

## NITCO - Employees Stock Option Plan 2019 SCHEME CUM DISCLOSURE DOCUMENT

### PART A STATEMENT OF RISKS

All investments in shares or options on shares are subject to risk as the value of shares may go down or up. In addition, employee stock options are subject to the following additional risks:

1. Concentration: The risk arising out of any fall in value of shares is aggravated if the employee's holding is concentrated in the shares of a single Company.
2. Leverage: Any change in the value of the share can lead to a significantly larger change in the value of the option as an option amounts to a levered position in the share.
3. Illiquidity: The options cannot be transferred to anybody, and therefore the employees cannot mitigate their risks by selling the whole or part of their options before they are exercised.
4. Vesting: The options will lapse if the employment is terminated prior to vesting. Even after the options are vested, the unexercised options may be forfeited if the employment is terminated for misconduct.

### PART B INFORMATION ABOUT THE COMPANY

1. Business of the Company: A description of the main objects and present business of the Company.

**History:-**

**Company has following subsidiaries:-**

**Main objects:-**

2. Abridged financial information: Abridged financial information, for the last five years in respect of the Company and its subsidiaries.

Standalone Financial Statements for the Last 5 years is as given below:

<b>Balance sheet</b>					
(Currency: Indian rupees)					
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31-Mar-18</b>	<b>31-Mar-17</b>	<b>31-Mar-16</b>	<b>31-Mar-15</b>	<b>31-Mar-14</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' funds</b>					
Share capital	7185.90	5469.93	5469.93	5469.93	5469.93
Reserves and surplus	7465.10	-18891.55	-15659.19	-9382.55	3849.38
	<b>14651.00</b>	<b>-13421.62</b>	<b>-10189.26</b>	<b>-3912.62</b>	<b>9319.31</b>

Share warrants	1750.00	0.00	0.00	0.00	0.00
<b>Non-current liabilities</b>					
Long-term borrowings	81397.78	45702.23	63726.46	75508.50	86791.86
Deferred tax liabilities (net)	0.00	2034.84	2034.84	2034.84	2034.84
Long term provisions	189.95	183.79	236.09	230.10	284.88
<b>Current liabilities</b>					
Short-term borrowings	0.00	11357.41	11442.40	8180.57	4719.47
Trade payables	15101.45	15741.57	17666.06	16869.28	14793.41
Other current liabilities	11650.16	75293.95	57977.88	45993.53	35432.69
Short term provisions	319.94	177.91	184.59	146.75	93.72
<b>Total</b>	<b>125060.28</b>	<b>137070.08</b>	<b>143079.06</b>	<b>145050.95</b>	<b>153470.18</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Fixed assets ( incl. CWIP)	46898.80	53625.92	56547.09	61205.60	67579.40
Non current investments	2735.36	2735.36	2735.36	2735.36	3123.75
Long-term loans and advances	10198.76	18908.63	18883.83	18855.73	17946.02
<b>Current assets</b>					
Current investments	0.00	0.00	0.00	0.00	10.35
Inventories	14427.89	17565.44	18082.14	18504.66	20034.68
Inventories - Real Estate	15575.65	17972.77	17959.09	17884.24	18590.78
Trade receivables	18118.89	14005.31	15436.15	12175.71	12756.63
Cash and bank balances	6130.61	1571.05	1869.51	1814.22	1344.35
Short-term loans and advances	4714.03	4720.17	5120.13	4567.56	4235.43
Other current assets	6260.29	5965.43	6445.76	7307.87	7848.79
<b>Total</b>	<b>125060.28</b>	<b>137070.08</b>	<b>143079.06</b>	<b>145050.95</b>	<b>153470.18</b>

<b>Statement of Profit and loss</b>					
<i>for the year ended 31st March</i>					
(Currency: Indian rupees)					
	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>
	<b>31-Mar-18</b>	<b>31-Mar-17</b>	<b>31-Mar-16</b>	<b>31-Mar-15</b>	<b>31-Mar-14</b>
<b>INCOME</b>					
Revenue from operations	60,297	71,816	80,908	85,552	78,983
Other operating income	276	463	426	300	258
Other income	125	134	90	89	44
<b>Total revenue</b>	<b>60,698</b>	<b>72,413</b>	<b>81,424</b>	<b>85,941</b>	<b>79,286</b>
<b>EXPENDITURE</b>					
Employee benefits expense	7,865	7,654	7,222	7,213	6,879
Depreciation and amortisation	7,246	3,798	5,131	6,228	4,199
Other expenses	53,172	64,193	75,095	84,526	89,331
<b>Total expenditure</b>	<b>68,282</b>	<b>75,646</b>	<b>87,448</b>	<b>97,966</b>	<b>1,00,409</b>
Profit before tax	(7,584)	(3,232)	(6,024)	(12,025)	(21,123)
Exceptional items	24,786	-	(253)	(697)	-
Provision for tax expense					
(a) Current tax	-	-	-	-	-
(b) Deferred tax (credit)/charge	(2,035)	-	-	-	-
<b>Profit for the year</b>	<b>19,237</b>	<b>(3,232)</b>	<b>(6,277)</b>	<b>(12,722)</b>	<b>(21,123)</b>
<b>Basic earnings per share of Rs.10 each</b>	<b>34.43</b>	<b>-5.91</b>	<b>-11.47</b>	<b>-23.26</b>	<b>-55.41</b>

Note :					
Excise duty is shown as other expenses					

Consolidated Financial Statements for the Last 5 years is as given below:

