

Employee stock option

Pursuant to approval by the shareholders at their meeting held on September 27, 2013, the company has established "Muthoot ESOP 2013" scheme administered by the ESOP Committee of Board of Directors. The following options were granted as on March 31, 2016 :-

Particulars	Tranche 1			Tranche 2			Tranche 3
	Grant A	Grant B	Loyalty	Grant A	Grant B	Loyalty	Grant A
Date of Grant	09.11.2013	09.11.2013	09.11.2013	08.07.2014	08.07.2014	08.07.2014	06.03.2015
Date of Board approval	09.11.2013	09.11.2013	09.11.2013	08.07.2014	08.07.2014	08.07.2014	06.03.2015
Method of settlement	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled
Number of equity shares for an option	One option - One share	One option - One share	One option - One share	One option - One share	One option - One share	One option - One share	One option - One share
Number of options granted	3,711,200	1,706,700	1,571,075	456,000	380,900	6,100	325,000
Exercise price	Rs. 50	Rs. 50	Rs. 10	Rs. 50	Rs. 50	Rs. 10	Rs. 50
Vesting period	1-5 years	2-6 years	1-2 years	1-5 years	2-6 years	1-2 years	1-5 years
Manner of vesting	In a graded manner over a 5 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant	In a graded manner over a 6 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 24 months from the date of grant	In a graded manner over a 2 year period with 50% vesting at the end of 12 months from the date of grant and the remaining 50% of the grants vesting at the end of 24 months from the date of grant	In a graded manner over a 5 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant	In a graded manner over a 6 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 24 months from the date of grant	In a graded manner over a 2 year period with 50% vesting at the end of 12 months from the date of grant and the remaining 50% of the grants vesting at the end of 24 months from the date of grant	In a graded manner over a 5 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant

Movement in the options granted under ESOP is as follows :-

Particulars	Year ended 31.03.2016								Total
	Tranche 1			Tranche 2			Tranche 3	Grant A	
	Grant A	Grant B	Loyalty	Grant A	Grant B	Loyalty			
Options outstanding at the	2,844,390	1,235,700	783,817	415,200	291,592	5,350	325,000	5,901,049	
Options granted during the year	-	-	-	-	-	-	-	-	
Options exercised during the year	295,040	38,440	630,665	35,400	1,392	2,476	32,500	1,035,913	
Options lapsed during the year	668,850	375,830	72,486	34,170	53,400	612	-	1,205,348	
Options outstanding at the end of	1,880,500	821,430	80,666	345,630	236,800	2,262	292,500	3,659,788	
Options exercisable	66,035	23,590	69,194	4,080	-	50	-	162,949	

Particulars	Year ended 31.03.2015								Total
	Tranche 1			Tranche 2			Tranche 3	Grant A	
	Grant A	Grant B	Loyalty	Grant A	Grant B	Loyalty			
Options outstanding at the	3,527,600	1,553,500	1,545,200	-	-	-	325,000	6,626,300	
Options granted during the year	-	-	-	456,000	380,900	6,100	325,000	1,168,000	
Options exercised during the year	243,840	-	654,141	-	4,608	-	-	902,589	
Options lapsed during the year	439,370	317,800	107,242	40,800	84,700	750	-	990,662	
Options outstanding at the end of	2,844,390	1,235,700	783,817	415,200	291,592	5,350	325,000	5,901,049	
Options exercisable	76,170	-	73,002	-	1,392	-	-	150,564	

The Company has used Intrinsic value method for accounting of Employee Stock Compensation costs. Intrinsic Value is the amount by which, the quoted closing market price of the underlying shares as on the date of grant exceeds the exercise price of the option.

The fair value of options based on valuation of independent valuer using Black-Scholes Method as of the respective date of grant are given below :-

Particulars	Tranche 1			Tranche 2			Tranche 3
	Grant A	Grant B	Loyalty	Grant A	Grant B	Loyalty	Grant A
Fair value per option tranche on grant date	Rs 68.75 (Nov 9,2014)	Rs 70.21 (Nov 9, 2015)	Rs 102.01 (Nov 9,2014)	Rs 131.77 (July 8,2015)	Rs 130.56 (July 8,2016)	Rs 166.69 (July 8,2015)	Rs 165.61 (Mar 6,2016)
	Rs 70.21 (Nov 9, 2015)	Rs 71.13 (Nov 9,2016)	Rs 98.64 (Nov 9,2015)	Rs 130.56 (July 8,2016)	Rs 129.33 (July 8,2017)	Rs 161.77 (July 8,2016)	Rs 163.16 (Mar 6,2017)
	Rs 71.13 (Nov 9,2016)	Rs 71.52 (Nov 9,2017)		Rs 129.33 (July 8,2017)	Rs 127.91 (July 8,2018)		Rs 160.66 (Mar 6,2018)
	Rs 71.52 (Nov 9,2017)	Rs 71.47 (Nov 9,2018)		Rs 127.91 (July 8,2018)	Rs 126.26 (July 8,2019)		Rs 158.13 (Mar 6,2019)
	Rs 71.47 (Nov 9,2018)	Rs 71.11 (Nov 9,2019)		Rs 126.26 (July 8,2019)	Rs 124.39 (July 8,2020)		Rs 155.57 (Mar 6,2020)

The significant assumptions made for calculation of fair value are as follows :-

Particulars	Tranche 1			Tranche 2			Tranche 3
	Grant A	Grant B	Loyalty	Grant A	Grant B	Loyalty	Grant A
Risk free interest rate	8.4% - 8.8% p.a.	8.4%-8.95% p.a.	8.4% -8.45% p.a.	8.26% - 8.35% p.a.	8.24% - 8.32% p.a.	8.32% - 8.35% p.a.	7.45% - 7.60 % p.a.
Expected average life of option	1.5 - 5.5 years	2.5 - 6.5 years	1.5-2.5 years	1.5 - 5.5 years	2.5 - 6.5 years	1.5-2.5 years	1.5 - 5.5 years
Expected Volatility	0.5768	0.5768	0.5768	0.5396	0.5396	0.5396	0.3450
Expected Dividend Yield	3.84 % p.a.	3.84 % p.a.	3.84 % p.a.	3.26% p.a.	3.26% p.a.	3.26% p.a.	2.74% p.a.

The Company has used Intrinsic value method for accounting of Employees Stock Compensation costs.