

# TABLE OF CONTENTS

Sr.No.	Particulars	Page No.
1.	Introduction	2
2.	Term of the Scheme	2
3.	Purpose of the Scheme	2
4.	Definitions	3
5.	Implementation & Administration	10
6.	Pool of the Scheme	13
7.	Eligibility Criteria	14
8.	Neogen Chemicals Limited Employees Welfare Trust	14
9.	Grant of Options	16
10.	Acceptance of Grant	17
11.	Vesting of Options	17
12.	Exercise of Options	18
13.	Exercise Price	20
14.	Cessation of employment	20
15.	Lock in Requirements	23
16.	Other terms and conditions	23
17.	Notices and correspondence	24
18.	Nomination of Beneficiary	24
19.	Corporate Action	24
20.	Disclosure and Accounting Policies	25
21.	Taxability on the Grantee	25
22.	Surrender of Options	26
23.	Dispute/Arbitration	26
24.	Governing Law	27
25.	Regulatory Approvals	27
26.	Modification of Scheme	27
27.	Confidentiality	27
28.	Miscellaneous	28

#### 1. Introduction:

- 1.1 This Scheme shall be termed as the "Neogen Chemicals Employee Stock Option Scheme 2024" ("Scheme") and shall include any alterations, amendments, additions, deletions, modifications, addendums or variations made thereof in accordance with the Applicable Laws, from time to time.
- 1.2 The Scheme was formulated and approved by the Nomination and Remuneration Committee ("Committee") at its meeting held on August 07, 2024, and by the Board of Directors at its meeting held on August 07, 2024.
- **1.3** The Scheme shall be effective from September 27, 2024, being the date of shareholders' approval.

# 2. Term of the Scheme:

- **2.1** The Scheme shall continue in effect:
  - (i) unless terminated by the Board of Directors or
  - (ii) until the date on which all of the Stock Options available for Grant under the Scheme have been Granted and Exercised; whichever is earlier.
- 2.2 Any such termination of the Scheme shall not affect Options already Granted and the powers of the Committee/ Trust in relation to such Options and the rights accrued to Grantee, shall remain in full force and effect as if the Scheme had not been terminated unless mutually agreed otherwise between the Grantee / Nominee / legal heirs and the Company in accordance with the terms of the Scheme or the Grant Letter.

# 3. Purpose of the Scheme:

- **3.1** The Company has structured this Scheme for the Employees. The purpose of the Scheme includes the following:
  - **3.1.1** To attract new talent into the Company to drive its growth plans.
  - **3.1.2** To motivate the Employees to contribute to the growth and profitability of the Company.
  - **3.1.3** To retain the Employees and reduce the attrition rate of the Company.
  - **3.1.4** To achieve sustained growth and the creation of shareholder value by aligning the interests of the Employees with the long-term interests of the Company.
  - **3.1.5** To create a sense of ownership and participation amongst the Employees to share the value they create for the Company in the years to come, and
  - **3.1.6** To provide deferred rewards to Employees.

#### 4. **Definitions:**

- **4.1** In this Scheme the following expressions including their grammatical variations and cognate expression shall, unless repugnant to the context or meaning thereof, have the meaning assigned to them respectively hereunder:
  - **4.1.1 "Abandonment"** means absence of an Employee from work for a period of 30 days or more without having communicated to the Company or its authorised representative in writing any reason of absence.
  - **4.1.2** "Acceptance Form" shall mean the form that the Grantee has to submit either in physical or electronic form as the case may be, indicating his acceptance of the Grant/ the Grant Letter, in accordance with this Scheme, on or before the Closing Date.
  - 4.1.3 "Applicable Law" means every law relating to equity-based compensation plan in force, including, without limitation to, Companies Act, 2013, SEBI (SBEB & SE) Regulations 2021, SEBI (LODR) Regulations, Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time, and all relevant revenue, tax, securities or exchange control regulations or corporate laws of India to the extent applicable and the applicable law includes any provision of the applicable rule(s), regulation(s), notification(s), circular(s) or any other similar form of directives issued by the competent authority under the relevant applicable law.
  - **4.1.4** "Bad Leaver" means an Employee who is a Leaver as a result of:
    - a) Termination due to Cause.
    - b) being designated as a Bad Leaver as set out under the proviso of the definition of "*Good Leaver*" as per article 4.1.22 of this Scheme below.
  - **4.1.5 "Board of Directors" or "Board"** means the Board of Directors of the Company, which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee, constituted by the Board of Directors to exercise its powers.
  - **4.1.6 "Body Corporate"** shall have the same meaning as defined in section 2(11) of the Companies Act, 2013, as amended from time to time.
  - **4.1.7 "Cash Mechanism"** means a route under which the Grantee will receive the Shares equivalent to the number of the Options Exercised after the Grantee has made the payment of the Exercise Price, applicable tax and other charges, if any, in accordance with the terms and conditions of the Scheme and as mentioned in Grant Letter.

