

Annexure - 4

to the Board's Report

Disclosures in the Board's Report pursuant to the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended

- A. Relevant Disclosures in terms of the 'Guidance Note on accounting for employee share-based payments' issued by Institute of Chartered Accountants of India (ICAI) has been made in notes to accounts of the financial statements for the Financial Year 2018-19.
- B. Diluted EPS on issue of shares pursuant to the various Schemes/Plan:

Diluted earnings per share pursuant to the issue of share on exercise of options calculated in accordance with Ind AS - 33, "Earnings Per Share"	Diluted earnings per share of the Company calculated after considering the effect of potential equity shares arising on account of exercise of options/ESARs is ₹ -33.02
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A. The details of employee stock options as on March 31, 2019 under the DHFL Employee Stock Option Scheme 2008, DHFL Employee Stock Option Scheme 2009 (Plan II) and DHFL Employee Stock Option Scheme 2009 (Plan III) are given below:

Sl. No.	Particulars	ESOP Scheme 2008 (*)	ESOP Scheme 2009 (PLAN II) (@)	ESOP Scheme 2009 (PLAN III) (#)
1	Date of Shareholder's approval	July 23, 2007	July 23, 2007	July 23, 2007
2	Total Number of Options approved	Remuneration and Compensation Committee at its meeting held on May 30, 2008 approved a grant of 14,22,590 options (pre-bonus) to the eligible employees of the Company.	Remuneration and Compensation Committee at its meeting held on November 25, 2009 approved a grant of 12,75,000 options (pre-bonus) to the eligible employees of the Company.	Remuneration and Compensation Committee at its meeting held on October 22, 2010 approved a grant of 12,34,670 options (pre-bonus) to the eligible employees of the Company.
3	Vesting requirement	Options granted under ESOP Scheme 2008 vested in not less than one year and not more than five years from the date of grant of such Options in the ratio of 20:20:20:40. Vesting of Options was a function of continued employment with the Company.	Options granted under ESOP Scheme 2009 (Plan II) vested in not less than one year and not more than four years from the date of grant of such Options in the ratio 30:30:40. Vesting of Options was a function of continued employment with the Company.	Options Granted under ESOP Scheme 2009 (Plan III) vested in not less than 18 months and not more than four years from the date of grant of such Options in the ratio 30:30:40. Vesting of Options was a function of continued employment with the Company.
4	Exercise Price or Pricing Formula	The exercise price was decided by the Nomination & Remuneration Committee (earlier known as Remuneration and Compensation Committee) to be the closing market price of the equity shares preceding the date of grant of options on the Stock Exchange having higher trading volume on which the shares of the Company are listed. The grant price was re-priced as on March 31, 2009 with the approval of the Members of the Company and the exercise price was ₹ 53.65 per option. Consequent to the Bonus issue, the exercise price was ₹ 26.83 per option.	The exercise price was decided by Nomination & Remuneration Committee (earlier known as Remuneration and Compensation Committee) as ₹ 141/- per option. Consequent to the Bonus issue, the exercise price was ₹ 70.50 per option.	The exercise price was decided by Nomination & Remuneration Committee (earlier known as Remuneration and Compensation Committee) as ₹ 141/- per option. Consequent to the Bonus issue, the exercise price was ₹ 70.50 per option.

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Sl. No.	Particulars	ESOP Scheme 2008 (*)	ESOP Scheme 2009 (PLAN II) (@)	ESOP Scheme 2009 (PLAN III) (#)
5	Maximum term of Options granted	Expire at the end of five years from the date of vesting	Expire at the end of three years from the date of vesting	Expire at the end of three years from the date of vesting
6	Source of shares	Primary issuance	Primary issuance	Primary issuance
7	Variation in terms of ESOP	No variations, except as mentioned at point 4 above	N.A.	N.A.
8	Method used to account for ESOP	Fair value Method	Fair value Method	Fair value Method

The movement of options during the year are as follows:

Sl. No.	Particulars	ESOP Scheme 2008 (*)	ESOP Scheme 2009 (PLAN II) (@)	ESOP Scheme 2009 (PLAN III) (#)
1	Number of options outstanding at the beginning of the year	30,380	N.A.	N.A.
2	Number of options granted during the year	-	N.A.	N.A.
3	Number of options issued due to Bonus during the year	-	N.A.	N.A.
4	Number of options forfeited / lapsed during the year	14,940	N.A.	N.A.
5	Number of options Vested during the year	-	N.A.	N.A.
6	Number of options Exercised during the year	15,440	N.A.	N.A.
7	Number of shares arising as a result of exercise of options	15,440	N.A.	N.A.
8	Money realized by exercise of options (₹ in Lakh)	4.14	N.A.	N.A.
9	Loan Repaid to Trust	NA	N.A.	N.A.
10	Number of options outstanding at the end of the year	Nil	N.A.	N.A.
11	Number of options exercisable at the end of the year	Nil	N.A.	N.A.

