



## WALCHANDNAGAR INDUSTRIES LIMITED

Walchandnagar: 413 114, Dist Pune, Maharashtra, India

Tel: 02118- 307100 / 252 235 Fax: 02118- 252 358

Website: www.walchand.com Email: wil@walchand.com

### 'WIL - Employees Stock Option Plan 2020' 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:-** Walchandnagar Industries Ltd.(WIL), established in 1908 is a Heavy Engineering Company with a presence in Strategic Sectors like Defence, Nuclear & Aerospace and Industrial Products like Gears, Centrifugals, Castings and Gauges. Certified for ISO 9001:2015, WIL also has a presence in Railways and in EPC sectors through its offerings for Sugar Plants, Co - Generation Boilers and Cement Plants.

Subsidiaries of the Company - Company is not having any Subsidiary Company.

**Main objects:-**

III (1). To carry on in India and elsewhere the trade or business of Civil, Mechanical, Sanitary, and General Engineers and Contractors, Merchants, Importers and Exporters, workers in materials of all descriptions, founders, smelters, tin platemakers, and dealers in all descriptions, of articles and in furtherance of this object to acquire from the present partners of the existing Firm of Messrs. Marsland Price and Company, Bombay, partly for cash and partly for shares in the Company the whole of the assets of the said firm as a going concern, including all leases, patent rights, trade patterns, goodwill, contracts, cash, bills, or any property now or hereafter vesting in the said firm and to enter into and carry into effect (either with or without modification) the agreement for the due acquisition of the said business which has already been prepared and is expressed





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to be made between John James Marsland Arthur Boyd Price, Richard Augustus Willis and James Pearson (trading as Messrs. Marsland Price and Company) of the one part and the Company of the other part, a copy whereof is subjoined by way of Schedule A to the Articles of Association of the Company.

For Other Objects for which the Company was established are as mentioned in the clause No. III of the Memorandum of Association of the Company and same can be provided to the ESOP holders on request.

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

<b>Balance sheet</b>					
(Currency: Indian rupees)					
	As at	As at	As at	As at	As at
	31-Mar-20	31-Mar-19	31-Mar-18	31-Mar-17	31-Mar-16
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' funds</b>					
Share capital	761	761	761	761	761
Reserves and surplus	26,147	32,773	33,143	35,683	55,433
	-	-	-	-	-
Share application money pending allotment	-	-	-	-	-
<b>Non-current liabilities</b>					
Deferred tax liabilities (net)					
Long term provisions	1,300	1,198	1,193	1,246	809
<b>Current liabilities</b>					
Trade payables	8,723	9,463	17,203	36,277	9,856
Other current liabilities	67,319	72,078	63,164	46,940	72,626
Short term provisions	363	335	-	-	344
<b>Total</b>	<b>1,04,613</b>	<b>1,16,608</b>	<b>1,15,464</b>	<b>1,20,907</b>	<b>1,39,829</b>




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<b>ASSETS</b>					
<b>Non-current assets</b>					
Fixed assets					
(i) Tangible assets	34,164	37,862	39,393	43,804	55,893
(ii) Intangible assets	98	106	159	146	209
(iii) Intangible assets under development	-	-	-	-	-
Non current investments	8	148	145	150	12
Long-term loans and advances					
Other non-current assets	6,160	6,331	5,992	3,301	4,460
<b>Current assets</b>					
Current investments	-	170	158	361	16
Trade receivables	25,513	32,941	38,920	37,653	40,279
Cash and bank balances	4,307	8,982	3,180	1,767	2,477
Short-term loans and advances					
Other current assets	34,363	30,068	27,517	33,725	36,483
<b>Total</b>	<b>1,04,613</b>	<b>1,16,608</b>	<b>1,15,464</b>	<b>1,20,907</b>	<b>1,39,829</b>


