

Annexure III

Disclosure 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 ICAI or any other relevant accounting standards as prescribed from time to time, has been duly made in the notes to accounts of the financial statements for FY 2019-20.
- B. Diluted EPS on issue of shares pursuant to various Employee Stock Option Plans ("ESOPs"), has been duly made in the notes to accounts of the financial statements for FY 2019-20.

Sr. No.	Particulars	ESOP 2010*	ESOP 2013	RESOP 2014*	ESOP 2018
1	Description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS, including -				
(i)	Date of Shareholders' approval	June 30, 2010 & February 21, 2014	June 30, 2010; February 21, 2014 & January 17, 2017	June 30, 2010 & February 21, 2014	June 18, 2018
(ii)	Total number of options approved under ESOS	Not more than 12% of the paid-up equity capital of the Company, at any point in time under one or more Employee Stock Option Schemes.	Not more than 12% of the paid-up equity capital of the Company, at any point in time under one or more Employee Stock Option Schemes. As per approval granted by shareholders on January 17, 2017, 1,13,99,400 options were approved under the ESOP in addition to the outstanding un-exercised options.	Not more than 12% of the paid-up equity capital of the Company, at any point in time under one or more Employee Stock Option Schemes.	Not more than 12% of the paid-up equity capital of the Company, at any point in time under one or more Employee Stock Option Schemes. As per approval granted by shareholders on June 18, 2018, 2,00,00,000 options were approved under the ESOP in addition to the outstanding un-exercised options.
(iii)	Vesting requirements	<p>Till June 20, 2016 the Vesting schedule was defined as follows: 40% of granted stocks shall get vested on completion of 1 year from the grant date, 30% of granted stocks shall get vested on completion of 2 year from the grant date, 30% of granted stocks shall get vested on completion of 3 year from the grant date.</p> <p>From June 21, 2016 to March 15, 2017 the Vesting schedule was defined as follows: 30% of granted stocks shall get vested on completion of 1 year from the grant date, 30% of granted stocks shall get vested on completion of 2 year from the grant date, 40% of granted stocks shall get vested on completion of 3 year from the grant date.</p> <p>From March 16, 2017 onwards the Vesting schedule has been defined as follows: 10% of granted stocks shall get vested on completion of 1 year from the grant date, 20% of granted stocks shall get vested on completion of 2 year from the grant date, 30% of granted stocks shall get vested on completion of 3 year from the grant date and 40% of granted stocks shall get vested on completion of 4 year from the grant date.</p> <p>From March 19, 2020 onwards the Vesting schedule has been defined as follows: 30% of granted stocks shall get vested on completion of 1 year from the grant date, 30% of granted stocks shall get vested on completion of 2 year from the grant date, 40% of granted stocks shall get vested on completion of 3 year from the grant date.</p>			
(iv)	Exercise price or pricing formula	Exercise Price shall be determined by Board or a Committee thereof from time to time based on the Market Price per Share as on date of grant of options. However, it will not be less than the face value of the share.			
(v)	Maximum term of options granted	Currently, the maximum vesting period for the options granted is four years from the date of grant of options. The vesting can extend up to five years from the date of grant of options. The Exercise period in respect of a vested option shall be three years from the date of vesting of such options.			

