

Disclosure pursuant to the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

The details of stock options as on 31st March, 2020 under Employee Stock Option Scheme 2013-A ("ESOS 2013-A") are given below:

Directors Report Disclosures

Statement as at 31st March, 2020, pursuant to regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014

A. Summary of Status of ESOPs Granted

The description of the existing scheme is summarized as under -

Sr. No	Particulars	ESOS 2013 - A
1	Details of the Meeting	22 nd August, 2013
2	Total number of options approved	84,44,528
3	Vesting Requirement	The options would vest not earlier than 1 year and not later than 2 years from the date of grant of Options
4	Exercise Price (₹)	2.00
5	Maximum term of Options Granted	6 - 7 years
6	Sources of Shares	Primary
7	Variation in terms of options	Not Applicable
8	Method used for Accounting of ESOP	Fair Value Method
9	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with (AS) 20 Earnings Per Share	The diluted EPS of the Company calculated after considering the effect of potential equity shares arising on account of exercise of options is ₹19.16 per share.

The movement of options during the year are as follows:

Sr. No	Particulars	ESOS 2013 - A
1	No. of Options outstanding at the beginning of the year	10,55,791
2	No. of Options Granted during the year	4,89,195
3	No. of Options Cancelled / Lapsed during the year	82,006
4	No. of Options Vested during the year	3,61,488
5	No. of Options Exercised during the year	5,37,973
6	No. of Shares arising as a result of exercise of options	5,37,973
7	Money realised by exercise of options during the year 2019-20 (₹)	10,75,946
8	Loan repaid by the trust during the year from the exercise price received	NIL
9	No. of Options outstanding at the end of the year	9,25,007
10	No. of Options exercisable at the end of the year	2,15,936

B. Employee-wise details of options granted during the financial year 2019-20 to:

(i) Senior managerial personnel

Name of employee	Designation	No. of Options granted
Umang Vohra	Managing Director & Global Chief Executive Officer	1,50,118
R. Ananthanarayanan ¹	Global Chief Operating Officer	53,244
Ranjana Pathak	Global Head Quality, Medical Affairs and Pharmacovigilance	31,947
Geena V Malhotra	Global Chief Technology Officer	26,622

(i) Senior managerial personnel (Contd..)

Name of employee	Designation	No. of Options granted
Kedar Upadhye	Global Chief Financial Officer	23,960
Chandru Chawla	Head - US Specialty Business	23,960
Sanjay S Bhanushali	Chief of Staff (CEO's Office)	18,636
R Gopalakrishnan	Head - India Generics	13,313
Raju Mistry	Global Chief People Officer	13,311
Nikhil A Chopra	CEO India Business	13,311
Shrinivas Purandare	Head - Regulatory Affairs	7,987
Nishant Saxena ²	Global Chief Strategy Officer	7,765
A S Kumar	Global General Counsel	3,550
Rajendra Chopra	Company Secretary	888
Vikas Vij	Head - API Commercial	888

¹ Resigned w.e.f 31st December, 2019 and all options were lapsed

² transferred to payroll of subsidiary company w.e.f 14th October, 2019

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

Name of employee	No. of Options granted
Umang Vohra	1,50,118
R. Ananthanarayanan*	53,244
Ranjana Pathak	31,947
Geena V Malhotra	26,622

* Resigned w.e.f 31st December, 2019 and all options were lapsed

(iii) 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.

Name of employee
NIL

C Weighted average Fair Value of Options granted during the year whose -

Particulars	ESOS 2013 - A
(a) Exercise price equals market price	Nil
(b) Exercise price is greater than market price	Nil
(c) Exercise price is less than market price	521.64

Weighted average Exercise price of options granted during the year whose -

Particulars	ESOS 2013 - A
(a) Exercise price equals market price	Nil
(b) Exercise price is greater than market price	Nil
(c) Exercise price is less than market price	2.00

D.

i) Method and Assumptions used to estimate the fair value of options granted during the year:

The fair value has been calculated using the Black Scholes Option Pricing model

The Assumptions used in the model are as follows:

Variables	ESOS 2013 -A
1. Risk Free Interest Rate	6.64%
2. Expected Life(in years)	4.21
3. Expected Volatility	24.71%
4. Expected Dividend Yield	0.56%
5. Price of the underlying share in market at the time of the option grant. (₹)	535.64

Volatility is the 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 Black & Scholes pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. For calculating volatility, the daily volatility of the stock prices on the National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options has been considered. The expected life is considered as average of the minimum & maximum life of the options.

There are no market conditions attached to the grant and vest.

3. Disclosures related to Trust

The following details, inter alia, in connection with transactions made by the Trust meant for the purpose of SEBI Regulations

Sr. No	Particulars	Details
1	Name of the Trust	Cipla Employee Stock Option Trust
2	Details of the Trustee(s)	i) Mr. Anindya Shee ii) Mr. Rahul Verma
3	Amount of loan disbursed by company / any company in the group, during the year	Nil
4	Amount of loan outstanding (repayable to company / any company in the group) as at the end of the year	Nil
5	Amount of loan, if any, taken from any other source for which company / any company in the group has provided any security or guarantee	Nil
6	Any other contribution made to the Trust during the year	Initial Corpus fund of ₹5,000
7	Brief details of transactions in shares by the Trust	There were no transactions in Cipla Employees Stock Option Trust during the year