

**Disclosure pursuant to Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as on March 31, 2015**

Company has formulated an Employee Stock Option Scheme known as Pantaloons Employee Stock Option Scheme – 2013 (***“ESOS - 2013”***), in accordance with the provisions of the then prevailing Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (***“SEBI Guidelines”***), and approved by the Members of the Company by virtue of a Special Resolution passed at the Sixth Annual General Meeting of the Company held on August 23, 2013. ESOP Compensation Committee of the Board of Directors of the Company (since merged with Nomination and Remuneration Committee of the Board of Directors of the Company) has in vide its resolutions dated October 25, 2013 and June 10, 2014, granted Employee Stock Option(s) (***“Options”***) and Restricted Stock Unit(s) (***“RSUs”***) to the eligible employees of the Company.

Further, the Company has also has formulated a plan for granting Stock Appreciation Rights known as “Plan for Pantaloons Stock Appreciation Rights, 2013” (***“SARs - 2013”***), which was approved by the ESOP Compensation Committee of the Board of Directors of the Company (since merged with Nomination and Remuneration Committee of the Board of Directors of the Company) at its meeting held on October 25, 2013, thereby granting “Stock Appreciation Rights” of the Company (***“SARs”***), to the eligible employees of the Company and also to the present or future Holding and/or Subsidiary Companies of the Company (“eligible employees”). The aforesaid applicable provisions are not applicable to the provisions of SARs – 2013.

SEBI Guidelines have since been amended and repealed by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (***“SEBI Regulations”***). Companies Act, 2013 has also been enacted since and provisions of the Companies (Share Capital and Debentures) Rules, 2014 (***“the Act”***) are applicable to ESOS – 2013. (SEBI Guidelines, SEBI Regulations & the Act are hereinafter collectively referred to as the ***“Applicable provisions”***).

Accordingly, the disclosures pertaining to Options, and RSUs granted as aforesaid and as required under the provisions of the applicable provisions, alongwith similar disclosures pertaining to SARs granted as aforesaid, though not necessitated by the applicable provisions, are provided herein below :-

**A. 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 the Note 33 to the Financial Statements of the Company for the year ended March 31, 2015.

**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.**

₹ (24.59)

**Disclosure pursuant to Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as on March 31, 2015**

**C. Details related to Employee Stock Option Schemes (ESOS) of the Company:**

Sr. No.	Particulars	ESOS - 2013				SARs - 2013	
		Tranche 1		Tranche 2		Tranche 1	Tranche 2
		Options	RSUs	Options	RSUs	SARs	SARs
<b>i.</b>	<b>Description of the Scheme, Plan that existed at any time during the year, including the general terms and conditions</b>						
	a. Date of shareholder's approval	August 23, 2013				NA	
	b. Total number of options/RSUs/SARs approved	17,68,300				NA	
	c. Vesting requirements	Options and SARs granted, will vest not earlier than one year and not more than 5 years from the date of grant, at the rate of 25% of the Options and SARs getting vested each year. RSUs Granted shall Vest at the end of 3 years from the Grant Date. Further the vesting is subject to meeting of the performance conditions fixed by the Nomination and Remuneration Committee of the Board of Directors, from time to time.					
	d. Exercise price or pricing formula	Rs. 102.10/- i.e. the closing price of the Equity Shares of the Company on National Stock Exchange of India Limited ("NSE") on 24 <sup>th</sup> October, 2013 [a day prior to the grant date] was	Rs. 10/- i.e. the face value of the Equity Shares of the Company was fixed as the Exercise Price for each RSUs.	Rs. 118.20/- i.e. the closing price of the Equity Shares of the Company on NSE on 9 <sup>th</sup> June, 2014 [a day prior to the grant date] was fixed as the Exercise Price for each option.	Rs. 10/- i.e. the face value of the Equity Shares of the Company was fixed as the Exercise Price for each RSUs.	Rs. 102.10/- i.e. the closing price of the Equity Shares of the Company on NSE on 24 <sup>th</sup> October, 2013 [a day prior to the grant date] was fixed as the Exercise Price for each SAR.	Rs. 118.20/- i.e. the closing price of the Equity Shares of the Company on NSE on 9 <sup>th</sup> June, 2014 [a day prior to the grant date] was fixed as the Exercise Price for each SAR.

