

## Pre- IPO Employees Stock Option Scheme ('TBZ ESOP, 2011')

[Details of Employees Stock Option Scheme (ESOS) as on 31<sup>st</sup> March, 2016 pursuant to the requirements under Regulation 14 (Disclosures by the Board of Directors) of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]

Your Company has only one Employee Stock Option Scheme viz. Pre - IPO Employees Stock Option Scheme ('TBZ ESOP, 2011').

The ESOS (ESOP) is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

### 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.

In January 2011, the Board of the Company approved the TBZ ESOP 2011 ("the Scheme"), which covers the employees of the Company including its subsidiaries.
The scheme provides share based compensation to its employees using Stock Options ("Options") and Restricted Share Units ("RSU")
- The Scheme would be administered and supervised by the members of the Remuneration Committee (which has been authorized by the Board to function as the "Compensation Committee");
- Exercise price of options will be ₹ 149.93 per share and Exercise price of restricted stock units will be ₹ 10 per share;
- The Scheme provides that these options would vest in tranches over a period of 3 years as follows:

Period within which options will vest unto the participant						% of options that will vest
End of 12 months from the date of grant of options*						33%
End of 24 months from the date of grant of options*						33%
End of 36 months from the date of grant of options*						34%
* Date of granting or date of listing whichever is later.						
The Scheme provides that restricted stock units would vest in tranches over a period of 3 years as follows:						
Period within which options will vest unto the participant						% of options that will vest
End of 12 months from the date of grant of options*						66%
End of 36 months from the date of grant of options*						34%
Maximum term of options granted ( in years)				3.65		
Method of settlement				Equity settled		
A)						

Employee stock option activity under Scheme 2011 is as follows:					
1) Options					
<b>Particulars</b>				<b>31 March 2016</b>	31 March 2015
Outstanding at beginning of the year				<b>12,287</b>	24,572
Granted during the year				Nil	Nil
Forfeited during the year				Nil	Nil
Cancelled during the year				<b>12,287</b>	1,383
Exercised during the year				Nil	10,902
Outstanding at the end of the year				Nil	12,287
Vested and exercisable at the end of the year				Nil	Nil
The Company has accounted for the above as compensation cost following the Guidance Note issued by the Institute of Chartered Accountants of India relating to Employee Share Based Payment.					
The total (credit) / charge to the Statement of Profit and Loss on account of Options is ₹ Nil (31 March 2015 ₹(0.10 Lakhs))					
The total carrying amount as at 31 March 2016 on account of Options is ₹ Nil (31 March 2015: ₹ 0.87 Lakhs )					
2) Restricted Stock Units (RSUs).					
<b>Particulars</b>				<b>31 March 2016</b>	31 March 2015
Outstanding at beginning of the year				<b>10,720</b>	15,723
Granted during the year				Nil	Nil
Forfeited during the year				Nil	Nil
Cancelled during the year				Nil	Nil
Exercised during the year				<b>10,720</b>	5,003
Outstanding at the end of the year				Nil	10,720
Vested and exercisable at the end of the year				Nil	Nil
The Company has accounted for the above as compensation cost following the Guidance Note issued by the Institute of Chartered Accountants of India relating to Employee Share Based Payment.					
The total (credit) / charge to the Statement of Profit and Loss on account of RSU is ₹ Nil (31 March 2015 ₹- Nil)					
The total carrying amount as at 31 March 2016 on account of RSU is ₹ Nil (31 March 2015: ₹ 15.76 Lakhs)					
The fair value of the options/RSUs on the grant date was determined based on Intrinsic value method					

Had compensation cost been determined under the fair value approach described in the Guidance Note using the Black Scholes pricing model, the Company's net income and basic and diluted earnings per share would have been as set out below:

