

**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.**

During the year ended 31<sup>st</sup> March 2006, the Company had issued 500,000 equity shares of Rs. 10 each at a premium of Rs. 5 per share to INOX Leisure Limited – Employees' Welfare Trust ("ESOP Trust") to be transferred to the employees of the Company under the scheme of ESOP framed by the Company in this regard. The Company has provided finance of Rs. 75 lacs to the ESOP Trust for subscription of these shares at the beginning of the plan.

Each share option converts into one equity share of the Company on exercise. The options are granted at an exercise price of Rs.15 per option. The option carry neither rights to dividends nor voting rights. The options granted are required to be exercised within a period of one year from the date of vesting of the respective options.

On 23 June 2017, stock options of 1,67,500 shares have been granted to employees and during the previous year, on 5 January 2017, stock options of 20,000 shares have been granted to an employee of holding company. The vesting period for these equity settled options is between one to four years from the date of the respective grants. The options are exercisable within one year from the date of vesting.

The compensation costs of stock options granted to employees are accounted using the fair value method.

**Fair value of share options granted in the year**

The weighted average fair value of the share options granted during the financial year is Rs. 269.10 (previous year Rs. 217.56) in respect of growth options vesting in one to four years. The fair value has been calculated using the Black Scholes Options Pricing Model. The Black-Scholes model requires the consideration of certain variables such as volatility, risk free rate, expected dividend yield, expected option life, market price and exercise price for the calculation of fair value of the option. These variables significantly influence the fair value and any change in these variables could significantly affect the fair value of the option. The significant assumptions made in this regard are as under:

Particular		Options granted	
Date of grant		23 June 2017	5 January 2017
No of share options granted		167,500	20,000
Grant date share price		281.50	230.00
Exercise price		15	15
Expected volatility		33.53% to 39.82%	38.53% to 41.80%
Option life		1.5 to 4.5 years	1.5 to 4.5 years
Dividend yield		0	0
Risk free interest rate		6.25% to 6.53%	6.09% to 6.47%
<b>Movements in share options during the year</b>			
Particular		2017-2018	2016-2017
Balance at beginning of year		20,000	NIL
Granted during the year		167,500	20,000
Forfeited during the year		20,000	NIL
Exercised during the year *		5,000	NIL
Balance at end of year		162,500	20,000

Exercisable as on 31st March 2018	NIL	NIL
Weighted average exercise price of all stock options	Rs. 15	Rs. 15
* During the year employee of holding company has exercised 5000 stock options, allotment of the same is pending as on 31 March 2018		
<b>Method used for accounting of share based payment plan:</b>		
The Company has used fair value method to account for the compensation cost of stock options granted to its employees and the employee of holding company. The compensation cost of Rs. 179.48 Lakhs (previous year Rs. 5.27 Lakhs) is recognised in the Statement of Profit and Loss.		
<b>Range of exercise price and weighted average remaining contractual life of outstanding options</b>		
<b>For Options granted on 5 January 2017</b>	<b>2017-2018</b>	<b>2016-2017</b>
Number of options outstanding	15000	20000
Weighted Average Remaining Contractual Life (in years)	3.77	4.77
Weighted Average Exercise Price (Rs.)	15	15
<b>For Options granted on 23 June 2017:</b>	<b>2017-2018</b>	
Number of options outstanding	147500	
Weighted Average Remaining Contractual Life (in years)	4.23	
Weighted Average Exercise Price (Rs.)	15	

**B. Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Indian Accounting Standard 33 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time. – Rs. 12.48**

**C. Details related to ESOS**

<b>(i) A description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS, including -</b>	
(a) Date of shareholders' approval	4 <sup>th</sup> January, 2007
(b) Total number of options approved under ESOS	5,00,000
(c) Vesting requirements	As determined by Compensation, Nomination & Remuneration Committee from time to time.
(d) Exercise price or pricing formula	Rs. 15
(e) Maximum term of options granted	4 Years
(f) Source of shares (primary, secondary or combination)	Primary
(g) Variation in terms of options	Not applicable
<b>(ii) Method used to account for ESOS - Intrinsic or fair value.</b>	Not applicable
<b>(iii) Where the company opts for expensing of the options using the intrinsic value of the options the difference between the employee compensation cost (ECC) so computed and the ECC that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on</b>	<b>Not applicable.</b>

profits and on EPS of the company shall also be disclosed.	
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<b>(iv) Option movement during the year (For each ESOS):</b>	
<b>Particulars</b>	<b>Details</b>
Number of options outstanding at the beginning of the period	20,000
Number of options granted during the year	1,67,500
Number of options forfeited / lapsed during the year	20,000
Number of options vested during the year	5,000
Number of options exercised during the year	5,000
Number of shares arising as a result of exercise of options	Nil*
Money realized by exercise of options (INR), if scheme is implemented directly by the company	Nil*
Loan repaid by the Trust during the year from exercise price received	Nil*
Number of options outstanding at the end of the year	1,62,500
Number of options exercisable at the end of the year	Nil

During the year employee of holding company has exercised 5000 stock options, allotment of the same is pending as on 31 March 2018.

