



**APOLLO TRICOAT TUBES LIMITED**  
**EMPLOYEE STOCK OPTION SCHEME – 2019**

## PART A: STATEMENT OF RISKS

An investment in Equity Shares / Options are subject to risk as the value of Equity Shares may go down or go up. You should carefully consider all the information in this Scheme, including the risks and uncertainties described below, before making an investment in the Equity Shares. If profitability and financial condition of the Company gets affected, the price of our Equity Shares / Options could decline and you may lose all or part of your investment in the Equity Shares / Options. Unless specified or quantified in the Scheme, we are not in a position to quantify the financial or other implication of any of the risks.

In addition, Options are subject to the following additional risks:

- 1. Concentration:** The risk arising out of any fall in value of Equity Shares is aggravated if the Employee's holding is concentrated in the Equity Shares of a single Company.
- 2. Leverage:** Any change in the value of the Equity Share can lead to a significantly larger change in the value of the Options.
- 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 benefits 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 Employee is terminated for gross misconduct.

## **PART B: INFORMATION ABOUT THE COMPANY**

### **1. Business Profile of the Company**

Apollo TriCoat Tubes Limited was incorporated on 12<sup>th</sup> January, 1983. Its CIN is L74900DL1983PLC014972 and is presently having its registered office at 37, Hargobind Enclave, Vikas Marg, Delhi – 110092.

#### **Main Objects of the Company are as follows:**

- 1.** To manufacture the TriCoat Tubes in three variants SureCoat, DureCoat and SuperCoat with the advanced Galvant Technology and to carry on in India and elsewhere the trade or business of manufacturing, prospecting, raising, operating, buying, selling, importing, exporting, purchasing, factoring, otherwise dealing in iron & steel and ferrous and non-ferrous metals of all qualities, grades, types and kinds, as iron mongers, iron masters, steel makers and steel converters and/or all products made of Iron and Steel, Iron-ore and other alloys including zinc or/ and colour quoted steel, coils, sheets, pipes and tubes and other materials in any variants, using advanced technology, machinery or equipments required for manufacture of such item.
- 2.** To carry on the business as manufacturers of Iron, steel or other metal pipes, seamless pipes, sheets, rods and other products of iron, steel or other metals now known or that may hereafter be invented as also to carry on the business of ironmasters, iron founders, metal workers, steel makers and steel converters and to purchase or otherwise acquire, set up, erect, maintain, reconstruct and adapt any offices, workshops, plant, machinery and other things found necessary or convenient for the purpose of the Company.
- 3.** To provide the technical and management consultancy services, both in India and abroad, for design, application, development, production, fabrication, operation, promotion, marketing and use of products out of stainless steel, aluminum sheets, ceramic, wood, leather, glass, acrylic, plastic, wax and other metal / alloys sheet required and/or used in the house hold / official goods, architectural, construction automobiles, railway transport and other allied sectors.

### **2. Abridged Financial Information**

The financial information of the Company including Balance Sheet, Profit and Loss Statement, Cash Flow Statement and Auditors report for the last 5 (Five) years is available at the website of the Company at <http://www.apollotriccoat.com>.

### **3. Risk Factors for the Company**

The Company's business is subject to various certain generic risks and industry specific risks including those specified below:

#### **3.1 Industry Specific Risks:**

Change in government regulations or their implementation could disrupt the operations and adversely affect the business and results of the Company, due to which company may incur increased cost and penalties.

#### **3.2 Dynamic scenario:**

Change in technology may render our current technology obsolete and require us to make substantial investment which could affect the company finance and operation.

#### **3.3 Political instability or changes in the Government in India or in the Government of the states where we operate could cause us significant adverse effects:**

We are incorporated in India and most of our operations, assets and personnel are located in India. Consequently, our performance and the market price and liquidity of the Equity Shares may be affected by changes in exchange rates and controls, interest rates, Government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

The Government has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Our business is also impacted by regulation and conditions in the various states in India where we operate. Since 1991, successive Governments have pursued policies of economic liberalisation and financial sector reforms. However, there can be no assurance that such policies will be continued. Any political instability could affect the rate of economic liberalisation, specific laws and policies affecting foreign investment, the Power industry or investment in our Equity Shares. A significant change in the Government's policies, in particular, those relating to our field, could adversely affect our business, results of operations, financial condition and prospects and could cause the price of our Equity Shares to decline.

#### **3.4 Significant increases in market prices of essential raw materials, energy or transportation, as well as supply disruptions, could adversely affect our results of operations.**

**3.5 Risk arising from changes in interest rates and banking policies:**

Increased interest rates will have a bearing on profitability and credit controls will have an effect on our liquidity and will have serious effects on adequate working capital requirements. We are dependent on various banks for arranging of our working capital requirement etc. Accordingly, any change in the existing banking policies or increase in interest rates may have an adverse impact on profitability of our company.

The above risks and uncertainties include but are not limited to risks and uncertainties relating to dependencies on few customers and suppliers, changes in the regulatory framework, adverse development in the any of the customer industries to whom substantial part of the product is given, downgrading of credit worthiness, political instability, legal restrictions and general economic conditions affecting the industry.

**4. Continuing Disclosure Requirement:**

The Grantee would be entitled to receive 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 the meetings and the accompanying explanatory statements.