<b>Consolidated Balance sheet</b>					
(Currency: Indian rupees)					
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31/Mar/18</b>	<b>31/Mar/17</b>	<b>31/Mar/16</b>	<b>31/Mar/15</b>	<b>31/Mar/14</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' funds</b>					
Share capital	7185.90	5469.93	5469.93	5469.93	5469.93
Reserves and surplus	7586.60	-18548.63	-15273.13	-9226.23	3550.15
	<b>14772.50</b>	<b>-13078.70</b>	<b>-9803.20</b>	<b>-3756.30</b>	<b>9020.08</b>
Share warrants	1750.00	0.00	0.00	0.00	0.00
Minority Interest	1700.28	1972.35	1917.38	1732.51	1621.55
<b>Non-current liabilities</b>					
Long-term borrowings	82156.90	46965.02	66137.31	79211.59	88845.35
Deferred tax liabilities (net)	135.24	2715.09	2766.23	2749.36	2612.48
Other Long term liabilities	0.00	125.77	135.17	121.52	4262.59
Long term provisions	189.96	182.67	236.09	231.54	284.88
<b>Current liabilities</b>					
Short-term borrowings	1525.03	12923.22	13020.47	9477.08	6289.99
Trade payables	16614.47	16634.10	18233.33	16595.29	15636.52
Other current liabilities	15563.07	78607.75	60171.13	48387.73	37903.13
Short term provisions	362.77	198.82	295.30	245.12	140.93
<b>Total</b>	<b>134770.22</b>	<b>147246.09</b>	<b>153109.21</b>	<b>154995.44</b>	<b>166617.50</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Fixed assets ( incl. CWIP)	55236.86	62845.33	66859.20	71875.35	79147.28
Non current investments	25.00	25.00	25.00	25.00	26.00
Long-term loans and advances	5181.96	5632.19	5607.15	5638.97	5819.13
<b>Current assets</b>					
Current investments	0.15	0.15	0.15	0.15	10.50
Inventories	16543.06	19998.65	19949.49	19989.05	22205.69

Inventories - Real Estate	19395.44	29980.38	29966.32	29890.61	30608.65
Trade receivables	20261.10	15019.98	15676.82	12474.89	12967.07
Cash and bank balances	6657.30	2081.03	2459.33	2472.83	2882.38
Short-term loans and advances	5538.08	5684.18	6102.39	4828.13	5078.75
Other current assets	5931.27	5979.20	6463.36	7800.46	7872.05
<b>Total</b>	<b>134770.22</b>	<b>147246.09</b>	<b>153109.21</b>	<b>154995.44</b>	<b>166617.50</b>

<b>Consolidated Statement of Profit and loss</b>					
<i>for the year ended 31st March</i>					
(Currency: Indian rupees)					
	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>
	<b>31/Mar/18</b>	<b>31/Mar/17</b>	<b>31/Mar/16</b>	<b>31/Mar/15</b>	<b>31/Mar/14</b>
<b>INCOME</b>					
Revenue from operations	61,426	74,023	81,823	86,671	80,932
Other operating income	276	463	426	300	258
Other income	479	187	150	200	183
<b>Total revenue</b>	<b>62,181</b>	<b>74,674</b>	<b>82,399</b>	<b>87,171</b>	<b>81,374</b>
<b>EXPENDITURE</b>					
Employee benefits expense	8,310	8,141	7,766	7,425	7,072
Depreciation and amortisation	8,053	4,967	6,254	6,978	4,743
Other expenses	54,440	64,818	73,838	84,360	90,490
<b>Total expenditure</b>	<b>70,804</b>	<b>77,926</b>	<b>87,859</b>	<b>98,762</b>	<b>102,305</b>
Profit before tax	(8,623)	(3,253)	(5,460)	(11,591)	(20,931)
Exceptional items	24,786		(253)		-
Provision for tax expense					
(a) Current tax	-	19	104	93	39

(b) Deferred tax (credit)/charge	(2,292)	(51)	17	137	118
Share of Minority Interest	(413)	55	185	111	18
<b>Profit for the year</b>	<b>18,869</b>	<b>(3,275)</b>	<b>(6,018)</b>	<b>(11,933)</b>	<b>(21,106)</b>
<b>Basic earnings per share of Rs.10 each</b>	<b>33.77</b>	<b>-5.99</b>	<b>-11.00</b>	<b>-21.82</b>	<b>-55.36</b>
Note :					
<i>Excise duty is shown as other expenses</i>					

The Company shall disclose the full set of abridged financial information for the last 5 years for which audited financial information is available, as prescribed under clause (b)(i) of Section 26(1) of the Companies Act, 2013 as amended or re-enacted from time to time, to the option grantee/s at the time of each grant.

3. Risk Factors and Management perception of the risk factors for the Company (i.e. sensitivity to foreign exchange rate fluctuations, difficulty in availability of raw materials or in marketing of products, cost/time overrun etc.)

