



## ANNEXURE I

### DETAILS OF EMPLOYEES STOCK OPTION SCHEME 2022 (ESOP 2022)

#### DISCLOSURES IN COMPLIANCE WITH REGULATION 14 OF SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS AND SWEAT EQUITY) REGULATIONS, 2021 ["SEBI SBEB REGULATIONS"] READ WITH PART F OF SCHEDULE - I OF SEBI SBEB REGULATIONS AND RULE 12(9) OF THE COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014 (AS AMENDED) ["DISCLOSURES"]

The Members, at the Annual General Meeting of the Company held on August 19, 2022, passed a Special Resolution approving Advanced Enzyme Technologies Limited - Employee Stock Option Scheme 2022 and Grant of stock options to the employees of the Subsidiaries of the Company under AETL - Employee Stock Option Scheme 2022 ("AETL-ESOP 2022" / "ESOP Scheme")

The detailed note on the disclosure in terms of the accounting standards and the 'Guidance note on accounting for employee share-based payments' is under Note No. 44 & 44A to the Standalone financial statements for the year ended March 31, 2024 and forms an integral part of this Report.

Diluted Earnings per share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 - Details of same are provided under Note No. 41 to the aforesaid Standalone financial statements and forms an integral part of this Report.

#### Employee Stock Option Scheme 2022 (Scheme 2022 / Scheme)

##### 1) Brief Description:

| Sr. No.                         | Particulars   | Details   |                 |                       |                                |      |                                 |   |                                 |   |                                 |   |                                 |   |                 |                       |                                |  |                                 |   |                                 |   |                                 |   |                                 |   |
|---------------------------------|---|---|-----------------|-----------------------|--------------------------------|------|---------------------------------|---|---------------------------------|---|---------------------------------|---|---------------------------------|---|-----------------|-----------------------|--------------------------------|--|---------------------------------|---|---------------------------------|---|---------------------------------|---|---------------------------------|---|
| 1.                              | Date of Shareholders' approval  | Approval of the Scheme by the Members at 33 <sup>rd</sup> Annual General Meeting held on August 19, 2022  |                 |                       |                                |      |                                 |   |                                 |   |                                 |   |                                 |   |                 |                       |                                |  |                                 |   |                                 |   |                                 |   |                                 |   |
| 2.                              | Total number of options approved under ESOS                               | 2,500,000 Options<br><br>(Maximum number of Options, in aggregate, that can be Granted shall not exceed 2,500,000 Options, in aggregate and shall not exceed 600,000 Options per financial year)  |                 |                       |                                |      |                                 |   |                                 |   |                                 |   |                                 |   |                 |                       |                                |  |                                 |   |                                 |   |                                 |   |                                 |   |
| 3.                              | Vesting requirements  | The Options shall not vest for a period of one year after grant. After the expiry of one year, the vesting of Options shall take place over a term of five years, as follows:<br><br>For Category – I <table border="1" data-bbox="558 1422 1444 1646"> <thead> <tr> <th>Year of Vesting</th> <th>Percentage of Vesting</th> </tr> </thead> <tbody> <tr> <td>1 year after the date of grant</td> <td>100%</td> </tr> <tr> <td>2 years after the date of grant</td> <td>-</td> </tr> <tr> <td>3 years after the date of grant</td> <td>-</td> </tr> <tr> <td>4 years after the date of grant</td> <td>-</td> </tr> <tr> <td>5 years after the date of grant</td> <td>-</td> </tr> </tbody> </table><br>For Category – II <table border="1" data-bbox="558 1691 1444 2027"> <thead> <tr> <th>Year of Vesting</th> <th>Percentage of Vesting</th> </tr> </thead> <tbody> <tr> <td>1 year after the date of grant</td> <td>For first 500 Options - 100%<br/>For remaining Options - 5%</td> </tr> <tr> <td>2 years after the date of grant</td> <td>10% of remaining Options (excluding first 500 Options as mentioned above)</td> </tr> <tr> <td>3 years after the date of grant</td> <td>20% of remaining Options (excluding first 500 Options as mentioned above)</td> </tr> <tr> <td>4 years after the date of grant</td> <td>30% of remaining Options (excluding first 500 Options as mentioned above)</td> </tr> <tr> <td>5 years after the date of grant</td> <td>35% of remaining Options (excluding first 500 Options as mentioned above)</td> </tr> </tbody> </table> | Year of Vesting | Percentage of Vesting | 1 year after the date of grant | 100% | 2 years after the date of grant | - | 3 years after the date of grant | - | 4 years after the date of grant | - | 5 years after the date of grant | - | Year of Vesting | Percentage of Vesting | 1 year after the date of grant | For first 500 Options - 100%<br>For remaining Options - 5% | 2 years after the date of grant | 10% of remaining Options (excluding first 500 Options as mentioned above) | 3 years after the date of grant | 20% of remaining Options (excluding first 500 Options as mentioned above) | 4 years after the date of grant | 30% of remaining Options (excluding first 500 Options as mentioned above) | 5 years after the date of grant | 35% of remaining Options (excluding first 500 Options as mentioned above) |