**PART C: APOLLO TRICOAT TUBES LIMITED EMPLOYEE STOCK OPTION  
SCHEME – 2019**

**1. Introduction:**

- 1.1 This Scheme shall be called the “Apollo TriCoat Tubes Limited Employee Stock Option Scheme – 2019” hereinafter referred as “the Scheme”.
- 1.2 The Scheme was approved by the Board of Directors and the Shareholders of the Company on 15th October 2019 and [●] respectively.
- 1.3 The Scheme shall be effective from [●].

**2. Term of the Scheme:**

- 2.1 The Scheme shall continue in effect unless terminated by the Board of Directors or until all Options available to be granted under the Scheme are fully exercised.
- 2.2 Any such termination of the Scheme shall not affect Options already granted and such Options shall remain in full force and effect as if the Scheme had not been terminated unless mutually agreed otherwise between the Grantee / Nominee / Legal Heirs and the Company.

**3. Purpose of the Scheme:**

- 3.1 The Purpose of the Scheme includes the followings:
  - 3.1.1 To motivate the Employees to contribute to the growth and profitability of the Company.
  - 3.1.2 To retain the Employees and reduce the attrition rate of the Company.
  - 3.1.3 To achieve sustained growth and the creation of Shareholder value by aligning the interests of the Employees with the long term interests of the Company.
  - 3.1.4 To create a sense of ownership and participation amongst the Employees to share the value they create for the Company in the years to come, and
  - 3.1.5 To provide additional deferred rewards to Employees.

#### 4. Definitions:

4.1 In this Scheme, except where the context otherwise requires, the following expressions or terms shall have the meanings indicated there against.

4.1.1 **“Applicable Law”** means every law relating to Employee Benefit Schemes in force, including, without limitation to, Companies Act, 2013, SEBI (SBEB) Regulations, as amended, and all relevant revenue, tax, securities or exchange control regulations or corporate laws of India to the extent applicable. The applicable law includes any provision of the applicable law, rule(s), regulation(s), notification(s), circular(s) or any other similar form of directives issued by the competent authority under the relevant applicable law.

4.1.2 **“Associate Company”** shall have the same meaning as defined in section 2(6) of the Companies Act. 2013, as amended from time to time.

4.1.3 **“Board of Directors”** means the Board of Directors of the Company.

4.1.4 **“Body Corporate”** shall have the same meaning as defined in section 2(11) of the Companies Act. 2013, as amended from time to time.

4.1.5 **“Cashless Exercise”** means making of an application in such manner and on such format as may be prescribed by the Committee, from time to time, by the Grantee to the Company and the Trust, directing the Trust to sell the requisite number of Shares in lieu of Options exercised and crediting the sale proceeds after adjustment of Exercise Price, applicable income tax amounts and other amounts, if any, in accordance with the terms and conditions of the Scheme.

4.1.6 **“Committee”** means Nomination and Remuneration Committee of the Company constituted by the Board of Directors and is designated as Compensation Committee for the purpose of monitoring, administering, superintending, and implementing the Scheme in compliance with SEBI (SBEB) Regulations.

4.1.7 **“Company”** means Apollo TriCoat Tubes Limited.

4.1.8 **“Corporate action”** means a change in the capital structure of the Company as a result of Bonus Issue, Rights Issue, Split of Shares and Consolidation of Shares.

**4.1.9 “Directors”** means a Director appointed to the Board of Directors of the Company.

**4.1.10 “Employee”** means:

- a. A permanent Employee of the Company who has been working in India or outside India; or
- b. a Director of the Company, whether a Whole Time Director or not but excluding an Independent Director and Non-Executive Director; or
- c. an Employee as defined in clause (a) or (b) of a Subsidiary, in India or outside India, or of a Holding Company of the Company

But does not include:

- a. an Employee who is a Promoter or a person belonging to the Promoter Group; or
- b. A Director who either himself or through his Relative or through any Body Corporate, directly or indirectly, holds more than ten percent of the outstanding Shares of the Company.

**4.1.11 “Eligibility Criteria”** means the criteria, as may be determined from time to time by the Committee, for grant or vesting of Options.

**4.1.12 “Exercise”** means making of an application, in such manner and on such format as may be prescribed by the Committee, from time to time, by the Grantee, to the Company and the Trust in accordance with terms and conditions of the Scheme.

**4.1.13 “Exercise Period”** means the time period after vesting within which a Grantee should exercise / cashless exercise his right against the vested Options.

**4.1.14 “Exercise Price”** means the price payable by the Grantee for exercising the Options vested in him in pursuance to the Scheme.

**4.1.15 “Grant”** means the issue of Options to the Grantee under the Scheme.

**4.1.16 “Grant Date”** means the date on which the Options are granted to an Employee.

**4.1.17 “Grantee”** shall mean Employee to whom Options have been granted under the Scheme.



**4.1.18 “Holding Company”** shall have the same meaning as defined in regulation 2 of SEBI (LODR) Regulations and section 2(46) of the Companies Act. 2013, as amended from time to time.

**4.1.19 “Independent Director”** shall have the same meaning as defined in regulation 16 of SEBI (LODR) Regulations and section 2(47) of the Companies Act. 2013, as amended from time to time.

**4.1.20 “Market price”** means the latest available closing price on a recognized stock exchange on which the Shares of the Company are listed on the date immediately prior to the relevant date.

*Explanation – If the Shares of the Company got listed on more than one stock exchange, then the closing price on the stock exchange having higher trading volume shall be considered as the market price.*

**4.1.21 “Options / Employee Stock Options”** means a right but not an obligation granted to a Grantee to purchase or subscribe at a future date, the Shares offered by the Company, directly or indirectly, at a pre- determined price, in accordance with this Scheme.