**4.1.8** "Cashless Mechanism" means application made by the Grantee to the Trust for Exercise of the Vested Stock Options, directing the Trust to sell the requisite number of Shares of the respective Grantee for adjusting the Exercise Price and applicable income tax amount (if any) including an expense thereon and transfer the Remaining Shares in accordance with the terms and conditions of the Scheme.

#### **4.1.9** "Cause" means:

- iillegal or unlawful acts of a Grantee, including, theft, fraud, misfeasance, breach of trust, wrongful disclosure of any secret or confidential information about the Company to the third party or dishonesty in relation to the Company or its Subsidiary Company;
- ii. the Grantee committing an offence involving moral turpitude or unethical business conduct:
- iii. the Grantee committing any breach of his obligations under the employment agreement or any other agreement with the Company or its Subsidiary Company or any of the applicable policies of the Company or its Subsidiary Company (including the sexual harassment policy in force from time to time) which, if remediable, is not remedied within 30 (thirty) days of a written notice by the Company or its Subsidiary Company identifying such breach, or refusing or neglecting to comply with any reasonable and lawful directions of the Board:
- iv. the Grantee committing misconduct outside work which in the reasonable opinion of the Board, would likely bring the Company or its Subsidiary Company into disrepute or significantly harm the Company's interests if the Grantee's employment were to continue;
- v. the Grantee misrepresenting details relating to educational qualifications, prior work experience, or misrepresentation in relation to any criminal proceedings which to the best of his knowledge have been initiated / pending against him, as on the date of agreeing to the Terms of Employment;
- vi. wilful misconduct or gross negligence by the Grantee, which is detrimental to the business or reputation of the Company or its Subsidiary Company;
- vii. the Grantee breaching any confidentiality and protection of intellectual property rights or non-compete or non-solicitation terms agreed with the Company or its Subsidiary Company, as relevant;
- viii. Grantee committing any other misconduct as defined in the Company's or its Subsidiary Company's rules or Employee handbook and / or employment agreement and/or appointment letter; or
- ix. any other act which would permit summary dismissal under Applicable Laws or employment terms.
- **4.1.10** "Cessation Date" means the last working day of employment of the Employee with the Company or its Subsidiary Company, in India or outside India, of the Company.
- **4.1.11** "Closing Date" means 30 (thirty) days from the date of receipt of the Grant Letter by the Grantee.

- **4.1.12** "Compensation Committee" or "Committee" or "NRC" means Nomination and Remuneration Committee of the Company, designated as Compensation Committee for the purpose of monitoring, administering, superintending, and implementing the Scheme in compliance with SEBI (SBEB & SE) Regulations.
- **4.1.13** "Company" means Neogen Chemicals Limited, a company incorporated and registered under Companies Act, 1956, having its registered office at Office No, 1002 10<sup>th</sup> Floor Dev Corpora Building Opp. Cadbury Co Pokhran Road No.2 Khopat, Thane, Maharashtra, India, 400601.
- **4.1.14** "Company Policies/ Terms of Employment" means the policies of Company and/or its Subsidiary Company, in India or outside India, of the Company, for Employees and the terms of employment as contained in the employment/ appointment 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.
- **4.1.15** "Corporate Action" shall have the same meaning as ascribed under the SEBI (SBEB & SE) Regulations, and includes the following:
  - (a) A change in the capital structure of the Company as a result of bonus issue, rights issue, stock split/reverse stock split/sub-division of Shares, or Securities or consolidation of Shares.
  - (b) Scheme of Arrangement, Acquisition, Merger, de-merger, reconstitution, spin-off, consolidation, amalgamation, dissolution, liquidation or winding up or reclassification of capital or any other transaction resulting in change in control of the Company.
- **4.1.16** "Directors" shall have the same meaning as defined under section 2(34) of the Companies Act, 2013.
- **4.1.17 "Eligibility Criteria"** means the criteria, as may be determined from time to time by the Committee, for Grant of Options.
- 4.1.18 "Employee" means
  - (a) an employee as designated by the Company, who is exclusively working in India or outside India; or
  - **(b)** 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; or
  - (c) an employee as defined in sub-clause (a) or (b), of Subsidiary Company(ies) of the Company, in India or outside,