Risk Perception	Management Perception
An economic downturn could impact construction, real estate and infrastructure segments, impacting the Company's business.	The Government's 'Make-in-India' drive, 'Housing-for-all by 2022', 'Swachh Bharat Abhiyaan', 'Smart Cities Mission' covering 100 cities in 5 years is expected to generate a volume-driven growth resulting in economies of scale. The Company has emerged as a one-stop shop for tile solutions, providing floor as well as wall tiles and marble. Metros and urban cities are majorly hit by an economic deceleration while in recent times a majority of the demand for consumer products is emerging from Tier-II and Tier-III locations, which usually remains largely unaffected by economic slowdowns. Thus, as a precautionary measure, the Company strengthened its distribution network in new demand pockets.
Rising gas prices could impact profitability	The Company entered into a long-term supply agreement with GAIL for supplying RLNG, a cheaper and cleaner fuel. Continuously rising gas prices is completely beyond the Company's control. However towards minimizing this impact and offsetting the cost increases, the

	Company has made arrangements for using Coal gas at its Alibag Plant.
Increasing competition can have an impact on margins.	<p>The Company commands an edge over its competitors due to its brand equity and a high product recall earned over decades. Besides, Nitco's products are available across price spectrum to connect with a wider customer base. Strategic marketing activities have allowed to serve more customers and satisfy them with dedicated after-sales services.</p> <p>Competition from the unorganised sector is expected to decline with rising consolidation, effected by organised players partnering with unbranded players (with low-cost manufacturing expertise) as a part of their cost-efficient expansion strategy. Nitco possesses such a joint venture with New Vardhman Vitrified Private Limited, with a 51% stake.</p> <p>Propelled by the GST ecosystem, market share across product categories is expected to gradually shift in favour of large organised players.</p>
Technology or software obsolescence may result in compromise of quality standards and losing out on the competitive advantage.	The Company invested in SAP ERP module, scaling up its IT infrastructure across its sales, distribution and manufacturing divisions. Design technology will further be enhanced to further strengthen NITCO's spirational brand position in the minds of the architect, builder, dealer and community in large.
A substantial portion of the Company's total sales comes from retail clients. Hence, client attrition can impact both revenues and prospective growth.	Providing post-sale services to retail customers and offering guidance programs for institutional customers have been an integral part of Company's initiatives to reinforce relationships. The Company also customises products to cater to specific requirements. Some of its brand enhancing customers include Prestige, Brigade Group, JMC Group L&T Group, Reliance Group, Lodha Group, SJR Group, Tata Group, Shapoorji & Pallonji, Runwal Builders Pvt. Ltd. Among others.
Attrition of key executives and personnel could affect the Company's growth prospects.	Nitco has appointed qualified and well-experienced personnel at key positions for better execution of processes and encourages employees to excel through proactive engagement activities. Various HR initiatives were initiated to encourage staff towards enhancing productivity and building the spirit of team work.

Dealers represent the Company's face to customers. Reduction in the number of dealers could affect sales and negate brand image.

The Company enhanced its dealer network through the introduction of new and innovative products, designs, patterns and textures. It widened the product basket, increasing dealer income prospects. The Company has introduced a fast-moving range of tiles, which has revitalised its distribution network.

The Company shall disclose the same to the option grantee/s at the time of each grant.

4. Continuing disclosure requirement: The option grantee shall be provided copies of all documents that are sent to the members of the Company. This shall include the annual accounts of the Company as well as notices of meetings and the accompanying explanatory statements.



## PART C SALIENT FEATURES OF THE SCHEME

### Table of Contents

1. NAME, OBJECTIVE AND TERM OF THE SCHEME .....	10
2. DEFINITIONS AND INTERPRETATION .....	10
3. AUTHORITY.....	16
4. ADMINISTRATION .....	17
5. ELIGIBILITY AND APPLICABILITY.....	19
6. VESTING SCHEDULE AND VESTING CONDITIONS .....	19
7. EXERCISE .....	20
8. LOCK-IN.....	23
9. EXIT ROUTE IN CASE OF DE-LISTING .....	23
10. OTHER TERMS AND CONDITIONS .....	23
11. TAXATION .....	24
12. AUTHORITY TO VARY TERMS .....	25
13. MISCELLANEOUS.....	25
14. ACCOUNTING AND DISCLOSURES .....	26
15. CERTIFICATE FROM AUDITORS.....	27
16. GOVERNING LAWS .....	27
17. NOTICES .....	27
18. JURISDICTION.....	28
19. SEVERABILITY.....	29
20. CONFIDENTIALITY.....	29

(As amended vide Committee dated August 13, 2024)

## 1. Name, Objective and Term of the Scheme

- 1.1 This Scheme shall be called 'NITCO - Employees Stock Option Plan 2019' ("ESOP-2019").
- 1.2 The objective of ESOP - 2019 is to reward the eligible Employees of the Company for their performance and to motivate them to contribute to the growth and profitability of the Company. The Company also intends to use this Scheme to attract and retain talents in the organization. The Company views Employee Stock Options as instruments that would enable the Employees to get a share in the value they create for the Company in future.
- 1.3 The ESOP - 2019 as originally envisaged has come into force on 30<sup>th</sup> March 2019 on which the shareholders of the Company have approved the ESOP - 2019. In the meantime, the Company intends to amend the ESOP - 2019 with a view to align it with the requirement of the SEBI SBEB & SE Regulations. Thus, the ESOP - 2019 has been amended vide NRC and Board of the Company.
- 1.4 The Plan shall continue to be in force until (i) its termination by the Board, or (ii) the date on which all of the Employee Stock Options available for issuance under the ESOP - 2019 have been issued and exercised, whichever is earlier.
- 1.5 The Board of Directors or the Committee as authorized may subject to compliance with Applicable Laws, at any time alter, amend, suspend or terminate the ESOP - 2019.

## 2. Definitions and Interpretation

### 2.1 Definitions

- i. **"Applicable Law"** means every law relating to Employee Stock Options, to the extent applicable, including and without limitation to the Companies Act, Securities and Exchange Board of India Act, 1992, SEBI (Share Based Employee Benefits and Sweat Equity) (SBEB & SE) Regulations, 2021, and all relevant tax, securities, exchange control or corporate laws of India, or amendments thereof or of any relevant jurisdiction or of any recognized Stock Exchange on which the Shares are listed or quoted.

