



CAPITAL FIRST LIMITED

DISCLOSURES AS REQUIRED PURSUANT TO ESOS/ESPS

(I) CFL EMPLOYEES' SHARE PURCHASE SCHEME(S) (ESPS)

The Company has two Employees' Share Purchase Schemes viz. CFL Employees Share Purchase Scheme – 2007 (CFL ESPS - 2007) and CFL Employees Share Purchase Scheme – 2008 (CFL ESPS - 2008).

During the financial year under review, no equity shares were allotted to any employee under the CFL ESPS – 2007 and 2008.

(II) CFL EMPLOYEES STOCK OPTIONS SCHEME(S) (ESOS)

The Stock Options have been granted to the employees under various CFL - Employees Stock Option Schemes. The said schemes are in compliance with the SEBI (Share Based Employee Benefits) regulations, 2014 as amended from time to time (SEBI Regulations). The details and disclosures as required under SEBI Regulations are provided on the website of the Company and web-link for the same is <http://www.capitalfirst.com/investor/corporate-governance>

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 are provided in notes to financial statements.

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 are provided in notes to financial statements.

Various details including option movement during the year under various ESOS Schemes are as follows:

Date of Shareholders' approval	CFL ESOS 2007 Scheme was approved by the shareholders on September 25, 2007; CFL ESOS 2008 Scheme was approved by the shareholders on August 14, 2008; CFL ESOS 2009 Scheme was approved by the shareholders on August 04, 2009; CFL ESOS 2011 Scheme was approved by the shareholders on March 16, 2011; CFL ESOS 2012 Scheme was approved by the shareholders on July 05, 2012; CMD ESOS 2014 Scheme was approved by the shareholders on June 18, 2014; CFL ESOS 2016 Scheme was approved by the share holders on July 05, 2016.
Total number of options approved under ESOS	The total number of options approved under various schemes are 1,41,85,000.
Vesting requirements	For the purpose of the vesting, the person should be an employee on the date of vesting as per the respective ESOS Schemes. The Vesting conditions will be such as are specified in the Vesting schedule set for each option holder and the conditions subject to which Vesting shall take place may be outlined in the Grant Letter
Maximum term of Options Granted	With respect to CFL ESOS 2007, 2008, 2009, 2011, 2012, the options granted shall be capable of being exercised in 5 years from date of vesting or 10 years from the Grant Date whichever is later. With respect to CMD ESOS 2014, the Vested Options shall be exercisable on the completion of the 5 th anniversary from the Effective Grant Date but prior to the expiry of the 10 th anniversary from the Effective Grant Date. With respect to CFL ESOS 2016, the options granted shall be capable of being exercised in 5 years from date of grant or 6 months from the date of vesting, whichever is later.
Sources of shares (primary, secondary or combination)	The Schemes are implemented and administered directly by the Company by way of issue of equivalent Primary shares against exercise of Options.

Method used to account for ESOS - Intrinsic or fair value	Intrinsic value method is used to account for ESOS.
Number of Options outstanding at the beginning of the period	Please refer note 31 of standalone financial statements pertaining to the financial year 2016-17.
Options Vested	
Options Exercised	
Options lapsed/ cancelled/ forfeited	
Number of Options outstanding at the end of the year	
Total Number of options in force	1,02,27,325 Stock Options
Options Granted during the year	CFL ESOS – 2016 : 9,20,000
The pricing formula	As per the Schemes approved pursuant to the SEBI Regulations
The total number of shares arising as a result of exercise of option	1,404,325 Equity Shares
Variation of terms of options	N.A.
Money realized by exercise of options	₹ 3,00,742,324/-
Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to - (i) senior managerial personnel; (ii) 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 (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 grant.	Refer Note 1
Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS-20) ('Earnings Per Share')	Diluted EPS calculated in accordance with AS-20 is ₹ 21.76 (Consolidated) per share and ₹ 23.97 (Standalone) per share for the FY 2016-17.
Where the 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 the Company shall also be disclosed.	Had the Company followed the fair value method for accounting the Stock Options, compensation expense would have been higher by ₹ 2,802.96 lakhs with consequent lower Consolidated profits. On account of the same the diluted EPS of the Company (Consolidated) would have been less by ₹ 2.82 per share.
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.	Weighted-average exercise price for CFL ESOS 2007 is ₹ 257.35; for CFL ESOS 2008 is ₹ 192.71; for CFL ESOS 2009 is ₹ 390.05; for CFL ESOS 2011 is ₹ 183.04; for CFL ESOS 2012 is ₹ 257.44; for CMD ESOS 2014 is ₹ 207.00; for CFL ESOS 2016 is ₹ 617.08. For details of weighted-average fair values of options please refer note 31 of standalone financial statements pertaining to the financial year 2016-17.

The Securities and Exchange Board of India ('SEBI') has prescribed two methods to account for stock grants; namely (i) the intrinsic value method; (ii) the fair value method. The Company adopts the intrinsic value method to account for the stock options it grants to the employees. The Company also calculates the fair value of options at the time of grant, using Black-Scholes pricing model with the following assumptions:

i) risk-free interest rate	Please refer note 31 of standalone financial statements pertaining to the financial year 2016-17.
ii) expected life	
iii) expected volatility*	
iv) expected dividends	
v) the price of the underlying shares in market at the time of option grant	Same as that of Grant Price

* The Company calculates expected volatility of the stock over the most recent period which commensurate with the expected life of the option being valued.

Note 1: Details of the options granted under ESOS to the Directors and Senior Managerial personnel of Capital First Limited during the financial year 2016-17 and its subsidiaries are as under:

Sr. No.	Particulars	Position	Number of options granted during FY 2016-17	Exercise price (₹)
a.	Directors and Senior Managerial personnel			
	Mr. V. Vaidyanathan	Chairman and Managing Director	-	-
	Mr. Apul Nayyar	Executive Director	50,000 options	620.00
	Mr. Nihal Desai	Executive Director	50,000 options	620.00
	Mr. Pankaj Sanklecha	Chief Financial Officer & Head - Corporate Centre	32,500 options	620.00
	Mr. Adrian Andrade	Head - Human Resources & Administration	28,000 options	620.00
b.	Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	None		
c.	Identified employees who are granted options, 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	None		

On behalf of the Board of Directors

Place : Mumbai
Date : May 10, 2017

V. Vaidyanathan
Chairman & Managing Director
DIN: 00082596