

# Dewan Housing Finance Corporation Limited

Disclosure pursuant to Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014 as on March 31, 2017.

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)

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

## 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 financial year 2016-17.
- 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 ₹ 95.44
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## A. The details of employee stock options as on March 31, 2017 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 ESOS 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 ESOS 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 ESOS 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 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 is ₹ 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 is ₹ 70.50 per option

Sl. No.	Particulars	ESOP Scheme 2008	ESOP Scheme 2009 (PLAN II) (*)	ESOP Scheme 2009 (PLAN III)
		The grant price was re-priced as on March 31, 2009 with the approval of the Members of the Company and the exercise price is ₹ 53.65 per option. Consequent to the Bonus issue, the exercise price is ₹ 26.83 per option		
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	There were no variations except for repricing as mentioned at Point No. 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	35,560	-	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	3,180	-	-
5	Number of options Vested during the year	-	-	2,00,000
6	Number of options Exercised during the year	-	-	-
7	Number of shares arising as a result of exercise of options	-	-	-
8	Money realized by exercise of options (₹ in Lakh)	-	-	-
9	Loan Repaid to Trust	NA	NA	NA
10	Number of options outstanding at the end of the year	32,380	-	2,00,000
11	Number of options exercisable at the end of the year	32,380	-	2,00,000

(\*) 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.

#### 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	No. of Options granted during the year	Exercise Price (₹)
NA	NA	NA	NA

**Diluted Earnings Per Share pursuant to issue of shares on exercise of options/SAR ₹ 95.44  
calculated in accordance with Accounting Standard (AS) 20**

**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)		2,89,645.00
Add - Intrinsic Value Cost	Nil	
Less - Fair Value Cost	Nil	
Profit as adjusted	Nil	
Earning per share (Basic) as reported	95.76	
Earning per share (Basic) adjusted	95.47	
Earning per share (Diluted) as reported	95.44	
Earning per share (Diluted) adjusted	95.15	

**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
<b>Weighted average fair value of ESOPs whose</b>		
(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	
2.	Expected Life	
3.	Expected Volatility	No options have been granted by the Company during the year.
4.	Dividend Yield	
5.	Price of the underlying share in market at the time of the option grant (₹)	

**B. The details of Employee Stock Appreciation Rights as on March 31, 2017 pursuant to DHFL Employee Stock Appreciation Rights Plan 2015 are given below:**

Sl. No.	Particulars	ESAR Plan 2015 (Grant I)	ESAR Plan 2015 (Grant II)
1.	Date of Shareholder's Approval	February 23, 2015	February 23, 2015
2.	Total Number of ESARs approved	The Members of the Company have approved 5,146,023 ESARs. During the financial year 2015-16, Company had issued Bonus Equity Shares in the ratio of 1:1. Consequent to the bonus issue total number of ESARs also increased in the same ratio to 10,292,046 ESARs.	
3.	Vesting requirement	ESARs granted under Grant I would Vest after One (1) year but not later than Seven (7) years from the date of grant of such ESARs in the ratio 20: 20: 20:20:20	ESARs granted under Grant II would Vest after One (1) year but not later than Seven(7) years from the date of grant of such ESARs in the ratio 10: 20: 30:40
4.	ESAR Price or Pricing Formula	ESAR price: ₹ 380/- (Rupees Three Hundred and Eighty Only) per ESAR, being calculated after a discount of 20% to closing market price on the stock exchange having higher trading volume on the day immediately preceding the date of grant by the Nomination & Remuneration Committee. Consequent to the Bonus issue the exercise price is ₹ 190/- per ESAR.	ESAR price: ₹ 230.80 (Rupees Two Hundred Thirty and Eighty Paise only) per ESAR's being closing market price on the stock exchange having higher trading volume on the day immediately preceding the date of grant i.e. on November 16, 2016 by the Nomination & Remuneration Committee.
5.	Maximum term of ESARs granted	To be exercised within a maximum period of 3 years from the date of vesting of such ESARs	To be exercised within a maximum period of 3 years from the date of vesting of such ESARs
6.	Method of Settlement	Equity Shares of the Company	Equity Shares of the Company
7.	Choice of Settlement	Settlement is compulsory in the Equity Shares of the Company	Settlement is compulsory in the Equity Shares of the Company
8.	Source of shares	Primary issuance	Primary issuance
9.	Variation in terms of ESOP	N.A.	N.A.
10.	ESAR's granted	The Nomination and Remuneration Committee granted 15, 50,100 ESARs during the previous 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 the equity share of the Company on the date of Exercise of Employee Stock Appreciation Rights over the ESAR Price.)	The Nomination and Remuneration Committee granted 2,081,545 ESARs during the current financial year i.e. 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 the equity share of the Company on the date of Exercise of Employee Stock Appreciation Rights over the ESAR Price.)