<b>Particulars</b>				<b>31 March 2016</b>	<b>31 March 2015</b>
Net (loss) / income as reported				-2,312.98	2,604.09
Add: Intrinsic value compensation cost				-	-0.10
Less: Fair value compensation cost				-	2.15
Adjusted proforma income				-2,312.98	2,601.84
Earning per share: basic (₹)					
As reported				-3.47	3.90
Adjusted pro forma				-3.47	3.90
Earning per share: Diluted (Rs.)					
As reported				-3.47	3.90
Adjusted pro forma				-3.47	3.90
<b>Particulars</b>		<b>31 March 2016</b>		<b>31 March 2015</b>	
		Options	RSUs	Options	RSUs
The key assumptions used to estimate the fair value of options are :					
- The weighted average fair value of those options at the grant date		34.28	148.71	34.28	148.71
- Option pricing model used		Black Scholes		Black Scholes	
- Inputs to that model including -					
weighted average share price (Rs)		157.00	157.00	157.00	157.00
exercise price (Rs)		149.93	10.00	149.93	10.00
expected volatility		0.00%	0.00%	0.00%	0.00%
option life (comprising vesting period + exercise period)		2.62	2.46	2.62	2.46
expected dividends		0.00%	0.00%	0.00%	0.00%
risk-free interest rate		8.03%	8.03%	8.03%	8.03%
any other inputs to the model including the method used and the assumptions made to incorporate the effects of expected early exercise.					
- Determination of expected volatility, including explanation		NA	NA	NA	NA

to the extent expected volatility was based on historical volatility.				
- Any other features of the option grant were incorporated into the measurement of the fair value, such as market conditions.	NA	NA	NA	NA
The expected life of the stock is based on historical data and current expectation and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of option is indicative of future trends, which may also not necessarily be the actual outcome.				
The Company measures the cost of ESOP using the intrinsic value method. Had the company used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:				

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

Particulars				31 March 2016	31 March 2015
Profit after taxation (in Lakhs)				-2,312.98	2,604.09
Weighted Average Number of Equity Shares				667,28,701	667,16,850
Add: effect of potential issues of options				Nil	11,595
Number of shares considered as weighted average shares and potential shares outstanding				667,28,701	667,28,445
Basic earnings per share ( ₹ )				-3.47	3.90
Diluted earnings per share ( ₹ )				-3.47	3.90

**Details related to ESOS / ESOP:**

Your Company has only one Stock Option Scheme viz. Pre- IPO Employees Stock Option Scheme ('TBZ ESOP, 2011'). During the financial year 2015 – 2016 the third and last tranche was vested and exercised by the grantees and total 10,720 Equity Shares were allotted by the Board on 15<sup>th</sup> June, 2015. As on date of 31<sup>st</sup> March, 2016, your Company do not have any open ESOS/ ESOP.

(i) The general terms and conditions of the same are given below:

<b>Description</b>	<b>TBZ ESOP, 2011</b>	
(a) Date of shareholders' approval	12 <sup>th</sup> January, 2011	
(b) Total number of options approved under ESOS	208,433 Options (comprising of 111,309 Stock Options and 97,124 RSUs)	
(c) Vesting requirements	The Options and RSUs granted under TBZ ESOP, 2011 shall vest in one or more tranches, so long as the holder of the Options or RSUs, as the case may be, continues to be in the employment/ Directorship of your Company or Subsidiary, as the case may be. The Options and RSUs granted under TBZ ESOP, 2011 would vest after the expiry of one year from date of grant of Options or RSUs, as the case may be.	
(d) Exercise price or pricing formula	<b>Stock Options</b>	<b>Restricted Stock Units (RSUs)</b>
	Under the Scheme, all the options were granted prior to the listing of the Equity Shares of your Company. These options were granted at a discount to the annual valuation.  ₹ 149.93	Face Value of the Equity Share.  ₹ 10
(e) Maximum term of options granted	The Options and RSUs granted pursuant to TBZ ESOP, 2011 were granted in three tranches. The maximum term of Options or RSUs granted, as the case may be, is as follows:  The first/ second/ third year of the later of (i) the Date of Grant or (ii) the date of listing of the Equity shares of your Company on the BSE and the NSE.	
(f) Source of shares (primary, secondary or combination)	Primary	
(g) Variation in terms of options	N.A.	

