

TATA MOTORS LIMITED EMPLOYEES STOCK OPTION SCHEME 2018
("TML ESOP SCHEME 2018" OR "THE SCHEME")

[Disclosures pursuant to Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 read with SEBI circular no. CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 for the financial year ended March 31, 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.~~

Please refer Note No. 34 of the Notes Forming Part of the Financial Statements of the Annual Report 2018-19.

B. Diluted EPS on issue of shares pursuant to the Scheme disclosed in accordance with 'Ind AS 33 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time.

Employee Stock options are not considered to be dilutive based on the average market price of Ordinary Shares during the period.

C. Details related to the Scheme:

i) Description of the Scheme (including the general terms and conditions):

(a)	Date of shareholders' approval	August 3, 2018
(b)	Total number of options approved under the Scheme	1,38,00,000 (One Crore Thirty Eight Lakh Only)
(c)	Vesting requirements	The Options would vest in three tranches i.e. June 30, 2021, June 30, 2022 and June 30, 2023. The NRC may extend the Vesting Date for the Options to Vest by a period not more than 2 months. The Options shall vest with the employees subject to continuing employment with the Company or any Tata Company and on the Company achieving certain performance matrices as contained in the Scheme.
(d)	Exercise price or pricing formula	Options have been granted at the Exercise price of ₹345/- (Rupees Three Hundred and Forty Five Only) per Ordinary Share, which is based on the 90 days average market price of the Company's Ordinary Shares as of May 23, 2018 (the date of approval of the Scheme by NRC and Board). The Exercise Price may be adjusted for any Corporate Action (s) announced by the Company prior to the Exercise Period pertaining to the relevant Options, as may be decided by the Board/NRC.
(e)	Maximum term of options granted	The Exercise Period would commence from the date of vesting of Options and will expire at the end of one year from the date of vesting of options. NRC may extend the Exercise Period by a further period not exceeding two years, as it may deem fit.

		Options granted under the Scheme would Vest within a maximum period of 5 (five) years from the date of Grant of such Options.
(f)	Source of shares (primary, secondary or combination)	Primary
(g)	Variation in terms of options	The Board/ NRC shall not vary the terms of the Scheme in any manner, which may be detrimental to the interests of the Grantee/ Participant/ Beneficiary and shall be entitled to vary any of the terms of the Scheme so as to meet any regulatory requirements or for any adjustments for Corporate Actions announced by the Company prior to the Exercise Period pertaining to the relevant Options. During the financial year 2018-19, no amendment/ modification/ variation was introduced in the Scheme.

ii) Method used to account for the Scheme (Intrinsic or fair value):

The Company recognises compensation expense relating to share based payments in accordance with Ind AS 102 Share-based Payment. Stock options granted by the Company to its employees are accounted as equity settled options. Accordingly, the estimated fair value of options granted that is determined on the date of grant, is charged to statement of profit and loss on a straight line basis over the vesting period of options which is the requisite service period, with a corresponding increase in equity.

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 employee compensation cost that shall have been recognised if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and 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 period	-
Number of options granted during the year	78,12,427
a) Options granted on September 6, 2018 -	49,95,690
b) Options granted on March 28, 2019 -	28,16,737
Number of options forfeited / lapsed during the year	Nil
Number of options vested during the year	Nil
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 the 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	78,12,427
Number of options exercisable at the end of the year	Nil

- 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.**

The Exercise Price of ₹345/- exceeds the market price of the Ordinary Shares of the Company as on March 31, 2019.

- vi) **Employee wise details of options granted to -**

- a) Senior Managerial Personnel (including Key Managerial Personnel):

Sl No.	Name	Designation	No. of options granted	Exercise Price per Option (in ₹)
1.	Mr Girish Wagh	President - Commercial Vehicle Business Unit	228,600	345
2.	Mr P B Balaji	Group Chief Financial Officer	228,600	345
3.	Mr Shailesh Chandra	President-Corp Strategy and Business	219,240	345
4.	Mr Rajendra Petkar	Chief Technology Officer - ERC	209,550	345
5.	Mr Gajendra Chandel	President and Chief Human Resource Officer	190,500	345
6.	Mr Mayank Pareek	President - Passenger Vehicle Business Unit	185,160	345
7.	Mr Hoshang Sethna	Company Secretary	28,500	345

- b) Any other employees who receive a grant in any one year of options amounting to 5% or more of options granted during that year: NIL
- c) Identified employees who were granted options, 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

- 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 Company has estimated fair value of options granted during the year using Black Scholes model. The following assumptions were used for calculation of fair value of options granted during the year ended March 31, 2019:

Assumption factor	Estimates
Risk free rate	7%-8%
Expected life of option	4-6 years
Expected volatility	33%-37%