

Director's Report Disclosures

The following disclosures needs to be made in the Annexure to the Directors Report as per SEBI Regulations -

A.	The information pursuant to the provisions of Securities and Exchange Board of India (Share Based Employee Benefits & Sweat Equity) Regulations, 2021, erstwhile SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 read with 'Guidance note on accounting for Employee share-based payments' issued by ICAI have been provided in Annexure B to this Report
B.	Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI have been provided in Annexure B to this Report

Annexure B: Details related to ESOS			
Requirements under the SEBI (Share Based Employee Benefits & Sweat Equity) Regulations, 2021			
	Summary of Status of ESOPs Granted		
	The position of the existing schemes is summarized as under -		
Sr. No.	Particulars	KVB_ESOS_2011	KVB_ESOS_2018
I.	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.
		“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	Scheme was amended to align with new regulations of SEBI (Share Based Employee Benefits & Sweat equity) Regulations, 2021 as issued by SEBI and no material amendments were carried out
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*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 Rs. 10/-, the Options pursuant to split of Shares to face value of Rs. 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

II.	Method used to account for ESOS
	Bank has calculated the employee compensation cost using the intrinsic value method of accounting for the Options granted under the Scheme for all employees except Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff. As per the RBI guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff issued on 30th August 2021 the compensation cost for the aforementioned employees is recognised using the Fair value of the options computed using Black Scholes Model.

III.	Effective from April 01, 2021, consequent to the RBI's clarification dated August 30, 2021 on Guidelines on compensation to Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff which advised the banks to fair value share-linked instruments on the date of grant using BlackScholes Model, the Bank has changed its accounting policy from intrinsic value method to fair value method for all employee stock options granted after March 31, 2021. The Fair Value of the stock-based compensation is estimated on the date of grant using BlackScholes model. Grant during November 2020 & outstanding as on date, was made at Market price resulting in nil intrinsic value. For the options granted thereafter the Bank has adopted fair value method, presently there is no requirement for disclosure in director's report.
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IV.	Option Movement during the year	KVB_ESOS_2011		KVB_ESOS_2018	
Sr. no	Particulars	Numbers	Wt. Avg Exercise Price	Numbers	Wt. Avg Exercise Price
1	Number of Options Outstanding at the beginning of the year	6,35,972	₹38.60	6,28,824	₹39.18
2	Number of Options Granted during the year*	0	NA	1,12,755	₹202.77
3	Number of Options Forfeited /Lapsed / Cancelled During the year	38,971	-	82,288	-
4	Number of Options Vested during the year	0	-	2,48,568	₹72.73
5	Number of Options Exercised during the year	3,44,403	₹38.60	3,16,468	₹65.41
6	Total number of shares arising as a result of exercise of options	3,44,403	-	3,16,468	-
7	Money realised by exercise of options (Rs.)	1,32,93,956	-	2,07,00,105	-
8	Number of options Outstanding at the end of the year	2,52,598	₹38.60	3,42,823	₹129.71
9	Number of Options exercisable at the end of the year	2,52,598	₹38.60	19,000	₹38.60

V	Weighted average exercise price of Options granted during the year whose	
(a)	Exercise price equals market price	202.77
(b)	Exercise price is greater than market price	NIL
(c)	Exercise price is less than market price	NIL
	Weighted average fair value of options granted during the year whose	
(a)	Exercise price equals market price	48.03
(b)	Exercise price is greater than market price	NIL
(c)	Exercise price is less than market price	NIL

VI Employee-wise details of options granted during the financial year 2024-25 to:
(i) Senior managerial personnel :

Name of Employees	Designation	Number of Options granted during the year	Exercise price
B Ramesh Babu #	MD & CEO	47,097	202.77
J Natarajan* ^	ED	16,598	202.77
Shekar Ramarajan*	General Manager	23,672	202.77
Nitin Rangasamy*	General Manager	25,388	202.77

#ESOPs are granted for performance period FY 2023-24 as a part of variable pay in terms of compensation structure as approved by Reserve Bank of India.

*ESOPs are granted for performance period FY 2023-24 as a part of variable pay in terms of their compensation structure.

^ For the position held as President

(ii) Employees who were granted, during the year, options amounting to 5% or more of the options granted during the year

Name of Employees	Designation	Number of Options granted during the year	Exercise price
B Ramesh Babu #	MD & CEO	47,097	202.77
J Natarajan* ^	ED	16,598	202.77
Shekar Ramarajan*	General Manager	23,672	202.77
Nitin Rangasamy*	General Manager	25,388	202.77

#ESOPs are granted for performance period FY 2023-24 as a part of variable pay in terms of compensation structure as approved by Reserve Bank of India.

*ESOPs are granted for performance period FY 2023-24 as a part of variable pay in terms of their compensation structure.

^ For the position held as President

(iii) 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.

Name of Employees	Designation	Number of Options granted during the year	Exercise price
Nil			

VII.	Method and Assumptions used to estimate the fair value of options granted during the year 2024-2025:		
	Date of grant	KVB_ESOS_2011	KVB_ESOS_2018
	1. Risk Free Interest Rate	No Options Granted during the year	6.81%
	2. Expected Life		2.00
	3. Expected Volatility		36.42%
	4. Dividend Yield		1.42%
	5. Price of the underlying share in market at the time of the option grant (Rs.)		202.77