

**UJJIVAN SMALL FINANCE BANK LIMITED**

**ESOP/ ESPS Disclosure (for FY 2022-23)**

**[Pursuant to Regulation 14 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021]**

**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.**

Details have been provided in note No.33 of the Notes forming part of financial statements for the year ended March 31, 2023 in the Bank's Annual Report 2022-23. Annual Report of the Bank is available on the Bank's website at <https://www.ujjivansfb.in/annual-report>

**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.**

The diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options under ESOP 2019 and pursuant to subscription of shares under the monthly ESPS 2019 calculated in accordance with AS-20 is Rs.5.81.

**C. Details related to Employee Stock Option Plan (ESOP 2019):**

**1. A description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS**

**Ujjivan Small Finance Bank- Employee Stock Option Plan 2019 (ESOP 2019)**

The Bank, pursuant to the resolutions passed by the Board on January 22, 2019 and Shareholders on March 29, 2019, adopted the ESOP 2019 for the employees of the Bank and for the employees of Ujjivan Financial Services Limited. The Bank may grant an aggregate number of up to 144,000,000 stock options under the ESOP 2019. Upon exercise and payment of the exercise price, the option holder will be entitled for allotment of one Equity Share per stock option. Accordingly, the number of Equity Shares that may be issued under the ESOP 2019 shall not exceed 144,000,000 Equity Shares of face value ₹10 each. The ESOP 2019 is effective from March 29, 2019. The objectives of ESOP 2019 are, among others, to attract and retain critical talents with stock options as a compensation tool. Through ESOP 2019, our Bank offers an opportunity of sharing the value created with those employees who have contributed or are expected to contribute to the growth and development of our Bank. The ESOP 2019 has been framed and implemented in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014 now SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB Regulations") relevant guidance notes and accounting standards. The Nomination and Remuneration Committee has been entrusted with the responsibility of administering the ESOP 2019.

Total number of options approved under ESOP 2019	144,000,000 options
Vesting requirements	Graded / Cliff vesting
Exercise price or pricing formula	The Exercise Price shall be determined by the Nomination and Remuneration Committee subject to the price not being lower than face value or higher than fair market value as on date of Grant of Options.

Maximum term of options granted	Options granted shall vest within the minimum period of 1 (One) year and maximum period of <b>6 (Six)</b> years from the date of Grant of such Options  Maximum exercise period is 5 years from the date of vesting.
Source of shares (primary, secondary or combination)	Primary
Variation in terms of options	Nil

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

Fair 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**

Not Applicable

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

Number of options outstanding at the beginning of the period	5,44,95,333
Number of options granted during the year	4,82,29,093
Number of options forfeited / lapsed during the year	1,38,29,524*
Number of options vested during the year	83,02,994
Number of options exercised during the year	2,23,918
Number of shares arising as a result of exercise of options	2,01,944**
Money realized by exercise of options (INR), if scheme is implemented directly by the company	Rs. 4,526,550.98
Loan repaid by the Trust during the year from exercise price received	NA
Number of options outstanding at the end of the year	8,86,70,984
Number of options exercisable at the end of the year	8,86,70,984

\*Lapsed options are being added back to the ESOP pool and are available for future grants

\*\*21,974 options exercised in the month of March 2023 have been allotted on April 12, 2023.

**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.**

Weighted-average exercise price as at the end of the year was Rs. 27.35 per option.

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

(a) senior managerial personnel as defined under Regulation 16(d) of the Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015



