

Annexure II to the Directors' Report

for the Financial year ended 31st March, 2024

Disclosures with respect to Employees Stock Option Plan/Scheme Pursuant to Regulation 14 of the Securities and Exchange Board of India (Share based Employee Benefits and Sweat Equity) Regulations, 2021 as on 31st March, 2024:

There was no material change in the ESOP Scheme (ESOS). The ESOS is in compliance with the Regulations.

All the relevant details of the Company's Employee Stock Option Plan are provided below and are also available on the website of the Company at <https://www.bergerpaints.com/investors/download>.

A) Relevant disclosures in terms of Accounting Standards prescribed by the Central Government and Section 133 of the Companies Act, 2013 including the 'Guidance note on accounting for employee share-based payments' issued in that regard from time to time:

Refer Note No. 46 forming part of the Standalone Financial Statements and Note No. 48 of the Consolidated Financial Statements for the financial year 2023-24. Please note that the said disclosure is provided in accordance with Indian Accounting Standards (Ind AS) 102- Share Based Payment.

B) Diluted EPS on issue of shares pursuant to all the schemes covered under the Regulations shall be disclosed in accordance with 'Ind AS-33' – Earnings per Share issued by the Central Government or any other Relevant Accounting Standards as issued from time to time:

Refer Note No. 43 forming part of the Standalone Financial Statements and Note No. 44 of the Consolidated Financial Statements for the financial year 2023-24. Please note that the said disclosure is provided in accordance with Indian Accounting Standards (Ind AS) 33- Earnings per Share.

C) Details related to ESOS:

- i) Description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS, including:

Particulars	Employee Stock Option Plan, 2016
a) Date of shareholders' approval	3rd August, 2016
b) Total number of options approved under ESOP	3,46,78,470
c) Vesting Requirements	Options shall vest over a period of 3 years from the date of grant of options as under: a) 33% on first anniversary of Grant Date b) 33% on second anniversary of Grant Date and c) 34% on third anniversary of Grant Date rounded up to whole numbers
d) Exercise price/Pricing formula	₹1/-
e) Maximum term of options granted	3 years
f) Source of shares (primary, secondary or combination)	Primary
g) Variation in terms of options	None during the year

- ii) Method used to account for ESOS (Intrinsic or Fair value) - Fair value
- iii) 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 recognised 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.

Annexure II to the Directors' Report (contd.)

Since the Company opts for expensing of the options using fair value, so the Company is not required to disclose impact of any difference arising due to intrinsic value and the fair value on profits and on EPS of the Company.

iv) Option Movement during the year (For each ESOS):

Particulars	Employee Stock Option Plan, 2016			
	Grant IV	Grant V	Grant VI	Grant VII
No. of options outstanding at the beginning of the period	23,021	44,357 [^]	93,985	-
No. of options granted during the year	-	-	-	1,24,249
No. of options forfeited/lapsed during the year	1,083	1,780	3,630	2,103
No. of options vested during the year	26,325 [#]	25,801 [#]	36,858 [#]	-
No. of options exercised during the year	26,325 [#]	25,884 [@]	36,858 [#]	-
No. of shares arising as a result of exercise of options	26,325 [#]	25,884 [#]	36,858 [#]	-
Money realised by exercise of options (INR), if scheme is implemented directly by the Company	26,325 [#]	25,884 [#]	36,858 [#]	-
Loan repaid by the Trust during the year from exercise	N.A	N.A	N.A	N.A
No. of options outstanding at the end of the year	-	25,308 ^{^^}	71,568 ^{^^}	1,22,146
No. of options exercisable at the end of the year	-	-	-	-
No. of options pending allotment at the end of the year	-	-	-	-
v) a) Weighted average exercise prices	₹ 1	₹1	₹1	₹1
b) Weighted average fair values	₹569.82	₹567.92	₹565.52	₹562.82

[^] Excludes 83 options of Tranche I of Grant V, pending to be exercised and allotted

[#] Includes bonus options 4,388 for grant IV, 4,314 for grant V and 6,143 for grant VI.

[@] Includes 83 options of Tranche I of Grant V, pending to be exercised in the previous financial year, were exercised and allotted in the current financial year.

^{^^} Includes bonus options 4,220 for grant V and 11,928 for grant VI

vi) Employee wise details of options granted to:-

- (a) Senior managerial personnel- During the financial year 2023-24 following Options were granted to Senior Management Personnel.

Name	Designation	No. of options granted in F.Y. 2023-24	Exercise price per option (₹)
Mr Abhijit Roy	Managing Director & CEO	1640	1
Mr Kaushik Ghosh	Chief Financial Officer	841	1

- b) Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during that year None
- c) Employees who were granted options, 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 None

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

- (a) Weighted average values of share price, exercise price, expected volatility, expected option life, expected dividends, risk free interest rate and any other inputs to the model;

Serial no.	Particulars	2023-2024
i.	Weighted average risk-free interest rate	7.05%
ii.	Weighted average expected life of options	2.62 years
iii.	Weighted average expected volatility	17.37%
iv.	Weighted average expected dividends over the life of the option	₹ 8.38 per option
v.	Weighted average share price	₹ 573.05
vi.	Weighted average exercise price	₹ 1 per share

- b) Method used and assumptions made to incorporate effects of expected early exercise:

Black-Scholes Options Pricing Model.

- c) How expected volatility was determined, including 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 option grant were incorporated into the measurement of fair value, such as market condition: None.