<b>(v) Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.</b>		Weighted Average Exercise Price	Weighted Average Fair Value
	Exercise price equals market price	Nil	Nil
	Exercise price exceeds market price	Nil	Nil
	Exercise price is less than the market price	Rs. 15	For options granted on 29 <sup>th</sup> January 2007 - Rs. 153.01

			For options granted on 27 <sup>th</sup> October 2009 -  Rs. 43.91  For options granted on 12 <sup>th</sup> August 2013 -  Rs. 14.86  For options granted on 5 <sup>th</sup> January 2017 -  Rs. 217.56  For options granted on 23 <sup>rd</sup> June 2017 -  Rs. 269.10
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**(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;  
and**

**(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; and**

Name	Designation	Options granted	Exercise price (In Rs.)	% of total grant during the year
Alok Tandon	Chief Executive Officer	20,000	15	11.94
Daizy Lal Puri	Chief Operating Officer	15,000	15	8.96
Jitender Verma	Chief Information Officer	15,000	15	8.96
Kailash B. Gupta	Chief Financial Officer	10,000	15	5.97
MuraliKrishna Yammanuru	Chief People Officer	10,000	15	5.97
Rajender Singh Jyala	Chief Programming Officer	10,000	15	5.97
Shirish Handa	Chief Business Development Officer	10,000	15	5.97
Anand Vishal	VP - Marketing	10,000	15	5.97
Rajeev Patni	VP - operations	10,000	15	5.97
Rajeev Chakrabarti*	Chief Marketing Officer	10,000	15	5.97
Dhanraj Mulki*	Company Secretary & Vice President - Legal	10,000	15	5.97

**\* The employee has since resigned**

- (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 the company at the time of grant.**

<p>(vii) <b>A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:</b></p> <p>a) <b>the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;</b></p> <p>b) <b>the method used and the assumptions made to incorporate the effects of expected early exercise;</b></p> <p>c) <b>how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and</b></p> <p>d) <b>whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.</b></p>	<p>a)</p> <ol style="list-style-type: none"> <li><b>the weighted-average fare values of share price - Rs. 269.10</b></li> <li><b>Exercise Price - Rs. 15</b></li> <li><b>expected volatility – 33.53% to 39.82%</b></li> <li><b>expected option life – 1.5 to 4.5 years</b></li> <li><b>expected dividends – 0.00%</b></li> <li><b>the risk-free interest rate – 6.25% to 6.53%</b></li> </ol> <p>b) <b>the fair value has been calculated using the Black-Scholes Options Pricing Model. Company has estimated the expected life of the options on the basis of average of minimum and maximum life of the Options. Historical data is not considered in expected life calculations.</b></p> <p>c) <b>The volatility for periods, corresponding to the expected lives of different vests, prior to the grant date have been considered. Volatility has been calculated based on the daily closing market price of the Company's stock price on BSE over these years.</b></p> <p>d) <b>No other feature has been incorporated in to the measurement of fair value</b></p>
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<p><b>Disclosures in respect of grants made in three years prior to IPO under each ESOS</b></p> <p>(i) <b>Until all options granted in the three years prior to the IPO have been exercised or have lapsed, disclosures of the information specified above in respect of such options shall also be made.</b></p>	<p><b>Not Applicable.</b></p>
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#### **D. Details related to ESPS**

NOT APPLICABLE

#### **E. Details related to SAR**

NOT APPLICABLE

#### **F. Details related to GEBS / RBS**

NOT APPLICABLE

## G. Details related to Trust

The following details, *inter alia*, in connection with transactions made by the Trust meant for the purpose of administering the schemes under the regulations are to be disclosed:

### (i) General information on all schemes

Sl. No.	Particulars	Details
1	Name of the Trust	Inox Leisure Limited - Employees' Welfare Trust
2	Details of the Trustee(s)	Mr. Nikhilesh Panchal Mr. Suresh C. Bandi
3	Amount of loan disbursed by company / any company in the group, during the year	Nil
4	Amount of loan outstanding (repayable to company / any company in the group) as at the end of the year	Rs. 44,25,015
5	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
6	Any other contribution made to the Trust during the year	Nil

### (ii) Brief details of transactions in shares by the Trust

(a) Number of shares held at the beginning of the year;	Nil
(b) Number of shares acquired during the year through (i) primary issuance (ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share;	Nil
(c) Number of shares transferred to the employees <del>not sold along with the purpose thereof</del> ;	Nil
(d) Number of shares held at the end of the year.	Nil

### (iii) In case of secondary acquisition of shares by the Trust

Number of shares	As a percentage of paid-up equity capital as at the end of the year immediately preceding the year in which shareholders' approval was obtained
Held at the beginning of the year	Not applicable
Acquired during the year	Not applicable
Sold during the year	Not applicable
Transferred to the employees during the year	Not applicable
Held at the end of the year	Not applicable