



# GLAND PHARMA LIMITED

March 22, 2025

BSE Limited  
Corporate Relationship Department  
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25<sup>th</sup> floor, Dalal Street  
Mumbai - 400 001  
Scrip Code: 543245

National Stock Exchange of India Limited  
Listing Department  
Exchange Plaza, 5<sup>th</sup> Floor  
Plot no. C-1, Block G, Bandra Kurla Complex  
Bandra (East), Mumbai - 400 051  
Symbol: GLAND (ISIN: INE068V01023)

Dear Sir/Madam,

**Sub:** Adoption of Gland Pharma Employee Stock Option Scheme 2025 (“**ESOP Scheme 2025**”);

**Ref:** Announcement made on February 28, 2025, regarding Postal Ballot Notice

With reference to the resolutions proposed to be passed through postal ballot notice dated February 26, 2025 (“**PB Notice**”) (i,e) Adoption of Gland Pharma Employee Stock Option Scheme 2025 (“**ESOP Scheme 2025**”); and Extension of ESOP Scheme 2025 to employees of subsidiary companies of the Company;, Gland Pharma Limited (“**Company**” or “**we**”) would like to provide certain clarifications.

## 1. Performance Metrics for Vesting

### *Clarification:*

- (i) ESOP Scheme 2025 is a performance-driven scheme, both at the grant and vesting stages. The Committee will assess eligibility based on certain criteria which will include performance of the Company and the individual.
- (ii) At the time of vesting of options under the ESOP Scheme 2025, the ESOP Compensation Committee (“**Committee**”) will adopt a dual performance-based appraisal approach while determining KRAs which will include: (a) individual’s performance weightage; and (b) corporate performance weightage based on parameters such as profit after tax, revenues, operating cashflows, return on equity and/or turnover ratios. In the case of CXOs/KMPs the weightage for corporate performance is significant at 40% to 60%. Hence, as a vesting condition, the individual performance KRAs covers corporate performance parameters.
- (iii) For completeness and transparency, the Company will disclose range-based targets such as profit after tax, revenues, operating cashflows, return on equity and/or turnover ratios and their achievement in its future annual report(s) post vesting of options, thereby providing the shareholders an opportunity to assess the linkage between the performance of the Company and the employee, and the vesting of stock options under the ESOP Scheme 2025.

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2. Unfettered authority of the Committee to accelerate the vesting period of the options

*Clarification:*

- (i) In a shift from the conventional stock option grant practices, the Company has embraced a more progressive, performance-based approach. Under this model, in addition to vesting conditions, the eligibility for participation in the ESOP 2025 will also be determined at the grant stage, basis both the company's overall performance and individual performance of the employee, ensuring that rewards are directly tied to each employee's contribution to the Company's success. With this background, the authority provided to the Committee is not intended to undermine the long-term retention goal of ESOP Scheme 2025. Instead, it is included to provide flexibility in exceptional and unforeseen circumstances only. The Committee shall exercise its right to accelerate vesting only in extraordinary circumstances such as (a) restructuring of the Company, (b) if needed on account of a change in the laws, (c) in case of death or permanent incapacitation of employee, ensuring that the objectives of Scheme 2025 are upheld. Please note this certainly is not applicable as a rule and will be exercised in exceptional circumstances only after the Committee has considered all relevant factors and giving due account to the reasonability, prior to considering the acceleration of the vesting period of employee stock options.
- (ii) Inclusion of such a provision does not defeat the intent of the Scheme 2025 or the purpose of granting employee stock options in the context of retention. It enhances Scheme 2025 by providing a safety net for employees and their families in exceptional situations, events that could not have been contemplated and provided for under the Scheme 2025, thereby reinforcing the Company's commitment to its workforce. The primary aim remains to reward employees and retain them for a longer period, and the accelerated vesting provision is a safeguard rather than a standard practice.

This is for your information and records.

**Yours truly,  
For Gland Pharma Limited**

**Sampath Kumar Pallerlamudi  
Company Secretary & Compliance Officer**