



Tilaknagar Industries Limited

Disclosure Statement

Cum

Employee Stock Option Scheme 2025

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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, stock options are subject to the following additional risks:

- i. 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.
- ii. Leverage:** Any change in the value of the share can lead to a significantly larger change in the value of the option.
- iii. 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.
- iv. 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 gross misconduct.

PART B: INFORMATION ABOUT THE COMPANY

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

History:

Established in 1933 as The Maharashtra Sugar Mills Limited (MSM) by the illustrious industrialist and visionary Shri M. L. Dahanukar alias Babasaheb Dahanukar, Tilaknagar Industries Ltd. (TI) was named after the revered freedom fighter Bal Gangadhar Tilak and was one of Maharashtra's first private sugar factories, which served the nation for over five decades. A change in government stance effected the transition of TI to the alcoholic beverage business.

Tilaknagar Distilleries & Industries Ltd. was promoted as a 100 % subsidiary of The Maharashtra Sugar Mills Ltd. The year 1973 saw TI diversify into the business of Industrial Alcohol, Indian Made Foreign Liquor (IMFL) and Sugar Cubes. The Company transitioned to the alcoholic beverages business in 1987. Both Maharashtra Sugar Mills Ltd. and Tilaknagar Distilleries & Industries Ltd. were merged to form Tilaknagar Industries Ltd. (TI) with effect from August 06, 1993. Since then TI, is engaged in the business of manufacture and distribution of Indian Made Foreign Liquor (IMFL). There has been no change in the Promoters of the Company and the 'Dahanukar family' continues to be the Promoter of the Company.

Present and Main Business Activity:

The Company along with its subsidiaries/associates is in the business of alcohol beverages. Due to its core competency in alcoholic beverages and conscious efforts, the Company swiftly established its distinct identity in the liquor industry. Today its brand portfolio consists of unique brands which enjoy excellent consumer preference solely due to its quality and competitive price structure.

2. Abridged Financial Information

The abridged financial information for the audited financial information for the last 5 (Five) years along with the last audited accounts is available on the website of the Company at the link: <https://tilind.com/investors-financial-reporting/>

3. Risk Factors

• Regulatory challenges

The Indian alcohol business is highly regulated and each state has its own rules with respect to indirect taxes and duties, which can impact business operations. In addition, there are multiple regulatory considerations with respect to pricing, licensing, plant set-up, marketing & advertising and distribution. All these rules and regulations serve to create barriers to entry for both new and existing players.

• Inflation

The past year has seen multiple inflationary headwinds, owing to the Russia-Ukraine conflict, which has further impacted profitability of the industry.

- **Availability of Raw Material risk**
One of the most crucial risks that the Company may face is the availability of raw materials at any given point in time at an optimum price level.
- **Adequate Availability of Power risk**
The Power requirements for running a plant of such standards are very high. The availability of the required power at all times is also a crucial risk.
- **Marketing risk**
A diverse target audience with varying requirements and different levels of disposable income creates a complex market landscape. Catering to this diverse market introduces risks to the Company.
- **Human Capital risk**
The availability and sourcing of the right professionals into the Company is crucial for its operations.

Management perception: Some of the risks are normal to the nature of industry in which the Company operates and others are beyond the control of the Company.

4. Continuing Disclosures

The Option Grantee will 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 meetings and the accompanying explanatory statements.

PART C: EMPLOYEE STOCK OPTION SCHEME 2025
(ESOP SCHEME - 2025)

1. Name, Objective and Term of the Scheme

- 1.1 This Scheme shall be called “ESOP Scheme – 2025”.
- 1.2 The objective of ESOP Scheme – 2025 is to provide an incentive to attract, retain and reward employees performing services for the Company/ Subsidiaries/ Group Companies and motivating such employees to contribute to the growth and profitability of the Company/ Subsidiaries/ Group Companies.
- 1.3 The ESOP Scheme was recommended by the Nomination and Remuneration Committee (“NRC” or “Compensation Committee” or “Committee”) on November 13, 2025, approved by the Board of Directors and the Shareholders of the Company on November 13, 2025 and February 09, 2026 respectively.
- 1.4 This ESOP Scheme – 2025 shall come into effect from **February 09, 2026**, being the date of the Shareholders approval.

Term of the ESOP Scheme – 2025

- 1.5 The ESOP Scheme – 2025 shall remain in force until it is terminated by the Board of Directors. Such termination shall not affect the validity or enforceability of the Options already granted under the Scheme, and those Options shall continue to remain in full force and effect as if the Scheme had not been terminated, unless otherwise mutually agreed in writing between the Grantee, his/her Nominee(s) or Legal Heir(s), and the Company.
- 1.6 The Board/ Committee/Members may, subject to compliance with Applicable Laws, at any time alter, amend, suspend or terminate ESOP Scheme – 2025.