| Year of Vesting                 | Percentage of Vesting   |   |                 |                       |                                |      |                                 |   |                                 |   |                                 |   |                                 |   |                 |                       |                                |  |                                 |   |                                 |   |                                 |   |                                 |   |
| 1 year after the date of grant  | 100%  |   |                 |                       |                                |      |                                 |   |                                 |   |                                 |   |                                 |   |                 |                       |                                |  |                                 |   |                                 |   |                                 |   |                                 |   |
| 2 years after the date of grant | -   |   |                 |                       |                                |      |                                 |   |                                 |   |                                 |   |                                 |   |                 |                       |                                |  |                                 |   |                                 |   |                                 |   |                                 |   |
| 3 years after the date of grant | -   |   |                 |                       |                                |      |                                 |   |                                 |   |                                 |   |                                 |   |                 |                       |                                |  |                                 |   |                                 |   |                                 |   |                                 |   |
| 4 years after the date of grant | -   |   |                 |                       |                                |      |                                 |   |                                 |   |                                 |   |                                 |   |                 |                       |                                |  |                                 |   |                                 |   |                                 |   |                                 |   |
| 5 years after the date of grant | -   |   |                 |                       |                                |      |                                 |   |                                 |   |                                 |   |                                 |   |                 |                       |                                |  |                                 |   |                                 |   |                                 |   |                                 |   |
| Year of Vesting                 | Percentage of Vesting   |   |                 |                       |                                |      |                                 |   |                                 |   |                                 |   |                                 |   |                 |                       |                                |  |                                 |   |                                 |   |                                 |   |                                 |   |
| 1 year after the date of grant  | For first 500 Options - 100%<br>For remaining Options - 5%                |   |                 |                       |                                |      |                                 |   |                                 |   |                                 |   |                                 |   |                 |                       |                                |  |                                 |   |                                 |   |                                 |   |                                 |   |
| 2 years after the date of grant | 10% of remaining Options (excluding first 500 Options as mentioned above) |   |                 |                       |                                |      |                                 |   |                                 |   |                                 |   |                                 |   |                 |                       |                                |  |                                 |   |                                 |   |                                 |   |                                 |   |
| 3 years after the date of grant | 20% of remaining Options (excluding first 500 Options as mentioned above) |   |                 |                       |                                |      |                                 |   |                                 |   |                                 |   |                                 |   |                 |                       |                                |  |                                 |   |                                 |   |                                 |   |                                 |   |
| 4 years after the date of grant | 30% of remaining Options (excluding first 500 Options as mentioned above) |   |                 |                       |                                |      |                                 |   |                                 |   |                                 |   |                                 |   |                 |                       |                                |  |                                 |   |                                 |   |                                 |   |                                 |   |
| 5 years after the date of grant | 35% of remaining Options (excluding first 500 Options as mentioned above) |   |                 |                       |                                |      |                                 |   |                                 |   |                                 |   |                                 |   |                 |                       |                                |  |                                 |   |                                 |   |                                 |   |                                 |   |