**4.1.22 “Permanent Disability”** means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps a Grantee from performing any specific job, work or task which the said Grantee was capable of performing immediately before such disablement, as determined by the Board of Directors based on a certificate of a medical expert identified by the Company.

**4.1.23 “Promoter”** shall have the same meaning as defined in regulation 2 of SEBI (SBEB) Regulations, as amended from time to time.

**4.1.24 “Promoter Group”** shall have the same meaning as defined in regulation 2 of SEBI (SBEB) Regulations, as amended from time to time.

**4.1.25 “Relative”** shall have the same meaning as defined in section 2(77) of the Companies Act. 2013, as amended from time to time.

**4.1.26 “Relevant date”** means the date of the meeting of the Committee on which the grant is made.

- 4.1.27 “Scheme”** shall mean the Apollo TriCoat Tubes Limited Employee Stock Option Scheme – 2019 and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof from time to time.
- 4.1.28 “SEBI (SBEB) Regulations”** means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof.
- 4.1.29 “SEBI (LODR) Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof.
- 4.1.30 “Shares”** means Equity Shares of the Company.
- 4.1.31 “Subsidiary”** shall have the same meaning as defined in regulation 2 of SEBI (LODR) Regulations and section 2(87) of the Companies Act, 2013, as amended from time to time.
- 4.1.32 “Trust”** shall mean Apollo TriCoat Tubes Limited Employees Welfare Trust established by the Company under the provisions of Indian Trust Act, 1882, including any statutory modification or re-enactment thereof, for implementing the Scheme.
- 4.1.33 “Unvested Option”** means an Option, which is not vested.
- 4.1.34 “Vested Option”** means an Option, which has vested in pursuance to the Scheme and has thereby become exercisable.
- 4.1.35 “Vesting”** means the process by which the Grantee becomes entitled to receive the benefit of a grant made to him under the Scheme.
- 4.1.36 “Vesting Date”** means the date on and from which the Option vests with the Grantees and there by becomes exercisable.
- 4.1.37 “Vesting period”** means the period during which the vesting takes place.

**4.1.38 “Whole Time Director”** shall have the same meaning as defined in section 2(94) of the Companies Act, 2013, as amended from time to time.

**Interpretation:**

**In this document, unless the contrary intention appears:**

- a) The singular includes the plural and vice versa;
- b) The word “person” includes an individual, a firm, a body corporate or unincorporated body or authority; and
- c) Any word or expression importing the masculine, feminine or neuter genders only, shall be taken to include all three genders.
- d) Any word which is not defined under the Scheme shall be interpreted in line with SEBI (SBEB) Regulations.
- e) Articles headings are for information only and shall not affect the construction of this document.
- f) A reference to an article is respectively a reference to an article of this document.
- g) Reference to any Act, Rules, Statute or Notification shall include any statutory modification, substitution or re-enactment thereof.

**5. Implementation & Administration:**

**5.1** The Company proposes to implement the Scheme through Trust Route wherein the Trust shall acquire the Shares by:

**5.1.1** Direct allotment from the Company and/or

**5.1.2** From secondary acquisition from the market

**5.2** The Shares so acquired by the Trust will either be:

**5.2.1** transferred to the Grantees as and when the Options are exercised and/or

**5.2.2** will be sold by the Trust and the sale proceeds after adjustment of Exercise Price, applicable income tax amounts and other amounts, if any will be transferred to the Grantees in accordance with the terms and conditions of the Scheme when Options are cashless exercised.

**5.3** Subject to applicable laws and the framework laid down by the Board of Directors, the Scheme shall be administered by the Committee which shall delegate some or all of its power to the Trust or any other Committee or Persons for proper administration of the Scheme.

- 5.4** The Committee is authorized to interpret the Scheme, to establish, amend and rescind any rule(s) and regulation(s) relating to the Scheme and to make any other determinations that it deems necessary or desirable for the administration and implementation of the Scheme.
- 5.5** Any decision of the Committee in the interpretation and administration of the Scheme, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all the parties concerned (including but not limited to, Grantee and/or Employee and their Nominees / Legal heirs).
- 5.6** The Committee shall subject to applicable laws, inter alia, have powers to do following:
- 5.6.1** To delegate its duties and powers in whole or in part as it may decide from time to time to any person or Committee or Trust.
  - 5.6.2** To decide upon stopping the Options which were lapsed, forfeited or surrendered under any provisions of the Scheme from re granting.
  - 5.6.3** To increase or decrease the pool of Options to be granted under Scheme.
  - 5.6.4** To increase or decrease the pool of Shares to be issued under Scheme.
  - 5.6.5** To identify the Employees eligible to participate in the Scheme.
  - 5.6.6** To finalize the eligibility criteria for grant of Options.
  - 5.6.7** To determine the Employees eligible for grant of Options.
  - 5.6.8** To determine the number of Options to be granted to each Grantee and in aggregate subject to the pool of Options of the Scheme.
  - 5.6.9** To decide upon granting of Options to new Joinees.
  - 5.6.10** To determine the grant date.
  - 5.6.11** To grant Options to one or more eligible Employees.
  - 5.6.12** To calculate the exercise price after giving discount / charging premium on the market price, if deems fit.
  - 5.6.13** To extend the period of acceptance of grant.
  - 5.6.14** To decide the vesting period subject to minimum and maximum period of vesting as stated in Scheme.
  - 5.6.15** To determine the vesting schedule for each Grantee.
  - 5.6.16** To finalize the eligibility criteria for vesting of Options.
  - 5.6.17** To determine the Employees eligible for vesting of Options.
  - 5.6.18** To decide upon the mode and manner of exercise.
  - 5.6.19** To allot Shares to Trust.
  - 5.6.20** To decide upon treatment of vested and unvested Options in cases of cessation

of employment as specified in the Scheme.

