



NOCIL LIMITED

# NOCIL Limited

## NOCIL Employee Stock Option Scheme

Approved by Board of Directors on 04.06. 2007

Amended by Board of Directors on 19.03 2013

Reviewed by Board of Directors on 19.06.2024

FOR NOCIL LTD.  
  
ANAND V.S.  
Managing Director



## The Scheme

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(NOCIL Limited)

### NOCIL Employee Stock Option Scheme

#### 1. Purpose

The objective of the Scheme is to ensure alignment of employees' interest with the growth of the enterprise, provide opportunity to them for wealth creation and retain them.

#### 2. Definitions

The terms defined in this section shall, for purposes of this Scheme, have the meanings herein specified.

**Agreement** means the NOCIL Employee Stock Option Scheme Agreement executed between the Company and the participant, laying down the terms and conditions of the grant. The agreement is subject to the terms and conditions of the Scheme.

**Award** means any Options granted under the Scheme.

**Authorised Capital** means the authorised capital of the Company.

**Board** means the Board of Directors of the Company

**Compensation Committee or Remuneration Committee** means a Committee constituting of a majority of Independent Directors of the Company, constituted for the purpose, inter alia, of administering the Scheme.

**Company** means NOCIL Limited, and any successor Company thereof.

**Disability** means physical condition wherein, in the opinion of the Compensation Committee, the participant is no longer able to discharge his duties.

**Employee** means persons (including whole time Directors) employed in full-time employment by the Company, or its holding company or any subsidiary of the Company.

**Employer** means Company, its subsidiaries in India and abroad or any successor Company thereof.



**Employee Stock Option** means the benefit or right given to employees of the Company to purchase at a future date, the securities offered by the company at a pre-determined price.

**Equity or Equity shares** means equity shares of Company.

**Exercise** means conversion of options into equity shares.

**Exercise Period** means the time period during which the participant can exercise the options held by him. If options are not exercised within this period, they will lapse.

**Exercise Price** means the consideration at which the shares may be purchased by the participant pursuant to an option.

**Guidelines** mean SEBI (Employee Stock Option and Employee Stock Purchase) guidelines, 1999, as amended from time to time.

**Grant Size** means the number of options granted to the participant.

**Fair Market Value** means latest available closing price, prior to the date of consideration at the Stock Exchange at which the equity shares of Company are traded. If the equity shares of Company are traded at more than one Stock Exchange, then the latest available closing price at the exchange at which the largest numbers of shares were traded, is considered.

**Scheme** means the NOCIL Employee Stock Option Scheme as set forth in this document and as hereafter amended from time to time

**Promoter/Promoter Group** means 'Promoters' as defined under the SEBI Guidelines.

**Participant/ Participant Employee(s)** means all those employees and Directors who are eligible to participate in the Scheme as per the eligibility criteria

**Retirement** means, in case of employees, retirement as per the superannuation rules of the Company and in case of directors, retirement as per Companies Act, 1956.

**Sign-on** means that the employee accepting the employment from the Company.

**Stock Option / Option** means an option to purchase equity shares of the Company.

**Vesting period** means the period, from the date of grant of options till the date on which the employee becomes eligible to exercise the option.

**Vested Options** means all those options for which the period from the day of grant of the option to the day under consideration, is greater than the vesting period.

**Unvested Options** means all those options for which the period from the day of grant of the option to the day under consideration is less than the vesting period.

### 3. Eligibility



The Scheme is applicable to all permanent and full-time employees, excluding the employees who are the promoters of the Company. The Compensation Committee, at its sole discretion, shall decide who among those employees shall receive Employee Stock Options in a particular grant.

#### **4. Number of Shares**

The total number of shares available for grant under the Scheme shall not exceed 5% of the issued and subscribed equity share capital of the Company, from time to time.

#### **5. Effective Date of the Scheme**

The effective date of the Scheme is the date on which it is approved by the Shareholders of the Company, by passing a special resolution in a general meeting.

#### **6. Terms of the Scheme**

##### **6.1. Frequency of Grant**

- The options shall be granted to eligible participants from time to time, as decided by the Compensation Committee.

##### **6.2. Grant Date**

- The day on which the Compensation Committee finalises the grant shall be the Grant Date.
- Interim grants may be made at a pre-defined frequency, over and above the grant frequency determined by the Compensation Committee, to accommodate exceptions like sign-ons, transfers-in, transfers-out, promotions, acquisitions, spin-offs etc.

##### **6.3. Grant Size**

- The Compensation Committee shall determine the number of options to be granted to each participant and the criteria to be applied for such determination. The Committee shall have full discretion to lay down, change or modify the criteria, as they deem fit.
- The Committee shall consider criteria such as performance of the Company and the Participant, level in the organisation, potential, period of service, criticality of the individual, number of shares available, etc.

##### **6.4. Vesting Period**

- The Compensation Committee shall decide the manner and period of vesting of options at the time of grant.
- No options shall, however, vest in less than 12 months, or such other period as may be prescribed by the SEBI guidelines from time to time.