**Disclosure pursuant to Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as on March 31, 2015**

Sr. No.	Particulars	ESOS - 2013				SARs - 2013	
		Tranche 1		Tranche 2		Tranche 1	Tranche 2
		Options	RSUs	Options	RSUs	SARs	SARs
		fixed as the Exercise Price for each option.					
	e. Maximum term	Term of the Options, RSUs and SARs is treated to begin only after the same are vested in the Grantee. Accordingly, the maximum term of Options and RSUs will be 5 (five) years from the date of vesting and the maximum term of SARs will be 3 (three) years from the date of vesting.					
	f. Source of shares	Primary				N.A.	
	g. Variation in terms of options	Nil					
ii.	<b>Method used to account for ESOS – Intrinsic or fair value</b>	<b>Company has calculated the employee compensation cost using the intrinsic value method of accounting to account for options, RSUs, SARs issued.</b>					
iii.	<b>As the company has opted for expensing of the options using the intrinsic value of the options,</b>						
	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	Employee Compensation Cost: - Based on Intrinsic Value ₹ 29 Lakhs - Based on Fair Value ₹ 265 Lakhs Difference ₹ 236 Lakhs					
	The impact of this difference:	<b>(₹ in Lakhs)</b>					
	▪ On profits	<b>(Loss)/Profit for the Year</b>		<b>Reported</b>		<b>Adjusted</b>	
	▪ EPS			(22,814)		(23,050)	
		<b>Basic</b>		(24.59)		(24.84)	
		<b>Diluted</b>		(24.59)		(24.84)	
iv.	<b>Option movement during the year (For each ESOS):</b>						
	a) Number of options & RSUs outstanding at the beginning of the year	8,30,382	2,59,849	NIL	NIL	3,08,295	NA
	b) Number of options granted during the year	NIL	NIL	11,686	5,000	NIL	10,225

**Disclosure pursuant to Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as on March 31, 2015**

Sr. No.	Particulars	ESOS - 2013				SARs - 2013	
		Tranche 1		Tranche 2		Tranche 1	Tranche 2
		Options	RSUs	Options	RSUs	SARs	SARs
	c) Number of options forfeited / lapsed during the year	2,64,956	32,728	NIL	NIL	1,27,263	NIL
	d) Number of options vested during the year	NIL	NIL	NIL	NIL	NIL	NIL
	e) Number of options exercised during the year	NIL	NIL	NIL	NIL	NIL	NIL
	f) Number of shares arising as a result of exercise of options	NIL	NIL	NIL	NIL	NIL	NIL
	g) Money realized by exercise of options (INR), if Scheme is implemented directly by the Company	NA	NA	NA	NA	NA	NA
	h) Loan repaid by the Trust during the year from exercise price received	NA	NA	NA	NA	NA	NA
	i) Number of options outstanding at the end of the year	5,65,426	2,27,121	11,686	5,000	1,81,032	10,225
	j) Number of options exercisable at the end of the year	NIL	NIL	NIL	NIL	NIL	NIL
<b>v.</b>	<b>Weighted-average exercise prices and weighted-average fair values of options</b>						
	i. where exercise price is less than the market price of the stock	Weighted-average exercise prices- ₹ 102.10  Weighted-average fair values of options- ₹ 52.96	Weighted-average exercise prices- ₹ 10  Weighted-average fair values of RSUs- ₹ 95.90	NA	Weighted-average exercise prices- ₹ 10  Weighted-average fair values of RSUs- ₹ 111.75	Weighted-average exercise prices- ₹ 102.10  Weighted-average fair values of SARs- ₹ 52.96	NA
	ii. where exercise price equals the market price of the stock	NA					
	iii. where exercise price is more than the market price of the stock	NA	NA	Weighted-average	NA	NA	Weighted-average

**Disclosure pursuant to Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as on March 31, 2015**

Sr. No.	Particulars	ESOS - 2013				SARs - 2013	
		Tranche 1		Tranche 2		Tranche 1	Tranche 2
		Options	RSUs	Options	RSUs	SARs	SARs
				exercise prices- ₹ 118.20			exercise prices- ₹ 118.20
				Weighted-average fair values of options- ₹ 59.32			Weighted-average fair values of SARs- ₹ 59.32
<b>vi.</b>	<b>Employee wise details (name of employee, designation, number of options granted during the year*, exercise price) of options granted to</b>						
	a. Senior Managerial Personnel						
	▪ Mr. Pranab Barua- Managing Director	4,78,045	1,09,091	NIL	NIL	NIL	NIL
	▪ Mr. Shital Mehta- Chief Executive Officer	88,527	37,879	NIL	NIL	77,460	NIL
	▪ Mr. Manoj Kedia- Chief Financial Officer#	38,952	16,667	NIL	NIL	34,083	NIL
	▪ Ms. Geetika Anand- Company Secretary	7,435	3,181	NIL	NIL	6,507	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	NIL	NIL	NIL	NIL	NIL	NIL
	c. Identified employee 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	NIL	NIL	NIL	NIL	NIL
<b>vii.</b>	<b>A description of the method and significant assumptions used during the year to estimate the fair value of options</b>	Valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. As per Schedule III to the SEBI Guidelines and applicable provisions, the fair value of the stock Options has to be estimated using an Option-pricing model that takes into account as of the grant date, the				For the valuation of Stock Appreciation Rights, the fair value of the SAR has to be estimated using an option-pricing model that takes into account as of the	