2. Definitions and Interpretation

2.1 Definitions

The terms defined in this **ESOP Scheme – 2025** shall have the meanings herein specified and terms not defined in this ESOP Scheme – 2025 shall have the meanings as defined in the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Companies Act, 2013, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (SEBI ICDR) and SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (SBEB), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), FEMA Act, 1999 or in any statutory modifications or re-enactments thereof, as the case may be.

- i. **“Abandonment”** means absence of the Employee from work for a period of 30 days or more without having communicated any reason of absence to the Company.
- ii. **“Applicable Law”** means every law relating to Employee Benefit Schemes in force, including, without limitation to, Companies Act, 2013, SBEB, LODR, FEMA Act, 1999 as amended and all relevant revenue, tax, securities or exchange control regulations or corporate laws of India to the extent applicable.
- iii. **“Board” or “Board of Directors”** means the Board of Directors for time being of the Company which includes any Committee(s) authorized by the Board of Directors in this behalf.
- iv. **“Cause”** shall mean any of the following acts or omissions by an Employee:
- (i) engaging in willful, reckless, negligent, or gross misconduct, as determined by the Committee, that is detrimental to the interests of the Company or any of its group companies, including its subsidiary, or associate companies, whether monetarily or otherwise;
- (ii) pleading guilty to, or being convicted of, a felony or any criminal offence involving moral turpitude;

- (iii) committing fraud, misfeasance, breach of trust, or wrongful disclosure of any secret or confidential information relating to the Company or any of its group companies, including its holding, subsidiary, or associate companies, to any third party;
 - (iv) undertaking employment or providing services to any other organisation during employment with the Company, without the prior written approval of the Company;
 - (v) breach of any terms or conditions of employment with the Company;
 - (vi) abandonment of services; or
 - (vii) any other act or reason which, in the opinion of the Committee, is detrimental to the interests of the Company.
- v. **“Company”** means Tilaknagar Industries Limited.
- vi. **“Committee” or “Compensation Committee”** means Nomination and Remuneration Committee, constituted or re-constituted by the Board from time to time, as formulated under Regulation 19 of the LODR, to supervise the **ESOP Scheme – 2025** comprising of such members of the Board as provided under Section 178 of the Companies Act, 2013.
- vii. **“Eligibility Criteria”** means the criteria as may be determined from time to time by the Compensation Committee for granting the stock options to the employees.
- viii. **“Employee”** means
- a. an employee as designated by the Company, who is exclusively working in India or outside India; or
 - b. Director of the Company, whether a Whole Time Director or not, including a Non-executive Director who is not a promoter or member of the promoter group, but excluding an independent director; or
 - c. an employee as defined in sub-clauses (a) or (b), of a Group Company including Subsidiary or Associate Company, in India or outside India, or 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 per cent of the outstanding equity shares of the Company.
- An employee shall continue to be an employee during the period of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company and any Group Company.
- ix. **“Employee Stock Option(s)” or “Stock Option(s)” or “Option(s)”** means the stock option(s) granted to an employee, which gives such employee the right to purchase or subscribe at a future date the shares underlying the option at a pre-determined price.
- x. **“Exercise”** means the process by which Grantee applies in writing to the Company for purchase or subscription to the Company’s shares against the Options that have already vested.
- xi. **“Exercise Period”** means the time period after vesting within which an Grantee can exercise his/her right to apply for Equity Shares against the vested Options in pursuance of the ESOP Scheme – 2025.
- xii. **“Exercise Price”** means the price decided by the Committee at the time of granting the Options, which the Grantee is required to pay to subscribe the shares while exercising the Options granted under the **ESOP Scheme – 2025**.
- xiii. **“Grant”** means issue of Stock Options to the employees under ESOP Scheme – 2025.

- xiv. **“Grant Date”** means the date on which the Committee approves the grant.
- Explanation: For accounting purposes, the grant date will be determined in accordance with applicable accounting standards.
- xv. **“Grantee” or “Option Grantee”** shall mean an eligible Employee to whom Options have been granted under the ESOP Scheme – 2025.
- xvi. **“Group Company (ies)”** means two or more companies which, directly or indirectly, are in a position to—
 (a) exercise twenty-six percent or more of the voting rights in the other company; or
 (b) appoint more than fifty percent of the members of the Board of Directors in the other company; or
 (c) control the management or affairs of the other company;
- And includes Associate and Subsidiary Companies
- xvii. **“Market Price”** means the latest available closing price on a recognized stock exchange on which the Equity Shares of the Company are listed on the date immediately prior to the relevant date.
- Explanation – As the Equity Shares of the Company are listed on more than one recognized stock exchange, the closing price on the recognized stock exchange having higher trading volume shall be considered as the market price.
- xviii. **“Permanent Incapacity”** means any disability 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 Committee based on a certificate of a medical expert identified by such Committee.
- xix. **“Promoter” and/or “Promoter Group”** shall have the same meaning assigned to it under the SEBI ICDR.
- xx. **“Recognized Stock Exchange”** means BSE Limited, National Stock Exchange of India Limited or any other Stock Exchange in India on which the Company’s Shares may be listed in future.
- xxi. **“Register”** means the Register of Option Grantees maintained by the Company in electronic or physical form.
- xxii. **“Relative”** shall have the same meaning as defined in Section 2(77) of the Companies Act, 2013 as amended from time to time.
- xxiii. **“Relevant date”** means:
- in the case of grant, the date of the meeting of the Nomination and Remuneration Committee in which the grant is made; or
 - in the case of exercise, the date on which the notice of exercise is given to the Company by the Grantee;
- xxiv. **“Retirement”** means retirement as per the rules of the Company.
- xxv. **“Scheme / Plan / ESOP Scheme – 2025”** means this Employee Stock Option Scheme 2025 under which the Company is authorized to grant stock options to the employees.
- xxvi. **“SEBI (SBEB & SE) Regulations” or “SEBI (SBEB) Regulations” or “SBEB Regulations”** means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof.
- xxvii. **“SEBI (LODR) Regulations” or “LODR”** 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.