## ANNEXURE I (Contd.)

| Sr. No.                         | Particulars  | Details  |                 |                       |                                |    |                                 |     |                                 |     |                                 |     |                                 |     |
|---------------------------------|--|--|-----------------|-----------------------|--------------------------------|----|---------------------------------|-----|---------------------------------|-----|---------------------------------|-----|---------------------------------|-----|
|                                 |  | <p>For Category – III</p> <table border="1"> <thead> <tr> <th>Year of Vesting</th> <th>Percentage of Vesting</th> </tr> </thead> <tbody> <tr> <td>1 year after the date of grant</td> <td>5%</td> </tr> <tr> <td>2 years after the date of grant</td> <td>10%</td> </tr> <tr> <td>3 years after the date of grant</td> <td>20%</td> </tr> <tr> <td>4 years after the date of grant</td> <td>30%</td> </tr> <tr> <td>5 years after the date of grant</td> <td>35%</td> </tr> </tbody> </table> <p>The Nomination &amp; Remuneration Committee ("Committee") will determine the criteria based on the provisions of Clause 8 and other provisions of the Scheme including any other relevant factors for the eligibility of the employees for Options under Category – I, Category – II and Category – III.</p>  | Year of Vesting | Percentage of Vesting | 1 year after the date of grant | 5% | 2 years after the date of grant | 10% | 3 years after the date of grant | 20% | 4 years after the date of grant | 30% | 5 years after the date of grant | 35% |
| Year of Vesting                 | Percentage of Vesting                                |  |                 |                       |                                |    |                                 |     |                                 |     |                                 |     |                                 |     |
| 1 year after the date of grant  | 5%   |  |                 |                       |                                |    |                                 |     |                                 |     |                                 |     |                                 |     |
| 2 years after the date of grant | 10%  |  |                 |                       |                                |    |                                 |     |                                 |     |                                 |     |                                 |     |
| 3 years after the date of grant | 20%  |  |                 |                       |                                |    |                                 |     |                                 |     |                                 |     |                                 |     |
| 4 years after the date of grant | 30%  |  |                 |                       |                                |    |                                 |     |                                 |     |                                 |     |                                 |     |
| 5 years after the date of grant | 35%  |  |                 |                       |                                |    |                                 |     |                                 |     |                                 |     |                                 |     |
| 4.                              | Exercise price or pricing formula                    | <p>The Exercise Price including method for arriving at it, shall be determined by the Committee, from time to time at the time of Grant, provided that the said Exercise Price shall not be higher than the prevailing Market Price of the Shares discounted by minimum 33.33% (ceiling); as may be determined by the Committee based on the criteria as specified in the Scheme, subject to the provisions of the Applicable Law including Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ["SEBI SBEB Regulations"] and that the Exercise Price per Option shall not be less than the then prevailing face value of the Equity Shares of the Company.</p> <p>"Market Price" means the average of Closing Price of the Equity Shares of the Company on the recognized Stock Exchange for last 90 (ninety) Trading Days preceding the date of Grant (Relevant Date).</p> <p>Explanation: If the Equity Shares of the Company are listed on more than one recognized Stock Exchange, then the Closing Price on the recognized Stock Exchange having higher trading volume, in aggregate is recorded for the said last 90 (ninety) Trading Days shall be considered for the purpose of determining the Market Price.</p> |                 |                       |                                |    |                                 |     |                                 |     |                                 |     |                                 |     |
| 5.                              | Maximum term of options granted                      | The maximum period within which the vested Options shall be exercised is 6 (six) months from the date of Vesting, unless otherwise extended by the Committee, in exceptional circumstances. If not exercised by the eligible employee(s) within the said period, the relevant Options shall lapse.   |                 |                       |                                |    |                                 |     |                                 |     |                                 |     |                                 |     |
| 6.                              | Source of shares (primary, secondary or combination) | Primary  |                 |                       |                                |    |                                 |     |                                 |     |                                 |     |                                 |     |
| 7.                              | Variation in terms of options                        | The Company shall not vary the terms of the Scheme, in any manner, which may be detrimental to the interests of the Eligible Employees.  |                 |                       |                                |    |                                 |     |                                 |     |                                 |     |                                 |     |

- 2) **Method used to account for ESOS:** Fair Value as at the grant date (Black-Scholes-Option Valuation Model)
- 3) **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



## ANNEXURE I (Contd.)

## 4) Option movement during the year (For each ESOS):

|   |         |
|---|---------|
| Number of options outstanding at the beginning of the period                                  | NA      |
| Number of options granted during the year   | 576,000 |
| Number of options forfeited / lapsed during the year  | 6,000*  |
| Number of options vested during the year  | NA      |
| Number of options exercised during the year   | NA      |
| Number of shares arising as a result of exercise of options                                   | NA      |
| Money realized by exercise of options (INR), if scheme is implemented directly by the company | NA      |
| Loan repaid by the Trust during the year from exercise price received                         | NA      |
| Number of options outstanding at the end of the year  | 570,000 |
| Number of options exercisable at the end of the year  | NA      |

\* Lapsed due to Resignation / Non-receipt of acceptance letter of grant of options by concerned grantee.

**Note:** During the financial year 2023-24, the Nomination & Remuneration Committee of the Company in its meeting held on August 12, 2023 (Grant Date), approved the first grant of 5,76,000 stock Options in aggregate having face value of ₹ 2 each to the eligible employees, divided in relevant categories under the ESOP Scheme 2022. The said Options are yet to be vested and exercised as on the date of this report.

