

Disclosures with respect to Compliance to section 62 of the Companies Act, 2013 read with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 and Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 read with SEBI Circular dated June 16, 2015 on ESOP Disclosures as on March 31, 2020

There was no material change in the ESOP schemes. The ESOS Schemes are in Compliance with the regulations.

(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

Members may refer to the audited financial statement prepared as per Ind-AS for the year 2019-20 and refer point no. D, E and F as mentioned below.

(B) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard Accounting Standard – Earnings Per Share’ issued by ICAI or any other relevant accounting standards as prescribed from time to time.

Diluted EPS on standalone basis is Rs.3.93 and on consolidated basis is Rs. 13.24 for the year ended March 31, 2020.

(C) Details related to Employees’ Stock Option Scheme (“ESOS”)

i) The description including terms and a condition of ESOS is summarized as under:

	Particulars	ESOS 2007	ESOS 2008	ESOS Merger 2020
(a)	Date of shareholders’ approval	October 20, 2007	December 15, 2008	The Composite Scheme of Arrangement approved by shareholders of the company on December 12, 2018 and Hon’ble NCLT approved the Scheme as on March 07, 2019.
(b)	Total number of options approved under ESOS	75,00,000	5,00,00,000	82,81,111
(c)	Vesting requirements	Options granted would vest over a period of Five years	Options granted would vest over a period of Five years	Options granted under Scheme would vest as per the vesting schedule as

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		subject to a minimum period of one year from the date of grant of options or such other period as may be decided by Nomination and Remuneration Committee (“NRC”) based on specific criteria.	subject to a minimum period of one year from the date of grant of options or such other period as may be decided by Nomination and Remuneration Committee (“NRC”) based on specific criteria.	determined under various grants made under ESOP 2015 of India Infoline Finance Limited subject to minimum one year and maximum period of 5 years from the Original Grant Date.
(d)	Exercise price or pricing formula	The Exercise Price may be decided by the NRC in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines/ SEBI (Share Based employee Benefits) Regulations, 2014 and any amendments thereto, subject to a maximum discount of 35% to the market price.	The Exercise Price may be decided by the NRC in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines/ SEBI (Share Based employee Benefits) Regulations, 2014 and any amendments thereto, subject to a maximum discount of 35% to the market price.	Exercise price shall be equal to the original grant price at which grants were made under ESOP — 2015 adjusted by the option swap ratio as per the Composite Scheme of Arrangement approved by shareholders of the Company on December 12, 2018 and by Hon’ble NCLT as on March 07, 2019.
(e)	Maximum term of options granted	The options would vest over a maximum period of 5 years or such other period as may be decided by the NRC from the date of grant based on	The options would vest over a maximum period of 5 years or such other period as may be decided by the NRC from the date	The maximum Exercise Period for the vested options will be 7 (seven) years from the Original Grant date as defined under IIFL merger Scheme. The Options cancelled or

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		specified criteria. Such options may be exercised by the employee within 5 years from the date of Grant.	of grant based on specified criteria. Such options may be exercised by the employee within 7 years from the date of Grant.	lapsed without being Exercised within the Exercise Period will be lapsed permanently.
(f)	Source of shares (primary, secondary or combination)	Primary	Primary	Primary
(g)	Variation in terms of options	Vide EGM held on 15.12.2008, the Company revised the price of unexercised ESOS issued to employees to the extent of such reprice/repricing formula is subject to maximum discount of 35% to the market price as on date of grant or repricing as may be decided by NRC.	None	None

ii. Method used to account for ESOS - Intrinsic or fair value.

Fair value

- iii. Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.

The Company has prepared its financials basis Ind AS and calculated the employee compensation cost using fair value options and there is no difference.

iv. Option movement during the year (For each ESOS):

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Particulars	ESOS 2007	ESOS 2008	ESOS Merger 2020
Number of options outstanding at the beginning of the period	-	9,48,456	-
Number of options granted during the year	-	0	82,81,111
Number of options forfeited / lapsed during the year	-	30,245	15,433
Number of options vested during the year	-	2,86,590	18,09,182
Number of options exercised during the year	-	4,83,274	-
Number of shares arising as a result of exercise of options	-	4,83,274	-
Money realized by exercise of options (INR), if scheme is implemented directly by the company	-	Rs. 2,04,51,777.58	-
Loan repaid by the Trust during the year from exercise price received	-	Not Applicable	Not Applicable
Number of options outstanding at the end of the year	-	4,34,937	82,65,678
Number of options exercisable at the end of the year	-	4,19,537	17,95,389

v. (i) Weighted average exercise price of options outstanding at the end of the year whose:

(Amount in Rs.)

