

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

Relevant disclosures in terms of the "Guidance Note on Accounting for Employee Share-based Payments" issued by ICAI has been made in Notes to Accounts attached to the Annual Report.

The details of stock options as on 31st March, 2017 under the Employee Stock Option Scheme 2013 ("ESOS 2013") and Employee Stock Option Scheme 2013-A ("ESOS 2013-A") are given below:

A. Summary of Status of ESOS Granted

The description of the existing scheme is summarized as under:

Sr. No.	Particulars	ESOS 2013	ESOS 2013 - A
1	Date of shareholders' approval	8 th April, 2013	22 nd August, 2013
2	Total number of options approved	10,00,000	84,44,528
3	Vesting requirement	The options shall vest over a period of 5 years in a phased manner	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 (₹)	197.50	2
5	Maximum term of Options Granted	10 years	6 - 7 years
6	Sources of Shares	Primary	Primary
7	Variation in terms of options	Not Applicable	Not Applicable
8	Method used for Accounting of ESOP	Fair Value Method	Fair Value Method
9	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Options 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 ₹ 12.11 per share.	

The movement of options during the year are as follows:

Sr. No.	Particulars	ESOS 2013	ESOS 2013 - A
1	No. of Options outstanding at the beginning of the year	10,00,000	19,78,450
2	No. of Options Granted during the year	-	6,35,952
3	No. of Options Forfeited/Lapsed during the year	4,00,000	3,81,981
4	No. of Options Vested during the year	2,00,000	5,77,786
5	No. of Options Exercised during the year	6,00,000	5,31,378*
6	No. of Shares arising as a result of exercise of options (as of 31 st March, 2017)	6,00,000	5,25,792*
7	Money realized by exercise of options during FY 2016-17	₹ 1,185 lakhs	₹ 10.63 lakhs
8	Loan repaid by the trust during the year from the exercise price received	Not Applicable	Nil
9	No. of Options outstanding at the end of the year	Not Applicable	17,01,043
10	No. of Options exercisable at the end of the year	Not Applicable	5,14,889

* 5586 Options were exercised in the month of March 2017 but equity shares were allotted after the financial year ended on 31st March, 2017

B. Employee-wise details of options granted during FY 2016-17 under ESOS 2013-A to:

(i) Senior managerial personnel

Name and designation of employee	No. of Options granted
Mr. Umang Vohra - Managing Director and Global Chief Executive Officer	65629
Mr. Prabir Kumar Jha - Global Chief People Officer	52504
Dr. Ranjana Pathak - Global Head - Quality	37878
Ms. Geena Malhotra - Global Head - Integrated Product Development	25352
Mr. Chandru Chawla - Global Head - CNV, Strategy and M&A	24114
Mr. Sanjay Bhanushali - Global Head - SCM, API, Vet	21051
Mr. Kedar Upadhye - Global Chief Finance Officer	20280
Mr. Raju Subrahmanyam - Global Head - Manufacturing	15809
Mr. R. Gopalakrishnan - Head - Domestic Generics	14064
Mr. Nikhil Chopra - Head - India Business	14064
Mr. Sharad Jain - Head - CGA Operations	4300

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

Name and designation of employee	No. of Options granted
Mr. Umang Vohra - Managing Director and Global Chief Executive Officer	65629
Mr. Prabir Jha - Global Chief People Officer	52504
Dr. Ranjana Pathak - Global Head - Quality	37878

(iii) Identified employees who were granted Options, 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

C. Weighted average Fair Value of Options granted during the year

Particulars	ESOS 2013	ESOS 2013 - A
a. Exercise price equals market price	No Options granted during the year	Nil
b. Exercise price is greater than market price		Nil
c. Exercise price is less than market price (₹)		524.73

Weighted average Exercise Price of Options granted during the year

Particulars	ESOS 2013	ESOS 2013 - A
a. Exercise price equals market price	No Options granted during the year	Nil
b. Exercise price is greater than market price		Nil
c. Exercise price is less than market price (₹)		2.00

D. Method and Assumptions used to estimate the fair value of options granted during the year:

(i) The fair value has been calculated using The Black Scholes valuation model. The assumptions used in the model are as follows:

Variables	ESOS 2013	ESOS 2013 - A
1 Risk Free Interest Rate	No Options Granted during the year	6.64%
2 Expected Life (in years)		4.50
3 Expected Volatility		24.83%
4 Expected Dividend Yield		0.37%
5 Price of the underlying share in market at the time of the option grant		535.07

(ii) 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 valuation 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 of India Limited, 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.

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

E. Disclosures related to Trust

Sr. No.	Particulars	Details
1	Name of the Trust	Cipla Employees Stock Option Trust
2	Details of the Trustee(s)	i) Mr. Gautam Rohidekar ii) Mr. Jasbir Kochar
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: ₹ 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