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 10% (ten percent) of the outstanding Shares of the Company.
- **4.1.19** "Employee Benefit Scheme" shall have the same meaning as ascribed under the SEBI (SBEB & SE) Regulations.
- **4.1.20** "Exercise" means submission of an application (in prescribed form) either in physical or electronic form as the case may be, by the Grantees, as prescribed by the Committee, from time to time, to the Committee/ Trust for transfer of Shares of the Company, to such Grantee against his Vested Options in accordance with the Scheme, on payment of Exercise Price, applicable taxes or other charges, if any.
- **4.1.21 "Exercise Price"** means the price payable by the Grantee for Exercising the Options Vested in him in accordance with the Scheme.
- **4.1.22** "Good Leaver" means Grantee who is a Leaver as a result of:
  - a) Superannuation/retirement at the retirement age under Terms of Employment;
  - b) ill-health preventing continued employment, as determined by the Committee based on a certificate of one or more medical experts identified by the Committee;
  - c) voluntary resignation/termination (not due to Cause) from the employment with the Company by the Employee (provided that if there is an ongoing investigation or proceeding against such Employee as on the Cessation Date in connection with or relating to an event of Cause, then such Employee shall not be a good leaver unless Committee specifically designates such Employee as a good leaver);
  - d) for any other reason, if the Committee so decides, as per the Company Policy.
  - e) Resignation on account of leaving the Company for joining any associate or subsidiary company of the Company will be regarded as employment transfers within the Company and will not be regarded as resignation or termination from the employment of the Company and all grants made by the company shall, subject to applicable law, continue to vest and be exercisable by the Grantee as per the Scheme, so long as the Grantee remains in the employment of any associate or subsidiary Company.

Provided that a Grantee who is a Good Leaver at the Cessation Date may be characterized as a Bad Leaver if after the Cessation Date the Grantee breaches the terms of any confidentiality or non-compete, non-solicit, non-disparagement

- provisions of his employment contract or any other agreement between the Grantee and the Company from time to time.
- **4.1.23** "Grant" means the process pursuant to which the specified number of options are granted to the Grantee under the Scheme.
- **4.1.24** "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.
- **4.1.25** "Grant Letter" means the letter issued to the Grantee either in written or electronic form between the Company and a Grantee setting forth the terms and conditions applicable to a Grant to the Grantees under the Scheme.
- **4.1.26** "Grantee" shall mean an Eligible Employee to whom Options have been Granted under the Scheme and a Grant Letter has been issued as per the terms and conditions of this Scheme.
- **4.1.27 "Independent Director"** shall have the same meaning ascribed to it under the SEBI (LODR) Regulations, 2015, as amended from time to time.
- **4.1.28** "Long Leave" means an approved leave taken by the Grantee for a period of more than 3 (three) months out of 12 (twelve) months starting from the date of Grant / Vesting, as the case may be.
  - Provided that the period of Long Leave shall not include the period in which the Grantee is on a sabbatical or maternity leave. In all other events including approved earned leave and sick leave, the period of leave shall be included to calculate the Long Leave unless otherwise determined by the Committee.
- **4.1.29** "Market Price" means the latest available closing price on a Recognized Stock Exchange on which the Shares of the Company are listed on the date immediately prior to the Relevant Date.
  - **Explanation** If such Shares are listed on more than one Recognized Stock Exchange, then the closing price on the Recognized Stock Exchange having higher trading volume shall be considered as the Market Price.
- **4.1.30** "Nominee" or "Beneficiary" means the person or persons, designated by the Grantee or in the absence of any designation by the Grantee, a person or persons who is/ are entitled by the will or probate of the Grantee to receive the benefits specified in this Scheme, the legal heirs of the Grantee, if the Grantee dies intestate and includes the Grantee's executors or administrator, if no other beneficiary is designated and able to act under the circumstances and such other persons as may be added from time to time to the class of beneficiaries by notice in writing and by the nomination form in the exercise of any powers conferred under the Scheme or any other agreements forming part thereof.