During the financial year 2015-16, Company has 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 movement of ESARs during the year are as follows:

Sl. No.	Particulars	ESAR Plan 2015 (Grant - I)	ESAR Plan 2015 (Grant - II)
1	Number of ESARs outstanding at the beginning of the year	2,822,000	-
2	Number of ESARs granted during the year	-	2,081,545
3	Number of ESARs issued due to Bonus during the year	-	-
4	Number of forfeited / lapsed during the year	516,840	69,953
5	Number of ESARs vested during the year	388,600	-
6	Number of ESARs exercised / settled during the year	347,200	-
7	Total number of shares arising as a result of exercise of options	124,147	-
8	Money realized by exercise of options (in ₹)	1,241,470	-
9	Number of ESARs outstanding at the end of the year	1,957,960	2,011,592
10	Number of ESARs exercisable at the end of the year	605,800	-

Employee-wise details of ESARs granted (during the year) to:

(i) Key Managerial Personnel

Name	Designation	No. of ESARs granted (Grant II)
Mr. Harshil Mehta	Chief Executive Officer	2,24,700
Mr. Santosh Sharma	Chief Financial Officer	36,842
Mrs. Niti Arya	Company Secretary	36,842

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

Name	Designation	No. of ESARs granted
Mr. Harshil Mehta	CEO	2,24,700

(iii) Identified employees who were granted ESARs, 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 ESARs granted
N.A.	N.A.	N.A.

Diluted Earnings Per Share pursuant to issue of shares on exercise of options/ESARs calculated in accordance with Accounting Standard (AS) 20

₹ 95.44

Method used for Accounting of ESARs : 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)		2,89,645.00
Add - Intrinsic Value Cost (₹ in Lakh)	753.03	
Less - Fair Value Cost (₹ in Lakh)	2,087.92	
Profit as adjusted	(1,334.89)	
Earning per share (Basic) as reported	95.76	
Earning per share (Basic) adjusted	95.47	
Earning per share (Diluted) as reported	95.44	
Earning per share (Diluted) adjusted	95.15	

**Weighted average exercise price of ESARs whose**

(a)	Exercise price equals market price	₹ 230.80
(b)	Exercise price is greater than market price	NA
(c)	Exercise price is less than market price	NA

**Weighted average fair value of ESARs whose**

(a)	Exercise price equals market price	₹ 104.26
(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 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:

Sl. No.	Particulars	
1.	Risk Free Interest Rate	6.36%
2.	Expected Life	4.50
3.	Expected Volatility	44.84%
4.	Dividend Yield	3.48%
5.	Price of the underlying share in market at the time of the option grant	₹ 229.80

## Other details

- 1) Weighted Average Market Price on the date of Exercise is ₹ 299.33
- 2) Remaining Contractual life for ESARs granted and outstanding as on March 31, 2017

Particulars	ESAR Plan 2015 (Grant - I)	ESAR Plan 2015 (Grant - II)
Remaining Contractual life for unvested ESARs outstanding at the end of the year (yrs)	4.28	5.64
Remaining Contractual life for ESARs exercisable at the end of the year (yrs)	2.72	-

For and on behalf of the Board

**Kapil Wadhawan**  
Chairman & Managing Director  
(DIN-00028528)

Date : May 3, 2017

Place : Mumbai