Sl.	Name	Designation	Total Options Granted	Grant Price	Grant Date
1	Sriram Srinivasan	Chief Digital Officer	80,685	16.7	08-Jun-22
2	MD Ramesh Murthy	Chief Financial Officer-SFB	79,724	26.39	18-Nov-22
3	Sathyananda S Prabhu	Head Of Audit	59,055	26.39	18-Nov-22
4	Ittira Davis	Chief Executive Officer & Managing Director	2,21,970	26.39	18-Nov-22
5	John Christy A	Chief Vigilance Officer	91,772	27.5	27-Jan-23
6	Premkumar G	Head of Admin, Infrastructure and Social Services	1,49,707	27.5	27-Jan-23
7	Martin Pampilly S	Chief Operating Officer	1,88,940	27.5	27-Jan-23
8	Chandralekha Chaudhuri	Head Of Human Resources	1,09,644	27.5	27-Jan-23
9	Sanjeev Barnwal	Company Secretary & Head of Regulatory Framework	2,20,171	27.5	27-Jan-23
10	Arunava Banerjee	Chief Risk Officer	1,91,393	27.5	27-Jan-23
11	Rajaneesh Hosakoppa Rudresha	Head Of Operations	1,02,373	27.5	27-Jan-23
12	Srikumar Vadake Varieth	Head Of Legal	2,52,376	27.5	27-Jan-23
13	Brajesh Joseph Cherian	Chief Compliance Officer	2,38,971	27.5	27-Jan-23
14	Ashim Sarkar	Business Head-MSME	1,74,188	27.5	27-Jan-23
15	Parag Kumar Srivastava	Head Of Financial Institutions Group	2,74,810	27.5	27-Jan-23
16	Lakshman Velayutham	Chief Marketing Officer	1,68,749	27.5	27-Jan-23
17	Murali Chari	Business Head-Rural Banking	1,16,138	27.5	27-Jan-23
18	Pradeep B	Business Head-Housing Loans and Micro Mortgages	2,01,700	27.5	27-Jan-23
19	Vibhas Chandra	Business Head-Micro Banking	2,18,226	27.5	27-Jan-23
20	Sumit Thomas	Head of Branch Banking, TASC&TPP	1,92,473	27.5	27-Jan-23
21	Rajeev Padmanabh Pawar	Head Of Treasury	2,48,377	27.5	27-Jan-23
22	Ashish Goel	Chief Credit Officer	2,45,481	27.5	27-Jan-23

Sl.	Name	Designation	Total Options Granted	Grant Price	Grant Date
23	Carol Kripanayana Furtado	Chief Business Officer	1,74,876	27.5	27-Jan-23

- (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**

Nil

- (c) **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

7. **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	ESOP 2019				
	Vesting 1	Vesting 2	Vesting 3	Vesting 4	Vesting 5
Grant date - 08-08-2019 share price*	40.76	40.76	40.76	40.76	40.76
Exercise price	35	35	35	35	35
Expected volatility	40.08%	40.08%	40.08%	40.08%	40.08%
Option life	3.5	4.5	5.5	6.5	7.5
Expected Dividend	-	-	-	-	-
Risk-free interest rate	5.75%	5.90%	6.03%	6.13%	6.22%

\* based on the FMV received from the valuer since the shares were unlisted on the date of grant.

Particulars	ESOP 2019 - Senior Hire				
	Vesting 1	Vesting 2	Vesting 3	Vesting 4	Vesting 5
Grant date – 02-11-2020 share price*	30.75	30.75	30.75	30.75	30.75
Exercise price (Rs. Per share)	30.75	30.75	30.75	30.75	30.75
Expected volatility	43.50%	41.93%	43.29%	43.12%	41.66%
Expected Option life (Years)	3.5	4.5	5.5	6.5	7.5
Expected Dividend	-	-	-	-	-
Risk-free interest rate	5.30%	5.30%	5.40%	5.40%	5.40%

\* closing price in NSE on the last trading day prior to grant.



Particulars	ESOP 2019 (Senior Hire) Additional				
	Vesting 1	Vesting 2	Vesting 3	Vesting 4	Vesting 5
Grant date – 23-08-2021 share price*	19.7	19.7	19.7	19.7	19.7
Exercise price	19.7	19.7	19.7	19.7	19.7
Expected volatility	45.64%	43.01%	44.95%	43.07%	42.58%
Expected Option life (Years)	3.54	4.54	5.54	6.54	7.54
Expected Dividend	-	-	-	-	-
Risk-free interest rate	5.30%	5.30%	5.40%	5.40%	5.40%

\* closing price in NSE on the last trading day prior to grant.

