



Disclosure pursuant to Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as on March 31, 2017

Company has formulated an 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Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("**SEBI Guidelines**"), since amended and repealed by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("**SEBI Regulations**") and pursuant to the approval of the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. Further, pursuant to the provisions of Companies Act, 2013 read with Companies (Share Capital and Debentures) Rules, 2014 (the "**Act**"), the SEBI Regulations, the ESOS - 2013 has been revised by the Nomination and Remuneration Committee of the Board of Directors of the Company ("**NRC**") vide its Circular Resolution dated October 27, 2015, in order to bring it in compliance with the Act and the SEBI Regulations.

The NRC (then name as ESOP Compensation Committee) (the "**Committee**") has vide its resolutions dated October 25, 2013 and June 10, 2014, granted Employee Stock Options ("**Options**") and Restricted Stock Units ("**RSUs**") to the eligible employees of the Company. Also, pursuant to the effectiveness of Composite Scheme of Arrangement amongst the Company, Aditya Birla Nuvo Limited, Madura Garments Lifestyle Retail Company Limited and their respective shareholders and creditors, under Sections 391 to 394 of the Companies Act, 1956 ("**Composite Scheme**") and for the benefit of all such eligible employees who became employees of the Company consequent to effectiveness of the Composite Scheme, NRC, vide its Circular Resolution dated May 11, 2016, granted RSUs to such eligible employees.

Further, the Company has also formulated a plan for granting Stock Appreciation Rights of the Company ("**SARs**") known as "Plan for Pantaloons Stock Appreciation Rights, 2013" ("**SARs - 2013**"), which was approved by the Committee at its meeting held on October 25, 2013. Subsequently, the Committee also granted SARs to the eligible employees of the Company. The provisions of the Act and the SEBI Regulations are not applicable to the SARs – 2013.

Accordingly, the disclosures pertaining to Options and RSUs granted as aforesaid and as required under the applicable provisions of the Act and the SEBI Regulations, alongwith similar disclosures pertaining to SARs granted as aforesaid (though not necessitated by the applicable provisions) are provided hereinbelow :-



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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 the Note 36 to the Financial Statements of the Company for the year ended March 31, 2017.

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.

₹ 0.69

C. Details related to ESOS - 2013 and SARs - 2013 of the Company:

Sr. No.	Particulars	ESOS - 2013					SARs - 2013	
		Options		RSUs			SARs	
		Tranche I	Tranche II	Tranche I	Tranche II	Tranche III	Tranche I	Tranche II
(i)	Description of the Scheme, Plan that existed at any time during the year, including the general terms and conditions							
	(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	1) Options & 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 & SARs getting vested each year. 2) RSUs granted shall vest at the end of 3 years from the Grant Date. However, RSUs granted under Tranche III, pursuant to the Composite Scheme, were vested as per the original vesting schedule i.e. 3 years from the date of original grant by ABNL. 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.						



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Sr. No.	Particulars	ESOS - 2013					SARs - 2013	
		Options		RSUs			SARs	
		Tranche I	Tranche II	Tranche I	Tranche II	Tranche III	Tranche I	Tranche II
	(d) i. Exercise price	₹ 102.10/-	₹ 118.20/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 102.10/-	₹ 118.20/-
	(d) ii. Pricing formula	<p>Options & SARs:</p> <p><u>Tranche I</u> - The closing price of the Equity Shares of the Company on National Stock Exchange of India Limited ("NSE") on October 24, 2013 (a day prior to the grant date) was fixed as the Exercise Price for each Option and SAR.</p> <p><u>Tranche II</u> - The closing price of the Equity Shares of the Company on NSE on June 9, 2014 (a day prior to the grant date) was fixed as the Exercise Price for each Option and SAR.</p> <p>RSUs - The face value of the Equity Shares of the Company was fixed as the Exercise Price for each RSU.</p>						
	(e) Maximum term	Term of the Options and RSUs 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. Whereas, the maximum term of SARs will be 3 (three) years from the date of vesting or within 6 (six) years from the date of grant, whichever is earlier.						
	(f) Source of shares	Primary					N.A.	
	(g) Variation in terms	Nil						
(ii)	Method used to account for Intrinsic or fair value	Company has calculated the employee compensation cost using the Fair Value Method of accounting to account for Options, RSUs, SARs issued.						



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Sr. No.	Particulars	ESOS - 2013					SARs - 2013		
		Options		RSUs			SARs		
		Tranche I	Tranche II	Tranche I	Tranche II	Tranche III	Tranche I	Tranche II	
(iii)	As the company has opted for expensing of the options using the Fair Value of the Options, RSUs and SARs								
	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	N.A.							
	The impact of this difference on profits and on EPS of the Company								
(iv)	Movement during the year:								
	Number of Options, RSUs & SARs outstanding at the beginning of the period	5,36,299	11,686	2,17,121	5,000	-	1,65,694	10,225	
	Number of Options, RSUs & SARs granted during the year	-	-	-	-	2,79,544	-	-	
	Number of Options, RSUs & SARs forfeited / lapsed during the year	3,717	-	3,182	-	-	3,255	-	
	Number of Options, RSUs & SARs vested during the year	1,75,988	2,922	2,13,941	-	2,79,544	49,418	2,556	
	Number of Options, RSUs & SARs exercised during the year	2,62,925	-	1,89,950	-	1,94,817	1,627	-	