**5.6.21** To decide upon the treatment of vested and unvested Options in the event of Corporate Actions taking into consideration the following:

- a. the number and price of Options shall be adjusted in a manner such that the total value to the Grantee of the Options remains the same after the Corporate Action;
- b. the vesting period and the life of Options shall be left unaltered as far as possible to protect the rights of the Grantee who has been granted such Options.

**5.6.22** To cancel all or any granted Options in accordance with the Scheme.

**5.6.23** To accelerate the vesting of Options on a case to case basis, subject to completion of minimum 1 year from the date of grant.

**5.6.24** To decide upon treatment of vested and unvested Options in cases of dispute between the Grantee and Company.

**5.6.25** To finalize letters and other documents, if any, required to be issued under the Scheme.

**5.6.26** To re price the Options which are not exercised, whether or not they have been vested, if the Options rendered unattractive due to fall in the price of the Shares in the market.

**5.6.27** To establish, amend, suspend or waive such rules and regulations as it shall deem appropriate for the proper administration of the Scheme.

**5.6.28** To terminate the Scheme.

**5.6.29** To appoint such agents as it shall deem necessary for the proper administration of the Scheme.

**5.6.30** To determine or impose other conditions to the grant of Options under the Scheme, as it may deem appropriate.

**5.6.31** To frame suitable policies and procedure to ensure that there is no violation of securities laws, including the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 as amended, by the Company or the Employees.

**5.6.32** To determine the procedure for cashless exercise of Options, if deems fit.

**5.7** The powers and functions of the Committee can be specified, varied, altered or modified from time to time by the Board of Directors, subject to the rules and regulations as may be in force. The Board of Directors may further provide that the Committee shall exercise certain powers only after consultation with the Board of Directors and in such case, the said powers shall be exercised accordingly.

**5.8** A member of the Committee shall abstain from participating in and deciding on any matter relating to grant of any Options to himself.

**6. Pool of the Scheme:**

**6.1** The maximum number of Options that may be granted pursuant to this Scheme shall not exceed 2,00,000 which shall be convertible into equal number of Shares.

**6.2** If any Option granted under the Scheme lapses or is forfeited or surrendered under any provision of the Scheme, such Option shall be available for further grant under the Scheme unless otherwise determined by the Committee.

**6.3** Further, the maximum number of Options that can be granted and the Shares arise upon exercise of these Options shall stand adjusted in case of corporate action.

**6.4** The Company reserves the right to increase or decrease such number of Options and Shares as it deems fit, in accordance with the applicable laws.

**7. Apollo TriCoat Tubes Limited Employees Welfare Trust:**

**7.1** Apollo TriCoat Tubes Limited Employees Welfare Trust is the Trust established by the Company, which holds the Shares of the Company for the purpose of extending benefits of the Scheme to the Employees.

**7.2** The Trust shall acquire Shares by way of fresh allotment from the Company or from secondary Acquisition from the market. The Trust shall utilize such Shares for the purpose of either transferring them to the Grantees or selling them and transferring the requisite amount upon exercise / cashless exercise of the Options under the Scheme.

**7.3** Company may implement several Employee Benefit Scheme through the Trust.

**7.4** The Trust will keep and maintain proper books of account, records and documents, for the Scheme so as to explain its transactions and to disclose at any point of time the financial position of the Scheme and in particular give a true and fair view of the state of affairs of Scheme.

**7.5** No person shall be appointed as a Trustee, if he

- is a Director, Key Managerial Personnel or Promoter of the Company or its Holding, Subsidiary or Associate Company or any relative of such Director, Key Managerial Personnel or Promoter; or
- beneficially holds ten percent or more of the paid-up share capital of the Company.

- 7.6** The Trustees of the Trust, shall not vote in respect of the Shares held by such Trust, so as to avoid any misuse arising out of exercising such voting rights.
- 7.7** The Trustee shall ensure that appropriate approval from the Shareholders has been obtained by the Company in order to enable the Trust to implement the Scheme(s) and undertake secondary acquisition for the purposes of the Scheme(s).
- 7.8** The Trust shall not deal in derivatives, and shall undertake only delivery-based transactions for the purposes of secondary acquisition as permitted by SEBI (SBEB) Regulations.
- 7.9** For the purposes of disclosures to the stock exchange, the shareholding of the Trust shall be shown as 'non-promoter and non-public' shareholding.
- 7.10** The Trust shall transfer the Shares to Grantees in the manner specified in the trust deed. The Trustee(s) of the Trust shall administer the transfer of Shares to the Grantee as per the directions of the Committee and as stipulated in the Scheme.
- 7.11** For the purpose of acquisition of Shares by the said Trust, the Trust maybe funded by the Company, either through a loan or any other form of financial assistance permissible under Applicable Laws. Further, the Trust may take loan from banks or any other person/source under Applicable Laws.
- 7.12** The amount of loan to be provided for implementation of the Scheme by the Company to the Trust Shall not exceed 5% of the paid up equity capital and free reserves as provided in companies Act, 2013. The tenure of such loan shall be the point where the objects of the Trust are accomplished or the repayment of loan is made, whichever is earlier. The utilization of such loan shall be for the objects of the Trust as mentioned in trust deed. The Trust shall repay the loan to the Company by utilising the proceeds realised from exercise of Options by the Grantees and the accruals of the Trust at the time of termination of the Scheme.
- 7.13** The Trust shall not become a mechanism for trading in Shares and hence shall not sell

the Shares in secondary market except as provided in SEBI (SBEB) Regulations.