Particulars	ESOP 2019 (Senior Hire) Additional Grant-2				
	Vesting 1	Vesting 2	Vesting 3	Vesting 4	Vesting 5
Grant date – 05-01-2022 share price*	19.05	19.05	19.05	19.05	19.05
Exercise price	19.05	19.05	19.05	19.05	19.05
Expected volatility	46.95%	43.90%	41.83%	43.58%	42.73%
Expected Option life (Years)	3.56	4.56	5.56	6.56	7.56
Expected Dividend	-	-	-	-	-
Risk-free interest rate	5.30%	5.30%	5.30%	5.30%	5.30%

\* closing price in NSE on the last trading day prior to grant.

Particulars	ESOP 2019 Additional Grant			
	Vesting 1	Vesting 2	Vesting 3	Vesting 4
Grant date – 08-01-2022 share price*	19.95	19.95	19.95	19.95
Exercise price	19.95	19.95	19.95	19.95
Expected volatility	42.48%	44.97%	47.17%	44.18%
Expected Option life (Years)	1.34	2.34	3.34	4.34
Expected Dividend	-	-	-	-
Risk-free interest rate	4.35%	4.95%	5.41%	5.78%

\* closing price in NSE on the last trading day prior to grant.

Particulars	ESOP 2019 (Senior Hire) Additional Grant-3				
	Vesting 1	Vesting 2	Vesting 3	Vesting 4	Vesting 5
Grant date – 23-03-2022 share price*	16.6	16.6	16.6	16.6	16.6
Exercise price	16.6	16.6	16.6	16.6	16.6



Expected volatility	46.95%	43.90%	41.83%	43.58%	42.73%
Expected Option life (Years)	3.56	4.56	5.56	6.56	7.56
Expected Dividend	-	-	-	-	-
Risk-free interest rate	5.30%	5.30%	5.30%	5.30%	5.30%

\* closing price in NSE on the last trading day prior to grant.

Particulars	ESOP 2019 additional Grant 4			
	Vesting 1	Vesting 2	Vesting 3	Vesting 4
Grant date – 08-06-2022 share price*	16.7	16.7	16.7	16.7
Exercise price	16.7	16.7	16.7	16.7
Expected volatility	46.95%	43.90%	41.83%	43.58%
Expected Option life (Years)	3.56	4.56	5.56	6.56
Expected Dividend	-	-	-	-
Risk-free interest rate	5.30%	5.30%	5.30%	5.30%

\* closing price in NSE on the last trading day prior to grant.

Particulars	ESOP 2019 additional Grant 6			
	Vesting 1	Vesting 2	Vesting 3	Vesting 4
Grant date – 18-11-2022 share price*	27.75	27.75	27.75	27.75
Exercise price	26.39	26.39	26.39	26.39
Expected volatility	46.58%	43.53%	44.95%	44.98%
Expected Option life (Years)	1.34	2.34	3.34	4.34
Expected Dividend	7.21%	7.21%	7.21%	7.21%
Risk-free interest rate	6.61%	6.87%	7.03%	7.13%

\* closing price in NSE on the last trading day prior to grant.

Particulars	ESOP 2019 MD 2		
	Vesting 1	Vesting 2	Vesting 3
Grant date – 18-11-2022 share price*	27.75	27.75	27.75
Exercise price	26.39	26.39	26.39
Expected volatility	46.58%	43.53%	44.95%
Expected Option life (Years)	1.34	2.34	3.34
Expected Dividend	7.21%	7.21%	7.21%
Risk-free interest rate	6.61%	6.87%	7.03%

\* closing price in NSE on the last trading day prior to grant.

Particulars	ESOP 2019 additional Grant January 2023			
	Vesting 1	Vesting 2	Vesting 3	Vesting 4
Grant date – 27-01-2023 share price	27.5	27.5	27.5	27.5
Exercise price	27.5	27.5	27.5	27.5
Expected volatility	43.70%	44.05%	44.13%	46.06%
Expected Option life (Years)	1.34	2.34	3.34	4.34
Expected Dividend	7.27%	7.27%	7.27%	7.27%
Risk-free interest rate	6.76%	6.98%	7.11%	7.20%

Particulars	ESOP 2019 Senior Hire 2023			
	Vesting 1	Vesting 2	Vesting 3	Vesting 4
Grant date – 17-02-2023 share price*	27.5	27.5	27.5	27.5
Exercise price	27.5	27.5	27.5	27.5
Expected volatility	43.70%	44.05%	44.13%	46.06%
Expected Option life (Years)	1.34	2.34	3.34	4.34
Expected Dividend	7.27%	7.27%	7.27%	7.27%
Risk-free interest rate	6.76%	6.98%	7.11%	7.20%

\* closing price in NSE on the last trading day prior to grant.

