

Cera Sanitaryware Limited

Cera Sanitaryware - Employee Stock Option Scheme 2024

CERA SANITARYWARE LIMITED

Regd. Office: 9, GIDC Industrial Estate, Kadi, Mehsana – 382715, Gujarat

CIN: L26910GJ1998PLC034400

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1. Name, Objective and Term of the Scheme

- 1.1 This Employee Stock Option Scheme shall be called the **‘Cera Sanitaryware - Employee Stock Option Scheme 2024’ (“ESOS 2024” or “Scheme”)**.
- 1.2 The objective of the ESOS 2024 is to attract, retain, motivate and reward the key Employees of the Company for their performance and to motivate them to contribute to the growth and profitability of the Company. The Company views Employee Stock Options (**“Options”**) as a long-term incentive tool that would enable the Employees not only to become co-owners, but also to create wealth out of such ownership in future resulting to achievement of sustainable corporate growth of the Company.
- 1.3 The ESOS 2024 is established with effect from 16th May, 2024, on which the shareholders of the Company have approved the ESOS 2024 by way of a special resolution and shall continue to be in force until (i) its termination by the Board or Committee as per provisions of Applicable Laws, or (ii) the date on which all of the Options available for Grant under the ESOS 2024 have been issued and exercised, whichever is earlier.

2. Definitions and Interpretation

2.1 Definitions

- i. **“Applicable Law”** means every law relating to Employee Stock Options by whatever name called, including but without limitation to the Companies Act and rules framed thereunder, Securities and Exchange Board of India Act, 1992 (SEBI), SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and all relevant tax, securities, exchange control or corporate laws of India or of any relevant jurisdiction or of any Stock Exchange on which the Shares are listed or quoted.
- ii. **“Board”** means the Board of Directors of the Company.
- iii. **“Committee”** means the Nomination and Remuneration Committee constituted by the Board from time to time, as per the requirements of the Applicable Laws, to supervise the Scheme and other employee benefit schemes among other things, comprising of such members of the Board as provided under Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and having such powers as specified under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 read with powers specified in this ESOS 2024. Nomination and Remuneration Committee may constitute/designate the 'ESOP Committee' under the “SEBI SBEB Regulations”.
- iv. **“Companies Act”** means the Companies Act, 2013 and includes any statutory modifications or re-enactments thereof.

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- v. **“Company”** means **‘Cera Sanitaryware Limited’**, a Company incorporated under the provisions of the Companies Act, 1956 and having Corporate Identification Number L26910GJ1998PLC034400 and its registered office at 9, GIDC Industrial Estate, Kadi, Mehsana – 382715, Gujarat.
- vi. **“Company Policies/Terms of Employment”** means the Company’s policies for Employees and the terms of employment as contained in the employment letter and the Company handbook, which includes provisions requiring a desired level of performance, securing confidentiality, non-compete, and non-poaching of other employees and customers. Policies/Terms of Employment of the Group Companies as regards an Option Grantee on the payrolls of such Group Companies shall be deemed to be **“Company Policies/Terms of Employment”** for such Option Grantee.
- vii. **“Director”** means a member of the Board of the Company.
- viii. **“Eligibility Criteria”** means the criteria as may be determined from time to time by the Committee for granting Options to the Employees.
- ix. **“Employee”** means:
 - (i) an employee as designated by the Company, who is exclusively working in India or outside India; or
 - (ii) a 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**; and
 - (iii) an employee as defined in sub-clauses (i) and (ii), of a Group Company, in India or outside India, of the Company.

but excludes-

 - a. an employee who is a Promoter or belongs to the Promoter Group;
 - b. a Director who either by himself or through his relatives or through any-body corporate, directly or indirectly holds more than 10% of the outstanding Shares of the Company;
- x. **“Employee Stock Option”** means an employee stock option granted to an Employee, which gives such Employee a right, but not an obligation, to purchase or subscribe at a future date the Share underlying such Option at a pre-determined price.
- xi. **“ESOP”** means an Option in all respects with its pricing aspect as specified in Sub-clause 8.1 of this Scheme.