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<b>Statement of Profit and loss</b>					
<i>for the year ended 31st March</i>					
Rs. In lakhs except Earnings per share					
	Year ended	Year ended	Year ended	Year ended	18 months ended
	31-Mar-20	31-Mar-19	31-Mar- 18	31-Mar-17	31-Mar-16
<b>INCOME</b>					
Revenue from operations	29,805	36,405	39,841	39,791.05	80,212.36
Other operating income					
Other income	2,017	2,492	889	336.88	524.41
<b>Total revenue</b>	<b>31,822</b>	<b>38,897</b>	<b>40,730</b>	<b>40,127.93</b>	<b>80,736.77</b>
<b>EXPENDITURE</b>					
Cost of Materials Consumed	13,990	14,724	15,134	17,036.51	37,105.12
Sub-contracting expenses, Processing Charges and Other Direct Costs	2,001	3,004	2,568	2,779.45	11,273.48
Changes in Inventories of Finished Goods and Work-in-progress	(4,273)	(1,755)	2,776	1,664.20	3,357.36
Finance Costs	8,652	8,051	7,611	6,950.34	8,978.09
Exchange Currency Fluctuation (Gain)/ Loss		-	-	141.54	214.31
Employee benefits expense	8,366	8,441	7,773	8,240.73	13,582.58
Depreciation and amortisation	2,300	2,703	3,346	1,816.48	3,383.95
Other expenses	6,353	3,943	4,104	4,208.37	8,688.24
<b>Total expenditure</b>	<b>37,389</b>	<b>39,111</b>	<b>43,312</b>	<b>42,837.62</b>	<b>86,583.13</b>
<b>Profit before tax</b>	<b>(6,546)</b>	<b>(214)</b>	<b>(2,582)</b>	<b>(3,892.27)</b>	<b>(6857.45)</b>
Provision for tax expense					





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(a) Current tax	-	-	-	-	-
(b) Deferred tax (asset)/liability	-	-	-	1,901.01	-
(c) Tax for earlier years	-	-	-	632.35	311
<b>Profit for the year</b>	<b>(6,546)</b>	<b>(214)</b>	<b>(2,582)</b>	<b>(6,425.63)</b>	<b>(7,168.45)</b>
<b>Basic earnings per share of Rs.xx each</b>	<b>(17.20)</b>	<b>(0.56)</b>	<b>(6.78)</b>	<b>(16.88)</b>	<b>(18.83)</b>

### 3. Risk Factors and Management perception of the risk factors for the Company :

#### 1. *We have to comply with certain financial and other covenants, in relation to certain loan agreements under our debt facilities.*

We enter into loan agreements, with various lenders, which require us to comply with certain financial as well as non-financial covenants and to provide certain guarantees, during the currency of the respective loans. In respect of most of these loan agreements, in case of an event of default, the lenders have the right to, inter alia, declare all amounts outstanding with respect to that loan immediately due and payable (subject to the expiry of any applicable cure periods), exercise their rights pursuant to cross-default and cross-acceleration provisions under such loan agreements, guarantees or instruments and enforce their security created in their favour.

Any acceleration, cross acceleration, enforcement of security and/or guarantee, trigger of a cross default or declaration of a cross-default under the financing agreements entered into by the Issuer may not only have a material adverse effect on our business, prospects and financial condition but also lead to the cessation of our business as a going concern.

#### 2. *Increases in interest rates may materially impact our results of operations.*

Substantially all of our secured and unsecured debt carries interest at fixed rates or at rates that are subject to adjustments at specified intervals. Any such increase in interest expense may have a material adverse effect on our business, prospects, financial condition and results of operations.

#### 3. *We depend on the expertise of our senior management and skilled employees; our results of operations may be adversely affected by the departure of our senior management and experienced employees.*

We are dependent on our directors and senior management for setting our strategic direction and managing our business, which are crucial to our success.





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Our continued success also depends upon our ability to attract and retain a large group of experienced professionals and staff. The loss of the services of our senior management or our inability to recruit, train or retain a sufficient number of experienced personnel could have a material adverse effect on our operations and profitability. Our ability to retain experienced staff members as well as senior management will in part depend on us having in place appropriate staff remuneration and incentive schemes. We cannot be sure that the remuneration and incentive schemes we have in place will be sufficient to retain the services of our senior management and skilled employees.

