



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

Company has formulated an Employee Stock Option Scheme known as 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 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. 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.

SEBI Guidelines have since been amended and repealed by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (***“SEBI Regulations”***) which came into effect on October 28, 2014. Pursuant to the provisions of the SEBI Regulations, the Scheme 2013 has been revised by the Nomination Remuneration Committee of the Board of Directors of the Company (***“NRC”***) vide a Circular Resolution dated October 27, 2015, in order to bring it in compliance with 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”***). The aforesaid applicable provisions are not applicable to the provisions of SARs – 2013.

Accordingly, the disclosures pertaining to Options, and RSUs granted as aforesaid and as required under the provisions of the applicable provisions, along with 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 34 to the Financial Statements of the Company for the year ended March 31, 2016.



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

₹ (1.35)

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
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	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 NRC, from time to time.					
	d.						
	i. Exercise price	Rs. 102.10/-	Rs. 10/-	Rs. 118.20/-	Rs. 10/-	Rs. 102.10/-	Rs. 118.20/-
	ii. Pricing formula	The closing price of the Equity Shares of the Company on National Stock	The face value of the Equity Shares of the Company was fixed as the	The closing price of the Equity Shares of the Company on NSE on June 9, 2014 [a	The face value of the Equity Shares of the Company was fixed as	The closing price of the Equity Shares of the Company on NSE on	The closing price of the Equity Shares of the Company on NSE on June



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

Sr. No.	Particulars	ESOS - 2013				SARs - 2013	
		Tranche 1		Tranche 2		Tranche 1	Tranche 2
		Options	RSUs	Options	RSUs	SARs	SARs
		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.	Exercise Price for each RSUs.	day prior to the grant date] was fixed as the Exercise Price for each option.	the Exercise Price for each RSUs.	October 24, 2013 [a day prior to the grant date] was fixed as the Exercise Price for each SAR.	9, 2014 [a day prior to the grant date] was fixed as the Exercise Price for each SAR.
	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.	Method used to account for ESOS – Intrinsic or fair value	Company has calculated the employee compensation cost using the Intrinsic value method of accounting to account for options, RSUs, SARs issued.					
iii.	As the company has opted for expensing of the options using the intrinsic value of the options,						
	Difference between the employee compensation cost so computed and the employee compensation cost	Employee Compensation Cost: - Based on Intrinsic Value				₹ 115 Lakhs	



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

Sr. No.	Particulars	ESOS - 2013				SARs - 2013	
		Tranche 1		Tranche 2		Tranche 1	Tranche 2
		Options	RSUs	Options	RSUs	SARs	SARs
	that shall have been recognized if it had used the fair value of the options	- Based on Fair Value		₹ 64 Lakhs			
		Difference		₹ 51 Lakhs			
	The impact of this difference:	(₹ in Lakhs)					
	▪ On profits	(Loss)/Profit for the Year		Reported	Adjusted		
	▪ EPS	Basic		(10,414)	(10,363)		
		Diluted		(1.35)	(1.34)		
				(1.35)	(1.34)		
iv.	Option movement during the year (For each ESOS):						
	a) Number of options & RSUs outstanding at the beginning of the year	8,30,382	2,59,849	11,686	5,000	3,08,295	10,225
	b) Number of options granted during the year	NIL	NIL	NIL	NIL	NIL	NIL
	c) Number of options forfeited / lapsed during the year	17,530	10,000	NIL	NIL	15,338	NIL
	d) Number of options vested during the year	1,92,195	NIL	2,921	NIL	63,596	2,556
	e) Number of options exercised during the year	11,597	NIL	NIL	NIL	NIL	NIL
	f) Number of shares arising as a result of exercise of options	11,597	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	5,36,299	2,17,121	11,686	5,000	1,65,694	10,225



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

Sr. No.	Particulars	ESOS - 2013				SARs - 2013	
		Tranche 1		Tranche 2		Tranche 1	Tranche 2
		Options	RSUs	Options	RSUs	SARs	SARs
	year						
	j) Number of options exercisable at the end of the year	NIL	NIL	NIL	NIL	NIL	NIL
v.	Weighted-average exercise prices and weighted-average fair values of options						
	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 exercise prices- ₹ 118.20 Weighted-	NA	NA	Weighted-average exercise prices- ₹ 118.20 Weighted-



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

Sr. No.	Particulars	ESOS - 2013				SARs - 2013	
		Tranche 1		Tranche 2		Tranche 1	Tranche 2
		Options	RSUs	Options	RSUs	SARs	SARs
				average fair values of options- ₹ 59.32			average fair values of SARs- ₹ 59.32
vi.	Employee wise details (name of employee, designation, number of options granted during the year*, exercise price) of options granted to						
	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
	▪ Ms. Geetika Anand- Company Secretary	7,435	3,182	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
vii.	A description of the method and significant assumptions used during the year to estimate the fair value of options	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				For the valuation of Stock Appreciation Rights, the fair value of the SAR has to be estimated using an	



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

Sr. No.	Particulars	ESOS - 2013				SARs - 2013	
		Tranche 1		Tranche 2		Tranche 1	Tranche 2
		Options	RSUs	Options	RSUs	SARs	SARs
		<p>stock Options has to be estimated using an Option-pricing model that takes into account as of the grant date, the 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 http://en.wikipedia.org/wiki/Black-Scholes_model) (“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>option-pricing model that takes into account as of the 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 http://en.wikipedia.org/wiki/Black-Scholes_model) (“the model”, which has been referred to in the aforesaid Schedule III also)</p>	



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

Sr. No.	Particulars	ESOS - 2013				SARs - 2013	
		Tranche 1		Tranche 2		Tranche 1	Tranche 2
		Options	RSUs	Options	RSUs	SARs	SARs
						<p>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 strike/exercise price, risk free rate of return, expected life of the SAR and implied volatility of the underlying stock.</p> <p>Guidance has also been taken from the Guidance Note issued by ICAI.</p>	
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



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

Sr. No.	Particulars	ESOS - 2013				SARs - 2013	
		Tranche 1		Tranche 2		Tranche 1	Tranche 2
		Options	RSUs	Options	RSUs	SARs	SARs
	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. ii. Since the Company has accumulated losses and has incurred losses during the twelve months ended March 31, 2016, it 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. 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.					
	d. Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition						

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