

## ESOS DISCLOSURE

### Employee Stock Option Schemes (ESOS)

#### A. Disclosures pursuant to SEBI (Share Based Employee Benefits) Regulations, 2014 as on 31<sup>st</sup> March 2020:

Sr.No	Particulars	KVB_ESOS_2011	KVB_ESOS_2018
<b>I.</b>	Details of the ESOS that existed anytime during the year		
1	Date of Shareholder's Approval	27th July 2011	24th April 2018
2	Total Number of Options approved under ESOS	2,00,00,000**	79,20,000 (adjusted for Bonus) ***
3	Vesting Requirements	The options have a graded vesting schedule. The first vesting of the stock options shall happen only on completion of one year from the date of grant. Maximum vesting period is three years from the date of Grant	The options have a graded vesting schedule. The first vesting of the stock options shall happen only on completion of one year from the date of grant. Maximum vesting period is three years from the date of Grant
4	Exercise Price or Pricing formula (₹)	The options will be granted at an Exercise Price which shall not be less than the par value of the equity share of the Bank and shall not be more than Market Price.	The Exercise Price per Option shall be such price as may be determined by the Nomination and Remuneration Committee subject to a maximum of 10% (Ten Percentage) discount from the Market Price of a Share of the Bank as on date of Grant of such Option.

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		“Market Price” means the latest available closing price of Shares on the recognized Stock Exchange on which the Shares of the Bank are listed on the date immediately prior to the meeting of Nomination and Remuneration Committee in which Grant is made.	
5	Maximum term of Options granted (years)	5 years from the date of Grant	5 years from the date of Grant
6	Source of shares (Primary, Secondary or combination)	Primary	Primary
7	Variation in terms of options	KVB ESOS 2011 scheme was amended to align with new regulations of SEBI (Share Based Employee Benefits) Regulations, 2014 as issued by SEBI and no material amendments were carried out	No Variation

\* Under both the schemes total quantum of discount shall not to exceed 2% (Two Percentage) of the Profit Before Tax of Previous year.

\*\* KVB-ESOS-2011 Scheme was approved for 40,00,000 options of face value ₹ 10/-, the Options pursuant to split of Shares to face value of ₹ 2/- each have become 2,00,00,000 options

\*\*\* On 09th August 2018, have approved issue of equity shares by way of Bonus in the ratio of 1:10

<b>II.</b>	<b>Method used to account for ESOS</b>
	Bank has calculated the employee compensation cost using the intrinsic value method of accounting for the Options granted under the Scheme

<b>III.</b>	The stock-based compensation cost calculated as per the intrinsic value method for the period April 1, 2019 to March 31, 2020 is ₹ 20,08,122.16. If the stock-based compensation cost was calculated as per the fair value method prescribed by SEBI, the total cost to be recognised in the financial statements for the period April 1, 2019 to March 31, 2020 would be ₹ 61,95,377. The effect of adopting the fair value method on the net income and earnings per share is presented below:
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Pro Forma Adjusted Net Income and Earning Per Share

Particulars	₹
Net Income as reported	2,350,247,293
Add: Intrinsic Value Compensation Cost	2,008,122

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Less: Fair Value Compensation Cost	6,195,377
Adjusted Pro Forma Net Income	2,346,060,039
<b>Earning Per Share: Basic</b>	
As Reported	2.9403
Adjusted Pro Forma	2.9351
<b>Earning Per Share: Diluted</b>	
As Reported	2.9403
Adjusted Pro Forma	2.9351

		KVB_ESOS_2011		KVB_ESOS_2018	
IV. Option Movement during the year		Numbers	Wt. Avg Exercise Price	Numbers	Wt. Avg Exercise Price
1	Number of Options Outstanding at the beginning of the year	525,000	₹ 84.11	200,000	₹ 62.06
2	Number of Options Granted during the year*	0	NA	0	NA
3	Number of Options Forfeited / Cancelled During the year	19,746	₹ 85.45	0	NA
4	Options Lapsed during the year	14,904	₹ 85.45	0	NA
5	Number of Options Vested during the year	174,688	₹ 84.24	60,000	₹ 62.06
6	Number of Options Exercised during the year	0	NA	0	NA
7	Total number of shares arising as a result of exercise of options	0	NA	0	NA
8	Money realised by exercise of options (₹)	0	NA	0	NA
9	Number of options Outstanding at the end of the year	490,350	₹84.02	200,000	₹62.06
10	Number of Options exercisable at the end of the year	174,688	₹84.24	60,000	₹62.06