(*) DHFL Employee Stock Option Scheme 2008 became effective from June 1, 2008 and as per the terms of the Scheme it has become inoperative with effect from June 1, 2018.

(@) DHFL Employee Stock Option Scheme 2009- Plan – II became effective from November 25, 2009 and as per the terms of the Scheme it has become inoperative with effect from November 25, 2015.

(#) DHFL Employee Stock Option Scheme 2009- Plan – III became effective from October 22, 2010 and as per the terms of the said scheme, all the options granted thereunder have been exercised and shares have been allotted to the eligible employees and thus, the scheme has completed w.e.f. May 12, 2017.

Employee-wise details of Options granted to:

(i) Key managerial personnel

Name of Employee	Designation	No. of Options granted during the year	Exercise Price (₹)
NA	NA	NA	NA

(ii) Employees who were granted, during any one year, Options amounting to 5% or more of the Options granted during the year

Name of Employee	Designation	No. of Options granted during the year	Exercise Price (₹)
NA	NA	NA	NA

(iii) Identified employees who were granted Options, during any one year, equal or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant

Name of Employee	Designation	Exercise Price (₹)	Exercise Price (₹)
NA	NA	NA	NA

Diluted Earnings Per Share pursuant to issue of shares on exercise of options/SAR calculated in accordance with Accounting Standard Ind AS - 33

₹ -33.02

Method used for Accounting of ESOP's : Intrinsic Value Method

The impact on the profits and EPS of the fair value method is given in the table below -

	₹
Profit as reported (₹ in Lakh)	NA
Add - Intrinsic Value Cost	NA
Less - Fair Value Cost	NA
Profit as adjusted	
Earning per share (Basic) as reported	NA
Earning per share (Basic) adjusted	NA
Earning per share (Diluted) as reported	NA
Earning per share (Diluted) adjusted	NA

Weighted average exercise price of ESOPs whose

(a) Exercise price equals market price	NA
(b) Exercise price is greater than market price	NA
(c) Exercise price is less than market price	NA

Weighted average fair value of ESOPs whose

(a) Exercise price equals market price	NA
(b) Exercise price is greater than market price	NA
(c) Exercise price is less than market price	NA

Method and Assumptions used to estimate the fair value of options granted during the year:

The fair value has been calculated using the Black Scholes Option Pricing model

The Assumptions used in the model on a weighted average basis are as follows:

SI. No.	Particulars	
1	Risk Free Interest Rate	No options have been granted by the Company during the year.
2.	Expected Life	
3.	Expected Volatility	
4.	Dividend Yield	
5.	Price of the underlying share in market at the time of the option grant (₹)	