- xxviii. **“Shares”** means Equity Shares and Securities convertible into equity shares of the Company.
- xxix. **“Subsidiary Company”** or **“Subsidiary”** includes any present or future subsidiary of the Company, as defined in the Companies Act, 2013.
- xxx. **“Vesting”** means the process by which the employee is given the right to apply for shares of the Company against the stock options granted to him/her in pursuance of the ESOP Scheme – 2025.
- xxxi. **“Vesting Period”** means the period during which the stock options granted shall vest in the employee, in pursuance of the ESOP Scheme – 2025.
- xxxii. **“Vested Stock Option”** means a stock option in respect of which the relevant Vesting conditions have been satisfied and the Option Grantee has become eligible to exercise the Stock Option.
- xxxiii. **“Unvested Stock Option”** means a Stock Option in respect of which the vesting period has not lapsed and/or relevant vesting conditions have not been satisfied and as such, the Option Grantee has not become eligible to exercise the stock option.

2.2 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.
- c) Any word or expression importing the masculine, feminine or neutral 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 & SE) Regulations, Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956 or the Companies Act, 2013 and any statutory modifications or re-enactments thereto, shall have the meaning respectively assigned to them in those legislations.
- e) Article 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 modifications, substitutions or re-enactments thereof.

3. Eligibility and Applicability

- 3.1 The Committee may on the basis of all or any of the following criteria, decide on the Employees who are eligible for the grant of Options under the ESOP Scheme -2025 and the terms and conditions thereof.
 - Longevity of service: It will be determined on the basis of tenure of employment in the Company/ Group Company(ies).
 - Performance of Employee: Employee’s performance during the financial year on the basis of the decided parameters in the Company / Group Company.
 - Performance of Company: Performance of the Company as per the standards set by the Board of Directors/ Committee.
 - Any other criteria as decided by the Committee in consultation with Board of Directors from time to time.

- 3.2 The Employees satisfying the eligibility criteria shall be termed as eligible Employee.
- 3.3 New Joinee(s) can also participate in the Scheme based upon the discretion of the Board.
- 3.4 Nothing in the Scheme or in any Options granted pursuant to the Scheme shall confer on any Employee, any right or obligation 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.
- 3.5 The appraisal process for determining the eligibility of the Employee will be specified by the Board/ Committee and including, but not limited to the date of joining of the Employee with the Company, grade of the Employee, performance evaluation, period of service with the Company, seniority of employee, performance record, merit of the employee, relevance of the function performed, future contribution potential of the employee and/or such other criteria as may be determined by the Board at its sole discretion.
- 3.6 Subject to Clause above, the performance appraisal and selection process for Grants of Options shall be governed by mandatory performance criteria, which shall consist of a combination of both Company and individual performance metrics. The Company performance parameters, which will serve as the basis for evaluating the overall success of the Company, shall include the following:

a) Consolidated Revenue:

The consolidated revenue generated by the Company along with its Subsidiaries during the immediately preceding financial year.

b) Consolidated Profit After Tax (PAT):

The consolidated net profit after tax realized by the Company along with its Subsidiaries during the immediately preceding financial year.

c) Research & Development (R&D) as a Percentage of Consolidated Sales:

The proportion of the Company's consolidated sales allocated to research and development activities, which reflects the Company's commitment to innovation, sustainability, and long-term growth.

d) Additional Commercial Parameters:

Any other commercial parameters as determined by the Committee, at its discretion, based on the prevailing business requirements and objectives.

To meet the Company performance criteria, the Company must have achieved or exceeded the predetermined thresholds for each of the aforementioned Company performance parameters as may be decided by the Committee.

In addition to the Company performance, individual performance shall also be assessed. Each individual must achieve a minimum Good Performance Rating of their designated performance targets, as determined through the Company's established performance appraisal framework.

This dual performance-based approach ensures a comprehensive and fair evaluation, reflecting both the overall Company performance and the individual contributions made by employees, thereby supporting a transparent, objective, and legally compliant selection and appraisal process.

- 3.7 The ESOP Scheme – 2025 shall be applicable to the employees of the Company, its Subsidiary(ies), Associate(s) and Group Company(ies) in India and abroad.

