

Disclosure as per SEBI Guidelines

A SUMMARY OF STATUS OF EMPLOYEE STOCK OPTIONS GRANTED

THE POSITION OF THE EXISTING SCHEMES IS SUMMARISED AS UNDER:

SR. NO	PARTICULARS	IDFC FIRST BANK ESOS 2015
1	Date of Shareholder's Approval	Date of EGM : December 09, 2014 Date of 1 st AGM : September 29, 2015 Date of 2 nd AGM : July 27, 2016 Date of 5 th AGM : July 25, 2019
2	Total Number of Options approved under ESOS	As on March 31, 2020, the ESOS pool consisted of 38,47,92,241 Stock Options. Further, the Members, at the 5 th AGM of the Bank, approved that the ESOS pool shall always be maintained at 8% of the issued and paid up share capital of the Bank, from time to time.
3	Vesting requirements	Options granted under IDFC FIRST Bank ESOS-2015 would vest not less than one year from the date of grant of such Options.
4	Exercise Price or Pricing Formula	Exercise Price shall be as decided by the Nomination and Remuneration Committee ('NRC'), subject to a minimum of the face value per share.
5	Maximum term of Options granted	Options granted under IDFC FIRST Bank ESOS-2015 would vest not less than one year from the date of grant of such Options. The Employee Stock Options granted shall be capable of being exercised within a maximum period of three (3) years from the date of vesting of the respective Employee Stock Options or such other period as may be decided by NRC.
6	Source of shares	The Scheme is implemented and administered directly by the Bank by way of issue of equivalent Primary shares against exercise of Options.
7	Variation in terms of ESOS	During the year under review, the shareholders of the Bank at its 5 th Annual General Meeting approved the following modifications in ESOS: a. Increase in ESOS pool from 6% to 8% of the issued and paid up share capital of the Bank, from time to time; and b. Revised the exercise period, to exercise within a period of 3 (three) years from the date of vesting.
8	Method used to account for ESOS	Intrinsic Value Method.

The stock-based compensation cost calculated as per the intrinsic value method for the financial year 2019-20 is Nil. If the stock-based compensation cost was calculated as per the fair value method, the total cost to be recognized in the financial statements for the year 2019-20 would be ₹ 26.97 crore. The effect of adopting the fair value method on the net income and earnings per share is presented below:

B ADJUSTED PRO-FORMA NET PROFIT / LOSS AND EARNING PER SHARE

PARTICULARS	₹ in crore
Net Profit / Loss as reported	(2,864.21)
Add: Intrinsic Value Compensation Cost	-
Less: Fair Value Compensation Cost	26.98
Adjusted Pro-Forma Net Profit / Loss	(2,891.19)
Earning Per Share: Basic	
As Reported (₹)	(5.98)
Adjusted Pro-Forma (₹)	(6.04)
Earning Per Share: Diluted	
As Reported (₹)	(5.91)
Adjusted Pro-Forma (₹)	(5.96)

C OPTION MOVEMENT DURING THE FINANCIAL YEAR 2019-20

SR. NO	PARTICULARS	NUMBERS
1	Number of Options outstanding at the beginning of the year	25,62,56,305
2	Number of Options granted during the year	4,10,26,000
3	Re-instated Stock Options	83,400
4	Number of Options Forfeited / Surrendered during the year	2,88,61,525
5	Number of Options Vested during the year	2,00,52,755
6	Number of Options Exercised during the year	2,82,26,604
7	Number of Options Lapsed during the year	60,84,217
8	Total number of shares arising as a result of exercise of options	2,82,26,604
9	Money realized by exercise of options (₹)	47,54,96,050
10	Number of Options outstanding at the end of the year	23,41,93,359
11	Number of Options exercisable at the end of the year	15,22,81,819

D WEIGHTED AVERAGE EXERCISE PRICE AND WEIGHTED AVERAGE FAIR VALUE OF OPTIONS GRANTED DURING 2019-20

WEIGHTED AVERAGE EXERCISE PRICE OF OPTIONS GRANTED DURING 2019-20 WHOSE

SR. NO	PARTICULARS	
a.	Exercise price equals market price (₹)	38.77
b.	Exercise price is greater than market price	Nil
c.	Exercise price is less than market price	Nil