**Disclosure pursuant to Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as on March 31, 2015**

Sr. No.	Particulars	ESOS - 2013				SARs - 2013	
		Tranche 1		Tranche 2		Tranche 1	Tranche 2
		Options	RSUs	Options	RSUs	SARs	SARs
		<p>exercise price and expected life of the Option, the current market price of the underlying stock and its expected volatility, expected dividends on the stock, and the risk-free interest rate for the expected term of the Option.</p> <p>Black-Scholes model (accessed from website <a href="http://en.wikipedia.org/wiki/Black-Scholes_model">http://en.wikipedia.org/wiki/Black-Scholes_model</a>) (“the model”, which has been referred to in the aforesaid Schedule III also) is one such Option-pricing model widely used for the valuation of Options and RSUs and has been adopted for the present exercise. The model considers as on the date of the grant, the parameters such as strike/exercise price, risk free rate of return, expected life of the Option and implied volatility of the underlying stock as indicated in Schedule III to the SEBI Guidelines.</p> <p>Guidance has also been taken from the Guidance Note issued by ICAI.</p>				<p>grant date, the exercise price and expected life of the SAR, the current market price of the underlying stock and its expected volatility, expected dividends on the stock, and the risk-free interest rate for the expected term of the SAR. The same has been followed for the purposes of valuation of SARs.</p> <p>Black-Scholes model (accessed from website <a href="http://en.wikipedia.org/wiki/Black-Scholes_model">http://en.wikipedia.org/wiki/Black-Scholes_model</a>) (“the model”, which has been referred to in the aforesaid Schedule III also) is one such option-pricing model used for the valuation of SARs and has been adopted for the present exercise. The model considers as on the date of the grant, the parameters such as</p>	

**Disclosure pursuant to Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as on March 31, 2015**

Sr. No.	Particulars	ESOS - 2013				SARs - 2013	
		Tranche 1		Tranche 2		Tranche 1	Tranche 2
		Options	RSUs	Options	RSUs	SARs	SARs
						strike/exercise price, risk free rate of return, expected life of the SAR and implied volatility of the underlying stock.  Guidance has also been taken from the Guidance Note issued by ICAI.	
a.	Weighted-average values of share price:	₹ 52.96	₹ 95.90	₹ 59.32	₹ 111.75	₹ 52.96	₹ 59.32
	Exercise price:	₹ 102.10	₹ 10	₹ 118.20	₹ 10	₹ 102.10	₹ 118.20
	Expected volatility:	₹ 45.93	₹ 45.93	₹ 44.77	₹ 44.77	₹ 45.93	₹ 44.77
	Expected option life:	5 years	5.5 years	5 years	5.5 years	5 years	5 years
	Expected dividends:	NIL	NIL	NIL	NIL	NIL	NIL
	Risk-free interest rate:	8.58%	8.58%	7.91%	7.91%	8.58%	7.91%
	Any other inputs to the model:	NA	NA	NA	NA	NA	NA
b.	Method used and assumptions made to incorporate the effects of expected early exercise	Black-Scholes Model					
c.	How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	Following factors have been considered:- i. The closing price of the Company's share on NSE on the date previous to the grant date.					

**Disclosure pursuant to Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as on March 31, 2015**

Sr. No.	Particulars	ESOS - 2013				SARs - 2013	
		Tranche 1		Tranche 2		Tranche 1	Tranche 2
		Options	RSUs	Options	RSUs	SARs	SARs
	d. Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition	ii. Since the Company has accumulated losses and has incurred losses during the twelve months ended March 31, 2015, it has not declared any dividend or would not be in a position to declare any dividend. Accordingly, no adjustment is made to the aforesaid closing price for the expected dividend yield over the expected life of the Options, RSUs and SARs. iii. Yield of Subsidiary General Ledger (“SGL”) transactions in government dated securities (i.e. Government securities issued by RBI on behalf of Government of India in dematerialized form) for various maturities representing the risk-free interest rate. iv. The expected life of the Options, RSUs and SARs i.e., the period upto the vesting date plus the average of the exercise period corresponding to each vesting. v. Implied volatility of the Company’s comparable peer group’s stock price on NSE based on the price data of last three years upto the date of grant including the available price data of the Company as the Company has been listed only for a few months prior to the date of grant. vi. Option, RSU & SAR exercise price for each Tranche.					

\* No options, RSUs, SARs were granted to Senior Management Personnel, during the year;

# With effect from November 4, 2014, Mr. Manoj Kedia, ceased to be the Chief Financial Officer of the Company and Mr. S. Visvanathan was appointed as the Chief Financial Officer. Pursuant to the cessation of Mr. Manoj Kedia as the Chief Financial Officer of the Company, 29,214 Options, 11,112 RSUs and 25,561 SARs granted to him, lapsed.