

## GRUH FINANCE LIMITED

### Disclosure pursuant to Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014 as on March 31, 2017

The stock options granted to directors and employees operate under the existing schemes Employees Stock Option Scheme 2011 (ESOS-2011) and Employees Stock Option Scheme 2015 (ESOS-2015). The said schemes are in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014.

Further the disclosure pursuant to Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014 as on March 31, 2017, *inter alia* provided on the company's website is available on web-link: [www.gruh.com/ESOS-Disclosure.pdf](http://www.gruh.com/ESOS-Disclosure.pdf)

#### 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.

Equity stock options granted to employees pursuant to the Company's stock option schemes are accounted for as per the intrinsic value method prescribed by ESOS and permitted by the SEBI guidelines, 1999 and the Guidance Note on Share Based Payment issued by the Institute of Chartered Accountants of India (ICAI). The intrinsic value of the option being excess of market value of the underlying share at the date of grant of option, over its exercise. The intrinsic value of each stock option granted under the ESOS - 2015 and ESOS - 2011 (Tranche I and II) is Rs. Nil, since the market price of the underlying share at the grant date was same as the exercise price and consequently the accounting value of the option (compensation cost) is Rs. Nil.

#### B. Diluted EPS on issue of shares to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earning Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time.

Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard(AS)-20:	Rs. 8.15
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#### C. Details related to Employee Stock Option Schemes (ESOS) of the Company:

Sr No.	Particulars	ESOS-2011	ESOS-2015
(i)	A description of each ESOS that existed at any time during the year, including the general terms and condition of each ESOS, including -		
a)	Date of shareholder's approval	29 <sup>th</sup> June, 2010	28 <sup>th</sup> May, 2014
b)	Total number of options approved under ESOS	11,72,849	45,00,000
c)	Vesting requirement	Options granted will vest over a period of three years in three tranches of 30%, 35% and 35% respectively, the date of vesting beginning on January 30, 2016 for eligible employees other than Non Executive Non Independent Directors. In respect of eligible employees being Non	

		Executive Non Independent Directors, all Options granted will vest on January 30, 2016.		
d)	Exercise price	ESOS -2011 – Tranche – I : Rs. 317.85 ESOS -2011 – Tranche – II : Rs. 548.80 ESOS -2015 : Rs. 268.20		
	Pricing formula	The exercise price is the previous day's closing price on the date on which the Compensation Committee finalized the specific number of options to be granted to the employee/directors.		
e)	Maximum term of options granted	Each vested options shall be exercised within 3 years from the date of respective vesting and subject to fulfilling eligibility conditions. An eligible employee can exercise his vested options only if he has completed three years of continuous service in the Company.		
f)	Source of shares	Primary		
g)	Variation in terms of options	Nil		
(ii)	Method used to account for ESOS-Intrinsic or fair value	Intrinsic Value		
(iii)	Where the Company opts for expensing of the options using the intrinsic value of the options.			
	Disclosure of difference between the employee compensation cost using intrinsic value of stock options instead of fair value of the options and the impact of difference on profits and on EPS of the Company :	ESOS 2011 Tranche I; ESOS 2011 Tranche II and ESOS 2015: Since the options were granted at the market price, the intrinsic value of the option is Nil. Consequently, the accounting value of the option (compensation cost) was also Nil. However, if fair value of the options according to Black-Scholes-Mertons Option Pricing Model was to be used for calculating the accounting value of the option, the compensation cost would have been Rs. 6.23 crores, the profit after tax would have been lesser by Rs. 6.23 crores and basic and diluted EPS would have been Rs. 7.98 & Rs. 7.98 respectively.		
(iv)	Option movement during the year (For each ESOS) :			
	Particulars	ESOS-2011 (Tranche-I)	ESOS-2011 (Tranche-II)	ESOS-2015
	Number of options outstanding at the beginning of the year	6,818	675	13,84,830
	Number of options granted during the year	Nil	Nil	Nil
	Number of options lapsed during the year	2,789	Nil	2,72,810
	Number of options vested during the year	Nil	Nil	12,56,815
	Number of options exercised during the year	4,029	675	8,35,704
	Number of shares arising as a result of exercise of options	40,290	6,750	8,35,704
	Money raised by exercise of options (INR) if, Scheme is implemented directly by the Company	The Company received Rs. 22.58 crores on account of stock options exercised during the year.		

