

ANNEXURE - III

Future Retail Limited Employees Stock Option Plan - 2016 (FRL ESOP - 2016) as at March 31, 2020

To encourage ownership of Company's equity by its employees on an ongoing basis as well as to reward employees for their contribution to the successful operation of the Company and also to provide an incentive to continue contributing to the success of the Company, the Company has created, granted and offered options to the Eligible Employees of the Company under Future Retail Limited Employees Stock Option Plan - 2016 (FRL ESOP - 2016) as recommended by the People Office and approved by Nomination and Remuneration Committee.

Sl. No.	Particulars	FRL ESOP - 2016
A.	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	Refer Note No. 40 in Notes to Financial Statements
B.	Diluted Earnings Per Share (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	Refer Note No. 39 in Notes to Financial Statements

C. Description of ESOS that existed at any time during the year including the general terms and conditions

I.	Date of Shareholders' approval	The Shareholders of the Company had passed necessary resolutions through Postal Ballot dated November 7, 2016 and approved the FRL ESOP - 2016 which <i>inter-alia</i> provides to offer, issue and allot at any time or to acquire by way of secondary acquisition (through Trust Route), to or for the benefit of eligible employees of the Company and/or to the eligible directors/employees of the subsidiary company(ies) of the Company, if any.		
II.	Total number of options approved under FRL ESOP - 2016	90,00,000 (Ninety Lakh) Equity Shares of face value of ₹ 2/- each		
III.	Vesting requirements	Option - I^A	Option - II[#]	
			Grant - I	Grant - II
		Options granted under FRL ESOP - 2016 plan would vest not less than 1 year and not more than 3 years from the Grant of such options.	Options granted under FRL ESOP - 2016 plan would vest not less than 1 year and not more than 3 years from the Grant of such options.	Options granted under FRL ESOP - 2016 plan would vest not less than 1 year and not more than 3 years from the Grant of such options.
IV.	Exercise price or pricing formula	Exercise price for Options granted under the Scheme was ₹ 10/-	Exercise price for Options granted under the Scheme was ₹ 392/-	Exercise price for Options granted under the Scheme was ₹ 300/-
V.	Maximum term of options granted	3 years from the respective date of option granted		
VI.	Source of shares (primary, secondary or combination)	Primary		
VII.	Variation in terms of options	Primary		
VIII.	Method used to account for ESOS	Black Scholes Method		

D. The stock-based compensation cost was calculated as per the fair value method, the total cost to be recognised in the financial statements for the year 2019-20 would be ₹ 14.72 crore.

E. Option movement during the year ended on March 31, 2020

Sl. No.	Particulars	Details		
		Option – I [^]	Option - II [#]	
			Grant - I	Grant - II
I.	Details Number of options outstanding at the beginning of the year	81,680	11,95,000	1,25,000
II.	Number of options granted during the year	Nil	Nil	Nil
III.	Number of options forfeited / cancelled /lapsed during the year	Nil	75,000	75,000
IV.	Number of options vested during the year	Nil	2,80,000	12,500
V.	Number of options exercised during the year	Nil	Nil	Nil
VI.	Number of shares arising as a result of exercise of options	Nil	Nil	Nil
VII.	Exercise Price (in ₹ per share)	10/-	392/-	300/-
VIII.	Money realised by exercise of options, if scheme is implemented directly by the Company (in ₹)	NA	NA	NA
IX.	Loan repaid by the Trust during the year from exercise price received	NA	NA	NA
X.	Total number of options outstanding (in force) at the end of the year	81,680	11,20,000	50,000
XI.	Number of options exercisable at the end of the year	81,680	2,80,000	12,500

F. Weighted average Share Price of options granted during the year :

		Option – I [^]		Option – II [#]	
		Grant on December 06, 2016	Grant on December 15, 2016	Grant on July 05, 2018	Grant on February 04, 2019
I.	Exercise price equals market price (in ₹)	-	-	-	-
II.	Exercise price is greater than market price (in ₹)	-	-	-	-
III.	Exercise price is less than market price (in ₹)	125.10	127.30	559.38	440.43