#### 4. Manufacturing Business related Risks :-

- I. Company's business in Defence, Missiles, Aerospace and Nuclear Division depends upon the timely finalization of government contract because most of these contracts are from the Government Department. Any delay in fructification and finalization of the government contract/ tender may have adverse effect of the company's ability to timely execute of the project.
- II. Company's business in the field of Defence, Missiles, Aerospace and Nuclear Division are mostly based of tender/ bidding process. Any changes in policy made by the Government/ client from time to time with reference to the criteria for bidding in terms of revenue/ profitability and selection criteria for strategic partners may have adverse impact on the company's ability to bid for those contracts and secure the orders.
- III. In case of Nuclear business any delay in clearing the policy log jams (For eg. CLNDA clause in case of Nuclear Power Plant Equipments) may delay the process of bidding and consequently securing the orders in the field of the nuclear business.
- IV. Some of the business in the field of Defence, Missiles, Aerospace and Nuclear Division are secured as per a tendering term which is in today's date single / limited tender process. The inclusion of the new party in the bidding process may have adverse impact due to change in tendering terms from single/limited tender to a full-fledge competitive tendering process. This may have adverse impact on the capability of the company to secure the contracts with good margin.
- V. The procedural delays - eg. Quality clearances by the customers or their authorised agent and timely realization of Debtors may have adverse impact on the company and this may hamper timely project execution as well as the working capital cycle of the company.



VI. The business in the field of the Defence, Missiles, Aerospace and Nuclear is highly technology driven business. Any changes in technology in future may have adverse impact on the company's ability to secure business and maintain good margin.

**5. EPC business related risks :**

I. EPC businesses in the field of Sugar, Boiler and Cement have become very competitive due to commoditization of these businesses. Hence these businesses may be adversely affected and we may not be able to maintain good margin going forward in these businesses.

II. The timely implementation of EPC business is dependent on timely financial closure of the project and timely sanction of all approvals required for the implementation of the project. Any delay in securing the sanction of the approvals required for the implementation of the project and financial closure by the customers may have adverse impact on the company's ability to implement the project in time and consequently may have impact of cost overrun in the project.

III. The business in the field of sugar industry in india is mainly controlled by sugar co-operative society and hence the customers profile becomes very important for this business. Any adverse issues with the customers may have adverse impact on the timely implementation of the sugar projects and consequently cost overrun risk.

IV. Currently the sugar industry is facing a slump in the business and the capacity utilization of the cement plants are sub-optimal. If the above position is not reversed, then this may have adverse impact on the company's ability to secure orders in these businesses.

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**

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

1.1 This Scheme shall be called 'WIL - Employees Stock Option Plan 2020' ("ESOP-2020").

1.2 The objective of ESOP - 2020 is to reward the eligible Employees of the Company in India and abroad 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 ESOP - 2020 will be effective on approval by the shareholder by the way of Special Resolution passed at the Annual General meeting on August 14, 2020 and 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 - 2020 have been issued and exercised, whichever is earlier.

1.4 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 - 2020.

## 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 (SBEB) Regulations, and all relevant tax, securities, exchange control or corporate laws of India, or amendments thereof or of any relevant jurisdiction or of any 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 in accordance with Section 178 of the Companies Act, 2013, as amended from time to time and Securities Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 and will also constitute as the Compensation Committee for the purposes of Securities

and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

- vi. **“Company”** means ‘Walchandnagar Industries Ltd.’, a Company incorporated under the provisions of the Companies Act, 1882 having its registered office at 3 Walchand Terraces, opp. Air Conditioned Market Tardeo Mumbai 400034, Maharashtra, India.
- vii. **“Director”** means a member of the Board of the Company.
- viii. **“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.
- ix. **“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, and (iii) an employee defined in Sub-clauses (i) and (ii) hereof of its Holding Company or one or more of its Subsidiary Company(ies) whether in or outside India, 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 as amended.
- x. **“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.

- xi. "Equity Shares" means fully paid-up Equity Shares of the Company of face value of Rs. 2/- (Rupees Two) each.
- xii. "ESOP - 2020" means Employees Stock Option Plan 2020 under which the Company is authorized to grant Employee Stock Options to the Employees.
- xiii. "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 - 2020, in accordance with the procedure laid down by the Company for such exercise.
- xiv. "Exercise Period" means such time period after Vesting within which the Employee should exercise the Options vested in him in pursuance of the ESOP - 2020.
- xv. "Exercise Price" means the price payable by an Employee in order to exercise the Options granted to him in pursuance of the ESOP - 2020.
- xvi. "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.
- xvii. "Grant" means issue of Options to the Employees under the ESOP - 2020.
- xviii. "General Meeting" means an annual general meeting or an extraordinary general meeting held by the Company in compliance with the Companies Act, 2013.
- xix. "Grantee" means an Employee who receives an offer of Options from the Company or the Committee under the Scheme.
- xx. "Holding Company" means a holding company as defined in sub-section (46) of section 2 of the Companies Act, 2013.
- 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 - 2020.
- 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, 2009, 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, 2009, 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. "Retirement" means retirement as per the rules of the Company.
- xxix. "SEBI" means the Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992.



