

**Disclosures with respect to Compliance to section 62 of the Companies Act, 2013 read with Rule 12 of The Companies (Share Capital and Debentures) Rules, 2014 and Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits And Sweat Equity) Regulations, 2021**

There is no material change in the ISL Demerger Scheme and the IIFL ESOS Scheme – 2018, except that IIFL ESOS Scheme -2018 has been aligned with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (“SBEBSE Regulations”) and is in compliance with the same

- (A) Relevant disclosures in terms of the accounting standards prescribed by the Central Government in terms of section 133 of the Companies Act, 2013 (18 of 2013) including the ‘Guidance note on accounting for employee share-based payments’ issued in that regard from time to time**

Members may refer to the audited financial statement prepared for the year 2021-22.

- (B) Diluted Earnings Per Share (EPS) on issue of shares pursuant to all the schemes covered under the regulations in accordance with ‘Accounting Standard 20 – Earning Per Share’ issued by Central Government or any other relevant accounting standards as issued from time to time.**

Diluted EPS on consolidated basis for the year ended March 31, 2022, is Rs. 9.94 and on Standalone basis is Rs. 9.23

- (C) Details related to Employees’ Stock Option Scheme (“ESOS”)**

- i) A description including the general terms and condition of ESOS is summarized as under:

	<b>Particulars</b>	<b>IIFL Securities Employee Stock Option 2019- Demerger Scheme (“IIFL Demerger Scheme”)</b>	<b>IIFL Securities Limited Employee Stock Option Scheme- 2018 (“IIFL ESOS - 2018”)</b>
(a)	Date of shareholders’ approval	<p>The Demerger Scheme forms part of the Composite Scheme of Arrangement adopted by the Company as per the NCLT Order dated March 07, 2019 and subsequently adopted by Nomination &amp; Remuneration Committee on August 08, 2019.</p> <p>The objective of implementing the said Scheme is to provide the option holder of IIFL Finance Limited as on May 31, 2019; wherein each Option will entitle the Grantee to apply for</p>	September 30, 2019

		one share, in accordance with the terms and conditions of such grant.	
(b)	Total number of options approved under ESOS	8,84,791	8,00,00,000
(c)	Vesting requirements	<p>Options granted under Scheme would vest as per the vesting schedule as determined under various grants made under Employee Stock Option Plan 2008 (ESOP 2008 Scheme) of IIFL Finance Limited and outstanding as on May 31, 2019 subject to minimum one year from the Original Grant Date (defined under IIFL Demerger Scheme).</p> <p>The Committee shall have the power to accelerate the vesting schedule on a case-to-case basis subject to fulfillment of minimum vesting period of one year from the Original Grant date under ESOP 2008 Scheme.</p> <p>If the Vesting period/criteria relating to the Options Granted under the Scheme is not fulfilled, then such Options shall lapse and be cancelled vis-à-vis the Grantee. These lapsed options will not be available for further grant.</p>	<p>Vesting of the Stock Options may commence after the expiry of a minimum period of 1 (one) year from the date on which the options were granted, and may extend up to such time as may be decided at the discretion of the Committee from the date of grant provided that the vesting period shall not exceed 5 (five) years. The vesting may occur in tranches, and may be subject to such terms and conditions of vesting, as may be stipulated by the Committee, in its sole and exclusive discretion.</p>
(d)	Exercise price or pricing formula	<p>Exercise price shall be equal to the Original Exercise Price as on effective date i.e. May 31, 2019, adjusted to the option swap ratio under the Composite Scheme of Arrangement.</p>	<p>The exercise price of the shares will be the market price of the shares one day prior to the date of the meeting of the Committee wherein the grant of options will be approved.</p> <p>The market price of the stock exchange where there is highest trading volume during the aforesaid period shall be considered.</p> <p>The Committee has a power to provide suitable discount or charge premium on such price as arrived above. However, in any</p>

			case the Exercise price shall not go below the par value of Equity Share of the Company.
(e)	Maximum term of options granted	The maximum Exercise Period for the vested options will be 7 (seven) years from the Original Grant date as defined under IIFL Demerger Scheme. The Options cancelled or lapsed without being Exercised within the Exercise Period will be lapsed permanently.	Exercise Period shall be the time period after vesting within which the eligible employees/ directors shall exercise his right to apply for the Equity Shares against the Stock Options vested pursuant to the Scheme. The Exercise Period shall be decided by the Committee and will not be more than 7 (Seven) years from the date of grant.
(f)	Source of shares (primary, secondary or combination)	Primary	Primary
(g)	Variation in terms of options	None	None

ii. Method used to account for ESOS - Intrinsic or fair value.