V	Weighted average exercise price of Options granted during the year whose	
(a)	Exercise price equals market price	No Options granted During the year
(b)	Exercise price is greater than market price	
(c)	Exercise price is less than market price	
	Weighted average fair value of options granted during the year whose	
(a)	Exercise price equals market price	No Options granted During the year
(b)	Exercise price is greater than market price	
(c)	Exercise price is less than market price	

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VI	<b>Employee-wise details of options granted during the financial year 2019-20 to:</b>			
	<b>Senior managerial personnel:</b>			
(i)	<b>Name of Employees</b>	<b>Designation</b>	<b>Number of Options granted during the year</b>	<b>Exercise price</b>
	No Options granted During the year			
	<b>Employees who were granted, during the year, options amounting to 5% or more of the options granted during the year:</b>			
(ii)	<b>Name of Employees</b>	<b>Designation</b>	<b>Number of Options granted during the year</b>	<b>Exercise price</b>
	No Options granted During the year			
	<b>Identified employees who were granted option, during the year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant:</b>			
(iii)	<b>Name of Employees</b>	<b>Designation</b>	<b>Number of Options granted during the year</b>	<b>Exercise price</b>
	No Options granted During the year			

VII Method and Assumptions used to estimate the fair value of options granted during the year:		
Date of grant	KVB_ESOS_2011	KVB_ESOS_2018
1. Risk Free Interest Rate		
2. Expected Life		
3. Expected Volatility		
4. Dividend Yield		
5. Price of the underlying share in market at the time of the option grant (₹)		
		No Options Granted during the year

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### Assumptions:

Stock Price: Closing price on National Stock Exchange before the date of grant has been considered

Volatility: The historical volatility over the expected life has been considered to calculate the fair value.

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

Exercise Price: Exercise Price of each specific grant has been considered.

Time to Maturity: Time to Maturity / Expected Life of options is the period for which the Company expects the options to be live.

Expected divided yield: Expected dividend yield has been calculated based on last declared Final dividend for financial year preceding the date of the grant

### **B. Disclosures in compliance with the Guidance Note on Accounting for Employee Share-based Payments as on 31st March 2020**

The Bank has used intrinsic value method to account for the compensation cost of stock options. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option.

Since the options under the Scheme were granted at Exercise Price less than the market price, the accounting value of the option (compensation cost) is ₹ 20,08,112.

### Description of the ESOP

Particulars	ESOP
Vesting requirements	The options have graded vesting schedule. The first vesting of the stock options shall happen only on completion of one year from the date of grant. Maximum vesting period is three years from the date of Grant
Maximum term of options granted	5 Years
Method of Settlement	Equity settled

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Number and Weighted average Exercise price of Options					
Sr. No	Particulars	KVB_ESOS_2011		KVB_ESOS_2018	
		Number of options	Wt.avg Exercise Price	Number of options	Wt.avg Exercise Price
1	Outstanding at the beginning of the year	525,000	₹ 84.11	200,000	₹ 62.06
2	Granted during the year*	0	NA	0	NA
3	Forefeited during the year	19,746	₹ 85.45	0	NA
4	Exercised during the year	0	NA	0	NA
5	Expired during the year	14,904	₹ 85.45	0	NA
6	Outstanding at the end of the year	490,350	₹ 84.02	200,000	₹ 62.06
7	Exercisable at the end of the period	174,688	₹ 84.24	60,000	₹ 62.06

<b>Weighted Average share price of Options exercised during the year</b>	No Options are exercised during the year
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Range of Exercise price and weighted average remaining contractual life of Outstanding Options				
Scheme	Number of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price (₹)	Range of Exercise Price
KVB_ESOS_2011	490,350	2.83	₹84.02	62.06-85.45
KVB_ESOS_2018	200,000	3.93	₹62.06	62.06