4. Pool of the Scheme

- 4.1 A maximum of 50,00,000 (Fifty Lacs) Stock Options ('ESOP Pool') may be offered and granted under the ESOP Scheme 2025 to the Eligible Employees of the Company and its subsidiary and/or Associate companies, which on exercise would entitle not more than 50,00,000 (Fifty Lacs) fully paid-up Equity Shares of the Company of ₹10/- (Rupees Ten only) each, constituting 2.40% of the paid-up share capital as on November 13, 2025, or such other number as may be adjusted in accordance with Clause 4.2 of this Scheme.

The Options may be granted in one or more tranches, as may be determined by the Committee from time to time. Each Option granted under the Scheme shall entitle the Grantee to apply for one Equity Share of the Company, subject to the terms and conditions of the respective Grant.

However, the aggregate number of Options that may be granted to any single identified Employee in any one financial year shall not exceed 1% of the issued share capital of the Company at the time of such Grant, unless a specific approval is obtained from the shareholders of the Company by way of a separate special resolution authorizing such higher number of Options.

Further, a separate special resolution of the shareholders shall also be obtained by the Company for the grant of Options to the employees of its holding, subsidiary, associate, or group companies, as applicable.

- 4.2 In the event of any stock split, consolidation of shares, or any other reorganization of the capital structure of the Company from time to time, the maximum number of Shares available for grant under the ESOP Scheme – 2025 shall be appropriately adjusted to ensure that the aggregate face value (i.e., number of shares × face value per share) remains unchanged before and after such reorganization.
- 4.3 Options that do not Vest due to non-fulfilment of the stipulated conditions, or Vested Options that the Employees have expressly declined to Exercise (including surrendered Options), as well as any Options that have been Granted but remain unvested or unexercised within the prescribed period for any reason, shall lapse.

Such lapsed Options may, at the discretion of the Board or Committee, be made available for fresh Grant to any Employee(s) as deemed appropriate, subject to compliance with the applicable laws.

The terms and conditions relating to Exercise Price, Exercise Period, Vesting, and other parameters for such re-granted Options shall be determined by the Board / Committee at the time of the new Grant, in its absolute discretion and in accordance with the provisions of this Scheme and applicable law.

5. Implementation & Administration

- 5.1 The ESOP Scheme 2025 shall be administered by Committee in accordance with Companies Act, 2013 and SBEB Regulations. All questions of interpretation of the Scheme shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in the Scheme. Neither the Committee nor any of its members shall be liable for any actions taken in good faith for the implementation of the Scheme. The Committee may rely upon the advice and assistance of any professional it deems appropriate in the implementation of the Scheme.
- 5.2 The Committee shall be in accordance with this Scheme and applicable laws determine, including but not limited to, the following for each grant:
- i. The quantum of stock options to be granted under the ESOP Scheme – 2025 to each employee, subject to the ceiling as specified in the Scheme;
 - ii. determining the Grantees amongst the categories of Employees to receive Stock Options under the Plan;
 - iii. the time when the Options are to be granted for individual Grantees;
 - iv. the number of tranches in which the Options are to be granted and the number of Options to be granted in each such tranche;
 - v. determining whether Options are to be vested for individual Employees in a particular year or tranches;
 - vi. the criteria *inter alia*, taking into consideration the grade, performance, merit, criticality of the function etc. for identifying the Employees;
 - vii. determination of Exercise Price;
 - viii. the terms and conditions subject to which the Options granted would vest in the Employee who are on long leave, training or otherwise indisposed;
 - ix. the period of vesting of the Options granted;
 - x. the terms and conditions subject to which the Options vested would be exercised by the Employee;
 - xi. the time frame within which the Options have to be exercised by the Employee;
 - xii. the number of Options to be apportioned / allocated for various grades of Employees;
 - xiii. the number of Options reserved, if any, for granting to new eligible Employees who would join the services of the Company;
 - xiv. deciding the treatment of Unvested Options upon termination of employment or upon a Director ceasing to hold office;
 - xv. framing appropriate procedures for granting, vesting and exercising of Options;

- xvi. the procedure for funding the Exercise of Options including cashless exercise of Options;
- xvii. framing the procedure for making a fair and reasonable adjustment in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others; and
- xviii. to amend the terms and conditions of the Grant(s) as the Committee may deem fit in accordance with the Plan and as per mutual agreement with the Grantee and subject to Applicable Laws.
- xix. the procedure for making a fair and reasonable adjustment to the number of stock options and/or exercise price in case of a corporate action such as stock split/consolidation, rights issues, bonus issues, merger, sale of division and others, to ensure that the option holders are compensated appropriately in case of any diminution in the value of their stock options as a result of such corporate action, in accordance with the SEBI Regulations;
- xx. The lock-in period, if any, for the shares issued upon exercise of stock options;
- xxi. The procedure for cashless exercise of stock options, if required;
- xxii. Alter the formula for calculation of exercise price, if the stock options become unattractive due to fall in market price of the shares of the Company. Provided that no variation, alteration, addition or amendment to the ESOP Scheme – 2025 can be made if it is detrimental to the interest of the Grantee.