### 6.5. Exercise Price

The Compensation Committee shall determine the exercise price of each grant and the pricing formula to be applied for such determination. The exercise price shall, however, be not less than the Fair Market Value on the grant date.

### 6.6. Period of Exercise

The options granted can be exercised at any time until completion of ten years from the date of grant, subject to the vesting schedule. Any options remaining unexercised at the end of the exercise period shall lapse.

### 6.7. Manner of Exercise

At the time of exercise the participant may pay the exercise price in the form of payment as approved by the Compensation Committee.

The form of consideration may be as follows:

- **Cash Payment:** The Committee shall establish procedures governing the exercise of Options, which shall require that written notice of exercise be given and that the Option price be paid in full in cash, including by personal cheque, at the time of exercise or pursuant to any other arrangement that the Committee shall approve. As soon as practicable after receipt of a written exercise notice and full payment of the exercise price, the Committee shall deliver to the Participant the shares.
- **Cashless exercise:** Under the cashless system of exercise, the company may itself fund or permit the empanelled stock brokers to fund the payment of exercise price which shall be adjusted against the sale proceeds of some or all the shares, subject to the provision of the Companies Act.

## 7. Termination of Employment

The Scheme shall be practised in the following ways in the case of termination of employment:

**7.1. On Retirement:** If employee retires from the Company, he shall exercise his vested options within 120 months or the remaining validity of the options, whichever is earlier. All unvested options shall continue to vest as per pre-determined schedule; and be exercised within the exercise period.

**7.2. On Death:** In the event of the death of employee while in employment, the vested options shall be transferred to the legal heirs or nominees indicated in the agreement and exercised within 12 months. If, on his death, all options that the employee was entitled to, have not vested in the employee, the unvested options shall vest immediately and be transferred to the legal heirs or nominees indicated in the agreement for exercise within 12 months.



- 7.3. On Disability:** In case the employee suffers a disability while in employment, the vested options can be held by the employee and exercised within 3 years from the date of disability or the remaining validity of the options, whichever is earlier. If, on the date of disability, there are any unvested options, the shares covered by the unvested portion shall vest immediately, and need to be exercised within 3 years.
- 7.4. On Termination due to Resignation:** If an employee ceases to be in employment due to resignation, the vested options can be exercised within the notice period. All the unvested options will be forfeited.
- 7.5. On Termination due to Disciplinary Action:** If an employee ceases to be in employment due to disciplinary action, all vested and unvested options will be forfeited.
- 7.6. On Termination due to reasons other than Disciplinary Action:** For the purpose of the Scheme, restrictions on vested and unvested options will be removed immediately, with 3 months allowed for exercise.

## **8. NOCIL Employee Stock Option Scheme Agreement**

The Employees shall enter into an agreement with the Company at the time of grant of options. The grant will be governed by the terms and conditions listed in the Scheme and the Agreement.

## **9. Taxation**

- 9.1.** All tax liability arising out of receipt of options, exercise of options and/or subsequent sale of shares shall be that of the participant alone.
- 9.2.** Prior to the delivery of any shares, the Company shall have the power and the right to deduct or withhold tax at source as required under the Income Tax Act, 1961.

## **10. Rights as a shareholder**

The participant shall not have the right to receive any dividend or to vote or in any manner enjoy the rights or benefits of a shareholder in respect of option granted to him, till shares are issued on exercise of option.



## 11. Administration

The Scheme shall be administered by the Compensation Committee.

**11.1** The Compensation Committee shall have the full powers to administer the Scheme, prescribe or amend any rules and correct any defects in the Scheme.

**11.2** The Committee, by majority action thereof, is authorized to prescribe, amend, and rescind rules and regulations relating to the Scheme, to provide for conditions deemed necessary or advisable to protect the interests of the Company, and to make all other determinations necessary or advisable for the administration and interpretation of the Scheme in order to carry out its provisions and purposes. The Committee shall exercise such authority in terms of the Section 5.3 of the SEBI Guidelines as amended from time to time. Determinations, interpretations, or other actions made or taken by the Committee pursuant to the provisions of the Scheme shall be final, binding, and conclusive for all purposes and upon all persons.

The Compensation Committee shall take all decisions regarding the administration of the Scheme such as:

- Quantum of stock options to be granted per employee and in aggregate
- Conditions under which vested options lapse in case of termination of employment for misconduct
- Exercise period within which the employee should exercise the option
- The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee
- The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period
- The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others.
  - In this regard following shall be taken into consideration by the compensation committee:
    - the number and the price of options shall be adjusted in a manner such that total value of the options remains the same after the corporate action
    - the vesting period and the life of the options shall be left unaltered as far as possible to protect the rights of the option holders.
- The grant, vest and exercise of option in case of employees who are on long leave; and
- The procedure for cashless exercise of options.