Particulars	ESAR Plan 2015 (Grant I)	ESAR Plan 2015 (Grant II)	ESAR Plan 2015 (Grant III)	ESAR Plan 2015 (Grant IV)	ESAR Plan 2015 (Grant V)	ESAR Plan 2015 (Grant VI)	ESAR Plan 2015 (Grant VII)*	ESAR Plan 2015 (Grant VIII)*
6 Method of Settlement	Equity Shares of the Company	Equity Shares of the Company	Equity Shares of the Company	Equity Shares of the Company	Equity Shares of the Company	Equity Shares of the Company	Equity Shares of the Company	Equity Shares of the Company
7 Choice of Settlement	Settlement is compulsory in the Equity Shares of the Company or as may be decided by the Committee of the Board of Directors	Settlement is compulsory in the Equity Shares of the Company or as may be decided by the Committee of the Board of Directors	Settlement is compulsory in the Equity Shares of the Company or as may be decided by the Committee of the Board of Directors	Settlement is compulsory in the Equity Shares of the Company or as may be decided by the Committee of the Board of Directors	Settlement is compulsory in the Equity Shares of the Company or as may be decided by the Committee of the Board of Directors	Settlement is compulsory in the Equity Shares of the Company or as may be decided by the Committee of the Board of Directors	Settlement is compulsory in the Equity Shares of the Company or as may be decided by the Committee of the Board of Directors	Settlement is compulsory in the Equity Shares of the Company or as may be decided by the Committee of the Board of Directors
8 Source of shares	Primary issuance	Primary issuance	Primary issuance	Primary issuance	Primary issuance	Primary issuance	Primary issuance	Primary issuance
9 Variation in terms of ESOP	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
10 ESAR's granted	The Nomination & Remuneration Committee granted 15,50,100 ESARs under Grant I during the financial year 2015-16 to the eligible employees of the Company, conferring upon them a right to receive equity shares equivalent to the value of the shares of the Company as per the terms of DHFL ESAR Plan 2015	The Nomination & Remuneration Committee granted 2,081,545 ESARs under Grant II during the financial year 2016-17 to the eligible employees of the Company, conferring upon them a right to receive equity shares equivalent to the value of the shares of the Company as per the terms of DHFL ESAR Plan 2015	The Nomination & Remuneration Committee granted 32,47,100 ESARs under Grant III during the financial year 2017-18 to the eligible employees of the Company, conferring upon them a right to receive equity shares equivalent to the value of the shares of the Company as per the terms of DHFL ESAR Plan 2015	The Nomination & Remuneration Committee granted 5,50,000 ESARs under Grant IV during the financial year 2017-18 to the eligible employees of the Company, conferring upon them a right to receive equity shares equivalent to the value of the shares of the Company as per the terms of DHFL ESAR Plan 2015	The Nomination & Remuneration Committee granted 1,50,800 ESARs under Grant V during the financial year 2017-18 to the eligible employees of the Company, conferring upon them a right to receive equity shares equivalent to the value of the shares of the Company as per the terms of DHFL ESAR Plan 2015	The Nomination & Remuneration Committee granted 71,900 ESARs under Grant VI during the financial year 2017-18 to the eligible employees of the Company, conferring upon them a right to receive equity shares equivalent to the value of the shares of the Company as per the terms of DHFL ESAR Plan 2015	The Nomination & Remuneration Committee granted 1,17,35,600 ESARs under Grant VII during the financial year 2018-19 to the eligible employees of the Company, conferring upon them a right to receive equity shares equivalent to the value of the shares of the Company as per the terms of DHFL ESAR Plan 2015 and as amended.	The Nomination & Remuneration Committee granted 2,40,000 ESARs under Grant VIII during the financial year 2018-19 to the eligible employees of the Company, conferring upon them a right to receive equity shares equivalent to the value of the shares of the Company as per the terms of DHFL ESAR Plan 2015 and as amended.

* In view of the interest expressed and requests given by all the ESAR Grantees covered under the aforesaid Grant – VII and Grant – VIII of the DHFL ESAR Plan 2015 to cancel and discontinue with the said Grants, the Nomination & Remuneration Committee and the Board of Directors of the Company at their respective Meetings held on March 29, 2019, approved cancellation of said Grant VII and Grant VIII of ESARs issued under the DHFL ESAR Plan 2015.

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The movement of ESARs during the year are as follows:

Sl. No.	Particulars ESAR	ESAR Plan 2015 (Grant – I)	ESAR Plan 2015 (Grant – II)	ESAR Plan 2015 (Grant – III)	ESAR Plan 2015 (Grant – IV)	ESAR Plan 2015 (Grant – V)	ESAR Plan 2015 (Grant – VI)	ESAR Plan 2015(*) (Grant – VII)	ESAR Plan 2015(*) (Grant – VIII)
1	Number of ESARs outstanding at the beginning of the year	11,98,000	14,77,428	28,48,600	5,50,000	1,50,800	71,900	1,17,35,600	0
2	Number of ESARs granted during the year	0	0	0	0	0	0	0	2,40,000
3	Number of ESARs issued due to Bonus during the year	0	0	0	0	0	0	0	0
4	Number of forfeited/ cancelled / lapsed during the year	1,83,280	2,42,297	3,93,280	0	0	0	1,17,35,600*	2,40,000*
5	Number of ESARs vested during the year	7,840	13,599	5,78,540	0	0	0	0	0
6	Number of ESARs exercised / settled during the year	1,75,560	22,411	44,240	0	0	0	0	0
7	Total number of shares arising as a result of exercise of options	1,18,749	15,979	14,009	0	0	0	0	0
8	Money realized by exercise of options (in ₹)	11,87,490	1,59,790	1,40,090	0	0	0	0	0
9	Number of ESARs outstanding at the end of the year	8,39,160	12,12,720	24,11,080	5,50,000	1,50,800	71,900	0	0
10	Number of ESARs exercisable at the end of the year	7,840	13,599	5,78,540	0	0	0	0	0