- 7.14** The total number of Shares under secondary acquisition held by the Trust shall at no time exceed 5 (Five) percent of paid up equity capital as at the end of the financial year immediately prior to the year in which the Shareholder approval is obtained for such secondary acquisition.
- 7.15** Further, the secondary acquisition in a financial year by the Trust shall not exceed 2 (Two) percent of the paid up equity capital as at the end of the previous financial year.
- 7.16** The above said ceiling limits shall automatically include within their ambit the expanded capital of the Company where such expansion has taken place on account of corporate action.
- 7.17** The un-appropriated inventory of Shares which are not backed by grants, acquired through secondary acquisition by the Trust, shall be appropriated latest by the end of the subsequent financial year.
- 7.18** The Trust shall be required to hold the Shares acquired through secondary acquisition for a minimum period of six months, except under the circumstances as defined in SEBI (SBEB) Regulations, before the same can be transferred to the Grantees upon exercise of Options under the Scheme.

## **8. Eligibility Criteria's:**

- 8.1** The Committee may on the basis of all or any of the following criteria, decide on the Employees / Grantees who are eligible for the grant / vesting of Options under the Scheme and the terms and conditions thereof.
- Loyalty: It will be determined on the basis of tenure of employment of an Employee / Grantee in the Company.
  - Performance of Employee / Grantee: Employee's / Grantee's performance during the financial year on the basis of the parameters decided by the Board of Directors.
  - Performance of Company: Performance of the Company as per the standards set by the Board of Directors.
  - Any other criteria as decided by the Committee in consultation with Board of Directors from time to time.



- 8.2** The Employees / Grantees satisfying the eligibility criteria shall be termed as eligible Employee / Grantee.
- 8.3** New Joinees can also participate in the Scheme and be granted Options based upon the discretion of the Committee.
- 8.4** Employees on probationary period shall not be eligible for grant in the Scheme.
- 8.5** Nothing in the Scheme or in any Option granted pursuant to the Scheme shall confer on any Employee, any right to continue in the employment of the Company or interfere in any way with the right of the Company to terminate the Employee's employment at any time.

**9. Grant of Options:**

- 9.1** The Committee shall grant Options to one or more eligible Employees, in accordance with the terms and conditions of the Scheme for the time being in force and subject to Employee's employment terms or his continuity in the employment, and other parameters as set out by the Committee, if any.
- 9.2** Subject to availability of Options in the pool under the Scheme, the maximum number of Options that can be granted to any eligible Employee during any one year shall not be equal to or exceed 1% of the issued capital of the Company at the time of grant. The Committee may decide to grant such number of Options equal to or exceeding 1% of the issued capital to any eligible Employee as the case may be, subject to the separate approval of the Shareholders in a general meeting.
- 9.3** The grant of Options shall be communicated to the eligible Employees in writing through grant letter specifying the vesting date, number of Options granted, exercise price, vesting schedule, and the other terms and conditions thereof.
- 9.4** No amount shall be payable by an Employee at the time of grant of Options.
- 9.5** Upon grant, an eligible Employee shall become Grantee under the Scheme.
- 9.6** Unless agreed otherwise between the Company and any Employee and subject to the corporate action(s) taken by the Company, if any, the grant of 1 (One) Option to an Employee under this Scheme shall entitle the holder of the Option to apply for 1 (One) Share in the Company upon payment of exercise price.

- 9.7** The Options granted to the eligible Employees shall not be transferable to any other person.
- 9.8** The Options granted to the eligible Employees shall not be pledged, hypothecated, mortgaged or otherwise encumbered or alienated in any other manner.
- 9.9** As a condition to the receipt of benefits hereunder, each Grantee may be required to execute related agreements, in a form satisfactory to the Committee, which may include but are not limited to, a non-competition, confidentiality, non-solicitation, non-Interference, adherence to code of conduct or non-disclosure agreement with the Company as well as tax indemnification agreements in connection with the grant of the Options.

**10. Method of Acceptance:**

- 10.1** Any Grantee who wishes to accept the grant made pursuant to the Scheme, must deliver a signed copy of grant letter to the Committee or any of its authorized representatives within 30 days from the date of receipt of the grant letter. The Committee may extend the said period of 30 days for such duration as it may deem fit for the benefits of the Grantees.
- 10.2** Any Grantee who fails to return the signed copy of grant letter and/or fails to provide his acceptance within the above-mentioned time period shall, unless the Committee determines otherwise, be deemed to have rejected the grant and the Company is not liable to pay any such amount on such rejection.
- 10.3** The Grantee is not required to pay any amount at the time of acceptance of the offer. Any acceptance letter received after the period stated above shall not be valid.
- 10.4** Subject to the terms contained herein, the acceptance in accordance with this article, of a grant made to a Grantee, shall conclude a contract between the Grantee and the Company, pursuant to which each Option shall, on such acceptance, be an unvested Option.

