

Annexure on Disclosure regarding Employees Stock Option Scheme - 2018 for the year ended 31st March, 2024

A. Relevant disclosures in terms of the 'Guidance note on accounting for Employee Share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time:

Members may refer to the audited financial statements (Standalone & Consolidated) prepared as per Indian Accounting Standard (IND-AS) for the year 2023-24. The same is available at <https://www.unichemlabs.com/annual-report.php>

B. Diluted EPS on issue of shares pursuant to all the Schemes covered under the Regulations shall be disclosed in accordance with 'IND-AS 33-Earnings per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time:

Diluted EPS for the year ended 31st March, 2024 is ₹ (13.09) (Standalone) calculated in accordance with IND-AS 33.

C. Details related to Employee Stock Option Scheme 2018 of the Company for the year ended 31st March, 2024:

(i) Description of the Employee Stock Option Scheme 2018 as under:

| Particulars | Scheme Details |
|--|--|
| Date of Shareholders' approval through Postal Ballot | 15th May, 2018 |
| Total number of Options approved under ESOS | 52,75,275 |
| Vesting requirements | The employees shall be granted options which will be vested on the expiry ranging from 1 year to 3 years from the grant date. |
| Exercise price or pricing formula | The exercise price will be determined by the Nomination and Remuneration Committee ('NRC') in accordance with the Scheme, at the time of grant of Options and will be detailed in the letter of grant. In any event, the Exercise Price will not be below the par value of the Equity Shares |
| Maximum term of Options granted | See note below |
| Source of Shares (Primary, Secondary or combination) | Primary |
| Variation in terms of Options | See note below |

Note: 52,75,275 Options were approved out of which 20,12,224 were granted and was due for vesting and exercise as per the below table:

| Tranche of Options | Vesting Date | Current Exercise period | Extended Exercise Period |
|--------------------|-----------------|--|---|
| 7,56,112 options* | 1st April, 2022 | Within 15 months from the vesting date (upto 30th June, 2023) | The NRC of the Company at its meeting held on 6th February, 2023, had extended the exercise period by additional 12 months (upto 30th June, 2024) |
| 7,56,112 options* | 1st April, 2023 | Within 15 months from the vesting date (upto 30th June, 2024) | No change |
| 2,50,000 options | 1st July, 2024 | Within 15 months from the vesting date (upto 30th September, 2025) | No change |
| 1,25,000 options | 1st May, 2025 | Within 15 months from the vesting date (upto 31st July, 2026) | No change |
| 1,25,000 options | 1st May, 2026 | Within 15 months from the vesting date (upto 31st July, 2027) | No change |

*During the year ended 31st March, 2024, outstanding ESOPs have been surrendered by the employees of the Company and that of its Subsidiary.

(ii) Method used to account for ESOS - Fair Value Method/Intrinsic:

Under INDAS, Fair value method is used for accounting.

(iii) 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 and the impact of this difference on profits and on EPS of the Company: Not applicable.

(iv) **Option movement during the year:**

| Particulars | Details |
|---|-------------|
| Number of Options outstanding at the beginning of the period | 15,12,224 |
| Number of Options granted during the year | 5,00,000 |
| Number of Options forfeited/lapsed during the year | 15,12,224 * |
| Number of Options vested during the year | - |
| Number of Options exercised during the year | - |
| Number of shares arising as a result of exercise of Options | - |
| Money realized by exercise of Options (INR), if scheme is implemented directly by the Company | - |
| Loan repaid by the Trust during the year from exercise price received | N.A. |
| Number of Options outstanding at the end of the year | 5,00,000 |
| Number of Options exercisable at the end of the year | - |

* Options forfeited during the year is added back to the pool of options as per the Scheme

(v) **Weighted-average exercise prices and weighted-average fair values of Options under the Employees Stock Option Scheme - 2018 of the Company:**

| Particulars | Exercise Price | Fair value |
|--|----------------|------------|
| Exercise price equals market price | N.A. | N.A. |
| Exercise price is greater than market price | N.A. | N.A. |
| Exercise price is less than the market price | ₹ 370.00 | ₹ 121.77 |

Fair Value calculated based on Black & Scholes Option Pricing Model.

(vi) **Employee wise details (name of employee, designation, number of Options granted during the year, exercise price) of Options granted during the year (excluding lapsed options):**

(a) **senior managerial personnel:** Nil

(b) **any other employee who receives a grant in any one year of Option amounting to 5% or more of option granted during the year 2023-2024:**

Mr. Scott Delaney, President and Chief Executive Officer (employee of Unichem USA, subsidiary of Company) was granted 5,00,000 options at an exercise price of ₹ 370 per share

(c) **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

(vii) **A description of the method and significant assumptions used during the year to estimate the fair value of Options including, the weighted average values of share price, exercise price, expected volatility, expected Option life, expected dividends, the risk-free interest rate and any other inputs to the model; the method used and the assumptions made to incorporate the effects of expected early exercise, how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and whether and how any other features of the Option grant were incorporated into the measurement of fair value, such as a market condition:**

The fair value of the Option has been determined using the Black Scholes Options Pricing Model. The assumptions used in this model for calculating fair value are as below:

| Particulars | Details |
|---|---------|
| Exercise price (₹) | 370.00 |
| Risk free interest rate (%) | 7.11 |
| Expected life (Years) | 2.52 |
| Expected volatility (%) | 48.33 |
| Expected dividend yield (%) | 1.38 |
| The price of the underlying share in the market at the time of Option grant (₹) | 374.60 |

For and on behalf of the Board of Directors,

Mumbai
22nd May, 2024

Dr. Prakash A. Mody
Chairman
DIN.: 00001285