

**Disclosure with respect to Future Retail Limited Employees Stock Option Plan – 2016 (FRL ESOP – 2016) of the Company as at March 31, 2017.**

The Composite Scheme of Arrangement between Future Enterprises Limited and the Company and their respective Shareholders and Creditors (“the FRL – FEL Scheme”) has been approved under the provisions of Sections 391-394 of the Companies Act, 1956 read with Sections 100-104 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013 for demerger of Retail Business Undertaking of FEL into the Company and demerger of Infrastructure Business Undertaking of the Company and vesting into FEL with effect from Appointed Date of October 31, 2015, as defined in the Scheme, has been given effect on May 1, 2016 (“Effective Date”), after receipt of Hon’ble High Court approval.

As provided in the FRL – FEL Scheme and Employees Stock Option Plan of FEL, the Company was required to issue the Employee Stock Options to concerned employees who got transferred as part of Retail Undertaking and were having options in FEL. Accordingly, the options granted and vested in FEL remain to be exercised as well as unvested options shall stand cancelled, and against which new options were granted in the Company. The ESOP’s granted to the employees of FEL is adjusted for the corporate action on value for value exchange and hence there is no incremental benefit to the option grantee and also it does not result in change in aggregate Fair Value of the Options.

Further, to encourage ownership of Company’s equity by its employees on an ongoing basis and also in order to reward the employees for their contribution to the successful operation of the Company and to provide an incentive to continue contributing to the success of the Company, it was proposed to create, grant and offer options to the Eligible Employees of the Company under FRL ESOP – 2016 as recommended by the People Office.

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. 38 and 39 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. 38 and 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 07, 2016 and approved the Future Retail Limited Employees Stock Option Plan – 2016 (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 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	
		<b>Option - I*</b>	<b>Option - II#</b>
III.	Vesting requirements	Options in respect of employees transferred from FEL pursuant to the Scheme of Arrangement were vested effective December 15, 2016.	Options granted under FRL ESOP 2016 plan would vest not less than 1 years and not more than 3 years from the Grant of such options.
IV.	Exercise price or pricing formula	Exercise price for Options granted during the year was ₹ 10/-	Exercise price for Options granted during the year was ₹ 10/-
V.	Maximum term of options granted	3 years from the respective date of option granted	3 years from the respective date of option granted
VI.	Source of shares (primary, secondary or combination)	Primary	Primary
VII.	Variation in terms of options	None	None
VIII.	Method used to account for ESOS	Black Scholes Method	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 2016-17 would be ₹ 9.72 Crore.

E. Option movement during the year ended on March 31, 2017

Sl. No.	Particulars	Details	
		Option - I*	Option - II#
I.	Details Number of Options outstanding at the beginning of the year	N.A.	N.A.
II.	Number of Options granted during the year	6,47,603	6,76,468
III.	Number of Options forfeited / cancelled / lapsed during the year	NIL	19,758
IV.	Number of Options vested during the year	6,47,603	N.A.
V.	Number of Options exercised during the year	4,74,182	N.A.
VI.	Number of shares arising as a result of exercise of Options	4,74,182	N.A.
VII.	Exercise Price	₹ 10/- per share	₹ 10/- per share
VIII.	Money realized by exercise of Options, if scheme is implemented directly by the Company	₹ 47,41,820/-	N.A.
IX.	Loan repaid by the Trust during the year from exercise price received	N.A.	N.A.
X.	Total number of Options outstanding (in force) at the end of the year	1,73,421	6,56,710
XI.	Number of Options exercisable at the end of the year	1,73,421	NIL
XII.	Whether and how any other features of the Option grant were incorporated into the measurement of fair value, such as a market condition.	There are no market conditions	There are no market conditions

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

		Option - I*	Option - II#	
		Grant on December 15, 2016	Grant on December 06, 2016	Grant on December 15, 2016
I.	Exercise price equals market price	-	-	-
II.	Exercise price is greater than market price	-	-	-
III.	Exercise price is less than market price	127.30	125.10	127.30

Weighted average Exercise Price of options granted during the year:

		Option - I*	Option - II#	
		Grant on December 15, 2016	Grant on December 06, 2016	Grant on December 15, 2016
I.	Exercise price equals market price	-	-	-
II.	Exercise price is greater than market price	-	-	-
III.	Exercise price is less than market price	10	10	10

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

		Option - I*	Option - II	
		Grant on December 15, 2016	Grant on December 06, 2016	Grant on December 15, 2016
I.	Exercise price equals market price	-	-	-
II.	Exercise price is greater than market price	-	-	-
III.	Exercise price is less than market price	119.03	116.82	119.02

**G. Employee-wise details of options granted during the year ended on March 31, 2017**

I.	Senior Managerial Personnel		
	<b>Name of the Employee</b>	<b>No. of Options</b>	
		<b>Option - I*</b>	<b>Option - II#</b>
	Mr. C. P. Toshniwal (Key Managerial Personnel)	NIL	55,460
	Mr. Virendra Samani (Key Managerial Personnel)	5,450	5,938
	Mr. Rajan Malhotra	79,387	-
	Mr. Devendra Chawla	14,243	-
	Mr. Sadashiv Nayak	74,640	55,460
	Mr. Vineet Jain	46,594	27,730
II.	Employees who were granted, during any one year, Options amounting to 5% or more of the Options granted during the year		
	<b>Name of the Employee</b>	<b>No. of Options</b>	
		<b>Option - I*</b>	<b>Option - II#</b>
	Mr. Rajan Malhotra	79,387	-
	Mr. Sadashiv Nayak	74,640	55,460
	Mr. Vineet Jain	46,594	27,730
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:- <b>None</b>		

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

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

The Assumptions used in the model are as follows

Date	Option - I*	Option - II#	
	Grant on December 15, 2016	Grant on December 06, 2016	Grant on December 15, 2016
Risk Free Interest Rate	6.34%	6.30%	6.30%
Expected Life	1.5	2.78	2.75
Expected Volatility	43.00%	43.00%	43.00%
Dividend	0	0	0
Price of the underlying share in market at the time of Option grant (₹)	127.30	125.10	127.30
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 who were transferred from Future Enterprises Limited (FEL) to the Company pursuant to the Composite Scheme of Arrangement.

# Option - II referred the employees to whom Options were granted in the Company during the year under review.

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

The details *inter-alia*, in connection with transactions made by the Trust meant for the purpose of administering the Future Retail Limited Employee Stock Option Plan - 2016 are as under:

i. General Information of the Trust

Name of the Trust	Future Retail Limited Employees' Welfare Trust
Details of the Trustee(s)	Milestone Trusteeship Services Private Limited
Amount of loan disbursed by 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 for 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 transactions in shares by the Trust : None

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