



**INDIABULLS HOUSING FINANCE LIMITED**

**Registered Office:** M-62 & 63, First Floor, Connaught Place, New Delhi - 110 001

CIN: L65922DL2005PLC136029

Email: [homeloans@indiabulls.com](mailto:homeloans@indiabulls.com), Tel: 0124-6681199, Fax: 0124-6681240

Website: <http://www.indiabullshomeloans.com/>

**Disclosure pursuant to Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as on March 31, 2018:**

**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.**

The Employees Stock Option Scheme ('the Scheme') provides for grant, vesting and exercise of options by its employees to acquire equity shares of the Company. The options granted to employees vest in a graded manner and may be exercised by the employees within a specified period as specified in the Scheme.

The Company follows the intrinsic value method to account for its stock-based employee compensation plans. Company cost is measured by the excess, if any, of the market price of the shares over the exercise price as determined in accordance with the Scheme. The market price is the latest closing price on the National Stock Exchange of India Limited, the stock exchange on which the shares are listed and having highest trading volume prior to the meeting of the Compensation Committee of Directors, at which the options are approved and granted. Compensation cost, if any, is amortised over the vesting period.

Since the options under IHFL-IBFSL Employees Stock Option Plan – 2006 (IHFL-IBFSL ESOP 2006), IHFL-IBFSL Employees Stock Option Plan II – 2006 (IHFL-IBFSL ESOP II 2006), IHFL-IBFSL Employees Stock Option – 2008 (IHFL-IBFSL ESOP 2008) and Indiabulls Housing Finance Limited Employees Stock Option Scheme, 2013 (IHFL ESOP 2013) were granted at the market price, the intrinsic value of the options is Nil. Consequently, the accounting value of the option (compensation cost) is also Nil.

Accordingly, the impact on profits and on EPS of the Company is Nil.

**B. Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 – Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time.**

₹ 82.91

**C. Details related to Employee Stock Option Schemes (ESOS) of the Company:**

i. Description of ESOS that existed at any time during the year:

Sr. No.	Particulars	IHFL-IBFSL Employees Stock Option Plan – 2006	IHFL-IBFSL Employees Stock Option Plan II – 2006	IHFL-IBFSL Employees Stock Option – 2008	IHFL ESOS - 2013	IHFL-IBFSL Employees Stock Option – 2008 - Regrant	IHFL-IBFSL Employees Stock Option – 2008- Regrant	IHFL-IBFSL Employees Stock Option Plan – 2006 - Regrant	IHFL-IBFSL Employees Stock Option – 2008 - Regrant	IHFL-IBFSL Employees Stock Option Plan II – 2006 - Regrant	IHFL ESOS – 2013- Regrant	IHFL ESOS – 2013- Regrant
a.	Date of shareholders' approval	July 1, 2013	July 1, 2013	July 1, 2013	March 6, 2013	July 1, 2013	July 1, 2013	July 1, 2013	July 1, 2013	July 1, 2013	March 6, 2013	March 6, 2013
b.	Total number of Options approved under ESOS	14,40,000	7,20,000	75,00,000	390,00,000	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
c.	Vesting Requirement	The Options would vest over a period of 1-10 years from the date of grant as per the relevant ESOS.										
d.	Exercise price or pricing formula	41.67	100.00	95.95	394.75	125.90	158.50	95.95	153.65	100.00	1156.50	1200.40
e.	Maximum term of options granted	4 years from each vesting date	5 years from each vesting date	5 years from each vesting date	5 years from each vesting date	5 years from each vesting date	5 years from each vesting date	5 years from each vesting date	5 years from each vesting date	5 years from each vesting date	5 years from each vesting date	5 years from each vesting date
f.	Source of shares	Primary										
g.	Variation in terms of options	Nil										

ii. Method used to account for ESOS:

The Company has used intrinsic value method to account for the compensation cost of stock options to employees of the Company.

Compensation cost is measured by the excess, if any, of the market price of the shares over the exercise price as determined in accordance with the Scheme. The latest available closing price on the National Stock Exchange of India Limited, the stock exchange on which the shares of the Company are listed and having highest trading volume prior to meeting of the Compensation Committee of Directors approving and granting the options.

Since the options under IHFL-IBFSL ESOP 2006, IHFL-IBFSL ESOP II 2006, IHFL-IBFSL ESOP 2008 and IHFL ESOP 2013 were granted at the market price, the intrinsic value of the option is Nil. Consequently the accounting value of the option (compensation cost) is also Nil.

Accordingly, the impact on profits and on EPS of the Company is Nil.

iii. The difference between the employee compensation costs computed using the intrinsic value of options and the employee compensation cost that shall have been recognized if it had used the fair value of the options.