	ESOS 2007	ESOS 2008	ESOS Merger 2020
Exercise price equals market price	NA	NA	NA
Exercise price is greater than market price	NA	NA	182.22
Exercise price is less than market price	NA	87.75	145.71

(ii) Weighted average fair value of Options outstanding at the end of the year whose:

(Amount in Rs.)

	ESOS 2007	ESOS 2008	ESOS Merger 2020
Exercise price equals market price	NA	NA	NA
Exercise price is greater than market price	NA	NA	127.74
Exercise price is less than market price	NA	211.35	105.33

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

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(a) senior managerial personnel including Key Managerial Personnel

Name of the Employee	Designation	Number of options	Grant/exercise price (In Rs.)
Mr. Sumit Bali	Chief Executive Officer	22,73,400	177.04
Mr. Gajendra Thakur	Company Secretary	27,000	177.04
Mr. Gajendra Thakur	Company Secretary	9,450	106.67

(b) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year **Not Applicable**

(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.- **Not Applicable**

vii. A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:

(a)	the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model	Particulars		ESOP 2008	ESOS Merger 2020
		Stock Price		297.11	179.63
Volatility		41.90%	58.65%		
Riskfree Rate		6.97%	7.29%		
Exercise Price		87.75	157.65		
Expected Life (Time to Maturity)		3.18	5.22		
Dividend yield		1.99%	1.00%		
Option Fair Value		211.35	105.17		
Share Price	Spot price calculated				
Exercise Price	As decided by the Committee of the Board				
Risk-free rate of return	Zero coupon yield curve				
Dividend yield	Average of the last three years yield				
Time to maturity	Expected life has been calculated as an average of the minimum and maximum life of the options				
Expected Volatility	Annual volatility has been calculated as an average of the daily volatility of the listed companies from the peer group for a period commensurate with the				

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		remaining time to maturity of the option
(b)	the method used and the assumptions made to incorporate the effects of expected early exercise	Expected life has been calculated as an average of the minimum and maximum life of the options. No further assumptions on early exercises have been used.
(c)	how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	Expected Volatility has been calculated based on the historical volatility of the identified peer group company.
(d)	whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition	None.

(D) For share options exercised during the period, the weighted average share price at the date of exercise. If options were exercised on a regular basis throughout the period, the entity may instead disclose the weighted average share price during the period.

Dates of exercise during the year	Number of shares Allotted	Share price on the date of allotment (Amount in Rs.)
10.04.2019	31,370	453.60
18.11.2019	4,12,480	155.05
16.01.2020	14,420	146.90
13.03.2020	25,004	117.80

(E) For share options outstanding at the end of the period, the range of exercise prices and weighted average remaining contractual life. If the range of exercise prices is wide, the outstanding options

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shall be divided into ranges that are meaningful for assessing the number and timing of additional shares that may be issued and the cash that may be received upon exercise of those options.

ESOS Merger 2020

Grant Date	Options granted during the year	Outstanding no: of options as on March 31, 2020	Remaining Life	Exercise Price
02-Dec-15	3,17,980	3,17,980	2.67	61.48
09-Mar-16	11,813	11,813	2.94	61.48
08-Feb-17	11,76,930	11,68,155	3.86	106.67
02-May-18	20,250	20,250	5.08	142.22
02-May-18	11,87,325	11,87,325	5.08	142.22
04-Sep-18	22,73,400	22,73,400	5.43	177.04
21-Nov-18	27,43,764	27,37,648	5.64	177.04
18-Jan-19	3,03,750	3,03,750	5.80	182.22
18-Jan-19	2,32,399	2,31,857	5.80	182.22
18-Sep-19	13,500	13,500	6.47	129.63
	82,81,111	82,65,678		

IIFL Employee Stock Option Scheme – 2008 (“IIFL ESOP 2008”)

Grant Date	Outstanding at the beginning of the year	Outstanding as on March 31, 2020	Remaining Life	Exercise Price
10-Aug-12	34,700	0	NA	25.79
29-Oct-12	14,500	0	NA	31.05
05-Nov-13	3,50,000	0	NA	26.47
05-Aug-14	25,000	25,000	1.34	61.40
02-Mar-15	9,200	5,200	1.92	82.73
08-Mar-16	4,83,056	3,82,737	2.93	82.02
29-Apr-17	32,000	22,000	4.08	218.71
	9,48,456	4,34,937		

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

The diluted EPS is calculated as per the fair value as required under IndAS 102 and the same is shown in the annual financial statements of the Company for the year ended March 31, 2020.

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