

ANNUAL DISCLOSURES BY THE BOARD OF DIRECTORS

The disclosure as required under regulation 14 of the Securities and Exchange Board of India (Share-Based Employee Benefits and Sweat Equity Shares), Regulations, 2021 ("SBEB&SE Regulations"), and the Companies Act, 2013 ("the Act") in relation to the **Tata Consumer Products Limited Share-based Long-Term Incentive Scheme 2021 ("TCPL SLTI Scheme 2021" or "the Scheme")** is as under:

- A. The Scheme was implemented as per special resolutions passed on December 28, 2021, by the shareholders through Postal Ballot. There is no material change to the Scheme during FY 2021-22 and the Scheme is in compliance with the SBEB&SE Regulations. Under the Scheme, the Company would grant upto 5,00,000 Performance Share Units ("PSUs") in one or more tranches to Eligible Employees that would entitle the Grantees to acquire, not exceeding 5,00,000 fully paid-up equity shares of Re. 1/- (Rupee One Only) each.
- B. **Relevant disclosure 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 that regard from time to time:**

Please refer to note no. 25 of the Notes to the Standalone and Consolidated Financial Statements in the Integrated Annual Report for FY 2021-22.

- C. **Diluted EPS on the 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.**

The diluted EPS of the Company for the year ended March 31, 2022, calculated after considering the effect of potential equity shares arising on account of the exercise of options, on a Standalone basis is Rs. 9.61 per share and on a consolidated basis is Rs. 10.15 per shares.

D. **Details related to PSU**

- (i) A description of each PSU that existed at any time during the year, including the general terms and conditions of each PSU, including -
- a) **Date of shareholders' approval:** December 28, 2021
 - b) **Total number of options approved under the Scheme:** 5,00,000 Performance Share Units
 - c) **Vesting requirements:** The Vesting period for the PSU granted under the Scheme shall not be less than one year. The PSUs shall vest in Eligible Employees subject to continuing employment with the Company or any Tata Company on the date of Vesting. The number of PSUs that would vest with the Participants would be determined by the Nomination and Remuneration Committee ("**NRC**") based on the Company's performance on certain performance matrices (such as Sales Growth, RoCE and Free Cash Flows) in 3 preceding financial years as per the Company's Audited Consolidated Annual Financial Results or such other performance matrices as may be determined by the NRC from time to time. The NRC would determine the said matrices, detailed terms and conditions relating to such vesting, including the proportion in which PSUs granted, would vest. At the time of vesting, NRC may adjust the number of PSUs already granted by +/-20% for the quality of results achieved by the Company, provided that the number of PSUs vested will not exceed 120% of PSUs granted to any Eligible Employee.

All the PSUs would vest, based on the Company's performance, within a period of 3 years from the date of Grant of such PSUs (for example, the grants made in 2021 shall vest in 2024, grants made in 2022 shall vest in 2025 and so on and so forth) where after the Participants would have the right to subscribe to the Shares during the Exercise Period. PSUs shall vest in whole numbers such that the number of Vested PSUs is rounded up to the nearest one. The NRC may extend the Vesting Date for the PSUs to vest by a period not more than 2 months.

Exercise price or pricing formula: The Exercise Price for PSUs shall be Re. 1/- (Rupee One Only) per PSU, i.e. at the face value of the underlying Share of the Company. The number of PSUs granted to Eligible Employees was determined based on Long Term Incentive Pay amount awarded to Eligible Employees divided by the last 90 days' average Closing Market Price of the Shares on the National Stock Exchange of India Limited ("NSE"), one day prior to the date of approval of the scheme by the shareholders i.e. December 28, 2021, for grant in FY 2021-22, as mentioned in the Scheme. The price determined for the granting of the PSUs on January 4, 2022 was Rs. 815.91 per PSU, based on the formula mentioned above. The Exercise Price and the number of PSUs granted may be adjusted for any Corporate Action(s) announced by the Company prior to the Exercise Period pertaining to the relevant PSUs, as may be decided by the Board/NRC.

- d) **Maximum term of options granted:** The Exercise Period would commence from the date of Vesting of PSUs and will expire at the end of twelve months from the date of vesting of PSUs, except for the events of the death of a Participant and on Permanent Incapacity of Participant which shall be dealt as per the details mentioned in the Scheme. The NRC may extend the Exercise Period by a further period of two years, as it may deem fit.
- e) **Source of shares (primary, secondary or combination):** Primary
- f) **Variation in terms of options:** Not applicable
- (ii) **Method used to account for PSUs - Intrinsic or fair value:** Fair Value. The Company recognises compensation expense relating to share-based payments in accordance with Ind AS 102-Share-based Payment. For share entitlement granted by the Company to its employees, the estimated fair value as determined on the date of grant, is charged to the Statement of Profit and Loss on a straight-line basis over the vesting period and assessment of performance conditions if any, with a corresponding increase in equity.
- (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**
- (iv) **Option movement during the year (For each Scheme):**

Particulars	Details
Number of options outstanding at the beginning of the period	Nil
Number of options granted during the year	65,780 PSUs
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 the exercise of options	Nil
Money realized by exercise of options (INR), if the scheme is implemented directly by the company	Nil
Loan repaid by the Trust during the year from exercise price received	NA
Number of options outstanding at the end of the year	4,34,220
Number of options exercisable at the end of the year	Nil

(v) **Weighted-average exercise prices of options granted during the year whose:**

Exercise price equals market price	Nil
Exercise price is greater than market price	Nil
Exercise price is less than market price	1.00 (face value of the underlying shares)

(vi) **Weighted-average fair value of options granted during the year whose:**

Exercise price equals market price	Nil
Exercise price is greater than market price	Nil
Exercise price is less than market price	Rs 815.91 (fair value is derived based on 90 days' average Closing Market Price of the Shares of the Company on the National Stock Exchange of India Limited ("NSE"), one day prior to the date of approval of the scheme by the shareholders i.e. December 28, 2021, as mentioned in the Scheme)

(vii) **Employee wise details of options granted during FY 2021-22 to:**

- 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;

Sr. No	Name	Designation	Number of PSUs granted	Exercise Price per PSU (Rs)
1.	Mr. Sunil D'Souza	Managing Director and CEO	25,280	1
2.	Mr. Ajit Krishnakumar	Chief Operating Officer	4,450	1
3.	Mr. Swaminathan T. V.	Global Chief Digital Officer	3,900	1
4.	Mr. Amit Chincholikar	Global Chief Human Resource Officer	3,870	1
5.	Ms. Deepika Bhan	President – Packaged Food, India	3,690	1
6.	Mr. Navneel Kar	Head – India Sales	3,680	1
7.	Mr. Vikram Grover	Managing Director, NourishCo Beverages Limited	3,620	1
8.	Mr. Puneet Das	President – Packaged Beverages, India & South Asia	2,680	1
9.	Mr. Vikas Gupta	Global Head – R&D	1,510	1
10.	Mr. Neelabja Chakrabarty	Company Secretary	990	1

- 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 an 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**

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

The estimated fair value of performance share units are based on the quoted share price. The aggregate of the estimated fair values of the performance share units granted is Rs 5.36 Crores which will be recognized in the Statement of Profit & Loss over the vesting period, the computation is based on 100% achievement of performance conditions.

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

- b) the method used and the assumptions made to incorporate the effects of expected early exercise; **NA**
- c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and **NA**
- d) whether and how any other features of the options granted were incorporated into the measurement of fair value, such as a market condition. **NA**