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- xii. **“ESOS 2024”** means this ‘Cera Sanitaryware - Employee Stock Option Scheme 2024’ under which the Company is authorized to grant Options to the Employees.
- xiii. **“Exercise”** of an Options means expression of an intention by an Employee to the Trust to acquire the Shares underlying the Options vested in him, in pursuance of the Scheme, in accordance with the procedure laid down by the Company/Trust for exercise of Options.
- xiv. **“Exercise Period”** means such time period after each Vesting within which the Employee should exercise the Options vested in him in pursuance of the Scheme.
- xv. **“Exercise Price”** means the price payable by the Employee in order to exercise the Options granted to him in pursuance of the Scheme.
- xvi. **“Grant”** means the process by which the Company issues Options to the Employees under the Scheme.
- xvii. **“Grant Date”** means the date of the meeting of the Committee in which Grant of Options to the Employees are approved or any such date which may be determined by the Committee as the Grant Date.

Explanation: For accounting purposes, the Grant Date will be determined in accordance with applicable accounting standards.
- xviii. **“Group”** or **“Group Company”** means two or more companies which, directly or indirectly, are in position to-
 - (i) Exercise twenty-six percent, or more of the voting rights in the other company; or
 - (ii) Appoint more than fifty percent, of the members of the board of directors in the other company; or
 - (iii) Control the management or affairs of the other company.
- xix. **“Independent Director”** means a Director within the meaning of Section 149(6) of the Companies Act read with Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- xx. **“Market Price”** means the latest available closing price of Shares on the Stock Exchange on which the Shares of the Company are listed on the date immediately preceding the Grant Date.

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Explanation- If such Shares are 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.

- xxi. **“Merchant Banker”** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, which is registered under Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992).
- xxii. **“Misconduct”** means any of the following acts or omissions by an Employee in addition to any provisions prescribed in the offer or terms of employment amounting to violation or breach of terms of employment as determined by the Committee after giving the Employee an opportunity of being heard:
- (i) dishonest statements or acts of an Employee, with respect to the Company;
 - (ii) any misdemeanor involving moral turpitude, deceit, dishonesty, or fraud committed by the Employee;
 - (iii) gross negligence, Misconduct or insubordination of the Employee in connection with the performance of his duties and obligations towards the Company;
 - (iv) breach by the Employee of any terms of his employment agreement or the Company’s policies or other documents or directions of Company;
 - (v) participating or abetting a strike in contravention of any law for the time being in force;
 - (vi) Misconduct as provided under the labor laws after following the principles of natural justice; or
 - (vii) Any other terms and conditions as notified by the Committee from time to time.
- xxiii. **“Option”** means an Employee Stock Option individually or collectively, as the context may require within the meaning of the Scheme.
- xxiv. **“Option Grantee”** means an eligible Employee who has been granted an Employee Stock Option in pursuance of the Scheme and deems to include a beneficiary being the legal heir or nominee of such Option Grantee upon his eventual death while in employment or service.
- xxv. **“Permanent Incapacity”** means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Option Grantee from performing any specific job, work or task which the said Employee was capable of performing immediately before occurrence of such disability, as determined by the Committee based on a certificate of a medical expert(s) identified by the Company.

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- xxvi. **“Promoter”** has the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- xxvii. **“Promoter Group”** has the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. Provided where the Promoter or Promoter Group of a company is a body corporate, the Promoters of that body corporate shall also be deemed to be Promoters of such company.
- xxviii. **“Retirement”** means retirement as per the rules of the Company.
- xxix. **“Scheme”** means and refers to ‘Cera Sanitaryware - Employee Stock Option Scheme 2024’ (**“ESOS 2024” or “Scheme”**) defined hereof.
- xxx. **“SEBI SBEB Regulations”** means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended and enacted from time to time read with all circulars and notifications issued thereunder.
- xxxi. **“Secondary Acquisition”** means acquisition of existing Shares of the Company by the Trust on the platform of a recognized Stock Exchange for cash consideration.
- xxxii. **“Secretarial Auditor”** means a company secretary in practice appointed by a company under rule 8 of the Companies (Meetings of Board and its Powers) Rules, 2014 to conduct secretarial audit pursuant to regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- xxxiii. **“Shares”** means equity shares of face value of **Rs. 5/- (Rupees Five only)** each of the Company within the meaning of this Scheme.
- xxxiv. **“Stock Exchange”** means National Stock Exchange Limited or BSE Limited or any recognized other stock exchange in India on which the Company’s Shares are listed.
- xxxv. **“Trust”** means the ‘Cera Sanitaryware Limited Employee Welfare Trust’ set-up by the Company for the administration of the Employee Stock Option Scheme(s) of the Company including this ESOS 2024 being authorized from time to time, to acquire, hold and transact in cash and Shares of the Company for the purposes of relevant Employee Stock Option Scheme(s) of the Company including this ESOS 2024.
- xxxvi. **“Trustee”** shall mean the person/ entity appointed as a trustee under the trust deed of the Trust to manage the affairs of the Trust.
- xxxvii. **“Unvested Option”** means an Option in respect of which the relevant Vesting Conditions have not been satisfied and as such, the Option Grantee has not become entitled to receive the benefit of grant made under the ESOS 2024.

