

**UFO Moviez India Ltd.**

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**Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014**

**A) DISCLOSURE IN TERMS OF THE ‘GUIDANCE NOTE ON ACCOUNTING FOR EMPLOYEE SHARE-BASED PAYMENTS’ ISSUED BY ICAI:**

**Employee share based payment:**

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments in form of employee stock options, whereby employees render services as consideration for equity instruments (equity settled transactions).

The cost is recognised in employee benefits expense, together with a corresponding increase in Stock Option Outstanding reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and the end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company’s best estimate of the number of equity instruments that will ultimately vest. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met.

**B) DILUTED EPS ON ISSUE OF SHARES AS ON MARCH 31, 2019:**

The following reflects the profit and share data used in the basic and diluted EPS computations:

**(i) On standalone basis:**

(Rs. In Lacs)

Particulars	March 31, 2019	March 31, 2018
<b>Basic</b>		
Net profit after tax as per statement of profit and loss	4,058.22	8,187.56
<b>Net profit for calculation of basic EPS</b>	<b>4,058.22</b>	<b>8,187.56</b>
Weighted average number of equity shares in calculating basic EPS	28,350,801	27,826,828
<b>Earnings per share (Face Value of Rs. 10/- each)</b>	<b>14.31</b>	<b>29.43</b>
<b>Diluted</b>		
Net profit for calculation of basic EPS	4,058.22	8,187.56
Weighted average number of equity shares in calculating basic EPS	28,350,801	27,826,828
Effect of dilutions for share warrants / stock options granted under ESOP scheme	--	48,023
Weighted average number of shares outstanding (including dilution)	28,350,801	27,874,852
<b>Earnings per share (Face Value of Rs. 10/- each)</b>	<b>14.31</b>	<b>29.38</b>

(ii) **On consolidated basis:**

(Rs. In Lacs)

Particulars	March 31, 2019	March 31, 2018
<b>Basic</b>		
Net profit attributable to equity holders of parent	6,653.54	6,285.65
Weighted average number of equity shares in calculating basic EPS	28,350,801	27,826,828
<b>Basic Earnings per share (Face Value of Rs. 10/- each)</b>	<b>23.47</b>	<b>22.59</b>
<b>Diluted</b>		
Net profit attributable to equity holders of parent	6,653.54	6,285.65
Weighted average number of equity shares in calculating basic EPS	28,350,801	27,826,828
Effect of dilutions for Share warrants / on stock options granted under ESOP	--	48,023
Weighted average number of shares outstanding (including dilution)	28,350,801	27,874,851
<b>Diluted Earnings per share (Face Value of Rs. 10/- each)</b>	<b>23.47</b>	<b>22.55</b>

C) **DETAILS RELATED TO ESOP:**

(i) **A description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS:**

The Company has Employee Stock Option Scheme 2014 (ESOP Scheme 2014).

Sr. No.	Particulars	Details
a)	Date of shareholders' approval	The shareholders of the Company at their extra-ordinary general meeting held on November 20, 2014 had approved ESOP Scheme 2014.
b)	Total number of options approved under ESOS	11,50,000 options each convertible into one equity share of the Company.  On December 12, 2014 the Compensation Committee had granted 932,500 options at an exercise price of Rs. 600/- per option to employees of the Company and certain subsidiaries.  On April 3, 2018, the Board of Directors approved the grant of 208,578 options at an exercise price of Rs.400/- per option to the employees of the Company and its certain subsidiaries.
c)	Vesting requirements	25% of the options shall vest equally at the end of each year from the date of grant.
d)	Exercise price or pricing formula	Rs. 600/- per option for option granted on December 12, 2014.  With the approval of the shareholders, the said exercise price revised to Rs.400/- per option.
e)	Maximum term of options granted	Options granted under ESOP Scheme 2014 would vest not earlier than one year and not later than six years from the date of grant of such options.

f)	Source of shares (primary, secondary or combination)	Primary
g)	Variation in terms of options	On April 3, 2018, the Board of Directors of the Company and on May 15, 2018 the shareholders of the Company had approved the amendment in ESOP Scheme 2014, whereby exercise price of existing outstanding options (419,002 vested options and 209,501 unvested options) got revised from Rs.600/- per option to Rs.400/- per option and its exercise period got extended upto December 11, 2020.

(ii) **Method used to account for ESOP:**

The Company measures the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the liability incurred on the grant date.