5.3 The Committee shall also:

- i. 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.
- ii. approve forms, writings and/or agreements for use in pursuance of the ESOP Scheme – 2025.
- iii. frame any other byelaws, rules or procedures as it may deem fit for administering ESOP Scheme – 2025.

5.4 With regard to the matters specifically not provided for in this Scheme or any other documents that may be issued in connection with the Stock Options, the Committee shall have an absolute discretion to decide such matters in the manner deemed fit by them in the best interests of the Employees / Grantees as may be permissible under the Applicable Law, rules and regulations for the time being in force. The decision of the Committee shall be final and binding on the Employees / Grantees.

5.5 The Committee shall have a right to delegate or authorize any officer of the Company, if required and subject to the extent allowed under the Applicable Laws, such power to do specific acts and things without limitation to the listing of Shares on recognized Stock Exchange(s) arising pursuant to Exercise of Vested Options, execution and submission of various document(s) to recognized Stock Exchange(s) or any other institution as may be deemed necessary in connection with the ESOP 2025.

6. Grant of Options

- 6.1 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 or as mutually agreed in the grant letter or other parameters as set out by the Committee.
- 6.2 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 a year shall not be equal to or exceeding 1% of the paid up capital of the Company of the respective financial year (which number shall be adjusted in lieu of adjustments/ re-organisation of the capital structure of the Company from time to time).
- 6.3 The grant of Options shall be communicated to the eligible Employees in writing through grant letter specifying the vesting date, number of Options, Exercise Price, vesting schedule and other terms and conditions thereof.
- 6.4 No amount shall be payable by an Employee at the time of grant of Options.
- 6.5 Upon grant, an eligible Employee shall become Grantee under the Scheme.
- 6.6 The Options granted to the eligible Employees shall not be transferable to any other person.

- 6.7 The Options granted to the eligible Employees shall not be pledged, hypothecated, mortgaged or otherwise encumbered or alienated in any other manner.
- 6.8 At the time of grant, the Committee shall determine the Exercise Price.
- 6.9 For the purpose of Article 6.8 above, Exercise Price shall be calculated on the basis of the Market Price, as per the discretion of the Committee, with or without providing suitable discount / charging premium, it deems fit.
- 6.10 The Committee may, on such dates as it shall determine, grant to such employees as it may in its absolute discretion select, stock options of the Company on the terms and conditions and for the consideration as it may decide.
- 6.11 Each stock option will entitle the Option Grantee to one fully paid up equity share of the Company.
- 6.12 The maximum number of the equity shares that may be issued pursuant to the grant of the Stock Options to the Option Grantees under this Scheme shall not exceed 50,00,000. Provided however, the aforesaid number of equity shares may be increased or adjusted by the Committee due to any Corporate action.

7. Method of Acceptance

- 7.1 Any Grantee who wishes to accept the grant made pursuant to the Scheme, shall confirm the acceptance by delivering a signed copy or by e-mail or by any other electronic means to the Committee or any of its authorized representatives within 15 (Fifteen) working days (of the Company) from the date of receipt of the grant letter. The Committee may extend the said period of 15 (Fifteen) working days for such duration as it may deem fit for the benefit of the Grantee.
- 7.2 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 accepted the grant.
- 7.3 The Grantee is not required to pay any amount at the time of acceptance of the Grant.
- 7.4 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 Options shall, on such acceptance, be an Unvested Options.

8. Vesting

- 8.1 Vesting period shall commence from the date of grant subject to a minimum of 1 (One) year from the grant date and a maximum period of 5 (Five) years or such other period from the grant date, at the discretion of and in the manner prescribed by the Committee. The vesting schedule (i.e., exact proportion in which and the exact period over which the Options would vest) would be determined by the Committee, subject to the minimum vesting period of one year from the date of grant of Options.

Provided that in the event of death or permanent incapacity of a Grantee, the minimum vesting period of one year shall not be applicable and, in such instances, the Options shall vest in terms of SEBI (SBEB & SE) Regulations, on the date of the death or permanent incapacity.

Provided further that in a case where options are granted by a Company under its Employees Stock Option Scheme in lieu of options held by the same person under an Employees Stock Option Scheme in another Company, which has merged or amalgamated with the first-mentioned Company, the period during which the options granted by the merging or amalgamating company were held by him shall be adjusted against the minimum vesting period required under this clause.

- 8.2 The Options granted under the Scheme shall vest in one or more tranches. Vesting may follow different structures including, but not limited to, cliff vesting, graded vesting, or normal vesting, as determined by the Committee based on various criteria.
- 8.3 Vesting of Options can vary from Grantee to Grantee, as per the discretion of the Committee, whose decision shall be final and binding.

