



DEWAN HOUSING FINANCE CORPORATION LIMITED

Corporate Identity Number (CIN) – L65910MH1984PLC032639

National Office: DHFL House, 3rd-7th Floor, 19, Sahar Road, Off Western Express Highway,
Vile Parle (East), Mumbai - 400 099,

Maharashtra, India Tel.: (022) 7158 3333, Fax: (022) 7158 3344

Registered Office: Warden House, 2nd Floor, Sir P. M. Road, Fort, Mumbai - 400 001.

Toll Free No. 1800 22 3435, Customer Care No. : 1800 3000 1919

Visit us at : www.dhfl.com, email – response@dhfl.com

Disclosure pursuant to Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014 as on March 31, 2018.

The Company has formulated the below mentioned ESOP/ESAR schemes/Plans:

1. ESOP Scheme 2008
2. ESOP Scheme 2009 (PLAN II) (*)
3. ESOP Scheme 2009 (PLAN III)
4. ESAR Plan 2015(Grant I)
5. ESAR Plan 2015 (Grant II)
6. ESAR Plan 2015 (Grant III)
7. ESAR Plan 2015 (Grant IV)
8. ESAR Plan 2015 (Grant V)
9. ESAR Plan 2015 (Grant VI)
10. ESAR Plan 2015 (Grant VII)

The aforesaid schemes/plans are in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014.

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 2017-18.

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 AS 20, "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 ₹ 37.09.

A. The details of employee stock options as on March 31, 2018 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 of 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 of 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

Sl. No.	Particulars	ESOP Scheme 2008	ESOP Scheme 2009 (PLAN II) (*)	ESOP Scheme 2009 (PLAN III) (#)
5	Maximum term of Options granted [Exercise Period]	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.

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	32,380	-	2,00,000
2	Number of options granted during the year	-	-	-
3	Number of options issued due to Bonus during the year	-	-	-
4	Number of options forfeited/lapsed during the year	2,000	-	-
5	Number of options Vested during the year	-	-	2,00,000
6	Number of options Exercised during the year	-	-	2,00,000
7	Number of shares arising as a result of exercise of options	-	-	2,00,000
8	Money realised by exercise of options (₹ in lakh)	-	-	141
9	Loan Repaid to Trust	NA	NA	NA
10	Number of options outstanding at the end of the year	30,380	-	-
11	Number of options exercisable at the end of the year	30,380	-	-

(*) 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 (AS 20)

₹ 37.09

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)	1,17,213.00
Add - Intrinsic Value Cost (₹ in lakh)	Nil
Less - Fair Value Cost (₹ in lakh)	Nil
Profit as adjusted (₹ in lakh)	1,17,213.00
Earning per share (Basic) as reported	37.39
Earning per share (Basic) adjusted	36.82
Earning per share (Diluted) as reported	37.09
Earning per share (Diluted) adjusted	36.53

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:

Sl. 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)
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
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
8 Source of shares	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.
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 Appreciation in the value of the shares of the Company as per the terms of DHFL ESAR Plan 2015. ("Appreciation" means the excess of Market Price of Employee Stock Appreciation Rights over the ESAR Price.) During the financial year 2015-16, Company issued Bonus Equity Shares in the ratio of 1:1. The outstanding options as on the date of Bonus issue were increased in the same ratio i.e. 1:1.	The Nomination & Remuneration Committee granted 20,81,545 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 Appreciation in the value of the shares of the Company as per the terms of DHFL ESAR Plan 2015. ("Appreciation" means the excess of Market Price of Employee Stock Appreciation Rights over the ESAR Price.)	The Nomination & Remuneration Committee granted 32,47,100 ESARs under Grant III during the current financial year i.e. 2017-18 to the eligible employees of the Company, conferring upon them a right to receive equity shares equivalent to the Appreciation in the value of the shares of the Company as per the terms of DHFL ESAR Plan 2015. ("Appreciation" means the excess of Market Price of Employee Stock Appreciation Rights over the ESAR Price.)	The Nomination & Remuneration Committee granted 5,50,000 ESARs under Grant IV during the current financial year i.e. 2017-18 to the eligible employees of the Company, conferring upon them a right to receive equity shares equivalent to the Appreciation in the value of the shares of the Company as per the terms of DHFL ESAR Plan 2015. ("Appreciation" means the excess of Market Price of Employee Stock Appreciation Rights over the ESAR Price.)	The Nomination & Remuneration Committee granted 1,50,800 ESARs under Grant V during the current financial year i.e. 2017-18 to the eligible employees of the Company, conferring upon them a right to receive equity shares equivalent to the Appreciation in the value of the shares of the Company as per the terms of DHFL ESAR Plan 2015. ("Appreciation" means the excess of Market Price of Employee Stock Appreciation Rights over the ESAR Price.)	The Nomination & Remuneration Committee granted 71,900 ESARs under Grant VI during the current financial year i.e. 2017-18 to the eligible employees of the Company, conferring upon them a right to receive equity shares equivalent to the Appreciation in the value of the shares of the Company as per the terms of DHFL ESAR Plan 2015. ("Appreciation" means the excess of Market Price of Employee Stock Appreciation Rights over the ESAR Price.)	The Nomination & Remuneration Committee granted 1,17,35,600 ESARs under Grant VII during the current financial year i.e. 2017-18 to the eligible employees of the Company, conferring upon them a right to receive equity shares equivalent to the Appreciation in the value of the shares of the Company as per the terms of DHFL ESAR Plan 2015 and as amended. ("Appreciation" means the excess of Market Price of Employee Stock Appreciation Rights over the ESAR Price.)