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- xxxviii. **“Vest”** or **“Vesting”** means earning by the Option Grantee, of the right to Exercise the Employee Stock Options granted to him in pursuance of the Scheme.
- xxxix. **“Vested Option”** means an Option in respect of which the relevant Vesting Conditions have been satisfied and the Option Grantee has become eligible to Exercise the Option.
- xl. **“Vesting Conditions”** means the conditions subject to which the Options granted would vest in an Option Grantee.
- xli. **“Vesting Period”** means the period, during which the Vesting of the Option granted to the Option Grantee, in pursuance of the ESOS 2024 takes place.

2.2 Interpretation

In this ESOS 2024, unless the contrary intention appears:

- a) the clause headings are for ease of reference only and shall not be relevant to interpretation;
- b) a reference to a clause number is a reference to its sub-clauses;
- c) words in singular number include the plural and vice versa;
- d) words importing a gender include any other gender;
- e) a reference to a Schedule includes a reference to any part of that Schedule which is incorporated by reference;
- f) reference to any statute, rules, regulations, or notification shall include any amendment, modification, substitution, or re-enactment thereof;
- g) the terms defined above, including their grammatical variations and cognate expressions, shall, unless repugnant to the context or meaning thereof, for the purposes of this ESOS 2024 have the meanings herein specified and terms not defined above shall have the meanings as defined in the Companies Act or Applicable Laws including SEBI SBEB Regulations, as the context requires; and
- h) words and expressions used and not defined here but defined in the SEBI SBEB Regulations, Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or the Companies Act, and any statutory modification or re-enactment thereto, shall have the meanings respectively assigned to them in those legislation, as the context requires.

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3. Authority and Ceiling

- 3.1 The shareholders of the Company while approving this ESOS 2024 by way of special resolution dated 16th May, 2024, have authorized the Committee to grant not exceeding 2,60,000 (Two Lakhs Sixty Thousand) Options to the eligible Employees under the ESOS 2024, from time to time, in one or more tranches, exercisable into not more than 2,60,000 (Two Lakhs Sixty Thousand) Shares to be sourced from (i) fresh issuance of primary Shares by the Company to the Trust, (ii) secondary acquisition through the Trust, or (iii) both i.e., partly from fresh issue and balance from secondary acquisition, in one or more tranches at such point(s) of time as decided by the Committee being acquired through the Trust, for transfer of such acquired Shares by the Trust to the Option Grantee upon Exercise of Options as per provisions of the Scheme.
- 3.2 Each Option conferring a right upon the Option Grantee to apply for one Share to be transferred by the Trust upon Exercise thereof, in accordance with the terms and conditions as may be determined by the Committee in accordance with the provisions of the ESOS 2024 and Applicable Laws.
- 3.3 The number of Options that may be granted under the Scheme per Employee and in aggregate (considering all grants) for such Employee, shall vary depending upon the designation and the appraisal / assessment process, however, shall not exceed 1,30,000 per eligible Employee.
- 3.4 If an Option expires, lapses or becomes un-exercisable due to any reason, it shall be brought back to the Options pool and shall become available for future grants, subject to compliance with the provisions of the Applicable Laws.
- 3.5 Where Shares are transferred by the Trust consequent upon Exercise of an Option under the ESOS 2024, the maximum number of Shares that can be transferred under the ESOS 2024 as referred to in Sub-clause 3.1 above shall stand reduced to the extent of Shares issued.
- 3.6 In case of a Share split or consolidation, if the revised face value of the Share is less or more than the current face value as prevailing on the date of coming into force of this ESOS 2024, the maximum number of Shares being granted under the ESOS 2024 as specified above shall stand modified accordingly, so as to ensure that the cumulative face value (number of Shares X face value per Share) prior to such Share split or consolidation remains unchanged after such Share split or consolidation.