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- xxx. "SEBI (SBEB) Regulations" means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended and reenacted from time to time and includes any clarifications or circulars issued thereunder.
- xxxi. "Shares" means Equity Shares of the Company within the meaning of this Scheme.
- xxxii. "Stock Exchange" means the National Stock Exchange of India Ltd, The BSE Ltd, or any other Stock Exchange in India on which the Company's Shares are listed or to be listed in future and shall have the same meaning attributed to it under Section 2(j) of the Securities Contracts (Regulation) Act, 1956.
- xxxiii. "Scheme" means 'WIL - Employees Stock Option Plan 2020'.
- xxxiv. "Subsidiary" means a subsidiary of the Company as per the definition under Section 2 (87) of the Companies Act, 2013.
- 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 - 2020.
- 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 - 2020 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; and
- e) reference to Company shall refer to the Company and / or Holding Company or its Subsidiary Company where the contexts so requires, in case Options are granted to the employees of Holding Company or its subsidiary Company in future.

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 August 14, 2020, the Company shall be authorized by the shareholders to issue to the Employees under ESOP- 2020, not exceeding 10,00,000 (Ten Lakhs) Employee Stock Options convertible into not more than 10,00,000 (Ten Lakhs) Shares of face value of Rs. 2/- (Rupees Two) each fully paid-up, with each such Option conferring a right upon the Employee to be issued one Share of the Company, in accordance with the terms and conditions of such issue.

- 3.2 The maximum number of Options that shall be granted to any specific Employee of the Company or of its Holding or its Subsidiary Company under ESOP 2020, in any financial year and in aggregate under the ESOP 2020 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.
- 3.3 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.
- 3.4 Where Shares are allotted consequent upon Exercise of an Employee Stock Option under the ESOP - 2020, the maximum number of Shares that can be allotted under ESOP - 2020 as referred to in Sub-clause 3.1 above shall stand reduced to the extent of such Shares allotted.
- 3.5 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 - 2020 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 - 2020 shall be administered by the Board or by the Committee as may be authorized by the Board. All questions of interpretation of the ESOP - 2020 shall be determined by the Board/ Committee and such determination shall be final and binding upon all persons having an interest in the ESOP - 2020.

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 - 2020 per Employee subject to ceiling specified in Sub-clause 3.1;
- (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 - 2020;
- (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;
- (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) The procedure for cashless exercise of Employee Stock Options, if required; and
- (i) Approve forms, writings and/or agreements for use in pursuance of the ESOP - 2020.

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 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices

relating to the Securities Market) Regulations, 2003 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 - 2020. 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 and any successor Company thereof, Holding Company or Subsidiary Companies and may be granted to the Employees and Directors of the Company, of the Holding Company or its Subsidiary Company, as determined by the Board/Committee at its own discretion.

**Provided that** in case of any Grant of Option to the Employees of Holding or its Subsidiary Company, prior approval of the Shareholders shall be obtained as per provisions of the Applicable Laws.

## 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 or the Holding Company or its Subsidiary 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.

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 other performance / other condition(s) for vesting. The vesting may occur in tranches or otherwise.

6.4 Options granted under ESOP 2020 would vest subject to maximum period of 7 years from the date of respective 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 as may be decided by the Committee as is allowed under the SBEB Regulations which in any case will not be lower than the face value of the equity shares of the Company on the date of such grant. Further the Exercise Price can be different for different set of employees for options granted on same / different dates.

(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 10 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 on or before his last working day with the Company.	All Unvested Options on the date of submission of resignation shall stand cancelled with effect from that date.
2	<b>Termination (With cause like fraud, misconduct etc.)</b>	All Vested Options which were not allotted at the time of such termination shall stand cancelled with effect from the date of such termination.	All Unvested Options on the date of such termination shall stand cancelled with effect from the termination date.
3	<b>Termination (Without cause)</b>	All Vested Options which were not allotted at the time of such termination may be exercised by the Option Grantee on or before his last working day with the Company.	All Unvested Options on the date of such termination shall stand cancelled with effect from the termination date.
4	<b>Retirement or early Retirement approved by Company</b>	All Vested Options as on date of retirement may be exercised by the Option Grantee within the period as permitted by NRC / Compensation Committee	All Unvested Options shall vest as per original vesting schedule and may be exercised by the Option Grantee within the period as permitted



