

ORIENT PAPER & INDUSTRIES LIMITED

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Disclosures with respect to Orient Paper & Industries Limited - Employees Stock Option Scheme - 2023 (ESOP Scheme – 2023) as per Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (“SEBI SBEB & SE Regulations”).

A. Relevant disclosures in terms of the accounting standards prescribed by the Central Government in terms of section 133 of the Companies Act, 2013 (18 of 2013) including the 'Guidance note on accounting for employee share- based payments' issued in this regard from time to time.

This has been disclosed in Notes to financial statements for the financial year 2023-24.

B. Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with ‘Accounting Standard 20 - Earnings Per Share’ issued by Central Government or any other relevant accounting standards as issued from time to time.

This has been disclosed in Notes to the Financial Statements for the Financial year 2023-24.

C. Details related to ESOP Scheme – 2023.

(i) The description including terms and conditions of ESOP Scheme - 2023 is summarized as under:

a) Date of shareholders' approval	8 th November, 2023
b) Total number of options approved under OPIL ESOP Scheme – 2023	26,52,319 equity shares of Re. 1/- each

	c) Vesting requirements	The Vesting criteria and the period of vesting, at the time of grant and thereafter subject to the terms of the Scheme, for the Options Granted to Eligible Employees shall be determined by the Nomination & Remuneration Committee (“the Committee”) in accordance with the Scheme, applicable law and as provided in the Award Letter. Subject to the terms and conditions of the Scheme and SEBI SBEB & SE Regulations, there shall be a minimum vesting period of one year between Grant and Vesting and a maximum vesting period of four years from the date of Grant. The Options granted under the Scheme may vest in one or more tranches.
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	d) Exercise price or pricing formula	The Exercise Price will be determined by the Committee at the time of grant of Options and will be detailed in the award letter, which under no circumstance shall be below 20% of the market price of the share on the date of grant, however, in no event shall it be below the face value of each share (i.e., Rs. 1/- per share). Exercise price for Option granted during the year was Rs. 42.90 per option.
	e) Maximum term of options granted	Stock Options shall vest in two tranches of 40% and 60%, and can be exercised within 4 years from the respective date of vesting of options.
	f) Source of shares (primary, secondary or combination)	Primary
	g) Variation in terms of options	None

(ii)	Method used to account for ESOP Scheme - 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 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, as the fair value method has been adopted for accounting ESOP expenses.

(iv) Option movement during the year:

Particulars	Details
Number of options outstanding at the beginning of the period	N.A.
Number of options granted during the year	14,00,277 options
Number of options forfeited / lapsed during the year	NIL
Number of options vested during the year	NIL
Number of options exercised during the year	NIL
Number of shares arising as a result of exercise of options	N.A.

Money realized by exercise of options (INR), if scheme is implemented directly by the Company	NIL
Loan repaid by the Trust during the year from exercise price received	N.A.
Number of options outstanding at the end of the year	14,00,277
Number of options exercisable at the end of the year	NIL

(v)	Weighted average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than market price of the stock.	Fair market value of the Options is estimated at INR 18.10 (cut-off date i.e. 25 th December 2023) The exercise price for the grant of Employee Stock Options is INR Rs. 42.90 (Closing price on NSE as on 22-12-2023)
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(vi) Employee wise details of the Stock Options granted during the year:

Sl. No	Particulars	Name of Employee	Designation	Number of options granted during the year	Exercise Price (INR)
A	Senior Managerial Personnel as defined under Regulation 16(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	Mr. Ashwin J. Laddha	Managing Director & CEO	10,56,354	42.90
		Mr. Vinod Rai	Chief Human Resource Officer	93,923	42.90
		Mr. CS Kashikar	Chief Operating Officer	91,160	42.90
		Mr. Rajnish Sinha	Chief Information Officer	82,873	42.90
		Mr. Saikat Basu	Head Sales	75,967	42.90
B	Employees who received grant in any one year equal to or more than 5% of options granted during the year	Same as above			
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			

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

<p>The Securities Exchange Board of India (SEBI) has prescribed two methods to account for employee stock options viz.</p> <ol style="list-style-type: none"> 1. the intrinsic value method, and 2. the fair value method. <p>The Company adopts the fair value method to account for the stock options it grants to the employees. Intrinsic value is the amount, by which the quoted closing market price of the underlying shares as on the date of grant exceeds the exercise price of the option. The fair value of the option is estimated on the date of grant using Black Scholes options model with assumptions as under</p>		
a)	<p>The weighted-average values of share price</p> <p>Exercise price</p> <p>Expected volatility</p> <p>Expected option life</p> <p>Expected dividends</p> <p>The risk-free interest rate and any other inputs to the model</p>	<p>Rs.18.10</p> <p>Rs. 42.90</p> <p>49.36%</p> <p>4.6 years</p> <p>2.33%</p> <p>7.06%</p>
b)	<p>The method used and the assumptions made to incorporate the effects of expected early exercise</p>	<p>Early exercise is not allowed.</p>
c)	<p>How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and</p>	<p>Since the Company has long enough stock price history, average volatility over a period of 5 years has been considered.</p>
d)	<p>Whether and how any other features of the options granted were incorporated into the measurement of fair value, such as a market condition.</p>	<p>The market condition has been incorporated using the Black-Scholes option pricing formula.</p>

Note :

1. *The Company has not issued any Shares under ESPS, SAR, GEBS/RBS Scheme*
2. *The Company has used direct route for issue of shares under ESOP Scheme and there is no Trust for the same.*