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4. Supervision and Administration

4.1 Supervision

- a) This ESOS 2024 shall be supervised by the Committee. All the functions relating to superintendence of this ESOS 2024 shall stand possessed with the Committee in which case the rights, powers, duties or liabilities of the Board to the extent delegated along with that contemplated under the Applicable Laws. All questions of interpretation of this ESOS 2024 shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in this ESOS 2024.
- b) Neither the Committee nor any of its members shall be liable for any actions taken in good faith for the implementation of the ESOS 2024.
- c) The Committee may rely upon the advice and assistance of any professional it deems appropriate in the implementation of the ESOS 2024.
- d) The Committee shall, in accordance with this ESOS 2024 and Applicable Laws, determine the following:
 - i) The Eligibility Criteria for grant of Options to the Employees upon recommendation of the Management of the Company;
 - ii) The quantum of Options to be granted under the ESOS 2024 per Employee, subject to the ceiling as specified in Sub-clause 3.1 and 3.3;
 - iii) Terms and conditions in respect of Grant, Vesting and Exercise of Options by the Employees which may be different for different Employees or classes thereof falling in the same tranche of Grant of Options under the ESOS 2024;
 - iv) The Exercise Period within which the Employee should Exercise the Option and that Option would lapse on failure to exercise the Option within the Exercise Period;
 - v) The procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration by the Committee:
 - a) the number and price of Options shall be adjusted in a manner such that total value of the Options remains the same after the corporate action; and
 - b) the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Option holders.

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- vi) The procedure and terms for the Grant, Vesting and Exercise of Options in case of Employees who are on long leave in terms of Sub-clause 7.4 of the ESOS 2024;
 - vii) The conditions under which Options shall vest and be exercised in case of suspension of employment for alleged Misconduct;
 - viii) Determine the treatment of the Options held by an eligible Employee in case of suspension/termination of services or in case of any pending inquiries;
 - ix) Any matter relating to the Trust and aspects of administration of the ESOS 2024 by the Trust;
 - x) The procedure for buy-back of Options granted under the ESOS 2024 if to be undertaken at any time by the Company, and the applicable terms and conditions, including:
 - a) permissible sources of financing for buy-back;
 - b) any minimum financial thresholds to be maintained by the Company as per its last financial statements; and
 - c) limits upon quantum of Options that the Company may buy-back in a financial year.
 - xi) The procedure for funding for Exercise of Options, as permitted under the Applicable Laws; and
 - xii) Approve forms, writings and/or agreements for use in pursuance of the ESOS 2024.
- e) The Committee has the prerogative to constitute a sub-committee and authorize it to oversee the implementation of ESOS 2024 along with delineating the specific terms and conditions of the schemes outlined in point 4.1(d) above and shall frame suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 by the Company, Trust and Employees, as applicable.

4.2 Administration

- a) This ESOS 2024 shall be administered by the Trust to the extent aspects of such administration are delegated by the Committee as per the requirements of Applicable Laws.
- b) The Trust shall be governed subject to following terms and conditions:

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- i) It shall not deal in derivatives and shall undertake only such transactions as permitted under the deed of Trust read with the provisions of the Applicable Laws;
 - ii) The Trustees appointed or re-appointed from time to time shall be such persons as being not disqualified as prescribed under the Applicable Laws; and
 - iii) The Trustees shall not vote in respect of the Shares held by the Trust.
- c) The Trustees while administering the ESOS 2024 shall abide by the provisions contained therein, terms of the Grant, Vesting and Exercise as decided by the Committee and shall ensure compliance of the provisions of relevant Applicable Laws as prevailing from time to time, in connection with dealing with the Shares of the Company including but not limited to maintenance of proper books of account, records and documents as prescribed.

5. Eligibility and Applicability

- 5.1 Only Employees within the meaning of the ESOS 2024 are eligible for being granted Options. The appraisal process for determining the eligibility of Employees or Eligibility Criteria shall be decided from time to time by the Committee upon recommendation of the Management of the Company.
- 5.2 The appraisal process for determining eligibility shall be decided from time to time by the Committee. The broad criteria for appraisal and selection may include parameters like tenure of association with the Company, performance during the previous years, contribution towards strategic growth, contribution to team building and succession, cross-functional relationship, expected role for the corporate growth, etc.
- 5.3 This ESOS 2024 shall be applicable to the Company and any successor company thereof, and its Group Companies and may be granted to the Employees and Directors of the Company, and its Group Companies as determined by the Committee at its own discretion.