During the financial year 2017-18, the Company has granted 10,500,000 options under **IHFL ESOS - 2013-Regrant Scheme** and 100,000 options under **IHFL ESOS - 2013-Regrant Scheme**. Accordingly, the impact on profits is NIL and on EPS of the Company is 461,659 number of shares used in computing Dilutive EPS.

iv. Option movement during the year:

Particulars	IHFL-IBFSL Employee's Stock Option Plan – 2006	IHFL-IBFSL Employee's Stock Option Plan II – 2006	IHFL-IBFSL Employee's Stock Option – 2008	IHFL ESOS – 2013	IHFL-IBFSL Employee's Stock Option – 2008 -Regrant	IHFL-IBFSL Employee's Stock Option – 2008-Regrant	IHFL-IBFSL Employee's Stock Option Plan – 2006 -Regrant	IHFL-IBFSL Employee's Stock Option – 2008 -Regrant	IHFL-IBFSL Employee's Stock Option Plan II – 2006 -Regrant	IHFL ESOS - 2013-Regrant	IHFL ESOS - 2013-Regrant
Number of options granted during the year	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	10,500,000	100,000
Number of options forfeited/ lapsed during the year	-	-	930	14,000	-	-	-	-	-	-	-
Number of options vested during the year	-	-	411,715	2,032,400	6,390	19,440	39,500	1,500	21,900	-	-

Number of options exercised during the year	-	15,192	383,124	2,132,700	4,140	20,290	79,000	1,500	43,800	-	-
Number of shares arising as a result of exercise of options	-	15,192	383,124	2,132,700	4,140	20,290	79,000	1,500	43,800	-	-
Money realized by exercise of options (in crore)	-	0.15	3.68	84.19	0.05	0.32	0.76	0.02	0.44	-	-
Number of options outstanding at the end of the year	-	1,152	340,124	4,548,381	15,570	58,320	79,000	4,500	43,800	10,500,000	100,000
Number of options exercisable at the end of the year	-	1,152	134,263	497,581	2,790	-	-	-	-	-	-

v. Weighted-average exercise prices and weighted-average fair values of options for options whose exercise price either equal or exceeds or is less than the market price of the stock:

Details	Date of Grant	No. of Options Granted	Exercise Price (Rs.)	weighted average exercise price	Weighted Average Fair Value (Rs.)
IHFL ESOS - 2013 (Grant 2)	11 August 2017	10,500,000	1,156.50	1156.91	200.42
IHFL ESOS - 2013 (Grant 3)	24 March 2018	100,000	1,200.40		226.22

vi. Employee wise details (name of employee, designation, number of options granted during the year, exercise price):

Particulars	Details					
senior managerial personnel	Particulars	IHFL-IBFSL Employees Stock Option Plan – 2006	IHFL-IBFSL Employees Stock Option	IHFL-IBFSL Employees Stock Option – 2008	IHFL ESOS - 2013 @ 394.75	IHFL ESOS - 2013- @ 1156.5
			Plan II – 2006			
	Senior Managerial Personnel	Mr. Gagan Banga – 395,000	Mr. Gagan Banga – 299,160	Mr. Gagan Banga - 786,000	Mr. Gagan Banga - 1,000,000	Mr. Gagan Banga - 1,000,000
		Mr. Sachin Chaudhary -48,000		Mr. Ajit Kumar Mittal - 124,000	Mr. Ajit Kumar Mittal - 441,000	Mr. Ajit Kumar Mittal - 150000
				Mr. Sachin Chaudhary -250,000	Mr. Ashwini Omprakash Kumar - 500,000	Mr. Ashwini Omprakash Kumar - 500,000
				Mr. Mukesh Kumar Garg - 200000	Mr. Sachin Chaudhary - 500,000	Mr. Sachin Chaudhary - 450,000
				Mr. Amit Jain - 30,000	Mr. Mukesh Garg - 325,000	Mr. Mukesh Garg - 300,000
					Mr. Amit Jain - 24,000	Mr. Amit Jain - 20,500
any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	NIL					

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	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
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vii. A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:

<b>Particulars</b>	<b>IHFL ESOS - 2013 (Grant 2)</b>	<b>IHFL ESOS - 2013 (Grant 3)</b>
Exercise price (Rs.)	1,156.50	1,200.40
Expected volatility*	27.50%	27.70%
Expected forfeiture percentage on each vesting date	Nil	Nil
Option Life (Weighted Average)	3 Years	3 Years
Expected Dividends yield	5.28%	5.08%
Weighted Average Fair Value (Rs.)	200.42	226.22
Risk Free Interest rate	6.51%	7.56%

\*The expected volatility was determined based on historical volatility data.