		at the time of such retirement or early retirement.	by NRC / Compensation Committee at the time of such retirement or early retirement.
5	<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 12 months from the date of Death.	All Unvested Options as on the date of death shall vest immediately and may be exercised by the Option Grantee's nominee or legal heir/s within 12 months from the date of Death.
6	<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 12 months from the date of such disability.	All 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 12 months from the date of such disability.
7	<b>Abandonment*</b>	All the Vested Options shall stand cancelled.	All the Unvested Options shall stand cancelled.



**WALCHANDNAGAR INDUSTRIES LIMITED**

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8	Any other reason not specified above	The NRC / Compensation 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 cancelled with effect from that date.
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\*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 In the event of transfer of an Employee from the Company to its Holding Company or its Subsidiary(ies) Company, the Unvested Options as on the date of transfer, shall continue to vest as per the original vesting schedule and be exercised, subject to the compliance of the Applicable Laws.

7.4 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 / post 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. Method of Valuation

The Company will follow fair value method for computing the compensation cost, if any, for the options granted. The company will follow IFRS/ IND AS/ any other requirements for accounting of the Stock options as are applicable to the Company for the same.

## 12. Other Terms and Conditions

12.1 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.

12.2 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.

- 12.3 The Employee Stock Option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.
- 12.4 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 - 2020.
- 12.5 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.
- 12.6 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.
- 13. Taxation**
- 13.1 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.
- 13.2 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.
- 13.3 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.

**14. Authority to vary terms**

14.1 The Board/ Committee may, if it deems necessary, modify, change, vary, amend, suspend or terminate the ESOP - 2020, subject to compliance with the Applicable Laws and Regulations.

**15. Miscellaneous**

**15.1 Government Regulations**

The ESOP - 2020 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 - 2020 shall be subject to the Company requiring the Employees to comply with all Applicable Laws. Further, company will comply with all the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (referred to as "SEBI LODR") Regulations, 2015 and amendment made thereof.

**15.2 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.

15.3 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.

15.4 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).

- 15.5 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.
- 15.6 Participation in ESOP - 2020 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.
- 15.7 Insider Trading etc.

The Employee shall ensure that there is no violation of:

- a. SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time; 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.

## 16. Accounting and Disclosures

- 16.1 The Company shall follow the laws/regulations applicable to accounting and disclosure related to Employee Stock Options, including but not limited to SEBI(SBEB) Regulations as well as 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.
- 16.2 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 - 2020 in a format as prescribed under SEBI (SBEB) Regulations.

16.3 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) Regulations or any other Applicable Laws as in force.

#### 17. Certificate from Auditors

17.1 The Board of Directors shall at each annual general meeting place before the shareholders a certificate from the 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.

#### 18. Governing Laws

18.1 The terms and conditions of the ESOP- 2020 shall be governed by and construed in accordance with the Applicable Laws including the Foreign Exchange Laws mentioned below.

##### 18.2 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.

#### 19. Notices

19.1 All notices of communication required to be given by the Company to an Option Grantee by virtue of this ESOP - 2020 shall be in writing or electronic mode. 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.

19.2 Any communication to be given by an Option Grantee to the Company in respect of ESOP - 2020 shall be sent to the person at the address mentioned below or e - mailed at:

**Designation :** Vice-President (Legal & Taxation) & Company Secretary

**Address :** 3 Walchand Terraces, opp. Air Conditioned Market Tardeo Mumbai 400034, Maharashtra, India.

**Email :** giriraj.agrawal@walchand.com

## 20. Jurisdiction

20.1 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 - 2020.

20.2 Nothing in this Clause shall however limit the right of the Company to bring proceedings against any Employee in connection with this ESOP - 2020:

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



**21. Severability**

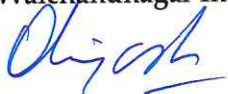
21.1 In the event any one or more of the provisions contained in this Scheme shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this Scheme in which case the Scheme shall be construed 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- 2020 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 Walchandnagar Industries Ltd.



Mr. Chirag C. Doshi  
Managing Director & CEO

Place: Mumbai

Date: June 26, 2020