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)
1	Number of ESARs outstanding at the beginning of the year	19,57,960	20,11,592	0	0	0	0	0
2	Number of ESARs granted during the year	0	0	32,47,100	5,50,000	1,50,800	71,900	1,17,35,600
3	Number of ESARs issued due to Bonus during the year	0	0	0	0	0	0	0
4	Number of ESARs forfeited/lapsed during the year	3,19,760	4,48,964	3,98,500	0	0	0	0
5	Number of ESARs vested during the year	3,26,320	1,64,684	0	0	0	0	0
6	Number of ESARs exercised/settled during the year	4,40,200	85,200	0	0	0	0	0
7	Total number of shares arising as a result of exercise of options	2,54,147	52,495	0	0	0	0	0
8	Money realised by exercise of options (in ₹)	25,41,470.00	5,24,950.00	0.00	0.00	0.00	0.00	0.00
9	Number of ESARs outstanding at the end of the year	11,98,000	14,77,428	28,48,600	5,50,000	1,50,800	71,900	1,17,35,600
10	Number of ESARs exercisable at the end of the year	4,95,320	87,984	0	0	0	0	0

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

(i) Key Managerial Personnel

Name	Designation	No. of ESAR's granted	Weighted Avg. Grant Price (₹)
Mr. Harshil Mehta	Joint Managing Director & CEO	11,67,200	500.67
Mr. Santosh Sharma	Chief Financial Officer	2,59,500	500.64
Mrs. Niti Arya	Company Secretary	2,50,800	502.92

(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. Harshil Mehta	Joint Managing Director & CEO	11,67,200	500.67
Mr. Santosh Gopalkrishnan Nair	President & Chief Business Officer	8,10,000	364.42

(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 (AS 20) ₹ 37.09

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)	1,17,213.00
Add - Intrinsic Value Cost (₹ in lakh)	355.41
Less - Fair Value Cost (₹ in lakh)	3,103.92
Profit as adjusted (₹ in lakh)	1,14,464.49
Earning per share (Basic) as reported	37.39
Earning per share (Basic) adjusted	36.82
Earning per share (Diluted) as reported	37.09
Earning per share (Diluted) adjusted	36.53

E. Weighted average exercise price of ESARs whose

(a) Exercise price equals market price	₹ 520.20
(b) Exercise price is greater than market price	NA
(c) Exercise price is less than market price	₹ 416.44

Weighted average fair value of ESARs whose

(a) Exercise price equals market price	₹ 211.61
(b) Exercise price is greater than market price	NA
(c) Exercise price is less than market price	₹ 198.76

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	
1. Risk Free Interest Rate	7.05%
2. Expected Life (years)	4.13
3. Expected Volatility	40.91%
4. Dividend Yield	36.60%
5. Price of the underlying share in market at the time of the option grant	502.46

1. Other details

1) Weighted Average Market Price on the date of Exercise is ₹ 486.48

2) Remaining Contractual life for ESARs granted and outstanding as on March 31, 2018

Particulars ESAR	ESAR Plan	ESAR Plan	ESAR Plan	ESAR Plan	ESAR Plan	ESAR Plan	ESAR Plan
	2015	2015	2015	2015	2015	2015	2015
	(Grant – I)	(Grant – II)	(Grant – III)	(Grant – IV)	(Grant – V)	(Grant – VI)	(Grant – VII)
Remaining Contractual life for unvested ESARs outstanding at the end of the year	3.68	4.74	4.89	4.89	5.15	5.42	5.48
Remaining Contractual life for ESARs exercisable at the end of the year	2.56	2.64	-	-	-	-	-

for and on behalf of the Board

Place: Mumbai

Date: April 30, 2018

Kapil Wadhawan
Chairman & Managing Director
(DIN-00028528)