- ii. **“Board”** means the Board of Directors of the Company.
- iii. **“Cause”** means any of the following acts or omissions by an Employee in addition to any provisions prescribed in the offer or terms of employment amounting to misconduct or breach of terms of employment as determined by the Board after giving the Employee an opportunity of being heard:
  - (i) dishonest statements or acts of an Employee, with respect to the Company;
  - (ii) a felony or any misdemeanor involving moral turpitude, deceit, dishonesty or fraud committed by the Employee;
  - (iii) gross negligence, misconduct or insubordination of the Employee in connection with the performance of his duties and obligations towards the Company;
  - (iv) breach by the Employee of any terms of his employment agreement or the Company’s policies or other documents or directions of Company including the reasons of non-performance;
  - (v) participating or abetting a strike in contravention of any law for the time being in force;
  - (vi) Misconduct as provided under the labour laws after following the principles of natural justice.
- iv. **“Companies Act”** means the Companies Act, 2013 and rules made thereunder and include any statutory modifications or re-enactments thereof.
- v. **“Committee”** means Nomination and Remuneration Committee of the Board as constituted to administer and supervise the Plan and other employee benefit plan/schemes, if any, comprising of such members of the Board as provided under Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and having such powers as specified under the SEBI SBEB & SE Regulations read with powers specified in this ESOP - 2019.

- vi. **“Company”** means ‘NITCO Limited’, a Company incorporated under the provisions of the Companies Act, 1956 having its registered office at Nitco House, Station Road, Kanjurmarg (East), Mumbai, Maharashtra, 400 042.
- vii. **“Death”** for the purpose of this ESOP - 2019 shall mean death of an Employee during the continuance of employment or service, which shall not include death due to suicide and any other reason(s) specified, if any, under the human resource policy of the Company.
- viii. **“Director”** means a member of the Board of the Company.
- ix. **“Eligibility Criteria”** means the criteria as may be determined from time to time by the Committee for granting the Employee Stock Options to the employees.
- x. **“Employee”** means (i) a permanent employee of the Company working in India or out of India; or (ii) Director of the Company whether whole-time or not,  
  
but does not include:
  - a. an employee who is a Promoter or a person belonging to the Promoter Group;
  - b. a Director who either by himself /herself or through his/her relatives or through any Body Corporate, directly or indirectly, holds more than 10% of the issued and subscribed Equity Shares of the Company; and
  - c. An Independent Director within the meaning of the Companies Act and under Securities Board of India (Listing Obligations and Disclosure Regulations) Regulations, 2015.
- xi. **“Employee Stock Option”** means the option granted to an Employee, which gives such Employee the right, but not an obligation, to purchase at a future date the Shares underlying the option at a pre-determined price.
- xii. **“Equity Shares”** means fully paid-up Equity Shares of the Company of face value of Rs. 10 (Rupees Ten) each.
- xiii. **“ESOP - 2019”** means Employees Stock Option Plan 2019 under which the Company is authorized to grant Employee Stock Options to the Employees.

- xiv. **“Exercise”** means making of an application by an Employee to the Company for issue of Equity Shares against Vested Options in pursuance of the ESOP - 2019, in accordance with the procedure laid down by the Company for such exercise.
- xv. **“Exercise Period”** means such time period after Vesting within which the Employee should exercise the Options vested in him in pursuance of the ESOP - 2019.
- xvi. **“Exercise Price”** means the price payable by an Employee in order to exercise the Options granted to him in pursuance of the ESOP - 2019.
- xvii. **“Fair Value of the Option”** means the value computed in respect of the Options granted based on the date of grant by use of mathematical/ statistical model such as Black Scholes.
- xviii. **“Grant”** means issue of Options to the Employees under the ESOP - 2019.
- xix. **“General Meeting”** means an annual general meeting or an extraordinary general meeting held by the Company in compliance with the Companies Act, 2013.
- xx. **“Grantee”** means an Employee who receives an offer of Options from the Company or the Committee under the Scheme.
- xxi. **“Long Leave”** means a sanctioned leave in excess of 60 days without break.
- xxii. **“Market Price”** means the latest available closing price, prior to the date of grant of Options by the Board/ Committee, on the recognized Stock Exchange on which the Shares of the Company are listed. In case Shares are listed on more than one Stock Exchange, then the closing price on the Stock Exchange where the highest trading volume on the said date shall be considered.
- xxiii. **“Option”** means Employee Stock Option within the meaning of this Scheme.
- xxiv. **“Option Grantee”** means an Employee who has been granted an Employee Stock Option in pursuance of the ESOP - 2019.
- xxv. **“Permanent Disability”** means any incapacity of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Employee from performing any specific job, work or task which the said Employee was capable of

performing immediately before such disablement, as determined by the Board/ Committee based on a certificate of a medical expert identified by the Company.

xxvi. **“Promoter”** shall have the same meaning as assigned to the term under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

xxvii. **“Promoter Group”** shall have the same meaning assigned to the term under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

**Provided that** where the Promoter or Promoter Group of the company is a body corporate, the Promoters of that body corporate shall also be deemed to be Promoter of the Company.

xxviii. **“Recognized Stock Exchange”** means the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) or any other recognized stock exchanges in India on which the Company’s Shares are listed or to be listed..

xxix. **“Retirement”** means retirement as per the rules of the Company.

xxx. **“SEBI”** means the Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992.

xxxi. **“SEBI (SBEB & SE) Regulations”** means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended and reenacted from time to time and includes any clarifications or circulars issued thereunder.

xxxii. **“Secretarial Auditor”** means a company secretary in practice appointed by a company under rule 8 of the Companies (Meetings of Board and its Powers) Rules, 2014 to conduct secretarial audit pursuant to regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

xxxiii. **“Shares”** means Equity Shares of the Company within the meaning of this Scheme.

xxxiv. **“Scheme”** means NITCO - Employees Stock Option Plan 2019.

