

Disclosures with respect to Employees' Stock Option Scheme, 2011 (ESOS - 2011) and Ajanta Pharma Share Based Incentive Plan 2019 (SBIP 2019) as on 31 March 2020:

A. Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by Institute of Chartered Accountants of India or any other relevant accounting standards as prescribed from time to time.

Members may refer to note no. 47 to the audited financial statement prepared as per Indian Accounting Standard (Ind-AS) for the year 2019-2020.

B. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Ind-AS 33.

Diluted EPS for the year ended 31 March 2020 is ₹ 50.55 calculated in accordance with Ind-AS 33 (Earnings per Share).

C. Details related to Employees' Stock Option Scheme

i. Description including terms and conditions of ESOS - 2011 and SBIP 2019 are summarized as under:-

#	Particulars	ESOS - 2011	SBIP 2019
a)	Date of shareholders' approval	1 July 2011	18 July 2019
b)	Total number of options approved under ESOS	13,50,000	5,00,000
c)	Vesting requirements	Vesting period shall not be earlier than one year and not later than five years from the date of grant.	
d)	Exercise price or pricing formula	Exercise price shall be face value of shares i.e. ₹ 2/- .	Exercise price shall not be less than face value and not more than the market value of the equity share of the Company at the time of grant of the option.
e)	Maximum term of option granted	Five years	
f)	Source of shares (Primary, secondary or combination)	Primary	
g)	Variation in terms of options	None	
h)	Method used to account for ESOS	Fair value	
i)	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	

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

Particulars	ESOS - 2011	SBIP 2019
Number of options outstanding at the beginning of the period	11,35,750	5,00,000
Number of options granted during the year	None	500
Number of options forfeited / lapsed during the year	None	0
Number of options vested during the year	7,500	0

Particulars	ESOS - 2011	SBIP 2019
Number of options exercised during the year	7,500	0
Number of shares arising as a result of exercise of options	7,500	0
Money realized by exercise of options (INR), if scheme is implemented directly by the company	₹ 15,000/-	0
Loan repaid by the Trust during the year from exercise price received	N.A.	N.A.
Number of options outstanding at the end of the year	11,35,750	4,99,500
Number of options exercisable at the end of the year	6,000	500

iii. Weighted average Fair Value & exercise price of options granted during the year whose:

#	Particulars	SBIP 2019	
		Fair Value	Exercise price
1.	Exercise price equals market price	N.A.	N.A.
2.	Exercise price is greater than market price	N.A.	N.A.
3.	Exercise price is less than the market price	₹ 1,040.65/-	₹ 2/-

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

#	Particulars	SBIP 2019
1.	Senior managerial personnel	Nil
2.	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and	Nil
3.	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

v. A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:

Fair value calculated by using Black-Scholes option pricing formula

Variables	Information
Risk free rate (%)	5.20%
Expected Life (years)	2 years
Expected Volatility (%)	13.74%
Expected dividend yield (%)	0.55%
Price of the underlying share in the market at the time of option grant	₹ 1,055/-

- **Share price:** The closing price on NSE as on the date of grant has been considered for valuing the options granted.
- **Exercise Price:** Exercise Price is the market price or face value or such other price as determined by the Remuneration and Compensation Committee.
- **Expected Volatility:** The historical volatility of the stock till the date of grant has been considered to calculate the fair value of the options.
- **Expected Option Life:** Expected Life of option is the period for which the Company expects the options to be live. The minimum life of a stock option is the minimum period before which the options cannot be exercised and the maximum life is the period after which the options cannot be exercised.
- **Risk free rate of return:** The risk free discount rate assumed is equivalent to the average term of the option. The interest rate on the government bonds with equivalent term is approximately 5.20% p.a. Hence, the same is used for our calculation.
- **Expected dividends:** Expected dividend yield has been calculated as an average of dividend yields for four years preceding the date of the grant.