- 8.4 The vesting schedule will be clearly defined in the grant letter of the respective Grantees, subject to the minimum and maximum vesting period as specified in Article 8.1 above.
- 8.5 The actual vesting would be subject to the continued employment of the Grantee with the Company or its Group Company(ies) including Holding Company(ies) or Subsidiary(ies) or Associate Company(ies), as the case may be, and may further be linked with certain performance criteria, including those mentioned under Article 6 of the Scheme, as determined by the Committee and mentioned in the grant letter.

Explanation 1: For the purposes of this clause, the period during which a Grantee is on an approved leave of absence (including maternity leave, paternity leave, medical leave, or sabbatical) shall not be considered a break in employment/service. However, the Committee, at its sole discretion, may determine whether such leave period shall be counted towards the vesting of Options, and the same shall be communicated in writing in the respective Grant Letter.

Explanation 2: Any person who has resigned, including those serving their notice period, shall have their granted Options be treated as unvested. It is further clarified that no Options shall vest during the notice period, unless specifically approved by the Committee under exceptional circumstances such as retirement, organizational restructuring, or any other reason deemed appropriate by the Committee.

- 8.6 The Committee may, at its discretion, lay down certain performance metrics on the achievement of which the granted Options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which Options granted would vest.
- 8.7 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 the first vesting.
- 8.8 The Options which get lapsed due to performance criteria in any of the vesting, if any, will get lapsed from the hands of the Grantee. However, the Committee may still allow the vesting of Options for which the eligibility criteria are not met, if it so deems fit, either wholly or proportionately.
- 8.9 For any fractional entitlement, to which the Grantee would become entitled upon vesting of Options (other than the last tranche of vesting), the Options to be actually vested shall be rounded off to the nearest lower integer. Accordingly, in the last vesting, the number of Options to be vested shall include the Options which were not earlier vested due to fraction adjustment.
- 8.10 The vesting of Options shall be communicated to the eligible Grantees in writing through a vesting letter.
- 8.11 The Grantee is not required to pay any amount at the time of vesting of the Options.
- 8.12 The Committee may decide specific lock-in requirements for each grant.

9. Exercise Price

- 9.1 The exercise price for the purpose of the grant of stock options will be decided by the Committee at the time of grant of stock options to an employee.
- 9.2 In determining the exercise price, the Committee shall take into consideration relevant factors prevalent at the time of the grant which, amongst other things, would include the trend in the market price of the Company's equity shares quoted on BSE Limited/National Stock Exchange of India Ltd., the concerned employee's performance, the future potential contribution of the employee, the regulations and guidelines prescribed by the Securities and Exchange Board of India (SEBI) or of any other regulatory authority from time to time.

10. Exercise Period

- 10.1 The exercise period would commence from the date of vesting and will not exceed 5 (Five) years from the date of vesting of stock options or as may be decided by the Committee from time to time.
- 10.2 The stock options shall be exercisable by the employees by submitting to the Company a written application in prescribed format accompanied with payment

towards the exercise price and executing such documents, as may be prescribed by the Committee from time to time.

10.3 The stock options will lapse if not exercised within the specified exercise period.

10.4 A stock option may not be exercised for fraction of shares.

11. Cessation of Employment

Subject to the employment terms of an Employee, the following terms shall be applicable:

11.1 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/ Nominees of the Grantee on that day. The Options would be exercisable by the Legal Heirs / Nominees within a period of 12 (Twelve) months from the date of death or expiry of exercise period, whichever is earlier, or such period as may be decided by the Committee on case-to-case basis, 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 Board of Directors and the Board of Directors may in 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 relevant authority (English translated version if in 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 relevant authority (English translated version if in vernacular language)
- Specimen signature of the person(s) in whose name Shares are to be transmitted (duly attested by the bank)
- Copy of PANcard of the applicant (self – attested).
- Copy of address proof (self – attested)

11.2 In the event of cessation of employment due to Permanent Incapacity

All Options granted to Grantee as on date of permanent incapacity would vest in Grantee on that day. The Options would be exercisable within a period of 12 (Twelve) months from the date of permanent incapacity or expiry of exercise period, whichever is earlier, failing which all the unexercised Options shall lapse irrevocably and the rights there under shall be extinguished.

11.3 In the event of cessation of employment due to resignation or termination *(not due to misconduct, moral turpitude or ethical/ compliance violations or like event)*

- 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 within

the ongoing exercise window (if applicable) or the next exercise window (if no exercise window is running as on the date of acceptance of resignation) or such other time period as may be decided by the Committee on a case to case basis. The vested Options not so exercised shall lapse irrevocably and the rights thereunder shall be extinguished.

11.4 In the event of cessation of employment due to Retirement/ Superannuation

- a) All unvested Options, on the date of cessation, shall continue to vest in accordance with the respective vesting schedules even after retirement or superannuation unless otherwise determined by the Committee whose decision will be final and binding. The vested Options shall be exercisable within the exercise period as per the original terms of grant.
- b) All vested Options shall be exercisable by the Grantee within the exercise period as per the original terms of grant.
- c) The vested Options not so exercised shall lapse irrevocably and the rights there under shall be extinguished.

