



ERIS LIFESCIENCES LIMITED

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CIN: L24232GJ2007PLC049867

DISCLOSURES WITH RESPECT TO EMPLOYEES' STOCK OPTION PLAN, 2017 OF THE COMPANY PURSUANT TO RULE 12 OF THE COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014, REGULATION 14 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 AND SEBI CIRCULAR CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 AS ON MARCH 31, 2018:

- (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 prepared as per IND AS for the year 2017-18.

- (B) Diluted EPS on issue of shares in accordance with 'Accounting Standard 20 –Earnings Per Share' issued by ICAI :**

NA, since the options were vested on April 12, 2018

- (C) Details related to Employees' Stock Option Plan, 2017 ("ESOP 2017")**

Sr. No.	Description	Details
1	Date of Shareholders' Approval	03 rd February, 2017 29 th September, 2017 (Ratified)
2	Total Number of Options approved under ESOPs	3,91,599 equity shares
3	Vesting requirements	Options granted under ESOP 2017 would vest not earlier than 1 (One) year and not later than 5 (Five) years from the date of Grant of such Options.

		<p>The Option would vest on completion of vesting period and the vesting of options would be subject to continued employment/service with the Company. The Nomination and Remuneration Committee of the Company/Compensation Committee may specify certain performance parameters subject to which the Options would vest.</p> <p>The Options would vest in a Director only if he continues to remain a Director of the Company on the date of the Vesting of Options.</p> <p>Vesting of Options in case of Employees on long leave: The period of leave shall not be considered in determining the Vesting Period in the event the Employee is on a sabbatical. In all other events including approved earned leave and sick leave, the period of leave shall be included to calculate the Vesting Period unless otherwise determined by the Board.</p>
4	Exercise Price	<p>The Exercise Price per Option shall be such price as may be determined by the Nomination and Remuneration Committee of the Company /Compensation Committee being not less than the face value of an equity share of the Company as on the date of grant of Option. The Exercise price of options (as of the date of grant of options) was determined as Rs.451.04.</p>

	Pricing Formula	Discount to fair market value of the Equity Shares as on the date of grant.
5	Maximum term of option granted	The options would vest over a maximum period of 5 years from the date of grant of Options.
6	Sources of Shares	Primary
7	Variation in terms of options	Nil
8	Method used to account for ESOPs	The Company shall use any recognised method for valuation of the options.
9	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 be disclosed	NA
10	Option movement during the year as on March 31, 2018	
	a. Number of options outstanding at the beginning of the period	3,91,599
	b. Number of options granted during the year	3,91,599
	c. Number of options forfeited/lapsed during the year	23,281 ¹
	d. Number of option vested during the year	Nil
	e. Number of options exercised during the year	Nil
	f. Number of shares arising as a result of exercise of options	Nil

¹ Credited to options reserve.

	g. Money realised by exercise of options (INR), if scheme is implemented directly by the company	Nil
	h. Loan repaid by the trust during the year from exercise price received	NA
	i. Number of options outstanding at the end of the year	3,68,318
	j. Number of options exercisable at the end of the year	3,68,318
11	Weighted average exercise prices and weighted average fair values of options disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	NA
12	Employee- wise details of options granted during the year to:	
	i. Senior Managerial Personnel and / or Key Managerial Personnel	Mr. Sachin Shah : 16628 Mr. Milind Talegaonkar : 6651
	ii. Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Mr. Chetan Doshi : 24943 Mr. Chetan Soni : 20786 Mr. Vijay S. Joshi : 24943 Mr. Sabyasachi Sharma : 24943
	iii. 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

13. 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:

Sr. No	Particular	2017-18
a.	weighted average risk free interest rate	6.91%
b.	weighted average expected option life (in Years)	5.50
c.	weighted average expected volatility	20.56%
d.	weighted average expected dividend yield	1.00%
e.	weighted average share price	601.38
f.	weighted average exercise price (rounded to nearest decimal)	451.04

- b) **The method used and the assumptions made to incorporate the effects of expected early exercise:** Black Scholes Option Pricing Model. The assumptions are as stated in the above table.

- c) **How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility:**
The expected volatility has been calculated based on the nearest comparable peers prices, as the historical data of the Company is not available considering the unlisted status of your Company as at grant date of stock options.

- d) **Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition:** Yes, the features are mentioned below, viz:

- a. weighted average risk free interest rate
- b. weighted average expected volatility
- c. weighted average share price

Disclosures in respect of grants made in three years prior to IPO under each ESOP:

- During the year 2016-17, the ESOP scheme 2017 was approved but no grants were made.
- On April 12, 2017 all options under the said scheme i.e. 391,599 options were granted prior to the IPO.
- During the year 2017-18, 23,281 options became unexercisable and were recredited to options reserved due to various reasons.

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