

SBI Life Insurance Company Limited

Disclosures pursuant to SEBI (Share Based Employee Benefits) Regulations, 2014

Employees Stock Option Scheme (ESOS)

a) Description of each ESOS

The Company has granted Stock options to eligible employees with a view to attain performance targets, competitiveness, retention of performers and wealth creation for the employees.

The SBI Life Employee Stock Option Plan 2018 ('ESOP 2018') and SBI Life Employees Stock Option Scheme 2018 ('the Scheme' or 'ESOS 2018') has been approved by the shareholders of the Company in the Annual General Meeting (AGM) held on September 27, 2018 based on the recommendation of the Board Nomination & Remuneration Committee ('NRC') and Board of Directors ('Board') in their meetings held on August 31, 2018.

The maximum number of stock options granted to eligible employees in accordance with ESOP 2018 shall not exceed 30,000,000 shares. During any one year, no Employee shall be granted Options equal to or exceeding 1% of the issued share capital of the Company at the time of Grant of Options except with the unless an approval from the Shareholders is taken by way of special resolution in a General Meeting. Further, the maximum number of Options in aggregate granted to an employee under this Plan shall not exceed 1,00,00,000 Options.

The Board Nomination and Remuneration Committee ('NRC') of the Company has approved the grant of 1,041,510 Stock options to eligible employees on December 11, 2018 in accordance with the Company's Employee Stock Option Plan ('ESOP') and Employee Stock Option Scheme ('ESOS') approved by the shareholders of the Company. Out of the total options granted, no options are vested during the year.

The Scheme is in compliance with SEBI (Share Based Employee Benefits) Regulations 2014, as amended from time to time. Further, there are no changes/variation in the scheme.

The salient features of ESOS 2018 are as stated below:

Grant date	December 11, 2018
Number of options granted	1,041,510
Maximum term of options granted/ Contractual Life	7 years from the grant date
Graded Vesting Period	
1st Year	30% of options granted
2nd Year	30% of options granted
3rd Year	40% of options granted
Mode of settlement	Equity shares
Exercise Price	₹ 562.45
Source of shares	Primary

b) Method of Accounting for ESOS

The Company follows intrinsic value method to account for its share-based employee compensation plans. During the year ended March 31, 2019, the Company has granted 1,041,510 options to the eligible employees under ESOS 2018, of which no options are vested or exercised. The Company has recognised a compensation cost of ₹ Nil for the year ended March 31, 2019 (previous year ended March 31, 2018: ₹ Nil) since the intrinsic value of the options is ₹ Nil.

c) Option movement during the year

A summary of status of Company's Employee Stock Option Scheme in terms of options granted, forfeited and exercised is given below:

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	-	-	-	-
Add: Granted during the year	1,041,510	562.45	-	-
Less: Forfeited/lapsed during the year	(2,900)	562.45	-	-
Less: Exercised during the year	-	-	-	-
Outstanding at the end of the year	1,038,610	562.45	-	-
Exercisable at the end of the year ¹	-	-	-	-

¹ It is calculated as options outstanding at the end of the year less options unvested at the end of the period.

The weighted average remaining contractual life of the options outstanding as at March 31, 2019 is 6.7 years (Previous year ended March 31, 2018: Nil).

d) Weighted-average exercise prices and weighted-average fair values of options

Weighted-average exercise price and weighted-average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock is ₹ 562.45 per options and ₹ 198 per option respectively.

e) Disclosure regarding Fair value methodology

Method of computation of Fair Value of Options:

Fair value of option at the grant date is ₹ 198.00. The fair value of options has been calculated using the Black-Scholes model. The key assumptions considered for calculating fair value of the options as on the grant date are as follows:

Particulars	Year ended March 31, 2019	Basis
Risk free interest rate	7.30%	Determined based on G-Sec yield on the grant date corresponding to maturity period equal to expected life of options
Expected life of the options (years)	4.55	Average of the weighted-average time to vesting and the contractual life of options
Expected dividend yield	0.36%	Calculated based on recent rate of dividend declared
Expected volatility	26.78%	Based on historical stock prices using annualised standard deviation of daily change in stock price.

Impact of the fair value method on the net profit and earnings per share:

Had the compensation cost for the Company's stock option plans been determined based on the fair value approach, the Company's net profit for the year and earnings per share (both basic and diluted) would have been as per the proforma amounts indicated below:

Sr. No.	Particulars	Year ended March 31, 2019	Year ended March 31, 2018
1	Net Profit after tax as per Profit & Loss Account available for both basic and diluted earnings per share ₹ ('000)	13,267,964	11,503,922
	Add: Stock-based employee compensation expense under intrinsic value method ₹ ('000)	-	-
	Less: Stock-based compensation expense determined under fair value based ₹ ('000)	33,863	-
2	Net profit (proforma) ₹ ('000)	13,234,101	11,503,922
3	No of equity shares for basic earnings per share	1,000,000,000	1,000,000,000
	Add: Weighted average outstanding options deemed to be issued for no consideration	34,102	NA
4	Weighted average number of equity shares for Diluted Earnings per Share	1,000,034,102	1,000,000,000
5	Basic Earnings per share (₹) (proforma) (2/3)	13.23	11.50
	Diluted Earnings per share (₹) (proforma) (3/4)	13.23	11.50

f) Employee wise details of options granted during the year:

Particulars	Name of Employee	Designation	No. of options granted during the year	Exercise Price per option
A. Senior Managerial Personnel	Mr. Sanjeev Pujari	President Actuarial & Risk Management & Chief Risk Officer	38,010	562.45
	Mr. Anand Pejawar	President Operations, Information Technology and International Business	25,600	
	Mr. Ravi Krishanmurthy	President - Marketing (Zone 1)	19,500	
	Mr. M Anand	President - Marketing (Zone 2)	24,540	
	Mr. Ravindra Kumar	President - Marketing (Zone 3)	14,210	
	Mr. Abhijit Gulanikar	President - Business Strategy	26,270	
	Mr. Sangramjit Sarangi	President & Chief Financial Officer	19,640	
	Mr. Subhendu Kumar Bal	Appointed Actuary	22,930	
	Mr. Gopikrishna Shenoy	Chief Investments Officer	13,150	
	Mr. Ravindra Sharma	SVP & Chief of Brand & Corporate Communication	5,820	
	Mr. Pranay Raniwala	Compliance Officer	2,910	
B. Any other employee who receives a grant in any one year of options amounting to 5% or more of option granted during that year	None	None	Nil	Nil

Particulars	Name of Employee	Designation	No. of options granted during the year	Exercise Price per option
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.	None	None	Nil	Nil

During the year FY 2019, the Company has not granted any loan to its employees for purchasing shares of the Company.

The disclosures pursuant to SEBI (Share Based Employee Benefits) Regulations 2014, Guidance Note on accounting for employee share based payments, disclosure of diluted EPS in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standard have been disclosed in the Notes to Accounts which form part of financial statements in the Annual Report.