

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

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Statement as at 31st March, 2021, pursuant to clause 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	ESAR 2021
1	Details of shareholders approval	22 nd August, 2013	25 th March, 2021
2	Total number of options / shares approved	84,44,528 options	33,00,000 shares
3	Vesting Requirements	The options would vest not earlier than 1 year and not later than 2 years from the date of grant of Options	The options would vest not earlier than 1 year and not later than 5 years from the date of grant of Options
4	Exercise Price (₹)	2.00	2.00
5	SAR price or pricing formula	-	SAR price is the volume weighted average price (VWAP) during the thirty calendar days immediately prior to the date of grant, of the shares quoted on the recognized stock exchange, on which the shares of the Company are listed, having higher trading volume
6	Maximum term of Options / SARs Granted	6 - 7 years	No SARs have been granted under the Scheme during the year
7	Sources of shares	Primary	Primary
8	Method of settlement (whether in cash or equity)	Not Applicable	Equity
9	Choice of settlement (with the company or the employee or combination)	Not Applicable	Not Applicable
10	Variation in terms of Options / SARs	Not Applicable	Not Applicable
11	Method used for Accounting of ESOP	Fair Value Method	Fair Value Method
12	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 ₹ 29.79 per share.	Not Applicable

The movement of options during the year are as follows:

Sr. No.	Particulars	ESOS 2013-A	ESAR 2021
1	No. of Options / SARS outstanding at the beginning of the year	9,25,007	
2	No. of Options / SARs Granted during the year	2,66,459	
3	No. of Options / SARs Cancelled / lapsed during the year	1,35,219	
4	No. of Options / SARs Vested during the year	5,26,841	No SARs have been granted under the Scheme during the year
5	No. of Options / SARs Exercised during the year	2,24,040	
6	No. of Shares arising as a result of exercise of Options/SARs	2,24,040	
7	Money realised by exercise of Options/ SARs during the year 2020-21 (₹)	4,48,080	
8	Loan repaid by the trust during the year from the exercise price received	Not Applicable	
9	No. of Options / SARs outstanding at the end of the year	8,32,207	
10	No. of Options / SARs exercisable at the end of the year	3,08,586	

B. Employee-wise details of options granted during the financial year 2020-21 to:

(i) Senior managerial personnel

Name of employee	Designation	ESOS 2013-A No. of Options granted	ESAR 2021 No. of SARs granted
A S Kumar	Global General Counsel	3,520	No SARs have been granted under the Scheme during the year
Geena Malhotra	Global Chief Technology Officer	26,399	
Heena Kanal	Head - Corporate Communications	880	
Kedar Upadhye	Global Chief Financial Officer	23,759	
Swapn Malpani	Global Head Supply Chain	5,280	
Sunil Gupta	Head - India Generics	2,112	
Vikas Vij	Head - API Commercial & CGA	1,320	
Vikas Gupta	Cluster Head - Acute - India Business	7,920	
Ranjana Pathak	Global Head Quality, Medical Affairs and Pharmacovigilance	26,399	
Raju Mistry	Global Chief People Officer	24,639	
Rajendra Chopra	Company Secretary	880	

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

Name of employee	ESOS - 2013 - A No. of Options granted	ESAR 2021 No. of SARs granted
Geena V Malhotra	26,399	No SARs have been granted under the Scheme during the year
Kedar Upadhye	23,759	
Nikhil A Chopra ¹	21,999	
Ranjana Pathak	26,399	
Raju Mistry	24,639	
Sumesh Reddy	14,520	

¹ Resigned w.e.f 25th September 2020 and all options were lapsed.

- (iii) Identified employees who were granted options, in any 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	ESOS 2013-A	ESAR 2021
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	547.26

D. 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

E. 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	5.46%
2. Expected Life(in years)	4.45
3. Expected Volatility	26.67%
4. Expected Dividend Yield	1.05%
5. Price of the underlying share in market at the time of the option grant (₹)	569.75

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.

F. Disclosures related to Trust

The Cipla Employee Stock Option Trust has not entered into any transactions since its formation in October 2015. The Operations and Administrative Committee of the Board of Directors of the Company has on 1st June 2020, passed a resolution to dissolve the Trust.