**11. Vesting of Options:**

- 11.1** Vesting period shall commence after minimum 1 (One) year from the grant date and it may extend upto maximum of 4 years from the grant date, at the discretion of and in the manner prescribed by the Committee.

**11.2** Vesting of Options will be on yearly basis and can vary from Grantee to Grantee as per the discretion of the Committee whose decision shall be final and binding.

**11.3** The vesting schedule will be clearly defined in their grant letter of respective Grantees subject to minimum and maximum vesting period as specified in article 11.1 above.

However, the suggestive vesting schedule is as follow:

<b>Time Period</b>	<b>% of Options to be vested</b>
At the end of 1 <sup>st</sup> year from the grant date	25% of the Options Granted
At the end of 2 <sup>nd</sup> year from the grant date	25% of the Options Granted
At the end of 3 <sup>rd</sup> year from the grant date	25% of the Options Granted
At the end of 4 <sup>th</sup> year from the grant date	25% of the Options Granted

**11.4** The Actual vesting may further be linked with the eligibility criteria, as determined by the Committee and mentioned in the grant letter.

**11.5** The Committee shall have the power to modify or accelerate the vesting schedule on a case-to-case basis subject to the minimum gap of 1 (One) Year between the grant and first vesting.

**11.6** The Options which get lapsed due to eligibility Criteria in any of the vesting, if any, will get lapsed from the hands of the Grantee.

**11.7** Further any fraction entitlement, to which the Grantee would become entitled to upon vesting of Options, then the Options to be actually vested be rounded off to nearest lower integer.

## **12. Exercise of Options:**

**12.1** After vesting, the Options can be exercised in either of the following routes:

- a. Cash Route: - In this route, the Grantee will receive the Shares equivalent to the number of the Options exercised in accordance with the terms and conditions of the Scheme and as mentioned in grant letter after the Grantee has made the payment of the Exercise Price and applicable income tax.

- b. Cashless Route: In this case, the Grantee will receive the sale proceeds of the Shares equivalent to the number of the Options in accordance with the terms and conditions of the Scheme after deduction of the Exercise Price, applicable Income Tax and other charges, if any.

**12.2** The exercise period shall be 1 year from the date of last vesting. Failure to comply within this time period, after accepting the same, shall result in lapsing of vested options in the hands of Grantee.

**12.3** The mode and manner of the exercise shall be communicated to the Employees individually.

**12.4** Upon valid exercise:

- a. Cash Route: The Trust will transfer Shares to the Grantees.
- b. Cashless Route: The Company will inform the Trust the amount of applicable income tax to be withheld from the sale proceeds of the Shares. The Trust will sell the number of Shares and disburse the sale proceeds (after deducting the Exercise Price, applicable taxes and other amount, if any) to the bank account of the Grantee. The Trust will retain the Exercise Price and pay the tax amount so collected upon sale, to the Company.

**12.5** Upon such transfer the Grantee shall become member of the Company.

**12.6** Notwithstanding anything contained elsewhere in the Scheme, the Trust in consultation with the Company, may not transfer Shares, in the event of the Grantee being found to be involved in fraud, misfeasance, gross negligence, breach of trust or like event(s) and in such an event(s) the rights under the Options (whether vested or not) shall lapse, forthwith, without any claim on, or recourse to the Company.

**12.7** If the vesting or exercise of Options is prevented by any law or regulation in force and the Trust is forbidden to transfer Equity Shares pursuant to exercise of Options under such law or regulation, then in such an event the Company or the Trust shall not be liable to compensate the Grantee in any manner whatsoever.

**12.8** The Committee shall have the power to cancel all or any of the Options granted under the Scheme, if so required, under any law for the time being in force or the

order of any jurisdictional court. In the event of any such cancellation, the Company shall not be liable to compensate the Grantee in any manner.

### **13. Exercise Price:**

**13.1** Under this Scheme, the exercise price of the Shares will be decided by the Committee on the following:

**13.1.1** In case the Shares acquired by the Trust is from secondary acquisition then the exercise price will be the average purchase price of the Shares of the Trust.

**13.1.2** In case the Shares acquired by the Trust is from direct allotment then the exercise price will be market price of the Shares.

**13.2** The Committee has a power to provide suitable discount or charge premium on such price as arrived above. However, in any case the exercise price shall not go below the par value of Share of the Company.

**13.3** Further, Committee has the power to re-price the grants in future if the grant made under the Scheme is rendered unattractive due to the fall in the price of Shares, after complying the conditions as mentioned in the SEBI (SBEB) Regulations.

**13.4** Under the Cash Route, the aggregate exercise price payable at the time of exercise shall be paid by a cheque or demand draft drawn in the name of the Trust i.e. Apollo TriCoat Tubes Limited Employees Welfare Trust.

**13.5** The tax amount arising at the time of exercise of Options shall be payable at the time of exercise by a cheque or demand draft drawn in the name of the Company i.e. Apollo TriCoat Tubes Limited.

**13.6** Under Cashless Route exercise, the Trust shall deduct the exercise price payable by the Grantee, tax amount and other charges, if any before transferring the Sale proceeds.