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(vi)	Source of shares (primary, secondary or combination)	Primary	Primary	Primary	Primary	
(vii)	Variation in terms of options	No variations in terms of options				
2	Method used to account for ESOS - Intrinsic or fair value	Intrinsic value				
3	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.	If the Bank had adopted the Black-Scholes model based fair valuation, compensation cost for the year ended March 31, 2020, would have increased by ₹ 117.90 crore (previous year ₹ 106.96 crore) and the profit before tax would have been lower correspondingly. Accordingly, on a pro-forma basis, basic and diluted earnings per share for the year ended March 31, 2020 would have been ₹ 9.21 and ₹ 9.17, respectively (Previous year ₹ 18.83 and ₹ 18.43, respectively).				
4	Option movement during the year (For each ESOS):					
(i)	Number of options outstanding at the beginning of the period	0	17,298,803	58,450	13,217,200	
(ii)	Number of options granted during the year	0	3,956,900	0	5,682,000	
(iii)	Number of options forfeited / lapsed during the year	0	1,480,322	0	1,427,730	
(iv)	Number of options vested during the year	0	5,250,190	0	1,331,960	
(v)	Number of options exercised during the year	0	4,321,706	55,000	76,520	
(vi)	Number of shares arising as a result of exercise of options	0	4,321,706	55,000	76,520	
(vii)	Money realized by exercise of options (INR), if scheme is implemented directly by the company	0	701,934,337	3,865,000	42,242,866	
(viii)	Loan repaid by the Trust during the year from exercise price received	NA	NA	NA	NA	
(ix)	Number of options outstanding at the end of the year	0	15,453,675	3,450	17,394,950	
(x)	Number of options exercisable at the end of the year	0	5,340,503	3,450	1,180,400	
5	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	FY 2019-20				
		Stock option activity under the scheme	No of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life years
		Outstanding at the beginning of the year	30,574,453	55.00 – 580.45	437.97	4.45
		Granted during the year	9,638,900	166.95 – 680.35	335.81	
		Forfeited during the year	2,887,632	55.00 – 680.35	488.05	
		Exercised during the year	4,453,226	55.00 – 564.45	167.98	
		Expired during the year	20,420	55.00 – 120.00	90.13	
		Outstanding at the end of the year	32,852,075	55.00 – 680.35	440.42	4.27
		Options exercisable at the end of the year	6,524,353	55.00 – 680.35	384.71	2.11

Sr. No.	Particulars	ESOP 2010*	ESOP 2013	RESOP 2014*	ESOP 2018	
6	Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to -					
(i)	Senior Managerial Personnel	Emp. No.	Name	Functional Designation	Exercise Price	Options Granted
		3528	Surinder Chawla	Head - Geography Branch & Business Banking	295.25	80,000
		9616	Vincent Valladares	Head - Commercial Banking	295.25	75,000
		11196	Mohit Kapoor	Head - Legal	295.25	50,000
		11720	Jaideep Iyer	Head - Strategy	166.95	300,000
					667.35	125,000
			Total			425,000
		12926	Sankarson Banerjee	Chief Information Officer	166.95	100,000
					295.25	100,000
					449.45	100,000
			Total			300,000
		13970	Pankaj Sharma	Chief Operations Officer	166.95	100,000
					295.25	50,000
					449.45	100,000
			Total			250,000
(ii)	any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	-	-	-	-	-
(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 company at the time of grant	-	-	-	-	-
7	A description of the method and significant assumptions used during the year to estimate the fair value of options including the followign information:	The fair value has been calculated using the Black Scholes Option pricing model.				
(i)	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	The fair value of options granted during the year has been estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:				
		Particular	2019-20	2018-19		
		Expected dividend yield	0.31%-1.62%	0.36%-0.44%		
		Expected volatility	30.13%~42.13%	30.34%~32.04%		
		Risk free interest rates	5.19%-7.43%	6.35%-7.82%		
		Expected life of options in years (across each tranche)	1.0-5.5	1.0-5.5		
(ii)	the method used and the assumptions made to incorporate the effects of expected early exercise	N.A.				

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(iii)	how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	Expected volatility is a measure of the amount by which the equity share price is expected to fluctuate during the period. The measure of volatility used in Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the share over a period of time. Expected volatility has been computed by considering the historical data on daily volatility in the closing equity share price on NSE of RBL Bank / similar listed banks over the expected tenor of each tranche.			
(iv)	whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition	N.A.			
8	Disclosures in respect of grants made in three years prior to IPO under each ESOS				
(i)	Until all options granted in the three years prior to the IPO have been exercised or have lapsed, disclosures of the information specified above in respect of such options shall also be made	–	2,226,070	3,450	–

* Plans have been discontinued except for the vesting and exercise of options already granted.