6. Grant and Acceptance of Grant

6.1 Grant of Options

- (a) Grants contemplated under the ESOS 2024 shall be made on such day and month as decided by the Committee at its discretion upon recommendation of the Management of the Company.
- (b) Each Grant under this ESOS 2024 shall be made in writing by the Company to the eligible Employees fulfilling the Eligibility Criteria in a letter of Grant as may be approved under the ESOS 2024 from time to time, and disclosure requirements, as prescribed under Applicable Laws.

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6.2 Acceptance of the Grant

- (a) Any Employee who wishes to accept the Grant made under this ESOS 2024 must deliver to the Company a duly signed acceptance of the letter of Grant on or before the date (“Closing Date”) which shall not be more than **30 days** from the date of the Grant, as specified in the letter of Grant. On receipt by the Company of the signed acceptance, the Employee will become an Option Grantee.
- (b) Any Employee who fails to deliver the signed acceptance of the letter of Grant on or before the Closing Date stated above shall be deemed to have rejected the Grant unless the Committee determines otherwise.
- (c) Upon acceptance of the Grant in the manner described above, the Employee henceforth as an Option Grantee, shall be bound by the terms, conditions, and restrictions of the ESOS 2024 and the Grant document. The Option Grantee’s acceptance of the Grant of Options under ESOS 2024, within the period provided, shall constitute an agreement between the Option Grantee and the Company as to the terms of this ESOS 2024 and the Grant document.

7. Vesting Schedule and Conditions

- 7.1 Options granted under this ESOS 2024 would Vest not earlier than minimum Vesting Period of **1 (One)** year and not later than maximum Vesting Period of **5 (Five)** years from the Grant Date.

Provided that in case where Options are granted by the Company under the ESOS 2024 in lieu of Options held by a person under a similar scheme in another company (“Transferor Company”) which has merged or amalgamated with the Company, the period during which the Options granted by the transferor company were held by him shall be adjusted against the minimum Vesting Period required under this sub-clause in due compliance with the provisions of SEBI SBEB Regulations.

Provided further that in the event of Death or Permanent Incapacity, the minimum vesting period of One (1) year shall not be applicable and in such instances, the Options shall vest on the date of Death or Permanent Incapacity.

- 7.3 Vesting of Options would be subject to continued employment with the Company and has not served any notice of resignation.

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7.4 The Options would vest essentially on the basis of continued tenure. Apart from this, the Committee **shall** prescribe achievement of performance condition(s) for Vesting as per the disclosure made in the explanatory statement to the special resolution approving this ESOS 2024. The specific Vesting Conditions subject to which Vesting would take place shall be specified in the letter of Grant issued to the Option Grantee at the time of Grant.

7.5 As a prerequisite for a valid Vesting, an Option Grantee is required to be in employment or service of the Company, on the date of Vesting and must neither be serving his notice for termination of employment/ service, nor be subject to any disciplinary proceedings pending against him on such date of Vesting. In case of any disciplinary proceedings against any Option Grantee, the relevant Vesting shall be kept in abeyance until disposal of the proceedings and such Vesting shall be determined accordingly.

7.6 **Vesting of Options in case of Employees on long leave**

The period of leave shall not be considered in determining the Vesting Period in the event the Employee is on a sabbatical. In all other events including approved earned leave and sick leave, the period of leave shall be included to calculate the Vesting Period unless otherwise determined by the Committee.

8. Exercise

8.1 **Exercise Price:**

The exercise price per such Option shall be the face value of the Shares of the Company at the time of Grant.

The specific Exercise Price shall be intimated to the Option Grantee in the Grant letter at the time of Grant. Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn or by any electronic mode in favour of the Company/Trust or in such other manner as the Committee may decide from time to time.

8.2 **Exercise Period**

(a) **While in employment:** The exercise period for vested Options shall be a maximum of **5 (Five)** years commencing from the relevant date of vesting of Options, or such other shorter period as may be prescribed by the Committee at time of Grant.



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8.3 Exercise in case of transfer of employment/ service

In the event of transfer of an Option Grantee from the Company to any of its Group Companies, the Vested Options as on the date of transfer, shall be capable of being exercised as if the employment/ service of the Option Grantee is being continued and in case of Unvested Options, such Options shall continue to vest as per the original schedule and be exercised accordingly, subject to the compliance of the Applicable Laws.

