

**Disclosure regarding Employees Stock Option Scheme - 2008 for the year ended March 31, 2019.**

- 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 2018-2019. The same is available at <https://unichemlabs.com/investor-information/annual-report/>.

- B. Diluted EPS on issue of Shares pursuant to all the Schemes covered under the Regulations shall be disclosed in accordance with ‘Accounting Standard 20-Earnings per Share’ issued by ICAI or any other relevant accounting standards as prescribed from time to time:**

Diluted EPS for the year ended March 31, 2019 is Rs. 1.25 (Standalone) calculated in accordance with IND-AS 33.

- C. Details related to Employees Stock Option Scheme - 2008 of the Company for the year ended March 31, 2019:**

- (i) Description of the Employees Stock Option Scheme - 2008 as under:**

| <b>Date of Shareholders’ approval through Postal Ballot</b> | <b>Total number of Options approved under ESOS</b> | <b>Vesting requirements</b>  | <b>Exercise price or pricing formula</b> | <b>Maximum term of Options granted</b>                               | <b>Source of Shares (Primary, Secondary or combination)</b> | <b>Variation in terms of Options</b>                     |
|---|--|--|--|--|---|--|
| 28.11.2008  | 12,50,000  | 10% within 12 months<br>15% within 24 months<br>20% within 36 months<br>25% within 48 months<br>30% within 60 months | Rs. 46 per Share                         | The Options can be exercised within 5 years from the date of vesting | Primary   | No modifications were made to the scheme during the year |

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

Under IND-AS, 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 year                                    | 31,250         |
| Number of Options granted during the year   | Nil            |
| Number of Options forfeited/lapsed during the year  | Nil            |
| Number of Options vested during the year  | 37,500         |
| Number of Options exercised during the year   | 46,250         |
| Number of Shares arising as a result of exercise of Options                                   | 46,250         |
| Money realized by exercise of Options (INR), if scheme is implemented directly by the Company | 21,27,500      |
| Loan repaid by the Trust during the year from exercise price received                         | Not Applicable |
| Number of Options outstanding at the end of the year  | 22,500         |
| Number of Options exercisable at the end of the year  | 22,500         |

(v) Weighted-average exercise prices and weighted-average fair values of Options under the Employees Stock Option Scheme of the Company 2008:

| Particulars                       | For Options granted on 26.3.2009 | For Options granted on 17.6.2009 | For Options granted on 8.3.2014 |
|-----------------------------------|----------------------------------|----------------------------------|---------------------------------|
| Weighted Average Price (Rs.)      | 115.00                           | 115.00                           | 46.00                           |
| Weighted Average fair value (Rs.) | 68.13                            | 102.05                           | 149.49                          |

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

(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 2018-2019: Nil

(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:

| <b>Particulars</b>  | <b>For Options granted on 26.03.2009</b> | <b>For Options granted on 26.03.2009</b> | <b>For Options granted on 08.03.2014</b> |
|---|--|--|--|
| Risk free interest rate (%)   | 5.3200                                   | 4.6244                                   | 9.0109                                   |
| Expected life (Years)   | 5  | 5  | 5  |
| Expected volatility (%)   | 41.00                                    | 41.20                                    | 26.47                                    |
| Expected dividend yield (%)   | 3.70                                     | 3.80                                     | 3.80                                     |
| The price of the underlying share in the market at the time of Option grant (Rs.) | 160.05                                   | 211.50                                   | 221.90                                   |

Mumbai  
May 24, 2019

**Dr. Prakash A. Mody**  
Chairman & Managing Director  
(DIN 00001285)

**Disclosure regarding Employee Stock Option Scheme 2018 for the year ended March 31, 2019**

- 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 2018-2019. The same is available at <https://unichemlabs.com/investor-information/annual-report/>.

- B. **Diluted EPS on issue of Shares pursuant to all the Schemes covered under the Regulations shall be disclosed in accordance with ‘Accounting Standard 20-Earnings Per Share’ issued by ICAI or any other relevant accounting standards as prescribed from time to time:**

Diluted EPS for the year ended March 31, 2019 is Rs. 1.25 (Standalone) calculated in accordance with IND-AS 33.