- **4.1.31 "Options or Stock Options"** means a right but not an obligation granted to a Grantee to purchase or subscribe at a future date, the Shares offered by the Company, directly or indirectly, at a pre- determined price, in accordance with this Scheme.
- **4.1.32 "Permanent Incapacity"** means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps a Grantee from performing any specific job, work or task which the said Grantee was capable of performing immediately before such disablement, as determined by the Committee based on a certificate of a medical expert identified by the Company.
- **4.1.33 "Promoter"** shall have the same meaning as ascribed to it under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time.
- **4.1.34 "Promoter Group"** shall have the same meaning as ascribed to it under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time.
- **4.1.35** "Recognised Stock Exchange" means a stock exchange which has been granted recognition under section 4 of the Securities Contracts (Regulation) Act, 1956.
- **4.1.36** "Relative" shall have the same meaning as defined in section 2(77) of the Companies Act, 2013, as amended from time to time.
- **4.1.37 "Relevant Date"** means the date of the meeting of the Committee on which the Grant is made and in the case of Exercise, the date on which the notice of Exercise is given to the Company by the Grantee.
- **4.1.38** "Remaining Shares" shall mean number of remaining Shares, remained after selling such number of Shares by the Trust, to enable the Grantee to fund the payment of the Exercise Price, the amount necessary to meet his/her tax obligations and other related expenses pursuant to Exercise of Options Granted under the Scheme, to be transferred by the Trust to Grantee.
- **4.1.39** "Scheme" shall mean Neogen Chemicals Employee Stock Option Scheme 2024 and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof from time to time.
- **4.1.40** "SEBI (SBEB & SE) 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 from time to time.
- **4.1.41** "SEBI (LODR) Regulations" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

- and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof from time to time.
- **4.1.42** "Secondary Acquisition" means acquisition of existing Shares of the Company by the Trust on the platform of a Recognised Stock Exchange for cash consideration.
- **4.1.43** "Shares" means equity shares of the Company of a face value of Rs. 10 each.
- **4.1.44 "Subsidiary Company"** means any present or future subsidiary as defined in section 2(87) of the Companies Act, 2013, as amended from time to time.
- **4.1.45** "Trust" shall mean Neogen Chemicals Limited Employees Welfare Trust established by the Company under the provisions of Indian Trust Act, 1882, including any statutory modification or re-enactment thereof, for implementing the Scheme.
- **4.1.46** "Unvested Option" means an Option, which is not Vested.
- **4.1.47** "Vested Option" means an Option, which has Vested in pursuance to the Scheme and has thereby become exercisable.
- **4.1.48** "Vesting" means the process by which the Grantee becomes entitled to receive the benefit of a Grant made to the Grantee under the Scheme.
- **4.1.49** "Vesting Date" means the date on and from which the Option Granted Vests with the Grantees and thereby becomes exercisable.
- **4.1.50** "Vesting Period" means the period during which the Vesting takes place i.e. the period between the date of Grant till the date on which the Grantee becomes eligible to Exercise the Options.
- **4.1.51** "Voluntary Resignation" or "Voluntarily Resigns" means a Grantee who voluntarily separates/resigns from the Company for any reason, in circumstances other than by reason of Death and Permanent Incapacity and is not categorized as a "Bad Leaver". Provided that the Committee may at its sole discretion categorize the Grantee who voluntarily resigns/separates from the Company as a "Good Leaver".
- **4.1.52 "Whole Time Director"** shall have the same meaning as defined in section 2(94) of the Companies Act, 2013, as amended from time to time.