8.4 The Options shall be deemed to have been exercised when an Option Grantee makes an application in writing complete in all respect to the Trust or by any other means as decided by the Committee, for issue of Shares of the Company against the Options vested in him.

8.5 Lapse of Options

The Options not exercised within the Exercise Period shall lapse and be cancelled. The Option Grantee shall have no right over such lapsed or cancelled Options.

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9. Lock-in

The Shares arising out of Exercise of Vested Options shall not be subject to any lock-in period from the date of allotment of such Shares under ESOS 2024.

Provided that the Shares allotted on such Exercise cannot be sold, transferred or alienated in any manner during such period as required under the terms of Code of Conduct for Prevention of Insider Trading of the Company framed under Securities Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015.

10. Exit route in case of de-listing

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

11. Restriction on transfer of Options

- 11.1 The Options shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.
- 11.2 Options shall not be transferable to any person, except in the event of death of the Option Grantee in which case clause 8.2(b) would apply as to transmission of any rights of the deceased Option Grantee.
- 11.3 No person, other than the Option Grantee to whom the Option are granted, shall be entitled to Exercise the Option, except in the event of the death of such Option Grantee, in which case provisions of table under Sub-clause 8.2(b) would apply.

12. Rights as a shareholder

- 12.1 The Option Grantee shall not have a right to receive any dividend or to vote or in any manner or enjoy the benefits of a shareholder in respect of Employee Stock Options granted, till Shares underlying such Employee Stock Options are allotted on Exercise of such Options.
- 12.2 Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Company (for example, bonus shares, rights shares, dividend, voting, etc.) in respect of any Shares covered by the Grant unless the Option Grantee exercises the Employee Stock Options and becomes a registered holder of the Shares of the Company.
- 12.3 If the Company issues bonus or rights shares, the Option Grantee will not be eligible for the bonus or rights Shares in the capacity of an Option Grantee. However, an adjustment to the number of

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Options or the Exercise Price or both would be made in accordance with Clause 4.1(d)(v) of the ESOS 2024.

13. Taxation

- 13.1 The liability of paying taxes, if any, in respect of Options granted pursuant to this ESOS 2024 and the Shares issued pursuant to Exercise thereof shall be on the Option Grantee and shall be in accordance with the provisions of Income Tax Act, 1961 read with rules issued thereunder.
- 13.2 The Company shall have the right to deduct from the Option Grantee salary or recover separately, any of the Option Grantee tax obligations arising in connection with the Options upon the Exercise thereof. In case of non-continuance of employment, the outstanding amount of the tax shall be recovered fully on or before full and final settlement.
- 13.3 The Company/Trust shall have no obligation to deliver Shares until the Company's tax deduction obligations, if any, have been satisfied by the Option Grantee.
- 13.4 In the event that an employee participating in the ESOP scheme fails to fulfil their tax obligations arising from the purchase of shares under this plan, the Company reserves the right to recover any outstanding tax amounts directly from the employee's shares. This may be achieved through the sale of a portion of the employee's shares equivalent to the tax liability incurred. The Company/Trust shall provide written notice to the employee prior to exercising this right, detailing the amount owed and the proposed action to recover said amount from the shares."

14. Authority to vary terms

- 14.1 For the purpose of efficient implementation and administration of the ESOS 2024 and with the prior approval of the shareholders' of the Company by way of a special resolution, the Committee may revise the terms of the ESOS 2024 and/ or terms of the Options already granted under the ESOS 2024 subject to the condition that such amendment, alteration, or variation, as the case may be is not detrimental to the interest of Option Grantee.

Provided that the Company shall be entitled to vary the terms of the ESOS 2024 to meet any regulatory requirement without seeking shareholders' approval by way of a special resolution.

15. Miscellaneous

- 15.1 Government Regulations

This ESOS 2024 shall be subject to all Applicable Laws including any statutory modification(s) or re-enactment(s) thereof, and approvals from governmental authorities, if any, and to the extent required.

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15.2 Inability to obtain approval

The inability of the Company to obtain approval from any regulatory body having jurisdiction over the Company, 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 grant the Options or issue Shares.

15.3 Neither the existence of this ESOS 2024 nor the fact that an individual has on any occasion been granted an 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 ESOS 2024 or any future Scheme(s) by being granted an Options on any other occasion.

15.4 The rights granted to an Option Grantee upon the grant of Options shall not accord the Option Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).

