

COSMO FILMS LIMITED

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Employee Stock Option Scheme (ESOSs)

1. General Disclosures

- a. Disclosure under Guidance note on Accounting for employee share based payments or any other applicable AS.

For details please refer to **notes to Standalone Financial Statements** mentioned in the Annual Report 2015-16.

- b. Diluted EPS on issue of Shares covered pursuant to all the ESOSs in accordance with “**AS 20 - Earning per Share**” is Rs. 55.69 i.e. same as basic EPS.

2. Scheme Specific Disclosures

(I) General Disclosures

(in lacs except Share Price data)

Sl. No.	Particulars	Details
1.	Date of Shareholder’s Approval	11 th January, 2016
2.	Total Number of Options Approved under ESOS	1,93,000
3.	Vesting Requirements	Save as otherwise stated in the Plan and as long as the Option Grantee remains in the employment of the Company or the Subsidiary Company as the case may be, the Options so granted may vest in one lot on completion of three years from the date of grant.
4.	Exercise Price or Pricing Formula	The Exercise Price of an option shall be the Market Price of the Share as specified in the Grant letter.
5.	Maximum Term of options granted	10 Years from the date of grant of options.
6.	Sources of Shares (Primary, Secondary or Combination)	Secondary Market Acquisition except in case of shortage, the Company will issue the new shares as required.
7.	Variation in terms of options	No

8.	Method used for Accounting for ESOS	Intrinsic Value Method
9.	Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and employee compensation cost calculated on the basis of fair value of stock options	Rs. (-) 0.18 Crore
	Impact on the Profits of the Company and on the earning per share (EPS) arising due to difference in the accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)	Impact on Profit - Rs. (-) 0.18 Crore Impact on EPS - Rs. (-) 0.09
10.	Weighted Average Exercise Price and Weighted Average Fair Value of Options whose Exercise Price either equals or exceeds or is less than the market price of the Stock.	Weighted Average Exercise Price – Rs. 300.05 Weighted Average Fair Value- Rs. 128.25

(II) Option Movement during the Financial Year 2015-16

Sl. No.	Particulars	Details
1.	No. of options outstanding at the beginning of the period (i.e. 1 st April, 2015)	Nil
2.	No. of options granted during the year	1,93,000
3.	No. of options forfeited/lapsed during the year	2,300
4.	No. of options vested during the year	Nil
5.	No. of options exercised during the year	Nil
6.	No. of Shares arising as a result of exercise of options	Nil
7.	Money realized by exercise of options (INR), if scheme is implemented directly by the Company	Nil
8.	Loan repaid by the Trust during the year from exercise price received	Nil
9.	No. of options outstanding at the end of the Year	1,90,700
10.	No. of options exercisable at the end of the Year	Nil

(III) Employees details who were granted options during the year

Sl. No.	Particulars	Name of Employee	Designation	Number of options granted during the year	Exercise Price in (Rs.)
1.	Senior Managerial Personnel	Mr. Anil Kumar Jain	Director – Corporate Affairs	26,300	300.05
		Mr. Pankaj Poddar	Chief Executive Officer	45,200	
		Mr. Neeraj Jain	Chief Financial Officer	10,000	
		Mr. Sanjay Chincholikar	Head- Strategy and Application Development	10,000	
		Mr. Satish Subramanian	Head- Sales &	13,000	

		Marketing	
2.	Employee who received grant in any one year equal to or more than 5% of options granted during the year.	Same as point 1 above.	
3.	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.	NIL	

(IV) Accounting method and Assumptions

The Fair Value of options used to compare performance net income and Earning Per Equity Share has been done on the date of grant using Black Scholes Model. The key assumption in Black- Scholes Model for calculating fair value on grant are as under:

Particulars	Details
Grant date	13 January, 2016
Market Price (in Rs.)	300.05
Exercise Price (in Rs.)	300.05
Expected Volatility (%)	57.70
Expected Life (in years)	3
Dividend yield (%)	1.17
Risk free interest rate (%)	7.59
Fair Value on grant date (in Rs.)	128.25
How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	Based on Historical volatility as published by the National Stock Exchange of India Limited.
Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as market condition.	Options Life is considered on the basis of earliest possible exercise after vesting.

(V) Details related to Trust

(i) General Information

Sl. No.	Particulars	Details
1.	Name of the Trust	Cosmo Films ESOP 2015 Trust
2.	Details of Trustee(s)	Mr. S.L. Bagree and Mr. Manoj Kumar Gupta
3.	Amount of Loan disbursed by the Company/any Company in the Group) during the Year	Rs. 7 Crore
4.	Amount of Loan Outstanding (repayable to Company/any Company in the Group) as at the end of the Year	Rs. 7 Crore
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

Sl. No.	Particulars	Details
1.	No. of Shares held at the beginning of the Year	
2.	No. of Shares acquired during the year through Secondary Acquisition	1,93,000
3.	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	
4.	Number of options granted to employees (excluding lapsed options)	1,90,700
5.	Number of shares held at the end of the Year	1,93,000

(iii) Brief Details of Transactions in shares by the Trust

Sl. No.	Number of Shares	As a percentage of paid-up equity capital as the end of the year immediately preceding the year in which shareholder's approval was obtained
1.	Held at the beginning of the Year	Nil
2.	Acquired during the Year	0.99%
3.	Sold during the Year	Nil
4.	Transferred to the employees during the Year	Nil
5.	Held at the end of the Year	0.99%