## Interpretation:

In this document, unless the contrary intention appears:

- *a)* The singular includes the plural and vice-versa;
- b) The word "person" includes an individual, a firm, a Body Corporate or unincorporated body or authority;

- 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 and is not otherwise elaborated or addressed in the Grant Letter or in the Company Policies shall be interpreted in line with SEBI (SBEB & SE) Regulations, Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, SEBI (LODR) Regulations, Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or the Companies Act, 2013 including any statutory modification or re-enactment thereto, shall have the meanings respectively assigned to them in those legislation, as the context requires;
- *e)* Articles, headings are for information only and shall not affect the construction of this document;
- f) A reference to an article is respectively a reference to an Article of this document; and
- g) Reference to any Act, rules, statute or notification shall include any statutory modification, substitution or re-enactment thereof.
- *h)* Any reference to the Company shall be deemed to include its Subsidiary Company(ies).

### 5. Implementation & Administration:

- **5.1** The Scheme shall be implemented through Trust route wherein the Trust may acquire the Shares from the following sources:
  - **5.1.1** Secondary Acquisition from the market, and / or
  - **5.1.2** Fresh allotment from the Company.

Provided that the primary route for acquisition of Shares shall be Secondary Acquisition from the market. However, if the Committee deems fit the said acquisition can also be done by fresh allotment from the Company.

Provided further that if the Scheme involves Secondary Acquisition, then it shall be mandatory for the Company to implement such Scheme through a Trust.

Provided further that if prevailing circumstances so warrant, the Company may change the mode of implementation of the Scheme subject to the condition that a fresh approval of the Shareholders by a special resolution is obtained prior to implementing such a change and that such a change is not prejudicial to the interests of the Grantees.

- **5.2** The Shares so acquired by the Trust will be transferred to the Grantees/ Nominees as and when the Options are Exercised.
- 5.3 Subject to Applicable Laws and the framework laid down by the Board of Directors, the Scheme shall be administered by the Committee which may delegate some or all of its administrative powers to the Trust or any other committee or Person(s), as per the Applicable Laws, for proper administration of the Scheme.
- 5.4 The Committee is authorized to interpret the Scheme, to establish, amend and rescind any rule(s) and regulation(s) relating to the Scheme and to make any other determinations that it deems necessary or desirable for the administration and

implementation of the Scheme. The Committee may correct any defect, omission or reconcile any inconsistency in the Scheme in the manner and to the extent the NRC deems necessary or desirable and to resolve any difficulty in relation to implementation of this Scheme and to take any action which the Committee is entitled to take.

- 5.5 Any decision of the Committee/ Trust in the interpretation and administration of the Scheme, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all the parties concerned (including but not limited to, Grantee and/or Employee and their Nominees/ legal heirs).
- **5.6** The Committee shall subject to Applicable Law, inter alia, have powers to do following:
  - i. To adopt rules and regulations for implementing the Scheme from time to time.
  - ii. To delegate its duties and administrative powers in whole or in part as it may decide from time to time to any person(s) or sub-committee or Trust.
  - **iii.** To decide upon re-granting of Options which were lapsed, forfeited, or surrendered under any provisions of the Scheme.
  - iv. To determine any additional number of Options to be Granted to the Eligible Employee.
  - v. To determine the mode of acquisition of Shares by the Trust.
  - vi. To identify and determine the Employees eligible to participate in the Scheme.
  - vii. To finalize the Eligibility Criteria for Grant of Options.
  - viii. To determine the quantum of Options to be Granted to each Grantee and in aggregate subject to the pool of Options of the Scheme.
  - ix. To Grant Options to one or more Eligible Employees.
  - **x.** To decide upon Granting of Options to new joinees.
  - **xi.** To extend the period of acceptance of Grant.
  - **xii.** To decide the Vesting Period subject to minimum and maximum period of Vesting as stated in the Scheme.
  - **xiii.** To determine the Vesting schedule for each Grantee.
  - **xiv.** To finalize the Eligibility Criteria for Vesting of Options.
  - **xv.** To determine the conditions under which the Options may Vest in the Employees and may lapse in case of termination of employment due to a Cause as defined in article 4.1.9 of the agreement.
  - **xvi.** To determine the Employees eligible for Vesting of Options.
  - **xvii.** To calculate and decide the Exercise Price.
  - **xviii.** To decide upon the mode and manner of Exercise.
  - xix. To decide the procedure for Cash Mechanism and/or Cashless Mechanism of Exercise of Stock Option through Trust in accordance with the Applicable Law.
  - **xx.** To decide the Exercise Period within which Employees can Exercise the Option and such Options would lapse on failure to Exercise the same within such Exercise Period.
  - **xxi.** To determine the right of an Employee to Exercise all the Options Vested in him at one time or at various points of time within the Exercise Period;

