

Fortis Malar Hospitals Limited

Employee Stock Option Schemes (ESOSs)

Disclosure Pursuant to Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014

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 2016-17

- b. Diluted EPS in accordance with "AS-20-Earning Per Share" stood at Rs. 1.50

2. SCHEME SPECIFIC DISCLOSURES

I. General Disclosures

| S.No. | Particulars | Disclosures |
|-------|---|--|
| 1 | Date of Shareholder's Approval | The Scheme was approved at the General Meeting held on September 29, 2008. The Scheme was subsequently modified at the General Meeting held on August 21, 2009. |
| 2 | Total Number of options approved under ESOP Scheme 2008 | 929712 |
| 3 | Vesting requirements | <ul style="list-style-type: none">• 25% on completion of first year from the date of grant.• 25% on completion of second year from the date of grant.• 25% on completion of third year from the date of grant.• 25% on completion of fourth year from the date of grant. |
| 4 | Exercise Price or Pricing Formula | The Grant Price is determined based on the Closing Price of the Equity Shares of the company, prior to the date of the meeting of the Nomination and Remuneration Committee (NRC) (formerly known as Remuneration Committee) in which Stock Options were granted, on the BSE Limited. The Closing price of the shares of the Company at BSE on September 20, 2009 was Rs. 26.20 per share. Accordingly, Exercise Price of the |

| | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|---|-------------|-------------|--|--|-----|--|------------------------------------|-----|--|-----------------|-------------|--|--------------------|-------|---------|-------------|------|------|-------------|------|------|
| | | Options granted by NRC at its meeting held on August 21, 2009 was fixed at Rs. 26.20 per equity share having face value of Rs. 10 each. | | | | | | | | | | | | | | | | | | | | | |
| 5 | Maximum term of Options Granted | Options granted shall vest within a period of four years from the date of grant. | | | | | | | | | | | | | | | | | | | | | |
| 6 | Sources of Share (Primary, Secondary or Combination) | Primary | | | | | | | | | | | | | | | | | | | | | |
| 7 | Variation in terms of Options | Nil | | | | | | | | | | | | | | | | | | | | | |
| 8 | Method used for Accounting of ESOS (Intrinsic or Fair Value) | Intrinsic | | | | | | | | | | | | | | | | | | | | | |
| 9 (a) | 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 | <p>The effect on the profit and earning per share had the fair value method been adopted, is presented below:</p> <p>Profit After Tax (Amount in Rupees)</p> <table border="1"> <tr> <td>As Reported</td> <td colspan="2">257.98 Lacs</td> </tr> <tr> <td>Add: Intrinsic Value compensation cost</td> <td colspan="2">Nil</td> </tr> <tr> <td>Less: Fair Value compensation cost</td> <td colspan="2">Nil</td> </tr> <tr> <td>Adjusted Profit</td> <td colspan="2">257.98 Lacs</td> </tr> <tr> <td>Earnings per share</td> <td>Basic</td> <td>Diluted</td> </tr> <tr> <td>As reported</td> <td>1.51</td> <td>1.50</td> </tr> <tr> <td>As adjusted</td> <td>1.51</td> <td>1.50</td> </tr> </table> | As Reported | 257.98 Lacs | | Add: Intrinsic Value compensation cost | Nil | | Less: Fair Value compensation cost | Nil | | Adjusted Profit | 257.98 Lacs | | Earnings per share | Basic | Diluted | As reported | 1.51 | 1.50 | As adjusted | 1.51 | 1.50 |
| As Reported | 257.98 Lacs | | | | | | | | | | | | | | | | | | | | | | |
| Add: Intrinsic Value compensation cost | Nil | | | | | | | | | | | | | | | | | | | | | | |
| Less: Fair Value compensation cost | Nil | | | | | | | | | | | | | | | | | | | | | | |
| Adjusted Profit | 257.98 Lacs | | | | | | | | | | | | | | | | | | | | | | |
| Earnings per share | Basic | Diluted | | | | | | | | | | | | | | | | | | | | | |
| As reported | 1.51 | 1.50 | | | | | | | | | | | | | | | | | | | | | |
| As adjusted | 1.51 | 1.50 | | | | | | | | | | | | | | | | | | | | | |
| 9(b) | Impact on the profits of the Company and on the earnings 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) | Nil | | | | | | | | | | | | | | | | | | | | | |
| 10 | <p>a) Weighted average exercise price and</p> <p>b) weighted average fair value of options whose exercise price either equals or exceeds or is less than market price of the stock</p> | <p>Rs. 26.20</p> <p>Nil</p> | | | | | | | | | | | | | | | | | | | | | |

ii. Option Movement during the FY 2016 – 2017

| S.No. | Particulars | Disclosures |
|--------------|---|--------------------|
| 1 | Number of options outstanding at the beginning of the period | 218,750 |
| 2 | Number of options granted during the year | NIL |
| 3 | Number of options forfeited / lapsed during the year | NIL |
| 4 | Number of options vested during the year | NIL |
| 5 | Number of options exercised during the year | 58,750 |
| 6 | Number of shares arising as a result of exercise of options | 58,750 |
| 7 | Money realized by exercise of options (INR), if scheme is implemented directly by the company | 1,539,250 |
| 8 | Loan repaid by the Trust during the year from exercise price received | NA |
| 9 | Number of options outstanding at the end of the year | 160,000 |
| 10 | Number of options exercisable at the end of the year | 160,000 |

iii. Employees Details who were granted options during the year

| S. No. | Particulars | Name of Employee | Designation | Number of options granted during the year | Exercise Price |
|---------------|--|-------------------------|--------------------|--|-----------------------|
| 1 | Senior Managerial Personnel | NIL | NIL | NIL | NIL |
| 2 | Employee who received grant in any one year equal to or more than 5% of Options granted during the Year | NIL | NIL | NIL | NIL |
| 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 | NIL | NIL | NIL |

iv. Accounting Method and Assumptions

| Method used for ESOPs | Intrinsic Value Method |
|--|-------------------------------|
| Risk free interest rate | 7.50% |
| Expected Life | 5 Years |
| Expected Volatility | 67.42 % |
| Expected Dividends | 0 % |
| Price of underlying shares in market at the time of Option grant | 26.20 |

**For and on Behalf of Board of Directors
of Fortis Malar Hospitals Limited**

**Sd/-
Daljit Singh
Chairman**