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Sr. No.	Particulars	ESOS - 2013					SARs - 2013	
		Options		RSUs			SARs	
		Tranche I	Tranche II	Tranche I	Tranche II	Tranche III	Tranche I	Tranche II
	Number of shares arising as a result of exercise of Options, RSUs & SARs	2,62,925	-	1,89,950	-	1,94,817	N.A.	
	Money realized by exercise of Options, RSUs & SARs (INR), if Scheme is implemented directly by the Company	N.A.						
	Loan repaid by the Trust during the year from exercise price received	N.A.						
	Number of Options, RSUs & SARs outstanding at the end of the year	2,69,657	11,686	23,989	5,000	84,727	1,60,812	10,225
	Number of Options, RSUs & SARs exercisable at the end of the year	93,661	5,843	23,989	-	84,727	1,11,387	5,112
(v)	Weighted-average exercise prices ("WAEP") and weighted-average fair values ("WAFV") of Options, RSUs & SARs							
	Where exercise price is less than the market price of the stock	WAEP = ₹ 102.10 WAFV = ₹ 52.96	N.A.	WAEP = ₹ 10 WAFV = ₹ 95.90	WAEP = ₹ 10 WAFV = ₹ 111.75	WAEP = ₹ 10 WAFV = ₹ 142.63	WAEP = ₹ 102.10 WAFV = ₹ 52.96	N.A.
	Where exercise price equals the market price of the stock	N.A.						



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Sr. No.	Particulars	ESOS - 2013					SARs - 2013	
		Options		RSUs			SARs	
		Tranche I	Tranche II	Tranche I	Tranche II	Tranche III	Tranche I	Tranche II
	Where exercise price is more than the market price of the stock	N.A.	WAEP = ₹ 118.20 WAFV = ₹ 59.32	N.A.			N.A.	WAEP = ₹ 118.20 WAFV = ₹ 59.32
(vi)	Employee wise details (name of employee, designation, number of Options, RSUs & SARs granted during the year, exercise price) of Options, RSUs & SARs granted to							
	(a) Senior Managerial Personnel*							
	▪ Mr. Pranab Barua - Managing Director	-		-		88,384	-	
	▪ Mr. Ashish Dikshit - Chief Executive Officer					36,462		
	▪ Mr. S. Visvanathan - Chief Financial Officer					19,422		
	(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*							
	▪ Mr. Chandrashekhar Chavan - Chief Human Resource Officer	-		-		19,422	-	
	▪ Mr. Neeraj Pal Singh - Chief Information Officer	-		-		19,422	-	
	(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							
	* Note - The exercise price of all the RSUs granted under Tranche III is ₹ 10/- each.							



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		Options		RSUs			SARs	
		Tranche I	Tranche II	Tranche I	Tranche II	Tranche III	Tranche I	Tranche II
(vii)	A description of the method and significant assumptions used during the year to estimate the fair value of Options, RSUs & SARs including the following information	<p>The fair value of Options & RSUs needs to be considered as on grant date and of SARs needs to be considered at the end of the reporting period.</p> <p>The Company has used Black Scholes model to arrive at the fair value of the Options, RSUs and SARs. Significant assumptions used to estimate the fair value are as follows:</p> <ul style="list-style-type: none"> i) Expected Dividend Yield; ii) Expected Volatility; and iii) Risk-free Interest Rat <p>Note: Expected volatility of the Company's stock price is based on the Company's comparable peer group's stock on NSE based on the price data of the last three years upto the date of grant as the Company was listed for a few months prior to the date of grant.</p>						
(a)	The Weighted-average values of Share price	₹ 53.10		₹ 122.27			₹ 58.13	
	Exercise price	₹ 102.10	₹ 118.20	₹ 10	₹ 10	₹ 10	₹ 102.10	₹ 118.20
	Expected volatility	45.93%	44.77%	45.93%	44.77%	37.41%	27.69%	34.37%
	Expected life	Period upto the vesting date + Avg. of the exercise period corresponding to each vesting						
	Expected dividends	NIL						
	Risk-free interest rate	8.58%	7.91%	8.58%	7.91%	7.37%	6.43%	6.43%
	Any other inputs to the model	N.A.						
(b)	The Method used and assumptions made to incorporate the effects of expected early exercise	Not Applicable, as the Scheme does not provide for early exercise.						



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		Options		RSUs			SARs	
		Tranche I	Tranche II	Tranche I	Tranche II	Tranche III	Tranche I	Tranche II
(c)	How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	<p>Expected volatility of the Company's stock price is based on the Company's comparable peer group's stock price on NSE based on the price data of the last three years upto the date of grant as the Company was listed only for a few months prior to the date of grant.</p> <p>The expected volatility reflects the assumptions that the historical volatility over a period similar to the life Options, RSUs or SARs is indicative of future trends, which may not necessarily be the actual outcome.</p>						
(d)	Whether and how any other features of the Options, RSUs & SARs grant were incorporated into the measurement of fair value, such as a market condition	<p>Following factors have been considered:-</p> <ol style="list-style-type: none"> The closing price of the Company's share on NSE on the date previous to the grant date. In view of accumulated losses of previous years, the Company has not declared 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. 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. The expected life of the Options, RSUs and SARs is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumptions that the historical volatility over a period similar to the life Options, RSUs or SARs is indicative of future trends, which may not necessarily be the actual outcome. Option, RSU & SAR exercise price for each Tranche. 						