11.5 In the event of separation from employment of a Director who have vacated the office due to retirement

- a) All unvested Options, on the date of cessation, shall continue to vest in accordance with the respective vesting schedules even after retirement unless otherwise determined by the Committee whose decision will be final and binding. The vested Options shall be exercisable within the exercise period as per the original terms of grant.
- b) All vested Options shall be exercisable by the Grantee within the exercise period as per the original terms of grant.
- c) The vested Options not so exercised shall lapse irrevocably and the rights there under shall be extinguished.

11.6 In the event that a Grantee is transferred or deputed to an Associate/ Subsidiary Company 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.

11.7 In the event of abandonment of service by the Grantee, all Options (Vested or Unvested) at the time of abandonment of service, shall stand terminated forthwith. The date of abandonment of service by the Grantee shall be decided by the Committee at its sole discretion which decision shall be binding on such Grantee.

11.8 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.

11.9 In the event that a Grantee is transferred pursuant to scheme of arrangement, amalgamation, merger or demerger or continued in the existing Company, prior to the vesting or exercise, the treatment of Options in such case shall be specified in such scheme of arrangement, amalgamation, merger or demerger provided that such treatment shall not be prejudicial to the interest of the Grantee.

11.10 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.

11.11 The Committee may modify the terms for cessation of employment as mentioned in foregoing paras 11.1 to 11.9

12. Lock in Requirements

12.1 The Committee may decide on lock in requirement on case to case basis.

13. Other Terms and Conditions

- 13.1 The Employee shall not have the right to receive any dividend, vote, or in any other manner enjoy the benefits of a shareholder in respect of the Employee Stock Options granted, until the Shares underlying such Employee Stock Options are allotted pursuant to the exercise of such Employee Stock Options. Shares issued under this Scheme shall be subject to the Articles of Association of the Company, any documentation executed by the Option Grantee in relation to his/her rights and obligations as a shareholder, the Grant Letter, and Applicable Laws.
- 13.2 Nothing herein is intended to, or shall, give the Option Grantee any right or status of any kind as a shareholder of the Company 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.
- 13.3 Any Grantee to whom the Options are granted under this Scheme may, at any time, surrender his/her Options to the Company. In such cases, the Company shall not be liable to pay any compensation to the Grantee on account of the surrender of Options. The Options so surrendered shall be added back to the pool under the Scheme and, pursuant to this, the Grantee shall cease to have all rights and obligations over such Options.

14. Deduction of Tax

- 14.1 The Company (including Subsidiary Company(ies) / Associate Company(ies) / Group Company(ies), if any) shall have the right to deduct from the Employee's salary any of the Employee's tax obligations arising in connection with the Option or the Shares acquired upon the exercise thereof, in case it is not paid by the Employee at the time of exercising the Option. The Company shall have no obligation to deliver Shares or to release Shares from an escrow established in pursuance of the Scheme and/or the Agreement until the Company's tax deduction obligations, if any, have been satisfied by the Option Grantee.
- 14.2 The exercisable Options are subject to the applicable provisions of the Income Tax Act, 1961.
- 14.3 There would be double points of taxation on the Grantee.
- **Point 1:** At the time of exercise, the difference between the fair market value of the Shares as on the 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 taxes at the individual slab rate applicable to him.
 - **Point 2:** At the time of sale of the Shares of the Company by the Grantee, the concerned Employee would be liable to income tax as per the applicable provisions of the law at the time of sale of the Shares.

15. Authority to Vary Terms

The terms of ESOP Scheme - 2025 can be varied by the Committee after obtaining approval for such modification from the shareholders of the Company in a general meeting. However, any such modification should not be detrimental to the interests of the Option Grantees.

The special resolution for the variation should disclose the details of the variation, the rationale therefor, and the details of the employees who are beneficiaries of the same. The Committee shall be entitled to vary the terms of the Scheme to meet any regulatory requirement without seeking shareholders' approval by special resolution.

16. Miscellaneous

- 16.1 Government Regulations -This ESOP Scheme- 2025 shall be subject to all Applicable Laws and approvals from governmental authorities. The Grant and the allotment or transfer of shares under this ESOP Scheme - 2025 shall also be subject to the Company requiring Employees to comply with all Applicable Laws.
- 16.2 Inability to Obtain Authority -The inability of the Company to obtain authority from any regulatory body having jurisdiction, or under any Applicable Laws, for

the lawful issuance and sale of any Shares hereunder shall relieve and wholly discharge the Company of any and all liability in respect of the failure to issue or sell such Shares.