Fair value

- iii. 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.

The Company has prepared its financials basis IndAS and calculated the employee compensation cost using fair value options and there is no difference.

iv. Option movement during the year (For each ESOS):

Particulars	IIFL Demerger Scheme	IIFL ESOS – 2018*
Number of options outstanding at the beginning of the period	445641	8937938
Number of options granted during the year	NIL	6500000
Number of options forfeited / lapsed during the year	66145	1425180

Number of options vested during the year	8800	1754293
Number of options exercised during the year	106080	894820
Number of shares arising as a result of exercise of options	106080	894820
Money realized by exercise of options (INR), if scheme is implemented directly by the company <b>(Rs in millions)</b>	8.70	27.62
Loan repaid by the Trust during the year from exercise price received	NA	NA
Number of options outstanding at the end of the year	273416	13117938
Number of options exercisable at the end of the year	273416	1331494

\* The options for IIFL ESOS 2018 Scheme is inclusive of those granted on October 30, 2019, January 07, 2021 and October 8, 2021

V. (i) Weighted average exercise price of Options outstanding at the end of the year whose:

(Amount in Rs.)

Particulars	IIFL Demerger Scheme	IIFL ESOS – 2018
Exercise price equals market price	-	-
Exercise price is greater than market price	-	-
Exercise price is less than market price	88.02	63.83

(ii) Weighted average fair value of Options outstanding at the end of the year whose:

(Amount in Rs.)

Particulars	IIFL Demerger Scheme	IIFL ESOS-2018		
		Granted on October 30, 2019	Granted on January 07, 2021	Granted on October 08, 2021
Exercise price equals market price	-			
Exercise price is greater than market price	-	-	-	
Exercise price is less than market price	84.01	7.21	10.97	36.40

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

a) Senior managerial personnel including Key Managerial Personnel

i. Employee Stock Option granted under IIFL Demerger Scheme - NIL

ii. Employee Stock Option granted under IIFL ESOS Scheme - 2018

Name of the Employee	Designation	Number of options	Grant/exercise price (In Rs.)
Narendra Deshmal Jain	Wholetime Director	60000	99.40
Suvajit Ray	Executive VP, Investment Products & Distribution	65000	99.40
Nandkishore Purohit	Chief Digital & Technology Officer	125000	99.40
Meghal Abhishek Shah	Company Secretary & Compliance Officer	3000	99.40
Ronak Gandhi	Chief Financial Officer	30000	99.40
Prasad Ramakant Umarale	Vice President, Compliance	25000	99.40
Deepan Raje	Head Human Resources	26200	99.40

b) **Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.**

i) Employee Stock Option Granted under IIFL Demerger Scheme- NIL

ii) Employee Stock Option Granted under IIFL ESOS Scheme-2018 - NIL

c) Identified employees who were granted options, 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. – **Not Applicable**

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

(a)	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	Particulars	IIFL Demerger Scheme	IIFL ESOS – 2018
		Share Price	151.97	99.98
		Exercise Price	63.96	99.40
		Risk-free rate of return	6.86%	6.35%
		Dividend yield	1.25%	2.87%
		Time to maturity	2.65	6
		Expected Volatility	41.9%	42.88%