15.5 The Option Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to exercise Options in whole or in part.

15.6 General Risks

Participation in the ESOS 2024 shall not be construed as any guarantee of return on the equity investment. Any loss due to fluctuations in the price of the equity and the risks associated with the investments is that of the Option Grantee alone.

16. Accounting and Disclosures

16.1 The Company shall follow the requirements including the disclosure requirements and IND AS 102 on Share-based payments and/ or any relevant accounting standards as may be prescribed by the Central Government in terms of Section 133 of the Companies Act, 2013 or any other appropriate authority, from time to time, including any guidance note on Accounting for employee share-based payments issued in that regard from time to time and the disclosure requirements prescribed therein, in compliance with relevant provisions of Regulation 15 of SEBI SBEB Regulations.

16.2 The Company shall make disclosures to the prospective Option Grantee containing statement of risks, information about the Company and salient features of the ESOS 2024 in a format as prescribed under SEBI SBEB Regulations.

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

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17. Certificate from Secretarial Auditors

The Committee shall at each Annual General Meeting place before the shareholders, a certificate from the Secretarial Auditors of the Company that the ESOS 2024 has been implemented in accordance with the SEBI SBEB Regulations and in accordance with the resolution of the Company in the general meeting.

18. Governing Laws

18.1 The terms and conditions of ESOS 2024 shall be governed by and construed in accordance with the Applicable Laws including the foreign exchange laws mentioned below.

18.2 Foreign Exchange Laws

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

19. Notices

19.1 All notices of communication required to be given by the Company to an Option Grantee by virtue of this ESOS 2024 shall be in writing and/or in any other means of electronic communication. The communications shall be made by the Company in any one or more of the following ways:

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

19.2 Any communication to be given by an Option Grantee to the Company in respect of ESOS 2024 shall be sent to the person at the address mentioned below:

Name and Designation: Vikas Kothari, CFO

Address: Cera Sanitaryware Limited

9, GIDC Industrial Estate, Kadi, Mehsana – 382715, Gujarat

Email id: vikas.kothari@cera-india.com

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20. Jurisdiction

- 20.1 The Courts at Mehsana, Gujarat, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESOS 2024.
- 20.2 Nothing in this Clause shall however limit the right of the Company to bring proceedings against any Employee in connection with this ESOS 2024:
- (i) in any other court of competent jurisdiction; or
 - (ii) concurrently in more than one jurisdiction

21. Nomination

The Employee has to nominate a person as his 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 ESOS 2024.

22. In-principle approval in case of Primary shares

- 22.1 The Company, in case of issue of Primary shares, shall not Grant Options under ESOS 2024 unless it obtains in-principle approval from the Stock Exchanges where it is listed.
- 22.2 The Company shall appoint a Merchant Banker for the implementation of the ESOS 2024 for obtaining in-principle approval from the Stock Exchanges where it is listed.
- 22.3 Subject to the approval of the Stock Exchange(s), the Shares issued and allotted on Exercise of the Options (in case of Primary shares) shall be listed on the recognized Stock Exchange(s) on which the Shares of the Company are listed.

23. Severability

In the event any one or more of the provisions contained in this ESOS 2024 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 of this ESOS 2024, but this Scheme shall be construed as if such invalid, illegal or unenforceable provision had never been set forth herein, and the ESOS 2024 shall be carried out as nearly as possible according to its original terms and intent.

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24. Confidentiality

- 24.1 An Option Grantee must keep the details of the ESOS 2024 and all other documents in connection thereto strictly confidential and must not disclose the details with any of his peer, colleagues, co-employees or with any employee of the Company or that of its affiliates. In case Option Grantee is found in breach of this Confidentiality Clause, the Company shall have undisputed right to terminate any agreement for Grant of Options and all unexercised Options shall stand cancelled immediately. The decision and judgment of the Company regarding breach of this confidentiality requirement shall be final, binding and cannot be questioned by Option Grantee. In case of non-adherence to the provisions of this clause, the Committee will have the authority to deal with such cases as it may deem fit.
- 24.2 On acceptance of the Grant of Option offered by the Company, it shall be deemed that as if the Option Grantee has authorized the Company to disclose information relating to the Option Grantee during the process of implementation of the ESOS 2024 or while availing any consulting or advisory services thereof or any other incidental services to its officers, professional advisors, agents and consultants on a need to know basis. In case the Option Grantee intends to withdraw this deemed authorization by withdrawing from the Grant, he can do so with express communication to the Company.

-----End of ESOS 2024-----