- xxxv. **“Unvested Option”** means an Option in respect of which the relevant Vesting Conditions have not been satisfied and as such, the Option Grantee has not become eligible to exercise the Option.
- xxxvi. **“Vesting”** means earning by the Option Grantee, of the right to Exercise the Options granted to him in pursuance of the ESOP - 2019.
- xxxvii. **“Vesting Condition”** means any condition subject to which the Options granted would vest in an Option Grantee.
- xxxviii. **“Vesting Period”** means the period during which the vesting of the Employee Stock Option granted to the Employee, in pursuance of ESOP - 2019 takes place.
- xxxix. **“Vested Option”** means an Option in respect of which the relevant Vesting Conditions have been satisfied and the Option Grantee has become eligible to exercise the Option.

## 2.2 Interpretation

In this Scheme, unless the contrary intention appears:

- a) the clause headings are for ease of reference only and shall not be relevant to interpretation;
- b) a reference to a clause number is a reference to its sub-clauses;
- c) words in singular number include the plural and vice versa;
- d) words importing a gender include any other gender;
- e) a reference to a Schedule includes a reference to any part of that Schedule which is incorporated by reference.
- f) for the purposes of any calculation under this Plan 2019 any fraction the will be rounded up or down to the nearest integer;
- g) reference to any statute, rules, regulations, or notification shall include any amendment, modification, substitution or re-enactment thereof.



- h) the terms defined above, including their grammatical variations and cognate expressions, shall, unless repugnant to the context or meaning thereof, for the purposes of this Plan have the meanings herein specified and terms not defined above shall have the meanings as defined in the Companies Act or Applicable Laws including SEBI (SBEB & SE) Regulations, as the context requires; and

Words and expressions used and not defined herein but defined in the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or the Companies Act, and any statutory modification or re-enactment thereto, shall have the meanings respectively assigned to them in those legislation.

### 3. Authority

- 3.1 On passing the special resolution dated 30<sup>th</sup> March, 2019 passed through Postal Ballot , the Company shall be authorized by the shareholders to issue to the Employees under ESOP-2019, not exceeding 12,00,000 (Twelve Lakhs) Employee Stock Options convertible into not more than 12,00,000 (Twelve Lakhs) Shares of face value of Rs. 10/- (Rupees Ten) each fully paid-up, with each such Option conferring a right upon the Employee to be issued one Share of the Company, as may be decided by the Board / the Committee in accordance with the provisions of this Plan, SEBI SBEB & SE Regulations and in due compliance with other Applicable Laws under the Plan.
- 3.1.1 The maximum number of Options that shall be granted to any specific Employee of the Company under ESOP 2019, in any financial year and in aggregate under the ESOP 2019 shall not exceed 1% of the issued Equity Share Capital (excluding outstanding warrants and conversions) of the Company and in aggregate if the prior specific approval from members of the Company through a special resolution to this effect is not obtained. The appraisal process for determining the eligibility of the employees will be decided by the Committee from time to time.
- 3.2 If an Employee Stock Option expires, lapsed, cancelled, surrendered or becomes un-exercisable due to any reason/s, it shall be brought back to the Employee Stock Options pool and shall become available for future grants, subject to compliance with the provisions of the Applicable Laws.



- 3.3 Where Shares are allotted consequent upon Exercise of an Employee Stock Option under the ESOP - 2019, the maximum number of Shares that can be allotted under ESOP - 2019 as referred to in Sub-clause 3.1 above shall stand reduced to the extent of such Shares allotted.
- 3.4 In case of a Share split, merger, demerger, sale of division, consolidation, rights issues, bonus issues and other corporate actions, if the revised face value of an Equity Share is less or more, as the case may be, than the current face value as prevailing on the date of coming into force of this Scheme, the maximum number of Shares available under ESOP - 2019 as specified above shall stand modified accordingly, so as to ensure that the cumulative face value (number of Shares x face value per Share) prior to such split or consolidation remains unchanged after such split or consolidation.

#### 4. Administration

- 4.1 The ESOP - 2019 shall be administered by the Board or by the Committee as may authorize by the Board. All questions of interpretation of the ESOP - 2019 shall be determined by the Board/ Committee and such determination shall be final and binding upon all persons having an interest in the ESOP - 2019.
- 4.2 The Board/Committee shall in accordance with this Scheme and Applicable Laws determine the following:
- (a) The Eligibility Criteria for grant of Employee Stock Options to the Employees
  - (b) The quantum of Employee Stock Options to be granted under the ESOP - 2019 per Employee subject to ceiling specified in Sub-clause 3.1.1;
  - (c) Terms and conditions in respect of grant to, vest in and exercise of Options by the Employees and determination of exercise price which may be different for different class/ classes of Employees falling in the same tranche of grant of Options issued under ESOP - 2019;
  - (d) The procedure for making a fair and reasonable adjustment in case of corporate actions such as merger, demerger, sale of division, stock-split, stock consolidation, rights issues, bonus issues and others; In this regard following shall be taken into consideration by the Board/Committee:

