year | The Company had outstanding loan of Rs. 1572.50 lac with the Trust as on March 31, 2016 |
| 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 | NIL |
| 6. | Any other contribution made to the Trust during the year | NIL |

ii. Brief details of transactions in shares by the Trust

| | | |
|----|---|-----------|
| a) | Number of shares held at the beginning of the year | 22,53,402 |
| 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 | NIL |

| | | |
|----|---|-----------|
| | year, along with information on weighted average cost of acquisition per share | |
| c) | Number of shares transferred to the employees / sold along with the purpose thereof | NIL |
| d) | Number of shares held at the end of the year | 22,53,402 |

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 | 0.54% (22,53,402 Shares) |
| Acquired during the year | NIL |
| Sold during the year | NIL |
| Transferred to the employees during the year | NIL |
| Held at the end of the year | 0.54% (22,53,402 shares) |