### **14. Cessation of Employment:**

Subject to the employment terms of a Grantee, the following terms shall be applicable:

#### **14.1 In the event of cessation of employment due to death**

- a) All Options granted as on date of death would vest in the Legal Heirs / Nominee of the Grantee on that day. The Options would be exercisable by the Legal Heirs / Nominee within a period of 3 (Three) months from the date of death failing which all the unexercised Options shall lapse irrevocably and the rights there under shall be extinguished.
- b) All other terms and conditions of the Scheme shall apply to such Options. Provided that, in order to exercise the Options of the deceased Grantee, the Legal Heirs / Nominee have to submit the following documents to the Company, to the satisfaction of the Committee and the Committee may at its discretion waive off the requirement to submit any of the documents:

**A. In case nominee is not appointed**

- Copy of the succession certificate / probate of will / letter of administration.
- No objection certificate from the other legal heirs.
- Photo copy of the death certificate duly attested by the proper authority (English translated version if in the vernacular language)
- Specimen signature of the person(s) in whose name Shares are to be transmitted (duly attested by the bank)
- Copy of PAN card of the applicant (self – attested).
- Copy of address proof (self – attested)

**B. In case nominee is appointed**

- Photo copy of the death certificate duly attested by the proper authority (English translated version if in the vernacular language)
- Specimen signature of the person(s) in whose name Shares are to be transmitted (duly attested by the bank)
- Copy of PAN card of the applicant (self – attested).
- Copy of address proof (self – attested)

**14.2 In the event of cessation of employment due to permanent disability**

All Options granted to Grantee as on date of permanent disability would vest in him/her on that day. The Options would be exercisable within a period of 3 (Three) months from the date of permanent disability, failing which all the unexercised Options shall lapse irrevocably and the rights there under shall be extinguished.

**14.3 In the event of cessation of employment due to resignation or termination** (*not due to misconduct or ethical/ compliance violations*)

- a) All unvested Options, on the date of cessation, shall expire and stand terminated with effect from that date unless otherwise determined by the Committee whose decision will be final and binding.
- b) All vested Options as on that date shall be exercisable by the Grantee by last day of employment in the Organisation or before expiry of exercise period, whichever is earlier. The vested Options not so exercised shall lapse irrevocably and the rights thereunder shall be extinguished.

**14.4 In the event of cessation of employment due to retirement/superannuation**

- a) All unvested Options, on the date of cessation, shall expire and stand terminated with effect from that date unless otherwise determined by the Committee whose decision will be final and binding.
- b) All vested Options as on that date shall be exercisable by the Grantee by last day of employment in the Company or before expiry of exercise period, whichever is earlier. The vested Options not so exercised shall lapse irrevocably and the rights thereunder shall be extinguished.

**14.5 In the event of cessation of employment due to termination** (*due to misconduct or ethical/ compliance violations*)

If a Grantee is terminated due to misconduct or ethical/ compliance violations, all Options granted whether vested or not shall stand terminated with immediate effect unless otherwise determined by the Committee, whose determination will be final and binding.

**14.6 In the event that a Grantee is transferred or deputed to an Associate Company / Subsidiary / Holding** prior to vesting or exercise of Options, the vesting and exercise of Options, as per the terms of grant, shall continue in case of such transferred or deputed Grantee even after the transfer or deputation.

**14.7 In the event of a Grantee going on Long Leave**, i.e. absence from the office for more than three months, the treatment of Options granted to him/her, whether vested or not, shall be determined by the Committee, whose decision shall be final & binding.

**14.8** In the event where a Dispute arises between Grantee and the Company, vesting and/or exercise of Options will be put on hold till the date of settlement, to the satisfaction of the Committee.

**14.9** The Committee may modify the terms for cessation of employment as mentioned in foregoing paras 14.1 to 14.8.

**15. Lock in requirements:**

**15.1** The Shares transferred to the Grantees pursuant to exercise of Options will not be subject to any lock-in period and can be freely sold by the Grantee.

**16. Terms and conditions of Shares:**

**16.1** Nothing herein is intended to or shall give the Grantee, any right to status of any kind as a Shareholder of the Company in respect of any Share covered by the grant unless the Grantee exercises the Options and becomes the registered Shareholder of the Company.

**16.2** The 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 Options in whole or in part.

**16.3** The Grantee shall abide by the Company's Code of Conduct for prevention of insider trading and Code of practices and procedures for fair disclosure of unpublished price sensitive information adopted by the Company under SEBI (Prohibition of Insider Trading) Regulations, 2015.

**17. Notices and correspondence:**

**17.1** Any notice required to be given by a Grantee to the Company or the Committee or any correspondence to be made between a Grantee and the Company or the Committee may be given or made to the Company/ Committee at the corporate office or registered office of the Company or at the place as may be notified by the Company/ Committee in writing or at the specific designated email id of the Company.

**17.2** Any notice, required to be given by the Company or the Committee to a Grantee or any correspondence to be made between the Company or the Committee and a Grantee shall be given or made by the Company or the Committee on behalf of the Company at



the address provided by the Grantee while accepting the Options granted to him/her or at the official email Id of the Grantee.

**18. Nomination of Beneficiary:**

**18.1** Each Grantee under the Scheme may nominate, from time to time, any Beneficiary or Beneficiaries to whom any benefit under the Scheme is to be delivered in case of his or her death before he receives all of such benefit. Each such nomination shall revoke all prior nominations by the same Grantee, shall be in a form prescribed by the Company and will be effective only when filed by the Grantee in writing with the Company during the Grantee's lifetime.

**19. Corporate Action:**

**19.1** Except as hereinafter provided, any grant made shall be subject to adjustment, by the Committee, at its discretion, as to the number and price of Options or Shares, as the case may be, in the event of 'corporate action' as defined herein.