- i. the number and the price of Option shall be adjusted in a manner such that total value of the Option remains the same after the corporate action; and
    - ii. the Vesting Period and the life of the Option shall be left unaltered as far as possible to protect the rights of the Option Grantees
  - (e) The procedure and terms for the Grant, Vest and Exercise of Employee Stock Options in case of employees who are on long leave;
  - (f) Deciding on disallowance of options in case of misconduct on the part of Option Grantee.
  - (g) The procedure for Vesting in case of termination of employment, if required;
  - (h) Determine the procedure for buy-back of Options granted under the Plan if to be undertaken at any time by the Company, and the applicable terms and conditions, including:
    - i. permissible sources of financing for buy-back;
    - ii. any minimum financial thresholds to be maintained by the Company as per its last financial statements; and
    - iii. limits upon quantum of Options that the Company may buy-back in a financial year;
  - (i) The procedure for cashless exercise of Employee Stock Options, if required; and
  - (j) Approve forms, writings and/or agreements for use in pursuance of the ESOP - 2019.
- 4.3 The Board/Committee shall frame suitable policies and procedures to ensure that there is no violation of securities laws including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time) and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 (as amended from time to time) by the Company and its Employees, as applicable.

## 5. Eligibility and Applicability

- 5.1 Only Employees within the meaning of this Scheme are eligible for being granted Stock Options under ESOP - 2019. The specific Employees to whom the Stock Options would be granted and their Eligibility Criteria would be determined by the Board/Committee.
- 5.2 The Scheme shall be applicable to the Company as determined by the Board/Committee at its own discretion.

## 6. Vesting Schedule and Vesting Conditions

- 6.1 The options granted shall vest so long as an employee continues to be in the employment of the Company as the case may be. The Committee may, at its discretion, lay down certain performance metrics on the achievement of which such options would vest, the detailed terms and conditions relating to such vesting, and the proportion in which options granted would vest subject to the minimum vesting period of 1 (one) year.

**Provided that** in case where Options are granted by the Company under the Plan in lieu of options held by a person under a similar Plan in another company ("Transferor Company") which has merged or amalgamated with the Company, the period during which the options granted by the Transferor Company were held by him may be adjusted against the minimum Vesting Period required under this Sub-clause in due compliance with the provisions of SEBI SBEB & SE Regulations.

**Provided further that** in the event of Death or Permanent Incapacity of an Employee, the minimum Vesting Period shall not be applicable and in such instances, all the Unvested Options shall vest with effect from date of the Death or Permanent Incapacity.

- 6.2 The vesting dates in respect of the options granted under the Scheme may vary from employee to employee or any class thereof and/or in respect of the number or percentage of options granted to an employee.

- 6.3 Options shall vest essentially based on continuation of employment and apart from that the Board or Committee may prescribe achievement of any performance condition(s) for vesting. Vesting/lock-in period and the vesting may occur in tranches or otherwise.
- 6.4 Options granted under ESOP 2019 would vest subject to maximum period of 5 (five) years from the date of grant of such options.
- 6.5 The specific vesting schedule and conditions subject to which vesting would take place would be outlined in the document(s) given to the Option Grantee at the time of grant of Options.

## 7. Exercise

### 7.1 Exercise Price:

- (a) The Exercise Price shall be any price as may be decided by the Board/Committee. In any case, the Exercise Price per Option shall not be less than the face value of shares and it may be different for different class/ classes of Employees falling in the same tranche of grant of Options issued under ESOP- 2019.
- (b) Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favour of the Company, or by any other payment methods prevalent in RBI recognized banking channels or in such other manner and subject to such procedures as the Board/Committee may decide.

### 7.2 Exercise Period:

#### (a) While in employment:

- (i) The Exercise period shall not be more than 7 years from the date of respective vesting of Options. The options granted may be exercised by the Grantee at one time or at various points of time within the exercise period as determined by the Committee from time to time.
- (ii) The Vested options shall be exercisable by the employees by a written application (or by electronic means through a software) to the Company expressing his/ her desire to exercise such options in such manner and on such format as may be

prescribed by the Nomination and Remuneration Committee from time to time. The options shall lapse if not exercised within the specified exercise period.

(b) **Exercise Period in case of separations:** Options can be exercised as per provisions outlined below:

Sr. No.	Separations	Vested Options	Unvested Options
1	<b>Resignation</b>	All Vested Options as on date of submission of resignation may be exercised by the Option Grantee <b>on or before his last working day</b> with the Company.	All Unvested Options on the date of submission of resignation shall stand <b>cancelled</b> with effect from that date.
2	<b>Termination (With or without cause)</b>	All Vested Options which were not allotted at the time of such termination shall stand <b>cancelled</b> with effect from the date of such termination.	All Unvested Options on the date of such termination shall stand <b>cancelled</b> with effect from the termination date.
3	<b>Retirement or early Retirement approved by the Company</b>	All Vested Options as on date of retirement may be exercised by the Option Grantee <b>within permitted exercise period.</b>	All Unvested Options shall vest as per original vesting schedule and may be exercised by the Option Grantee <b>within permitted exercise period.</b>
4	<b>Death</b>	All Vested Options may be exercised by the Option Grantee's nominee or legal heir immediately after, but in no event later than <b>12</b>	All the Unvested Options as on the date of Death shall vest immediately and may be exercised by the Option

		<b>months</b> from the date of Death.	Grantee's nominee or legal heir/s within <b>12 months</b> from the date of Death..
5	<b>Permanent Disability</b>	All Vested Options may be exercised by the Option Grantee or, if the Option Grantee is himself, unable to exercise due to such disability, the nominee or legal heir, immediately after, but in no event later than <b>12 months</b> from the date of such disability.	All the Unvested Options as on the date of such Permanent Disability shall vest immediately and can be exercised by the Option Grantee or, if the Option Grantee is himself unable to exercise due to such incapacity, the nominee or legal heir immediately after, but in no event later than <b>12 months</b> from the date of such disability.
6	<b>Abandonment*</b>	All the Vested Options shall stand <b>cancelled</b> .	All the Unvested Options shall stand <b>cancelled</b> .
7	<b>Other reasons apart from those mentioned above</b>	The Committee shall decide whether the Vested Options as on that date can be exercised by the Option Grantee or not, and such decision shall be final.	All Unvested Options on the date of separation shall stand <b>cancelled</b> with effect from that date.