WEIGHTED AVERAGE FAIR VALUE OF OPTIONS GRANTED DURING 2019-20 WHOSE

SR. NO	PARTICULARS	
a.	Exercise price equals market price (₹)	14.97
b.	Exercise price is greater than market price	Nil
c.	Exercise price is less than market price	Nil

E EMPLOYEE-WISE DETAILS OF OPTIONS GRANTED DURING THE FINANCIAL YEAR 2019-20 TO:

(i) Senior Managerial Personnel

NAME	DESIGNATION	NO OF OPTIONS GRANTED	EXERCISE PRICE (₹)
Mr. V. Vaidyanathan*	Managing Director & CEO	30,00,000	39.65
Mr. Madhivanan B.	Chief Operating Officer (w.e.f. July 22, 2019)	35,00,000	39.05
		10,00,000	39.65
Mr. Sudhanshu Jain	Chief Financial Officer & Head – Corporate Centre (w.e.f. March 27, 2020)	7,00,000	21.75
Mr. Satish Gaikwad	Head – Legal & Company Secretary	2,50,000	39.65
Mr. Pankaj Sanklecha	Chief Risk Officer (w.e.f. December 28, 2019 and consequent cessation to hold KMP position i.e. 'Chief Financial Officer & Head - Corporate Centre' effective from close of business hours on December 27, 2019)	5,00,000	39.65
Mr. Paritosh Mathur	Head – Wholesale Banking (w.e.f. January 29, 2020)	4,00,000	39.65
Mr. Amit Kumar	Head – Retail Liabilities (w.e.f. May 10, 2019)	8,50,000	39.65
Mr. Pradeep Natarajan	Head – Retail Assets (w.e.f. May 10, 2019)	8,50,000	39.65
Mr. Adrian Andrade	Chief Human Resources Officer	5,00,000	39.65
Ms. Srishti Sethi	Chief Risk Officer (Ceased as on December 27, 2019)	5,00,000	39.65

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

NAME	DESIGNATION	NO OF OPTIONS GRANTED	EXERCISE PRICE (₹)
Mr. V. Vaidyanathan*	Managing Director & CEO	30,00,000	39.65
Mr. Madhivanan B.	Chief Operating Officer (w.e.f. July 22, 2019)	35,00,000	39.05
		10,00,000	39.65

* During FY 2019-20, the Board of Directors of the Bank, based on the recommendation of Nomination and Remuneration Committee, at its meeting held on October 24, 2019 had approved grant of 30,00,000 stock options to Mr. V. Vaidyanathan, MD & CEO under 'IDFC FIRST Bank – Employees Stock Option Scheme 2015'. In terms of Section 35B of the Banking Regulation Act, 1949, the said grant was duly approved by the Reserve Bank of India vide its email dated April 13, 2020. The aforesaid grant has not been accounted for in the current financial statements for FY 2019-20, in terms of the relevant applicable accounting norms.

(iii) 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 Bank at the time of grant.

NAME	DESIGNATION	NO OF OPTIONS GRANTED	EXERCISE PRICE (₹)
NIL	NIL	NIL	NIL

F METHOD AND ASSUMPTIONS USED TO ESTIMATE THE FAIR VALUE OF OPTIONS GRANTED DURING THE FINANCIAL YEAR 2019-20

The fair value has been calculated using the **Black Scholes** Option Pricing model. The Assumptions used in the model are as follows:

VARIABLES	WEIGHTED AVG.
1. Risk-free Interest Rate	6.14%
2. Expected Life (in years)	4.51
3. Expected Volatility	35.37%
4. Dividend Yield	0.07%
5. Weighted Average Price of the underlying share in market at the time of the option grant (₹)	38.77

ASSUMPTIONS

Risk-free rate of return: The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the Options based on the zero-coupon yield curve for Government Securities.

Time to Maturity: Bank has estimated the expected life of the Options on the basis of average of minimum and maximum life of the Options. Historical data for early exercise of Options is not available, hence not considered in expected life calculations.

Volatility: Volatility is the measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes Options pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time. For calculating volatility, the daily volatility of the stock prices on the National Stock Exchange of India Limited, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered.

Expected divided yield: The latest dividend declared is considered as the dividend expected to be paid during the vesting period.

Stock Price: Being the closing price on the stock exchange with the highest trading volumes on the last working day prior to the date of grant.

No other feature has been considered for fair valuation of Options except as mentioned in 'point F' above.