(*) In view of the interest expressed and requests given by all the ESAR Grantees covered under the aforesaid Grant – VII and Grant – VIII of the DHFL ESAR Plan 2015 to cancel and discontinue with the said Grants, the Nomination & Remuneration Committee and the Board of Directors of the Company at their respective Meetings held on March 29, 2019, approved cancellation of said Grant VII and Grant VIII of ESARs issued under the DHFL ESAR Plan 2015.

B. Employee-wise details of ESAR's granted (during the year) to:

(i) Key Managerial Personnel

Name	Designation	No. of ESAR's granted	Weighted Avg. Grant Price (₹)
N.A.	N.A.	N.A.	N.A.

(ii) Employees who were granted, during any one year, ESAR's amounting to 5% or more of the ESAR's granted during the year

Name	Designation	No. of ESAR's granted	Weighted Avg. Grant Price (₹)
Mr. Shrinivas Ashok Kulkarni	Sr. Vice President	40,000	N.A.
Mr. Suresh Pohuja	Head Credit	1,00,000	N.A.
Ms, Usha Dutta	Head Credit	1,00,000	N.A.

(iii) Identified employees who were granted ESAR's, during any one year, equal or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant

Name	Designation	No. of ESAR's granted
N.A.	N.A.	N.A.

C. Diluted Earnings Per Share pursuant to issue of shares on exercise of options/ESARs calculated in accordance with Accounting Standard (Ind AS - 33) ₹ -33.02

D. Method used for Accounting of ESAR's : Intrinsic Value Method

The impact on the profits and EPS of the fair value method is given in the table below

	₹
Profit as reported (₹ in lakh)	N.A.
Add - Intrinsic Value Cost (net of tax)	N.A.
Less - Fair Value Cost	N.A.
Profit as adjusted	
Earning per share (Basic) as reported	N.A.
Earning per share (Basic) adjusted	N.A.
Earning per share (Diluted) as reported	N.A.
Earning per share (Diluted) adjusted	N.A.

E. Weighted average exercise price of ESARs whose

(a) Exercise price equals market price	N.A.
(b) Exercise price is greater than market price	N.A.
(c) Exercise price is less than market price	N.A.

Weighted average fair value of ESARs whose

(a) Exercise price equals market price	N.A.
(b) Exercise price is greater than market price	N.A.
(c) Exercise price is less than market price	N.A.

F. Method and Assumptions used to estimate the fair value of ESARs granted during the year:

The fair value has been calculated using the Black Scholes Option Pricing model

The Assumptions used in the model on a weighted average basis are as follows:

Date of grant	31.03.2019
1. Risk Free Interest Rate	7.57%
2. Expected Life (years)	2.95
3. Expected Volatility	37.19%
4. Dividend Yield	1.32%
5. Price of the underlying share in market at the time of the option grant	643.65

1. Other details

1) Weighted Average Market Price on the date of Exercise is N.A.

2) Remaining Contractual life for ESARs granted and outstanding as on March 31, 2019

Particulars ESAR	ESAR	ESAR	ESAR	ESAR	ESAR	ESAR	ESAR	ESAR
	Plan 2015 (Grant - I)	Plan 2015 (Grant - II)	Plan 2015 (Grant - III)	Plan 2015 (Grant - IV)	Plan 2015 (Grant - V)	Plan 2015 (Grant - VI)	Plan 2015 (Grant - VII)	Plan 2015 (Grant - VIII)
Remaining Contractual life for unvested ESARs outstanding at the end of the year	2.88	3.71	3.88	3.88	4.15	4.42	-	-
Remaining Contractual life for ESARs exercisable at the end of the year	0.03	0.02	2.21	2.21	-	-	-	-

for and on behalf of the Board

Place: Mumbai
Date: August 6, 2019

Kapil Wadhawan
Chairman & Managing Director
(DIN-00028528)