	Loan repaid by the Trust during the year from exercise price received	NA	NA	NA
	Number of options outstanding at the end of the year	Nil	Nil	16,39,441
	Number of options exercisable at the end of the year	Nil	Nil	16,39,441
(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:			
	<p>ESOS 2011 Tranche I: All the options were granted at an exercise price of Rs. 317.85 per option and hence the weighted average price is Rs. 317.85 per option. The weighted average fair value of the option (using the Black-Scholes–Mertons Option Pricing Model) works out to Rs. 51, Rs. 67 and Rs. 75 for the options vested on February 10, 2012, February 10, 2013 and February 10, 2014 respectively</p> <p>ESOS 2011 Tranche II: All the options were granted at an exercise price of Rs. 548.80 per option and hence the weighted average price is Rs. 548.80 per option. The weighted average fair value of the option (using the Black-Scholes–Mertons Option Pricing Model) works out to Rs. 70, Rs. 101 and Rs. 116 for the options vested on October 25, 2012, October 25, 2013 and October 25, 2014 respectively.</p> <p>ESOS 2015 : All the options were granted at an exercise price of Rs. 268.20 per option and hence the weighted average price is Rs. 268.20 per option. The weighted average fair value of the option (using the Black-Scholes–Mertons Option Pricing Model) works out to Rs. 35, Rs. 51 and Rs. 64 for the options vesting on January 30, 2016, January 30, 2017 and January 30, 2018 respectively.</p>			
(vi)	Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to –			
	<p>Details of options granted to:</p> <p>i. Directors &amp; Senior managerial personnel;</p> <p>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;</p> <p>iii. Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant,</p>	Nil		
(vii)	A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:			

(viii)	(a) risk-free interest rate, (b) expected life, (c) expected volatility of share price (d) dividend yield rate (e) the price of underlying share in the market at the time of option grant :	ESOS – 2011 Tranche I			
		Assumption Parameters	February 10, 2012	February 10, 2013	February 10, 2014
		Risk free interest rate(%)	7.54	7.65	7.85
		Expected life (days)	455	821	1186
		Expected volatility of share price (%)	30	30	30
		Dividend yield rate (%)	2.20	2.90	3.75
		Market price of equity shares on the date of grant ranged from	Rs.316 to Rs.330	Rs.316 to Rs.330	Rs.316 to Rs.330
		ESOS – 2011-Tranche II			
		Assumption Parameters	October 25, 2012	October 25, 2013	October 25, 2014
		Risk free interest rate(%)	8.65	8.69	8.61
		Expected life (days)	366	731	1096
		Expected volatility of share price (%)	25	25	25
		Dividend yield rate (%)	2.20	2.90	3.75
		Market price of equity shares on the date of grant ranged from	Rs. 545 to Rs.559	Rs. 545 to Rs.559	Rs. 545 to Rs.559
		ESOS – 2015			
		Assumption Parameters	January 30, 2016	January 30, 2017	January 30, 2018
		Risk free interest rate(%)	7.77	7.74	7.73
		Expected Life (days)	455	821	1186
		Expected Volatility (%)	20	20	20
		Dividend Yield Rate (%)	0.80	1.00	1.10
		Market price of equity shares on the date of grant ranged from	Rs. 266 to Rs. 277	Rs. 266 to Rs. 277	Rs. 266 to Rs. 277

(ix)	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.	Nil
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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	Not Applicable