- **xxii.** To determine the procedure and terms for the Grant, Vesting and Exercise of Options in case of Employees who are on Long Leave.
- **xxiii.** To decide the specified time period within which Employees can Exercise the Vested Options in the event of termination or resignation.
- **xxiv.** To decide upon granting of loan to the Trust to purchase the Shares of the Company.
- **xxv.** To determine the procedure for funding the Exercise of Options.
- **xxvi.** To decide upon treatment of Vested and Unvested Options in cases of cessation of employment as specified in the Scheme.
- **xxvii.** To determine the Exercise Price of the Options to be Granted after giving due discount on the Market Price, if deems fit.
- **xxviii.** To allot Shares to the Trust.
- **xxix.** To decide upon appropriation of unappropriated inventories, which are not backed by Grant up to second subsequent financial year.
- **xxx.** To determine the procedure for making a fair and reasonable adjustment to the entitlement including adjustment to the number of Options and to the Exercise Price in case of Corporate Actions.

In this regard, the following, shall inter alia, be taken into consideration by the Committee:

- i. the number and price of Options shall be adjusted in a manner such that total value to the Employee of the Options remains the same after the Corporate Action;
- **ii.** the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Employee(s) who are Granted such Options.
- **xxxi.** To cancel all or any Granted Options in accordance with the Scheme.
- **xxxii.** To modify the Vesting schedule or accelerate the Vesting of Options on a case-to-case basis, subject to completion of minimum 1 (one) year from the date of Grant.
- **xxxiii.** To decide upon treatment of Vested and Unvested Options in cases of dispute between the Grantee and Company.
- **xxxiv.** To establish, amend, suspend or waive such rules and regulations as it shall deem appropriate for the proper administration of the Scheme.
- **xxxv.** To appoint such agents as it shall deem necessary for the proper administration of the Scheme.
- **xxxvi.** To determine or impose other conditions to the Grant of Options under the Scheme, as it may deem appropriate.
- **xxxvii.** To frame suitable policies and procedure to ensure that there is no violation of securities laws, including the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 as amended, by the Company or the Employees.
- **xxxviii.** To determine the procedure for buy-back of Options Granted under the Scheme, if to be undertaken at any time by the Company, and the applicable terms and conditions in accordance with the Applicable Law.

- **xxxix.** Decide on all other matters in connection with the Shares under this Scheme in accordance with the Applicable Laws.
  - **xl.** To determine the terms and conditions, not inconsistent with the terms of the Scheme, of any Options Granted hereunder.
  - **xli.** To construe and interpret the terms of the Scheme, and the Options Granted pursuant to the Scheme.
  - **xlii.** To finalize letters and other documents, if any, required to be issued under the Scheme.
  - **xliii.** To frame rules and regulations, prescribe forms and issue circulars or orders in relation to the Scheme and may from time to time amend, recall or replace such rules and regulations, forms, orders and circulars.
- 5.7 The powers and functions of the Committee can be specified, varied, altered or modified from time to time by the Board of Directors, subject to the rules and regulations as may be in force. The Board of Directors may further provide that the Committee shall exercise certain powers only after consultation with the Board of Directors and in such case, the said powers shall be exercised accordingly.
- **5.8** A member of the Committee shall abstain from participating in and deciding on any matter relating to Grant of any Options to himself.
- 5.9 The Committee shall be entitled to invite any person to attend its meetings and participate in the discussions and deliberations if it may so deem fit. The Committee, in exercise of its powers, may require any information from the Management of the Company, and/ or seek the assistance of any employee of the Company as it may deem fit, to discharge its duties fully and effectively.

