

SBI CARDS AND PAYMENT SERVICES LTD.

Disclosures pursuant to SEBI (Share Based Employee Benefits) Regulations, 2014 for the FY 20

1. Description of SBI Cards Employee Stock Option Plan 2019.

Pursuant to the recommendation of the Board of Directors in their Meeting held on January 16, 2019, the Shareholders at the Extra-ordinary General Meeting held on February 22, 2019 had approved the SBI Cards - Employees Stock Option Plan – 2019. Post- IPO of the Company, SBI Cards - Employees Stock Option Scheme – 2019 was ratified by the Shareholders through postal Ballot on 17th June 2020.

The objective of employee stock option plan is to reward employees to align individual performance with Company objectives and drive share-holders' value creation, create a culture of ownership among the executives, works towards successful Initial Public offering and employees to enhance their commitment to organization, motivate management to collaborate and attract and retain key talent, critical to organizations' success. The Scheme is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

The Company has granted 131950 performance-based options to eligible employees effective grant date being June 17, 2020 post listing of shares on stock exchange pursuant to IPO.

Other Details are as under:

Total number of options approved under ESOS	Upto 27,970,028 shares subject to adjustments as may be required due to any corporate action as stated in the scheme
Vesting Requirements	<u>Goodwill Grants:*</u> Upon completion of 12 months from the Grant date or 180 days after the date of listing of shares, whichever is later subject to Eligible employee being on the rolls of company at such time. <u>Performance Grants:</u> Participant should be employed with company on the date of vesting. Participant should not be rated 'Does not meet expectations' for the appraisal cycle immediately prior to the vesting date
Exercise price or pricing formula	Rs. 152.10 per equity share



Maximum term of options granted	Goodwill Options: 6 years from the grant date Performance Options: 9 year from the grant date (Last vesting happens at 4 th anniversary after which employee have 5 years to exercise)
Source of shares (primary, secondary or combination)	Primary
Variation in terms of options	NA
Method used to account for ESOS - Intrinsic or fair value.	Fair value.

*Following is the amendment in Scheme w.e.f. from September 17, 2019:-

“The Goodwill Options shall vest upon completion of 12 months from the Grant Date or 180 days after the date of listing of the shares of the Company, whichever is later, subject to all Eligible Employees/ Participant being on the rolls of the Company at such time.”

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

Number of options outstanding at the beginning of the period	Nil
Number of options granted:	
➤ During the year ended March 31, 2020	13,343,700
➤ Till the date of the Annual report for FY 20	13,475,650
Number of options forfeited / lapsed during the year	Nil
Number of options vested during the year	Nil
Number of options exercised during the year	Nil
Number of shares arising as a result of exercise of options	13,475,650
Money realized by exercise of options (INR), if scheme is implemented directly by the company	Nil
Loan repaid by the Trust during the year from exercise price received	N.A
Number of options outstanding at the end of the year	13,343,700
Number of options exercisable at the end of the year	Nil



3. 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.

Please refer Note No. 44 of the Notes to Accounts of the Financial Statements

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

(i) Senior Managerial Personnel (details as on March 31, 2020):

Sl. No.	Name and Designation	Nos. of Options Granted
1	Mr. Richhpal Singh, Chief Operating Officer	245,000
2	Ms. Aparna Kuppuswamy, Chief Risk officer	225,000
3	Mr. Nalin Negi, Chief Financial officer	250,000
4	Mr. Girish Budhiraja, Chief Product and Marketing Officer	250,000
5	Mr. Manish Dewan, Chief Sales Officer	245,000
6	Ms. Rinku Sharma, Chief Compliance Officer	190,000
7	Mr. Ugen Bhutia, Head Legal	180,000
8	Mr. Amit Batra, Head Operations	200,000
9	Mr. Monish Vohra, Head Customer Services	190,000
10	Mr. Pradeep Khurana, Chief Information and Digital Officer	200,000
11	Ms. Anu Gupta, Head Collections	196,000
12	Ms. Payal Mittal Chhabra, Company Secretary	142,500

(ii) Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year.

NIL

(iii) Identified employee who was granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant;

NIL



5. Description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:

The fair value of the options is determined on the date of grant using the Black-Scholes option pricing model, with the following assumptions:

Date of Grant

Goodwill Option September 18, 2019

Performance Based Option September 17, 2019

Particulars	Goodwill options	Performance Based Option
Expected dividend yield	0%	0%
years to expiration	3.5 years	3.5 to 6.5 Years
Risk free rates	6.5%	6.5% to 6.8%
Expected volatility	31.1%	30.9% to 31.2%

Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time which is considered as equivalent to the life to expiration. In the instant case, the volatility of the Company is computed based on the average volatility of the comparable companies listed on stock exchange.

the method used and the assumptions made to incorporate the effects of expected early exercise: The valuer has used average exercise period (from start date post vesting till end date of exercise period) as per standard practice to work out value of options.

whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition: Not applicable

6. Disclosures in respect of grants made in three years prior to IPO under each ESOS

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. – Not Applicable



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.

Please refer Note No. 44 of the Notes to Accounts of the Financial Statements

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.

Please refer Note No. 36 of the Notes to Accounts of the Financial Statements