- 16.3 The grant of an Employee Stock Option under ESOP Scheme - 2025 does not form part of the Option Grantee's entitlement to compensation or benefits pursuant to his contract of employment, nor does the existence of a contract of employment between any person and the Company give such person any right, entitlement, or expectation to have an Employee Stock Option granted to him in respect of any number of shares, or any expectation that an Employee Stock Option might be granted to him, whether subject to any condition or at all.
- 16.4 Neither the existence of this Plan 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 will in future have any such right, entitlement, or expectation to participate in this Plan by being granted an Employee Stock Option on any other occasion.
- 16.5 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 (including its Group Company(ies), Subsidiary Company(ies) or Associate Company(ies)) for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).
- 16.6 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 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).
- 16.7 The Company shall follow the laws/regulations applicable to accounting related to Options, including but not limited to the IND AS / Guidance Note on Accounting for Employee Share-based Payments (Guidance Note), and/or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India (ICAI) from time to time, including any 'Guidance Note on Accounting for Employee Share-based Payments' issued in that regard from time to time, and comply with the disclosure requirements prescribed therein, in compliance with relevant provisions of SEBI (SBEB&SE) Regulations, as applicable.

17. Notices and Correspondence

- 17.1 All notices or communication required to be given by the Company to an Option Grantee by virtue of this ESOP Scheme - 2025 shall be in writing (physical or electronic) and shall be sent to the address of the Option Grantee available in the records of the Company. Any communication to be given by an Option Grantee to the Company (physical or electronic) in respect of ESOP Scheme - 2025 shall be sent to the address mentioned below:

To
The Company Secretary
ESOP Scheme – 2025
Secretarial Department
Tilaknagar Industries Ltd.
Industrial Assurance Building, 3rd Floor
Churchgate, Mumbai 400 020
or
Tilaknagar, Tal.Shrirampur, Dist. Ahmednagar, Shrirampur,
Maharashtra, India, 413720

18. Disclosure and Accounting Policies

- 18.1 The Company shall comply with the requirements of Ind AS 102 and shall follow the prescribed method under the applicable regulations.

- 18.2 The compensation cost shall be booked in the books of accounts of the Company over the vesting period.
- 18.3 The Company shall comply with the disclosure requirements and the accounting policies prescribed under Regulation 15 of the SEBI (SBEB & SE) Regulations, or as may be prescribed by regulatory authorities from time to time.

19. Arbitration

- 19.1 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 shall continue for not more than 30 (Thirty) days), gives 10 (Ten) days' notice thereof to the other party in writing.
- 19.2 In case of such failure, either party may refer the dispute to a single arbitrator appointed by both parties and, failing such agreement, to three arbitrators — one to be appointed by each party and the third arbitrator to be jointly appointed by the two arbitrators appointed by the parties. The arbitration proceedings shall be held in Telangana, India, under and in accordance with the Arbitration and Conciliation Act, 1996, and any statutory modification or re-enactment thereof for the time being in force. The arbitrator(s) shall give a reasoned award in writing. The arbitrator(s) 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 a competent court of law in Telangana.

20. Certificate from Secretarial Auditors

The Board shall at each annual general meeting place before the shareholders a certificate from the Secretarial Auditors of the Company that the ESOP 2025 has been implemented in accordance with the SBEB Regulations and in accordance with the resolution of the Company in the general meeting.

21. Governing Law and Jurisdiction

- 21.1 The terms and conditions of the Scheme shall be governed by and construed in accordance with the laws of India.
- 21.2 In case of any inconsistencies between the applicable laws and the Scheme, the provisions of the Scheme shall be deemed repugnant to that extent.
- 21.3 The Courts of Maharashtra, India shall have jurisdiction in respect of any and all matters, disputes, or differences arising in relation to or out of this Scheme.
- 21.4 Nothing in this Clause shall, however, limit the right of the Company to bring proceedings against any Employee in connection with this Scheme:
- in any other court of competent jurisdiction; or
 - concurrently in more than one jurisdiction.

22. Nomination

The Employee has to nominate a person as his/her nominee. The nominee in case of death or Permanent Incapacity of Employee shall be the legal representative recognized by the Company as the inheritor of the Employee in respect of all rights and liabilities for the purposes of this ESOP 2025.

23. Listing of the Shares

- 23.1 The Company shall not Grant Options under ESOP 2025 unless it obtains in-principle approval from the Stock Exchanges. The Company shall appoint a Merchant Banker for the implementation of the ESOP 2025 upto in-principle approval from the Stock Exchanges.

23.2 Subject to the approval of the Stock Exchange(s), the Shares issued and allotted on Exercise shall be listed on the recognized Stock Exchange(s).

24. Income Tax Rules

The applicable provisions of the Income Tax laws and rules, as in force from time to time, shall apply.

25. Regulatory Approvals

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 Board of Directors/Company, provide such assurances and representations to the Company or the Committee as the Board of Directors may deem necessary or desirable to ensure compliance with all applicable legal and accounting requirements.

26. Modification of the Scheme

26.1 Subject to the applicable laws, the Committee may, at any time:

- 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.
- Formulate various sets of special terms and conditions in addition to those set out herein, to apply to a 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. Severability

In the event any one or more of the provisions contained in this ESOP 2025 shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this ESOP 2025 shall be construed as if such invalid, illegal or unenforceable provision had never been set forth herein, and ESOP 2025 shall be carried out as nearly as possible to its Original terms and intent.

28. Confidentiality

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 *****