\*The

Board/Committee, at its sole discretion shall decide the date of cancellation of Option's and such decision shall be binding on all concerned.

- 7.3 The Options not exercised within the Exercise Period shall lapse and the Employee shall have no right over such lapsed or cancelled Options.

## 8. Lock-in

- 8.1 The Shares issued upon exercise of Options shall be freely transferable and shall not be subject to any lock-in period restriction after such exercise.

**Provided that** the transferability of the Shares shall be subject to the restriction for such period in terms of the Securities Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015, as amended from time to time or for such other period as may be stipulated from time to time in terms of Company's Code of Conduct for Prevention of Insider Trading.

## 9. Surrender of Options

- 9.1 An employee may surrender his/her vested /unvested options at any time during his employment with the company. Any employee willing to surrender his/her options shall communicate the same to the Board or Committee in writing. Thereafter the surrendered options shall be brought back to the Employee Stock Options pool and shall become available for future grants.

## 10. Exit route in case of de-listing

- 10.1 If the Company gets de-listed from all the Recognized Stock Exchanges, then the Board shall have the powers to set out terms and conditions for the treatment of Vested Options and Unvested Options in due compliance of the Applicable Laws.

## 11. Other Terms and Conditions

- 11.1 The Employee shall not have a right to receive any dividend or to vote or in any manner or enjoy the benefits of a Shareholder in respect of Employee Stock Options granted, till Shares underlying such Employee Stock Options are allotted by the Company on exercise of such Employee Stock Option.
- 11.2 Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Company (for example, bonus shares, rights shares, dividend, voting,



etc.) in respect of any Shares covered by the Grant unless the Option Grantee Exercises the Employee Stock Option and becomes a registered holder of the Shares of the Company.

- 11.3 The Employee Stock Option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.
- 11.4 If the Company issues bonus shares or rights shares, the Option Grantee shall not be eligible for the bonus or rights shares in the capacity of an Option Grantee. However, an adjustment to the number of Options or the Exercise Price or both would be made in accordance with clause 4.2 (d) of ESOP - 2019.
- 11.5 Employee Stock Options shall not be transferable to any person except in the event of death of the Option Grantee, in which case provisions in table under Sub-clause 7.2(b) would apply.
- 11.6 No person other than the Employee to whom the Employee Stock Option is granted shall be entitled to Exercise the Employee Stock Option except in the event of the death of the Option Grantee, in which provisions in table under Sub-clause 7.2 (b) would apply.

## 12. Taxation

- 12.1 The liability of paying taxes, if any, in respect of Employee Stock Options granted pursuant to this Scheme and the Shares issued pursuant to exercise thereof shall be entirely on Option Grantee and shall be in accordance with the provisions of Income Tax Act, 1961 read with rules issued thereunder and/or Income Tax Laws of respective countries as applicable to eligible Employees of Company working abroad, if any.
- 12.2 The Company shall have the right to deduct from the Employee's salary or recover any tax that is required to be deducted or recovered under the Applicable Laws. In case of non-continuance of employment, the outstanding amount of the tax shall be recovered fully on or before full and final settlement.
- 12.3 The Company shall have no obligation to deliver Shares until the Company's tax deduction obligations, if any, have been satisfied by the Option Grantee in full.



## 13. Authority to vary terms

13.1 The Board/ Committee may, if it deems necessary, modify, change, vary, amend, suspend or terminate the ESOP - 2019, subject to compliance with the Applicable Laws and Regulations.

13.2 For the purpose of efficient implementation and administration of the Plan but subject to the Applicable Laws and approval of the shareholders of the Company by way of a special resolution, if required, Committee may revise any of the terms and conditions in respect of existing or any new grant of Options provided that the variation is not prejudicial to the interest of the Employees.

**Provided that** the Company shall be entitled to vary the terms of the Plan to meet any regulatory requirement without seeking shareholders' approval by way of a special resolution.

13.3 The Committee may also re-price the Options which are not exercised, whether or not they have vested, if Plan is rendered unattractive due to fall in the price of the Shares.

## 14. Miscellaneous

### 14.1 Government Regulations

The ESOP - 2019 shall be subject to all Applicable Laws to the extent applicable. The Grant of Options and allotment of Shares to the Employees under this ESOP - 2019 shall be subject to the Company requiring the Employees to comply with all Applicable Laws.

### 14.2 Inability to obtain authority

The inability of the Company to obtain authority from any regulatory body having jurisdiction over the Company, or under any Applicable Laws, for the lawful allotment and issuance of any Shares hereunder shall relieve and wholly discharge the Company of any and all liability in respect of such inability.

14.3 Neither the existence of this Scheme nor the fact that an individual has on any occasion been granted an Employee Stock Option shall give such individual any right, entitlement or

expectation that he has or shall in future have any such right, entitlement or expectation to participate in this Scheme by being granted an Employee Stock Option on any other occasion.