- To ensure there is no violation of:
  - SEBI (Insider Trading) Regulations, 1992, as amended
  - SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995, as amended and
  - SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended

or any other laws, regulations or guidelines relating to employee shareholding.

**11.3** The Compensation Committee shall obtain permission/s from and make periodic reporting to regulatory authorities and ensuring compliance with all guidelines applicable to the ESOS. All disputes regarding the Scheme shall be referred to the Compensation Committee and the decision of the Compensation Committee shall be final, conclusive and binding on all persons.

**11.4. No ESOS shall involve acquisition of Securities from the Secondary market.**

## **12. Amendment and Termination of the Scheme**

**12.1.** The Board of Directors may, in their sole discretion, amend, suspend or terminate the Scheme at any time.

**12.2.** In the event of such termination, the Compensation Committee shall prescribe the conditions governing the vesting and exercise of the outstanding options. Such conditions may not, however, be less beneficial to the participant or more restrictive than the conditions of the Scheme.

**12.3.** The Board may not make any amendment which would (i) materially modify the requirements for participation in the Scheme, (ii) increase the number of shares subject to Awards under the Scheme pursuant to para 5 of the Scheme, or (iii) change the minimum exercise price for share options as provided in para 7.5, in each case without the approval of a majority of the shareholders. No amendment or modification shall affect the rights of any Employee with respect to a previously granted Award.

**12.4.** No amendment, alteration, suspension or termination of the Scheme shall impair the rights of any participant, unless mutually agreed upon otherwise between the Company and Participant in an agreement, in writing.

## **13. Reconstruction/Amalgamation of the Company**

In the event of Reconstruction/Amalgamation of the Company, the Compensation Committee shall ensure that the participants receive options in the new entity in the same proportion as the shareholders and the number of options and/or the exercise price shall be modified in a manner so as to ensure that the value of the new options is no less than the value of the options originally granted.





#### **14. Cancelled, Terminated, Forfeited or Surrendered Awards.**

Any options granted which for any reason are cancelled or forfeited shall again be available for Award under the Scheme.

#### **15. Miscellaneous Provisions**

**15.1.** Nothing contained in the Scheme shall limit or restrict in any way the Company from making any award or payment to the employees and the Directors under any other Scheme.

Notwithstanding anything contained herein or in any Agreement to the contrary, the Company shall not be required to sell or issue shares if the issuance thereof violates any provision of any law or regulation of any Government authority or SEBI or a Stock Exchange.

**15.2.** Participation in this Scheme shall not be construed as a guarantee of return on the options or the shares purchased in exercise thereof. The risks associated with investment in shares are that of the participants' alone.

**15.3.** Option granted to a participant shall not be transferable to any person. The option granted to the participant shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner, other than by will or by the laws of descent and distribution.

#### **15.4. No Guarantee of Employment or Participation.**

Nothing in the Scheme shall interfere in any way the right of the Company to terminate any Participant's employment at any time, with or without cause, nor confer upon any Participant any right to continue in the employ of the Company. The rights and obligations of any individual, under the terms of his office or employment with the Company shall not be affected by his participation in this Scheme. For the purpose of the Scheme, transfer of the employment of an employee between the Company and Parent/ Subsidiary /Associate Company shall not be deemed a termination of employment. No Employee shall have a right to be selected as a Participant, or, having been so selected once, continue to receive any future Awards.

#### **15.5. Beneficiary Designation.**

Each Participant under the Scheme may from time to time name any beneficiary or beneficiaries to whom any benefit under the Scheme is to be paid or by whom any right under the Scheme is to be exercised in case of his death. Each designation will revoke all prior designations by the same Participant, shall be in a form prescribed by the Committee, and will be effective only when filed in writing with the Committee. In the absence of any such designation, Awards outstanding at death may be exercised by the Participant's surviving spouse, if any, or otherwise by his estate.

**15.6.** This Scheme shall not confer on any person any legal or equitable right against the Company either directly or indirectly or give rise to any cause of action in law or equity against the Company.



15.7. This Scheme shall be purely at the discretion of the Company.

15.8. Each person who is and shall be a member of the Compensation Committee, shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him in connection with or resulting from any claim, motion, suit or proceedings which he is involved in, by way of the Scheme.


#### 16. Legal Constructions

16.1. **Gender and Number:** Except where indicated by the context, any masculine term used shall include the feminine and the singular shall include the plural or the vice versa.

16.2. **Severability:** In the event any provision of the Scheme shall be held illegal or invalid for any reason, the legality or invalidity shall not affect the remaining parts of the Scheme, and the Scheme shall be construed and enforced as if the illegal or invalid provision had not been included.

16.3. **Requirements of Law:** The granting of and issuance of the shares under the agreement shall be subject to all applicable laws, rules and regulations and to such approvals by any government agency or SEBI as may be required.

16.4. **Governing Law.** The Scheme and all agreements hereunder, shall be construed in accordance with and governed by the laws of the Government of India.

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Managing Director