- C. **Details related to Employee Stock Option Scheme 2018 of the Company for the year ended March 31, 2019:**

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

| <b>Date of Shareholders’ approval through Postal Ballot</b> | <b>Total number of Options approved under ESOS</b> | <b>Vesting requirements</b>                            | <b>Exercise price or pricing formula</b>   | <b>Maximum term of Options granted</b>     | <b>Source of Shares (Primary, Secondary or combination)</b> | <b>Variation in terms of Options</b>                     |
|---|--|--|--|--|---|--|
| 15.05.2018  | 52,75,275  | 50% on April 01, 2022<br>Balance 50% on April 01, 2023 | The exercise Price will be determined by the Nomination and Remuneration Committee 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 | Within 15 months from the date of vesting. | Primary   | No modifications were made to the scheme during the year |

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

Fair value method/Intrinsic: Under IND AS, 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:**

| <b>Particulars</b>  | <b>Details</b> |
|---|----------------|
| Number of Options outstanding at the beginning of the period                                  | Nil            |
| Number of Options granted during the year   | 16,88,064      |
| Number of Options forfeited/lapsed during the year  | Nil            |
| Number of Options vested during the year  | Nil            |
| Number of Options exercised during the year   | Nil            |
| Number of shares arising as a result of exercise of Options                                   | Nil            |
| Money realized by exercise of options (INR), if scheme is implemented directly by the company | Nil            |
| Loan repaid by the Trust during the year from exercise price received                         | Not Applicable |
| Number of Options outstanding at the end of the year  | Nil            |
| Number of Options exercisable at the end of the year  | Nil            |

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

| <b>Particulars</b>                | <b>For Options granted on 06.08.2018</b> | <b>For Options granted on 19.11.2018</b> |
|-----------------------------------|--|--|
| Weighted Average Price (Rs.)      | 250                                      | 250                                      |
| Weighted average fair value (Rs.) | 80                                       | 80                                       |

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

**(a) senior managerial personnel:**

| <b>Sr. No.</b> | <b>Name of employee</b>    | <b>Designation</b>                                | <b>Number of Options granted during the year</b> | <b>Exercise Price per share (Rs.)</b> |
|----------------|----------------------------|---|--|---------------------------------------|
| 1              | Mr. Dilip Kunkolienkar     | Director Technical                                | 2,46,176   | 250                                   |
| 2              | Dr. Ashwani Kumar          | Chief Manufacturing & Compliance Officer          | 1,75,840   | 250                                   |
| 3              | Mr. A.V. Anantharaman      | Chief human Resources & Compliance Officer        | 1,75,840   | 250                                   |
| 4              | Mr. Jalesh Burye           | Chief Quality & Compliance Officer                | 2,11,008   | 250                                   |
| 5              | Dr. Dhananjay Sathe        | Chief Scientific & Compliance Officer             | 1,75,840   | 250                                   |
| 6              | Mr. Santosh Kumar Mahil    | Head-International Business Development           | 1,75,840   | 250                                   |
| 7              | Mr. Scott Delaney          | President & CEO Unichem Pharmaceuticals (USA) Inc | 3,51,680   | 250                                   |
| 8              | Late Mr. Gajendra Ghanekar | Chief Procurement Officer                         | 1,75,840   | 250                                   |

**(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 2018-19: Nil**

**(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:

| <b>Particulars</b>  | <b>For Options granted on 06.08.2018</b> | <b>For Options granted on 19.11.2018</b> |
|---|--|--|
| Risk free interest rate (%)   | 7.37                                     | 7.37                                     |
| Expected life (Years)   | 4.27                                     | 5.27                                     |
| Expected volatility (%)   | 34                                       | 34                                       |
| Expected dividend yield (%)   | 1.63                                     | 1.63                                     |
| The price of the underlying share in the market at the time of Option grant (Rs.) | 234.80                                   | 234.80                                   |

Mumbai  
May 24, 2019

**Dr. Prakash A. Mody**  
Chairman & Managing Director  
(DIN 00001285)