- 14.4 The rights granted to an Option Grantee upon the grant of an Employee Stock Option shall not afford the Option Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).
- 14.5 The Option Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to exercise an Employee Stock Option in whole or in part.
- 14.6 Participation in ESOP - 2019 shall not be construed as any guarantee of return on equity investment. Any loss due to fluctuations in the market price of the Shares and the risks associated with the investments are that of the Employee alone.
- 14.7 Insider Trading etc.

The Employee shall ensure that there is no violation of:

- a. SEBI (Prohibition of Insider Trading) Regulations, 2015; and
- b. SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003; and
- c. Any other regulations to prevent fraudulent or harmful practices relating to the Securities Market.

The Employee shall keep the Company, the Board, the Committee fully indemnified in respect of any liability arising for violation of the above provisions.

## 15. Accounting and Disclosures

- 15.1 The Company shall follow the laws/regulations applicable to accounting and disclosure related to Employee Stock Options, including but not limited to the Guidance Note on Accounting for Employee Share-based Payments and/ or any relevant Accounting Standards as may be prescribed by the Regulatory authorities from time to time, including the disclosure requirements prescribed therein.

15.2 The Company shall make disclosures to the prospective Option Grantees containing statement of risks, information about the Company and salient features/Scheme document of the ESOP - 2019 in a format as prescribed under SEBI (SBEB & SE) Regulations.

15.3 The Company shall disclose details of Grant, Vest, Exercise and lapse of the Employee Stock Options in the Directors' Report or in an annexure thereof as prescribed under SEBI (SBEB & SE) Regulations or any other Applicable Laws as in force.

## 16. Certificate from Secretarial Auditors

16.1 The Board of Directors shall at each annual general meeting place before the shareholders a certificate from the Secretarial Auditors of the company that the scheme(s) has been implemented in accordance with the prescribed regulations and in accordance with the resolution of the company in the general meeting.

## 17. Governing Laws

17.1 The terms and conditions of the ESOP- 2019 shall be governed by and construed in accordance with the Applicable Laws including the Foreign Exchange Laws mentioned below.

### 17.2 Foreign Exchange Laws

In case any Employee Stock Options are granted to any Employee being resident outside India belonging to the Company working outside India, the provisions of the Foreign Exchange Management Act, 1999 and Rules or Regulations made thereunder as amended and enacted from time to time shall be applicable and the Company has to comply with such requirements as prescribed from time to time in connection with Grant, Vest, Exercise of Employee Stock Options and allotment of Equity Shares thereof.

## 18. Notices

18.1 All notices of communication required to be given by the Company to an Option Grantee by virtue of this ESOP - 2019 shall be in writing. The communications shall be made by the Company in any one or more of the following ways:

- (i) Sending communication(s) to the address of the Option Grantee available in the records of the Company; or
- (ii) Delivering the communication(s) to the Option Grantee in person with acknowledgement of receipt thereof; or
- (iii) Emailing the communication(s) to the Option Grantee at the official email address provided, if any, by the Company to the prospective /existing Option Grantee during the continuance of employment or at the email address provided by the Option Grantee after cessation of employment.

18.2 Any communication to be given by an Option Grantee to the Company in respect of ESOP - 2019 shall be sent to the person at the address mentioned below or e - mailed at:

**Designation: Company Secretary & Compliance Officer**

**Address:** Nitco House, Station Road, Kanjurmarg (East), Mumbai, Maharashtra, 400 042

**Email:** [investorgrievances@nitco.in](mailto:investorgrievances@nitco.in)

## 19. Jurisdiction

19.1 The Courts/National Company Law Tribunal, as the case may be, in Mumbai, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESOP - 2019.

19.2 Nothing in this Clause shall however limit the right of the Company to bring proceedings against any Employee in connection with this ESOP - 2019:

- (i) in any other court of competent jurisdiction; or
- (ii) Concurrently in more than one jurisdiction.

## 20. Listing of the Shares

20.1 The Company shall not Grant options under the Plan unless it obtains in-principle approval from the Stock Exchanges where it is listed.

20.2 The Company shall appoint a Merchant Banker for the implementation of the Plan upto in-principle approval from the Stock Exchanges where it is listed.

- 20.3 Subject to the approval of the stock exchange(s), the Shares issued and allotted on Exercise of the options shall be listed on the Recognized Stock Exchange(s) on which the Shares of the Company are listed.

## 21. Severability

- 21.1 In the event any one or more of the provisions contained in this Scheme shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this Scheme in which case the Scheme shall be construed as if such invalid, illegal, or unenforceable provisions had never been set forth herein, and the Scheme shall be carried out as nearly as possible according to its original intent and terms.

## 22. Confidentiality

- 22.1 An Option Grantee must keep the details of the ESOP- 2019 and all other documents in connection thereto strictly confidential and must not disclose the details with any of his peer, colleagues, co-employees or with any employee and/ or associate of the Company or that of its affiliates. In case Option Grantee is found in breach of this Clause on confidentiality, all unexercised Options shall stand cancelled immediately. The decision and judgment of the Company regarding breach of this Clause on confidentiality shall be final, binding and cannot be questioned by Option Grantee. In case of non-adherence to the provisions of this Clause, the Board shall have the authority to deal with such cases as it may deem fit.
- 22.2 On acceptance of the grant of Option offered by the Company, it shall be deemed that as if the Option Grantee has authorized the Company to disclose information relating to the Option Grantee during the process of implementation of the Scheme or while availing any consulting or advisory services thereof or any other incidental services to its officers, professional advisors, agents and consultants on a need to know basis.

For NITCO LIMITED

Place: Mumbai  
Date: August 13, 2024

Vivek Talwar  
Chairman & Managing Director  
DIN: 00043180