		<table border="1"> <tr> <td>Share Price</td> <td>The average of weekly high &amp; low of volume weighted average price (VWAP) of shares during the two weeks preceding the date of grant.</td> </tr> <tr> <td>Exercise Price</td> <td>Price of each specific grant has been considered.</td> </tr> <tr> <td>Risk-free rate of return</td> <td>India Government Bond Yield</td> </tr> <tr> <td>Dividend yield</td> <td>Average of the last three years yield</td> </tr> <tr> <td>Time to maturity</td> <td>Expected life has been calculated as an average of the minimum and maximum life of the options</td> </tr> <tr> <td>Expected Volatility</td> <td>Annual volatility has been calculated as an average of the daily volatility of the listed companies from the peer group for a period commensurate with the remaining time to maturity of the option</td> </tr> </table>	Share Price	The average of weekly high & low of volume weighted average price (VWAP) of shares during the two weeks preceding the date of grant.	Exercise Price	Price of each specific grant has been considered.	Risk-free rate of return	India Government Bond Yield	Dividend yield	Average of the last three years yield	Time to maturity	Expected life has been calculated as an average of the minimum and maximum life of the options	Expected Volatility	Annual volatility has been calculated as an average of the daily volatility of the listed companies from the peer group for a period commensurate with the remaining time to maturity of the option
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Expected Volatility	Annual volatility has been calculated as an average of the daily volatility of the listed companies from the peer group for a period commensurate with the remaining time to maturity of the option													
(b)	the method used and the assumptions made to incorporate the effects of expected early exercise.	Expected life has been calculated as an average of the minimum and maximum life of the options. No further assumptions on early exercises have been used.												
(c)	how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	Expected Volatility has been calculated based on the historical volatility of the identified peer group company.												
(d)	whether and how any other features of the option granted were incorporated into the measurement of fair value, such as a market condition	None.												

(D) For share options exercised during the period, the weighted average share price at the date of exercise. If options were exercised on a regular basis throughout the period, the entity may instead disclose the weighted average share price during the period.

**IIFL ESOS Scheme 2018**

Sno.	Ref.No	Total options Granted(No.)	Exercise Options(No.)	Lapsed Options(No.)	Outstanding Options(No.)	Exercise Price(Rs.)	Total
1	Ref/07012021/01	1005000	1000	0	1004000	49	49196000
2	Ref/08102021/01	6500000	0	453800	6046200	99.4	600992280
3	Ref/30102019/01	9000000	1218082	1714180	6067738	30.85	187189717.3
<b>Total</b>					<b>13117938</b>		<b>837377997.3</b>

Average Weighted Price(Rs.) : : 63.83

**IIFL Demerger Scheme**

Sno.	Ref.No	Total options Granted(No.)	Exercise Options(No.)	Lapsed Options(No.)	Outstanding Options(No.)	Exercise Price(Rs.)	Total
1	Ref/08082019/01	34700	25000	9700	0	25.79	0
2	Ref/08082019/02	14500	0	14500	0	31.05	0
3	Ref/08082019/03	350000	350000	0	0	26.47	0
4	Ref/08082019/04	25000	0	25000	0	61.4	0
5	Ref/08082019/05	5200	0	5200	0	82.73	0
6	Ref/08082019/06	118170	51460	33600	33110	82.02	2715682.2
7	Ref/08082019/07	332116	56620	47190	228306	82.02	18725658.12
8	Ref/08082019/08	25000	0	13000	12000	218.71	2624520
<b>Total</b>					<b>273416</b>		<b>24065860.32</b>

Average Weighted Price(Rs.) : : 88.02

(E) For share options outstanding at the end of the period, the range of exercise prices and weighted average remaining contractual life. If the range of exercise prices is wide, the outstanding options shall be divided into ranges that are meaningful for assessing the number and timing of additional shares that may be issued and the cash that may be received upon exercise of those options.

Date of Grant	No of options granted	Grant /Exercise Price	Outstanding as on 31.03.2022	Remaining Contractual Life
August 08, 2019	34700	25.78	Nil	Nil
August 08, 2019	14500	31.05	Nil	Nil
August 08, 2019	350000	26.47	Nil	Nil
August 08, 2019	25000	61.4	Nil	Nil
August 08, 2019	5200	82.73	Nil	Nil
August 08, 2019	448326	82.02	261416	0.94
August 08, 2019	25000	218.71	12000	2.08



October 30, 2019	9000000	30.85	6067738	4.58
January 07, 2021	1005000	49.00	1004000	5.78
October 08, 2021	6500000	99.40	6046200	6.53

**(F) 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.**

The diluted EPS is calculated as per the fair value as required under IndAS 102 and the same is shown in the annual financial statements of the Company for the year ended March 31, 2022.