

## **Annexure-I to Directors' Report**

**[Details of the Employee Stock Option Scheme (ESOS) as of March 31, 2016 pursuant to the requirements under Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]**

- The Company has two ESOS viz. ESOP 2007 for key Employees and ESOP 2010.
- During the year under review, the Company has not amended the terms of stock options granted under ESOP 2007 for key Employees and ESOP 2010.

The following details have been disclosed on the Company's website at <http://www.geojitbnpparibas.com>

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.

The disclosures are provided in the Note 38 to the financial statements of the Company for the year ended 31st March, 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.

Rs. 1.52

### **Details related to ESOS:**

(i) The Company had in existence two ESOS during the year viz. ESOP 2007 for key Employees and ESOP 2010. The stock options under ESOP 2010 were granted in four tranches. The general terms and conditions of the same as given below:

Description	ESOP 2007 for Key Employees ( Granted during 2007-08)	ESOP 2010- Tranche I ( Granted during 2010-11)	ESOP 2010- Tranche II ( Granted during 2010-11)	ESOP 2010- Tranche III ( Granted during 2010-11)	ESOP 2010- Tranche IV ( Granted during 2010-11)
(a) Date of shareholders' approval	December 05, 2007	July 12, 2010	July 12 2010	July 12 2010	July 12 2010
(b) Total number of options approved under ESOS	25,00,000	1,12,00,000			
(c) Vesting requirements	<p>The vesting of options will start on the fourth anniversary from the date of grant and will vest over a period of seven years from the date of grant.</p> <ul style="list-style-type: none"> <li>▪ 25% options shall vest on the completion of four year from grant date.</li> <li>▪ 25% options shall vest on the completion of five year from grant date</li> <li>▪ 25% options shall</li> </ul>	100% of stock options shall vest on completion of two years from the grant date .			

	<p>vest on the completion of six year from grant date</p> <ul style="list-style-type: none"> <li>▪ 25% options shall vest on the completion of seven year from grant date</li> </ul>				
d) Exercise price / pricing formula	Rs. 25.50 ( reprised from Rs. 59.90 on April 11, 2009.	Closing market price of the share in the Stock Exchange in which the highest volume was recorded on the date prior to the Compensation Committee Meeting date in which options were granted(i.e, Rs.22.20 per option)	Closing market price of the share in the Stock Exchange in which the highest volume was recorded on the date prior to the Compensation Committee Meeting date in which options were granted(i.e, Rs.20.55 per option)	Closing market price of the share in the Stock Exchange in which the highest volume was recorded on the date prior to the Compensation Committee Meeting date in which options were granted(i.e, Rs.23.95 per option)	Closing market price of the share in the Stock Exchange in which the highest volume was recorded on the date prior to the Nomination & Remuneration Committee Meeting date in which options were granted(i.e, Rs.41.45 per option)
(e) Maximum term of options granted	Eight years from the date of grant of stock options	Five years from the date of grant of stock options	Five years from the date of grant of stock options	Five years from the date of grant of stock options	Five years from the date of grant of stock options
(f) Source of shares (primary, secondary or combination)	Primary	Primary	Primary	Primary	Primary

(g) variation in terms of options	No variation in the terms of grant of stock options during 2015-16.	No variation in the terms of grant of stock options during 2015-16	No variation in the terms of grant of stock options during 2015-16	No variation in the terms of grant of stock options during 2015	No variation in the terms of grant of stock options during 2015-16
(ii) Method used to account for ESOS	Intrinsic Value				
(iii) (a) Difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options.	-	-	-	Rs.3.37 lakhs	Rs. 186.35 lakhs
(iii) (b) The impact of this difference on profits and on EPS of the Company.	Profit for the Year (As reported) Rs. 355,962,565 Add: Expense on Employee Stock Option Plans under Intrinsic Value Method- Rs. Nil Less: Expense on Employee Stock Option Plans under Fair Value Method- Rs. 18,972,782 Profit for the Year (Proforma)- Rs. 336,989,783 Basic earnings per share (As reported)- 1.53 Basic earnings per share (Proforma)- 1.44 Diluted earnings per share (As reported)- 1.52 Diluted earnings per share (Proforma)- 1.44				

(iv) Option movement during the year :