**19.2** If there is a 'corporate action' of the Company before the Options granted under this Scheme are exercised, the Grantee shall be entitled on exercise of the Options, to such number of resultant Shares to which he/she would have been entitled as if all of the then outstanding Options exercised by him/her, had been exercised before such 'Change in the Capital Structure' had taken place and the rights under the Options shall stand correspondingly adjusted. In the event of a corporate action, the Committee, subject to the provisions of applicable laws, shall make fair and reasonable adjustments under the Scheme, as it deems fit, with respect to the number of Options, exercise price and make any other necessary amendments to the Scheme for this purpose. The vesting period and life of the Options shall be left unaltered as far as possible.

**19.3** In the event of severance of employment of a Grantee, as a part of reconstitution / amalgamation / sell-off or otherwise, the Options granted and not exercised before such reconstitution / amalgamation / sell-off, shall be exercised as per the terms and conditions determined in the relevant Scheme of such reconstitution / amalgamation / sell-off.

**19.4** In the event of a dissolution or liquidation of the Company, any vested Options outstanding under the Scheme shall be cancelled if not exercised prior to such event and no compensation shall be payable in respect of the Options so cancelled.

## **20. Disclosure and Accounting Policies:**

**20.1** The Company shall comply with the requirements of IND-AS and shall use Fair Value method.

**20.2** Compensation cost will be booked in the books of account of the Company over the vesting period.

## **21. Taxability on the Grantee:**

**21.1** The exercisable Options are subject to the applicable provisions of the Income tax Act, 1961.

There would be a double point of Taxation on the Employee:

- **Point 1:** At the time of exercise, the difference between the market price of the Shares as on date of exercise and the exercise price will be added as a perquisite under salary in the month of exercise. The Grantee will be liable to pay the taxes at the individual slab rate in which he falls.

The payment of perquisite tax, in respect of exercise of the Options shall be made by the employee to the Company or the Company shall have the right to recover tax from the Grantee.

- **Point 2:** At the time of sale of the Shares of the company by the Grantee. On selling of the Shares, the concerned employee would be liable to income tax as per the applicable provisions of the laws at the time of sale of the Shares.

## **22. Surrender of Options:**

**22.1** Any Grantee to whom the Options are granted under this Scheme, may at any time, surrender his Options to the Company. In such case the Company would not be liable to pay any compensation to the Grantee on account of his surrender of Options. The Options so surrendered will be added back to the pool of the Scheme and pursuant to this the Grantee shall cease to have all rights and obligations over such Options.

## **23. Arbitration:**

**23.1** In the event of a dispute arising out of or in relation to the provisions of this Scheme (including a dispute relating to the construction or performance thereof), the relevant

parties shall attempt in the first instance to resolve such dispute through an amicable settlement. The attempt to bring about an amicable settlement shall be considered to have failed as soon as one of the parties hereto, after reasonable attempts, which attempt shall continue for not more than 30 days, gives 10 days' notice thereof to the other party in writing.

**23.2** In case of such failure, either party may refer the dispute to a single arbitrator to be appointed by Managing Director of the Company. The arbitration proceedings shall be held in New Delhi, India under and in accordance with the Arbitration and Conciliation Act, 1996 and any statutory modification or re-enactment thereof. The arbitrator shall give a reasoned award in writing. The arbitrator shall also decide on the costs of the arbitration proceedings. The parties shall submit to the arbitrator's award and the award shall be enforceable in competent court of law at New Delhi, India.

**24. Governing Law:**

**24.1** This Scheme and all related documents thereunder shall be governed by and construed in accordance with the SEBI (SBEB) Regulations and other applicable laws of India.

**24.2** Any term of the Scheme that is contrary to the requirement of the SEBI (SBEB) Regulations or any other applicable laws shall not apply to the extent it is contrary.

**24.3** The Courts at New Delhi shall have exclusive jurisdiction on any matter arising out of this Scheme.

**25. Regulatory Approvals:**

**25.1** The implementation of the Scheme, the Granting of any Options under the Scheme and the issuance of any Shares under this Scheme shall be subject to the procurement by the Company and the Grantee / Nominee / Legal Heirs of all approvals and permits, if any, required by any regulatory authorities having jurisdiction over the Scheme. The Grantee / Nominee / Legal Heirs under this Scheme will, if requested by the Committee / Company, provide such assurances and representations to the Company or the Committee, as the Committee may deem necessary or desirable to ensure compliance with all applicable legal and accounting requirements.

**26. Modification of Scheme:**

**26.1** Subject to the approval of Shareholders, the Committee may, at any time:

**26.1.1** Revoke, add to, alter, amend or vary all or any of the terms and conditions of the Scheme or all or any of the rights and obligations of the Grantee;

**26.1.2** Formulate various sets of special terms and conditions in addition to those set out herein, to apply to the specific Grantee or class or category of Grantees. Each of such sets of special terms and conditions shall be restricted in its application to those specific Grantee or class or category of such Grantees.

**26.2** Any amendment, variation or modification under the Scheme shall not be prejudicial to the interest of the Grantees of the Company.

**27. Confidentiality:**

**27.1** Notwithstanding anything contained in this Scheme, the Grantee shall not divulge the details of the Scheme and/or his holdings to any person except with the prior written permission of the Committee unless so required to do under the applicable laws or any statutes or regulations applicable to such Grantee.

**\*\*\*\*\* End of the Scheme \*\*\*\*\***