- (b) **the method used and the assumptions made to incorporate the effects of expected early exercise**

At present we do not have any plan of early exercise.

- (c) **how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility**

At the time of grant of the ESOP/ ESPS the Bank was an unlisted entity and hence it has considered industry volatility as a base.

- (d) **whether and how any other features of the options granted were incorporated into the measurement of fair value, such as a market condition**

No other features apart from that disclosed above were incorporated into the measurement of fair value of the option/offer.

#### 8. Disclosures in respect of grants made in three years prior to IPO under each ESOP

Details of the options granted by the NRC prior to the IPO and which has not lapsed or exercised:

Details of Options granted prior to IPO and valid as on March 31, 2022	
Date of Grant: August 09, 2019	
- Vested Options	97,01,670
- Unvested Options	1,41,52,870
Total Options outstanding	2,38,54,540

#### D. Details related to ESPS

##### 1. Ujjivan Small Finance Bank Employee Stock Purchase Scheme 2019 (ESPS 2019)

Pursuant to the resolutions passed by the Board on July 30, 2019 and approval of Shareholders on August 03, 2019, Bank has adopted the ESPS 2019 for the employees of the Bank and for the employees of Ujjivan Financial Services Limited. The ESPS 2019 has been framed in compliance with the provisions of the SEBI Regulations. The objective of the ESPS 2019 is inter-alia to reward the employees of our Bank and of Ujjivan Financial Services Limited (Holding Company) for their association and performance as well as to motivate them to contribute to the growth and profitability of our Bank.

Pursuant to the ESPS 2019, the Board is authorized to issue up to 72,001,840 fully paid up Equity Shares of face value of Rs 10 each with pari passu voting rights, with the existing equity shares, to the eligible



employees of the Bank and of the Holding Company, in accordance with the terms and conditions as may be decided. The Nomination and Remuneration Committee has been entrusted with the responsibility of administering the ESPS 2019 and the said Committee of the Bank has pursuant to its resolution dated August 8, 2019 authorised the opening of the subscription of the ESPS for the eligible employees of the Bank and of the Holding Company at Rs 35 per share. Further, under ESPS 2019, employees of the Bank and Holding Company have the option to subscribe for equity shares at the rate of Rs. 35 per share under a monthly scheme where they open a recurring deposit and pay the complete subscription amount at the end of 12 months, post which the allotment of equity shares would be done.

Date of shareholders' approval	August 03, 2019
Number of shares issued	1,40,75,166
The price at which such shares are issued	Rs. 35 per share
Lock-in period	The Shares allotted pursuant to the ESPS 2019 shall not be transferable in any manner for a minimum period of 1 (one) year from the date of allotment thereof, or any other such greater period as may be decided by the Nomination and Remuneration Committee, from time to time, upto a maximum of 3 (three) years.

**2. The following details regarding allotment made under each ESPS, as at the end of the year:**

The details of the number of shares issued under ESPS	1,40,75,166 number of equity shares have been allotted under the ESPS 2019.
The price at which such shares are issued	Rs. 35 per share
Employee-wise details of the shares issued to; (i) senior managerial personnel;  (ii) any other employee who is issued shares in any one year amounting to 5% or more shares issued during that year;  (iii) identified employees who were issued shares during any one year equal to or exceeding 1% of the issued capital of the company at the time of issuance;	(i) Nil  (ii) Nil  (iii) Nil
Consideration received against the issuance of shares, if scheme is implemented directly by the company	Nil
Loan repaid by the Trust during the year from exercise price received	NA