(ii) Method used to account for ESOS – Intrinsic Value Method

(iii) Where your company opts for expensing of the options using the intrinsic value of the options:

Where your Company has calculated the employee compensation cost using the intrinsic value of the stock options, the 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, shall be disclosed. The impact of this difference on profits and on EPS of your Company shall also be disclosed.	Please refer to Note No. 30.2 of Notes to Accounts of Standalone Financial Statement
--	--

(iv) Options movement during the year:

Particulars	Stock Options	Restricted Stock Units (RSUs)
Number of options outstanding at the beginning of the period	12,287	10,720
Number of options granted during the year	NIL	NIL
Number of options forfeited/lapsed during the year	12,287	NIL
Number of options vested during the year	12,287	10,720
Number of options exercised during the year	NIL	10,720
Number of shares arising as a result of exercise of options	NIL	10,720
Money realized by exercise of options (INR), if the scheme is implemented directly by your Company	NIL	₹ 107,200
Loan repaid by the Trust during the year from exercise price received	N.A.	N.A.
Number of options outstanding at the end of the year	NIL	NIL
Number of options exercisable at the end of the year	NIL	NIL

(v) Weighted-average exercise prices and weighted-average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock:

Particulars	Stock Options	Restricted Stock Units (RSUs)
Weighted-average exercise prices and weighted-average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock	Weighted average earning prices of ₹149.93. Weighted average fair values of ₹ 157.	Weighted average earning prices of ₹10. Weighted average fair values of ₹ 157.

(vi) Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted (as on 31<sup>st</sup> March, 2016):

(a) Senior Managerial Personnel:

Name	Designation	No. of Options Granted		Exercise Price	
		Stock Options	Restricted Stock Units (RSUs)	Stock Options	Restricted Stock Units (RSUs)
Mr. Prem Hinduja	CEO	6,553	5,717	₹ 149.93	₹ 10
Mr. Divyesh Shah	Group Head- Retail	5,734	5,003	₹ 149.93	₹ 10

- (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: **None.**
- (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 your Company at the time of grant: **None.**
- (vii) A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:

Particulars	Stock Options	Restricted Stock Units (RSUs)
The weighted-average values of share price	Weighted average earning prices of ₹149.93. Weighted average fair values of ₹ 157.	Weighted average earning prices of ₹10. Weighted average fair values of ₹ 157.
Exercise price	₹149.93	₹10
Expected volatility	0.00%	0.00%
Expected option life	3 years (2015 - 2016 is the last year of Stock Options)	3 years (2015 - 2016 is the last year of RSUs)
Expected dividends	The shares issued under Stock Options rank pari passu with the existing shares.	The shares issued under Restricted Stock Units (RSUs) rank pari passu with the existing shares.
The risk-free interest rate	8.03%	8.03%
Any other inputs to the model	N.A.	N.A.
The method used and the assumptions made to incorporate the effects of expected early exercise	Intrinsic Value Method N.A. (Pre IPO – Stock Options granted on 12.01.2011)	Intrinsic Value Method N.A.

		(Pre IPO – RSUs granted on 12.01.2011)
How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	N.A. (Pre IPO – Stock Options granted on 12.01.2011)	N.A. (Pre IPO – RSUs granted on 12.01.2011)
Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	N.A. (Pre IPO – Stock Options granted on 12.01.2011)	N.A. (Pre IPO – RSUs granted on 12.01.2011)

**Disclosures in respect of grants made in three years prior to IPO under each ESOS/ ESOP:**

All Stock Options as well as Restricted Stock Units (RSUs) granted in the three years prior to the IPO have been exercised or have lapsed. As on date of 31<sup>st</sup> March, 2016, your Company do not have any open ESOS/ ESOP.