

DISCLOSURES PERTAINING TO STOCK OPTIONS GRANTED BY THE COMPANY DURING FY 2023-24

Pursuant to Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

During FY 24, the Company implemented Aarti Pharmalabs Limited Performance Stock Option Plan 2023 ("PSOP 2023"). Accordingly, the information pertaining to stock options granted by the Company under the aforesaid Scheme and as required under the applicable provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 are disclosed below:

A. Relevant disclosures in terms of the Indian accounting standards prescribed by the Central Government in terms of section 133 of the Companies Act, 2013 including the 'Guidance note on accounting for employee share-based payments' issued in that regards from time to time.

Please refer to Note no. 34 of the Notes forming part of the Standalone Financial Statements for FY 2023-24.

B. Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Indian Accounting Standard 33- Earnings Per Share' issued by Central Government or any other relevant Indian accounting standards as issued from time to time.

Please refer to Note no. 33 of the Notes forming part of the Standalone Financial Statements for FY 2023-24.

C. Details related to the the Performance Stock Option Plan;

A description of PSOP 2023 that existed during the year, including the general terms and conditions of the said PSOP are given below;

1. Date of Shareholders' approval	September 14, 2023
2. Total Number of Options approved under the plan	7,00,000
3. Vesting Requirements	1/3 rd of the total granted options will get vested on the anniversary of Grant Date for a period of three (3) years
4. Exercise price or pricing formula	₹ 5/- (Rupees Five Only) each
5. Maximum Term of Options Granted	Seven (7) years from the date of grant
6. Source of shares	Primary
7. Variation in terms of options	None

(i) Method used to account for PSOP

The Company has accounted for PSOP basis fair value of options as per the Black-Scholes Option Pricing Model. For further details, refer to Note no. 34 of the Notes forming part of Standalone Financial Statements for FY 2023-24.

(ii) 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 shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.

Not Applicable.

(iii) Option movement during the year under PSOP 2023;

Particulars	Number
Number of options outstanding at the beginning of the year	0
Number of options granted during the year	31,700
Number of options forfeited, cancelled / lapsed during the year	0
Number of options vested during the year	0
Number of options exercised during the year	0

Particulars	Number
Number of shares arising as a result of exercise of options during the year (including options that have been exercised during the year but the allotment was made post March 31, 2024)	0
Money realized by exercise of options during the year (₹), if scheme is implemented directly by the company	0
Loan repaid by the Trust during the year from exercise price received	NA
Number of options outstanding at the end of the year	31,700
Number of options exercisable at the end of the year	0

(iv) **Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.**

The details of Weighted-average exercise prices and weighted-average fair values of options are disclosed in Note no. 34 to Notes forming part of the Standalone Financial Statements FY 2023-24.

(v) **Employee wise details (name of employee, designation, number of options granted during the year FY 2023-34, exercise price) of options granted to –**

(a) Senior Managerial Personnel as defined under Regulation 16(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

S. No.	Name of the Employee	Number of Options proposed to be granted
1.	Shri Narendra J. Salvi	25,000
2.	Dr. Bharat Patravale	2,500
3.	Shri Jasmin Mehta	2,000
4.	Shri Piyush Lakhani	1,000
5.	Shri Sachin Patil	1,200
Total		31,700

(b) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year (FY 2023-24); and

None

(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.

Not Applicable

(vi) **A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:**

(a) 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;

Refer note no. 34 to notes to accounts forming part of Standalone Financial Statements for FY 2023-24.

(b) the method used and the assumptions made to incorporate the effects of expected early exercise;

Refer note no. 34 to notes to accounts forming part of Standalone Financial Statements for FY 2023-24.

(c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility;

Expected volatility is based on the historical volatility of the Company's share price applicable to the total expected life of each option.

(d) whether and how any other features of the options granted were incorporated into the measurement of fair value, such as a market condition.

Not Applicable

D. Details related to ESPS: Not Applicable

E. Details related to SAR: Not Applicable

F. Details related to GEBS/RBS: Not Applicable

G. Details related to Trust: Not Applicable