(iii) **Difference between the employee compensation cost computed by using intrinsic value method and the employee compensation cost that shall have been recognised if it had used the fair value of the options:**

Not Applicable

(iv) **Option movement during the year:**

The details of activity under the ESOP Scheme 2014 are summarised below:

	March 31, 2019		March 31, 2018	
	Number of Options	Weighted Average Exercise Price (In Rs.)	Number of Options	Weighted Average Exercise Price (In Rs.)
Number of options outstanding at the beginning of the year * (refer note below)	628,503	400	853,519	600
Number of options granted during the year (due to scheme modification)	208,578	400	--	--
Number of options forfeited / lapsed during the year	(16,512)	--	(225,016)	--
Number of options vested during the year	--	--	--	--
Number of options exercised during the year	--	--	--	--
Number of shares arising as a result of exercise of options	--	--	--	--
Money realised by exercise of options (INR), if scheme is implemented directly by the Company	--	--	--	--
Loan repaid by the Trust during the year from exercise price received	--	--	--	--
Number of options outstanding at the end of the year	820,569	400	628,503	600
Number of options exercisable at the end of the year	611,991	400	419,002	600
Weighted average remaining contractual life (in months)	21	--	15	--

**\*Note:**

- On April 3, 2018; the Board of Directors of the Company and on May 15, 2018; the shareholders of the Company have approved the amendment in the employee stock option scheme 2014, whereby exercise price of existing granted options (429,002 vested options and 209,501 unvested options) got revised from Rs. 600/- per option to Rs. 400/- per option and its exercise period got extended upto December 11, 2020.
- On April 3, 2018; the Board of Directors approved the grant of 208,578 options under employee stock option scheme 2014 at an exercise price of Rs. 400/- per option to the employees of the Company and its subsidiaries.

(v) **Weighted – average exercise prices and weighted – average fair values of options (to be disclosed for options whose exercise price either equals or exceeds or is less than the market price of the stock):**

None of the employees have exercised their right to convert options granted to them into equity shares yet and hence weighted – average exercise prices and weighted – average fair values cannot be derived.

(vi) **Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to:**

(a) **senior managerial personnel;**

**Status of Options granted to the Senior Managerial Personnel as on March 31, 2019 is as follows:**

Sr. No.	Name of the Employee	Designation	No. of active options as on March 31, 2019
1.	Ashish Malushte	Chief Financial Officer	37,500
2.	Deepak Ranjan	Chief – Advertisement Sales	15,000
3.	K Suvarna	Chief – Commercial & Logistics	12,500
4.	Kapil Agarwal	Joint Managing Director	212,500
5.	Kaushik Mamanian	Vice President – Engineering	17,500
6.	Pankaj Jaysinh Madhani	COO – Indian Operations	20,000
7.	Rajesh Mishra	CEO – Indian Operations	45,000
8.	Ram Sivakumar Iyer	Vice President – Content Operations & Revenue Assurance	12,500
9.	Sameer Chavan	Company Secretary	6,500
10.	Sanjay Chavan	Chief Technical Officer	27,500
11.	Siddharth Bhardwaj	Chief Marketing Officer – Head of Enterprise Sales	30,000
12.	Sushil Agrawal	Chief – Corporate Affairs	32,500
13.	Vishnu Patel	Chief Executive Officer – Special Projects	20,000

(b) **any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year; and**

(c) **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**

There are no employee of the Company to whom the Company has granted options amounting to 5% or more in any one year or equal to or exceeding 1% of the issued share capital (excluding outstanding warrants and conversions) of the Company.

(vii) **A description of the method and significant assumptions used during the year to estimate the fair value of options at the time of grant including the following information:**

**(a) The Company uses fair valuation method using following assumptions:**

Expected volatility	32.79%
Risk-free interest rate	6.65%
Weighted average share price	384.70
Exercise price (Rupees)	400.00
Dividend yield	3.25%
Expected life of options granted in years	1.85

**(b) the method used and the assumptions made to incorporate the effects of expected early exercise;**

Not Applicable

**(c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and**

The calculation of expected volatility is based on historical stock prices. Volatility was calculated using standard deviation of daily change in stock price.

**(d) whether and how other features of the option grant were incorporated into the measurement of fair value, such as a market condition.**

The expected life of share option is based on historical data. Future market conditions are not used for measurement of fair value.

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