## 5) Weighted-average exercise prices and weighted-average fair values of options :

a) as it is less than market price of the stock

| Date of Vesting                        | (in ₹)          |                 |                 |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | August 13, 2024 | August 13, 2025 | August 13, 2026 | August 13, 2027 | August 13, 2028 |
| Weighted-average exercise prices*      | 64.37           | 156.21          | 156.21          | 156.21          | 156.21          |
| Weighted-average fair value of options | 268.77          | 194.92          | 207.95          | 218.95          | 226.52          |

\* Weighted-average exercise prices are calculated based on the total exercise amount on fully exercising the vested options divided by the total number of options being vested and exercised.

b) as it is equals or exceeds the market price of the stock

| Date of Vesting                        | August 13, 2024 | August 13, 2025 | August 13, 2026 | August 13, 2027 | August 13, 2028 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Weighted-average exercise prices       |                 |                 | NA              |                 |                 |
| Weighted-average fair value of options |                 |                 | NA              |                 |                 |

## 6) Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to:

a) Senior Managerial Personnel;

During the year under review, below are the details of stock option granted to the Senior Managerial Personnel(s) of your Company.

| Sr. No. | Name of the Employee  | Designation                               | Number of Options Granted | Exercise Price                                |
|---------|-----------------------|---|---------------------------|---|
| 1.      | Mr. Beni Prasad Rauka | Chief Financial Officer                   | 23,500                    | Exercise Price per Option as mentioned below* |
| 2.      | Mr. Sanjay Basantani  | Company Secretary & Head –Legal           | 15,000                    |   |
| 3.      | Mr. Dipak Roda        | Sr. VP – Marketing & Business Development | 18,000                    |   |
| 4.      | Mr. Satish Pagar      | Plant Manager, Nashik                     | 15,000                    |   |
| 5.      | Mr. Pradeep Bhosale   | Plant Manager, Indore                     | 14,000                    |   |

\*₹ 2 per Option for 500 Options (i.e. on face value), ₹ 141 per Option for 4,500 Options (50% discount on the Market Price (as defined in ESOP Scheme 2022) i.e. 50% discount on ₹ 282 = ₹ 141 per Option) and ₹ 188 per Option for balance Options (i.e. 33.33% discount on the Market Price of ₹ 282, which comes to the Exercise Price of ₹ 188 per Option)

## ANNEXURE I (Contd.)

- 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: 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

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

| Sr. No. | Particulars  | Details  |                        |                        |                        |                        |
|---------|--|--|------------------------|------------------------|------------------------|------------------------|
| 1.      | The weighted-average values of share price:  |  |                        |                        |                        |                        |
|         | <b>Date of Vesting</b>   | <b>August 13, 2024</b>   | <b>August 13, 2025</b> | <b>August 13, 2026</b> | <b>August 13, 2027</b> | <b>August 13, 2028</b> |
|         | exercise price:  | ₹ 64.37  | ₹ 156.21               | ₹ 156.21               | ₹ 156.21               | ₹ 156.21               |
|         | expected volatility:   | 31.41%   | 33.82%                 | 40.78%                 | 43.12%                 | 42.13%                 |
|         | expected option life:  | 1.25 years   | 2.25 years             | 3.25 years             | 4.25 years             | 5.25 years             |
|         | expected dividends :   | 0.30%  | 0.30%                  | 0.30%                  | 0.30%                  | 0.30%                  |
|         | the risk-free interest rate:   | 6.69% p.a.   | 6.77% p.a.             | 6.80% p.a.             | 6.81% p.a.             | 6.82% p.a.             |
|         | any other inputs to the model  | -  |                        |                        |                        |                        |
| 2.      | The method used and the assumptions made to incorporate the effects of expected early exercise   | Black-Scholes-Option Valuation Model   |                        |                        |                        |                        |
| 3.      | How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility | <ul style="list-style-type: none"> <li>• Fair value calculated by using Black-Scholes option pricing model.</li> <li>• Share price: The closing price on NSE as on the date of grant has been considered for fair valuation of the options granted.</li> </ul>   |                        |                        |                        |                        |
| 4.      | Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.       | <ul style="list-style-type: none"> <li>• Exercise Price: Exercise Price is the price as determined by the Nomination and Remuneration Committee, as defined under the ESOP Scheme 2022.</li> <li>• Expected Volatility: Volatility of the Company's stock price based on the NSE price data from May 12, 2018, up to the date of grant.</li> <li>• Expected Option Life: The expected life of the options i.e. the average of the period up to the vesting date and the exercise period corresponding to each vesting.</li> <li>• Expected dividends: Expected dividend yield has been calculated as an average of dividend yields for the five financial years preceding the date of the grant.</li> <li>• Risk free interest rate: Zero coupon Government Bond rate representing the risk free interest rate.</li> </ul> |                        |                        |                        |                        |