



ANNEXURE III TO THE BOARD'S REPORT

Disclosures pursuant to SEBI (Share Based Employee Benefits) Regulations, 2014 regarding stock options are given hereunder and a web link thereto: <http://www.wockhardt.com/investor-connect/other-shareholders-services.aspx>

Wockhardt Employees' Stock Option Scheme-2011 ('Wockhardt ESOS-2011') – General terms and conditions:

Date of Shareholders' approval	12 th September, 2011
Total number of options approved under ESOS	25,00,000 options
Vesting requirements	Option granted would vest after the expiry of one year from the date of grant of options and not later than the expiry of 10 years from the date of grant of options.
Exercise price or pricing formula	The exercise price shall be at such discount, if any, to the market price on the date of grant as may be decided by the ESOS Compensation Committee at the time of each grant and the price shall not be less than the face value of shares.
Maximum term of options granted	10 years from the date of grant of options
Source of shares	Primary
Variation in terms of options	Not Applicable
Method used to account for ESOS	Fair Value Method

Option movement during the year ended 31st March, 2018:

Sl. No.	Description	Wockhardt ESOS-2011
1	Number of options outstanding as on 1 st April, 2017	8,83,125
2	Number of options granted during the year	Nil
3	Number of options forfeited/lapsed during the year	53,700
4	Number of options vested during the year	1,10,450
5	Number of options exercised during the year	82,425
6	Number of shares arising as a result of exercise of options	82,425 Equity Shares
7	Money realized by exercise of options (INR), if scheme is implemented directly by the company	₹ 4,12,125
8	Loan repaid by the Trust during the year from exercise price received	Not Applicable
9	Number of options outstanding as on 31 st March, 2018	7,47,000
10	Number of options exercisable as on 31 st March, 2018	4,03,600
11	Details of options granted to Key Managerial Personnel	Nil
12	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	4 employees have been granted 1,30,000 Nos of Options
13	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
14	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options during the year calculated in accordance with Accounting Standard (AS-20)	₹ 6.14
15	Where the Company has calculated employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company	N.A.

Sl. No.	Description	Wockhardt ESOS-2011
16	Weighted Average Exercise Price and weighted average fair values of options disclosed separately for options whose exercise price either equals or exceeds or is less than market price of the stock	<p>Weighted Average Exercise Price: Relating to Grant made in FY 2011-12: ₹ 37.65 Relating to Grant made in FY 2012-13, 2014-15 & 2016-17: ₹ 5</p> <p>Weighted Average Fair value of options:</p> <p>Relating to FY 2011-12</p> <ul style="list-style-type: none"> For 60,000 options having exercise price of ₹ 397 per option is ₹ 106.47 For 60,000 options having exercise price of ₹ 365 per option is ₹ 142.60 For 14,20,000 options having exercise price of ₹ 5 per option is ₹ 410.14 <p>Relating to FY 2012-13</p> <ul style="list-style-type: none"> For 3,50,000 options having exercise price of ₹ 5 per option is ₹ 894.56 For 8,500 options having exercise price of ₹ 5 per option is ₹ 1,949.76 <p>Relating to FY 2014-15</p> <ul style="list-style-type: none"> For 2,00,000 options having exercise price of ₹ 5 per option is ₹ 588.29 <p>Relating to FY 2016-17</p> <ul style="list-style-type: none"> For 2,23,500 options having exercise price of ₹ 5 per option is ₹ ₹ 967.27

A description of the method and significant assumptions used during the year to estimate the fair value of options is given below:

- The weighted-average values of share price at the time of grant are in the range of ₹ 414 to ₹ 1,954.20.
- Exercise price was of ₹ 5 to ₹ 397
- Fair value is calculated by using Black-Scholes option pricing formula.
- Stock Price: The closing price on National Stock Exchange of India Limited (NSE) as on the date prior to the date of grant has been considered for valuing the options granted.
- Volatility amount: This is the amount by which stock price is fluctuated or is expected to fluctuate. The method used in the model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of 12 months.
- Risk free interest rate: The yield on government securities at the time of grant of options is the basis of this rate and has been taken as 7.43% - 8.64%.
- Expected Life: For the fair value determination, it has been assumed that on an average the exercise of options will take place at the end of six months from the date of vesting.
- Expected Dividend: As the stock prices for one year have been considered, the price movement on account of the dividend is already factored in and hence not separately built in.
- The early exercise part is incorporated in the assumption of 'years to maturity' which is an assumption of average time for exercise of options.
- The market price volatility is based on share price variation for the year prior to the date of grant.
- No other feature has been considered for fair valuation of options.

Note: The details about Stock Options are also provided under Note No. 40 of Notes to Financial Statements.

For and on behalf of the Board of Directors

Dr. H. F. KHORAKIWALA
 Chairman
 DIN: 00045608