Weighted average Exercise Price of options granted during the year whose:

		Option – I [^]		Option – II [#]	
		Grant on December 06, 2016	Grant on December 15, 2016	Grant on July 05, 2018	Grant on February 04, 2019
I.	Exercise price equals market price (₹)	-	-	-	-
II.	Exercise price is greater than market price (₹)	-	-	-	-
III.	Exercise price is less than market price (₹)	10	10	392	300

Weighted average Fair Value of options (Black Scholes) granted during the year whose:

		Option – I [^]		Option – II [#]	
		Grant on December 06, 2016	Grant on December 15, 2016	Grant on July 05, 2018	Grant on February 04, 2019
I.	Exercise price equals market price (₹)	-	-	-	-
II.	Exercise price is greater than market price (₹)	-	-	-	-
III.	Exercise price is less than market price (₹)	116.82	119.02	282.39	219.24

G. Employee-wise details of options granted during the year on March 31, 2020

I.	Senior Managerial Personnel None – No fresh options were granted during the year ended March 31, 2020
II.	Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year None – No fresh options were granted during the year ended March 31, 2020
III.	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 the Company at the time of grants None – No fresh options were granted during the year ended March 31, 2020

H. Method and Assumptions used to estimate the fair value of options granted during the year

The Company has not granted any options during the year under review. However, the details pertaining to the earlier options are as follows:

The fair value has been calculated using the Black Scholes Option Pricing model.

The assumption used in the model are as follows:

Particulars	Option – I [^]		Option - II [#]	
			Grant - I	Grant - II
	Grant on December 06, 2016	Grant on December 15, 2016	Grant on July 05, 2018	Grant on February 04, 2019
Risk Free Interest Rate	6.30%	6.30%	7.81%	7.20%
Expected Life (in years)	2.78	2.75	3.65	3.65
Expected Volatility	43.00%	43.00%	33.91%	38.07%
Dividend	0	0	0	0
Price of underlying shares in the market at the time of Option grant (in ₹)	125.10	127.30	559.38	440.43
Stock Price	Average price on BSE Limited on the date of grant has been considered.			
Volatility	Volatility was calculated using standard deviation of daily change in stock price. The historical period taken into account match the expected life of the option.			
Risk-free rate of return	The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero coupon yield curve for Government Securities			
Exercise Price	Exercise Price of each specific grant has been considered			
Time to Maturity	Time to Maturity / Expected Life of options is the period for which the Company expects the options to be live			
Expected Dividend Yield	Expected dividend yield has been calculated as an average of dividend yields for five financial years preceding the date of the grant.			

([^]) Option - I referred the employees to whom Options were granted in the Company initially on December 6, 2016 & December 15, 2016 and includes additional Options granted on April 30, 2018 pursuant to other composite scheme of arrangement.

([#]) Option - II referred the employees to whom Options were granted in the Company on July 05, 2018 (Grant - I) and on February 04, 2019 (Grant - II).

I. Details of Company's Employees' Welfare Trust:

The details in connection with transactions made by the Trust meant for the purpose of administering the FRL ESOP - 2016 are as under:

i. General Information of the Trust:

Name of the Trust	Future Retail Limited Employees' Welfare Trust
Details of the Trustee	Milestone Trusteeship Services Private Limited
Amount of loan disbursed by the Company / any Company in the group, during the year	Nil
Amount of loan outstanding (repayable to Company / any Company in the group) as at the end of the year	Nil
Amount of loan, if any, taken from any other source of which Company / any Company in the group has provided any security or guarantee.	Nil
Any other contribution made to the Trust during the year	Nil

ii. Brief details of the transaction in shares by the Trust : None

iii. In case of secondary acquisition of shares by the Trust : None

For and on behalf of the Board of Directors

Place : Mumbai
Date : September 14, 2020

Kishore Biyani
Chairman