<b>Description</b>	<b>ESOP 2007 for Key Employees</b>	<b>ESOP 2010- Tranche I</b>	<b>ESOP 2010- Tranche II</b>	<b>ESOP 2010- Tranche III</b>	<b>ESOP 2010- Tranche IV</b>
Number of options outstanding at the beginning of the period	16,99,540	6,31,064	12,15,160	24,45,692	26,85,956
Number of options granted during the year	-	-	-	-	-
Number of options forfeited / lapsed during the year	1,39,603	2,32,390	29,960	79,050	3,16,279
Number of options vested during the year	-	-	-	21,45,819	-
Number of options exercised during the year	15,59,937	3,98,674	5,73,465	9,83,205	-
Number of shares arising as a result of exercise of options	15,59,937	3,98,674	5,73,465	9,83,205	-
Money realized by exercise of options (INR), if scheme is implemented directly by the	3,97,78,393	88,50,563	1,17,84,706	2,35,47,760	-

Company					
Loan repaid by the Trust during the year from exercise price received	-	-	-	-	-
Number of options outstanding at the end of the year	-	-	6,11,735	13,83,437	23,69,677
Number of options exercisable at the end of the year	-	-	6,11,735	13,83,437	-
V (a) Exercise prices of the Options	25.50	22.20	20.55	23.95	41.45
V (b) The weighted-average fair value of the options	61.67	6.94	4.71	5.70	16.64

**VI. Options granted to Directors & Senior Managerial Personnel :**

<b>Name</b>	<b>Designation</b>	<b>No. of options granted under ESOP 2007 for Key Employees</b>	<b>No. of options granted under ESOP 2010 (Tranche I)</b>	<b>No. of options granted under ESOP 2010 (Tranche II)</b>	<b>No. of options granted under ESOP 2010 (Tranche III)</b>	<b>No. of options granted under ESOP 2010 (Tranche IV)</b>
Mr. Satish Menon	Executive Director	5,08,982*	11,920	6,900	9,876	10,390
Mr. A .Balakrishnan	Managing Director, Geojit Technologies (P) Ltd.	5,59,603*	13,360	8,050	10,780	10,816
Ms. Jaya Jacob Alexander	Chief Human Resources	2,55,645*	4,320	4,600	4,068	4,260
Mr. Krishnan Ramachandran	Chief Executive Officer – Barjeel Geojit Securities	2,00,000*	2,160	2,300	2,260	2,556

\* In all these cases, the stock options granted exceeded 5% of the total stock options granted during the year 2007-08.

**(vii) A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:**

Description	ESOP 2007 for Key Employees	ESOP 2010- Tranche I	ESOP 2010- Tranche II	ESOP 2010- Tranche III	ESOP 2010- Tranche IV
weighted-average value of share price	66.55	34.00	18.90	22.00	30.20
weighted-average exercise price	59.90	22.20	20.55	23.95	41.45
expected volatility	170%	52%	39%	42%	66%
expected option life	4-7	2	2	2	2
expected dividends	0.60%	2.30%	4.04%	4.59%	0.46%
risk-free interest rate	7%	8%	8%	8%	8%



<p>the method used and the assumptions made to incorporate the effects of expected early exercise;</p>	<p>Black – Scholes Options pricing model</p>	
<p>how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility;</p>	<p>The following factors have been considered for ESOP 2007:</p> <ul style="list-style-type: none"> <li>a) Stock price.</li> <li>b) Exercise price</li> <li>c) Discount Rate - Bond Equivalent Yield</li> <li>d) Expected Life in Years.</li> </ul>	<p>The following factors have been considered for ESOP 2010:</p> <ul style="list-style-type: none"> <li>a) Dividend yield- based on dividend per share and average market price for one year prior to grand date.</li> <li>b) Historical volatility- Based on the highest and lowest market price one year prior to grand date.</li> <li>c) Discount Rate - Bond Equivalent Yield</li> <li>d) Expected Life in Years ie the period up to the date of vesting.</li> <li>e) Present Value of Exercise Price</li> </ul>
<p>d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition</p>		

**Disclosures in respect of grants made in three years prior to IPO under the ESOS:** All the Options granted in the three years prior to the IPO have either been exercised or have lapsed.