#### 6. Pool of the Scheme:

- 6.1 The maximum number of Options that may be Granted pursuant to the Scheme shall not exceed 2,50,000 (two lakhs fifty thousand), which shall be convertible into equal number of Shares i.e. 2,50,000 (two lakhs fifty thousand) equity Shares of the Company.
- 6.2 Notwithstanding anything contained in article 6.1, if any Option Granted under the Scheme lapses or is forfeited or surrendered under any provision of the Scheme, such Option shall be available for further Grant under the Scheme at the discretion of the Nomination and Remuneration Committee.
- **6.3** Out of the total pool of 2,50,000 (two lakhs fifty thousand) Shares, the primary method of acquisition shall be through Secondary Acquisition from the market. However, if deemed appropriate by the Committee, acquisition may also be carried through fresh allotment by the Company.
- 6.4 Further, the maximum number of Options that can be Granted and the Shares arise upon Exercise of these Options shall stand adjusted in case of any Corporate Action.
- **6.5** The Company reserves the right to increase such number of Options and Shares as it deems fit, in accordance with the Applicable Law.

# 7. Eligibility Criteria:

- 7.1 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 Scheme, the number of Options to be Granted and the terms and conditions thereof;
  - Longevity of Service: It will be determined on the basis of tenure of employment of an Employee in the Company or its Subsidiary Company(ies).
  - Performance of Employee: Employee's performance during the financial year in the Company or its Subsidiary Company(ies) on the basis of decided parameters.
  - Performance of Company: Performance of the Company as per the standards to be set by the Committee/ Board of Directors from time to time.
  - Any other criteria as decided by the Committee in consultation with Board of Directors from time to time.
- 7.2 The Employees satisfying the Eligibility Criteria shall be termed as "Eligible Employee".
- **7.3** New joinees can also participate in the Scheme and be Granted Options based on the discretion of the Committee.
- 7.4 Nothing in the Scheme or in any Option Granted pursuant to the Scheme shall confer on any Employee, any right to continue in the employment of the Company or interfere in any way with the right of the Company to terminate the Employee's employment at any time.

# 8. Neogen Chemicals Limited Employees Welfare Trust:

- **8.1** Neogen Chemicals Limited Employees Welfare Trust is the Trust established by the Company, which holds the Shares of the Company for the purpose of extending benefits of the Scheme to the Employees.
- 8.2 For the purpose of this Scheme, the Trust shall acquire the Shares of the Company either by fresh allotment from the Company and/or by Secondary Acquisition from the market. The said acquisition shall be in compliance with SEBI (SBEB & SE) Regulations and SEBI (Prohibition of Insider Trading) Regulations, 2015.
- **8.3** The Trust shall utilize such Shares for the purpose of transferring them to the Grantees upon Exercise of the Options under the Scheme.
- **8.4** Company may implement several Employee Benefit Schemes through the Trust.
- **8.5** The Trust will keep and maintain proper books of account, records and documents, for the Scheme so as to explain its transactions and to disclose at any point of time the financial position of the Scheme and in particular give a true and fair view of the state of affairs of Scheme.
- **8.6** The Trustees of the Trust shall not vote in respect of the Shares held by such Trust, so as to avoid any misuse arising out of exercising such voting rights.

- 8.7 The Trustee shall ensure that appropriate approval from the Shareholders has been obtained by the Company in order to enable the Trust to implement the Scheme(s) and undertake Secondary Acquisition for the purposes of the Scheme(s).
- **8.8** The Trust shall not deal in derivatives and shall undertake only delivery-based transactions for the purposes of Secondary Acquisition as permitted by SEBI (SBEB & SE) Regulations.
- **8.9** For the purposes of disclosures to the Recognized Stock Exchange, the shareholding of the Trust shall be shown as 'non-promoter and non-public' shareholding.
- **8.10** The Trust shall transfer the Shares to Grantees for the purpose of this Scheme. The trustee(s) of the Trust shall administer the transfer of Shares to the Grantee as per the directions of the Committee and as stipulated in the Scheme.
- **8.11** For the purpose of acquisition of Shares by the said Trust, the Trust may be funded by the Company, either through an interest free loan or any other form of financial assistance permissible under Applicable Law. Further, the Trust may take a loan from banks or any other person/source under Applicable Laws.
- 8.12 The amount of interest free loan to be provided for implementation of the Scheme by the Company to the Trust shall not exceed the maximum limit prescribed under Applicable Law, from time to time, presently not exceeding 5% (five percent) of the paid-up capital and free reserves as provided in Companies Act, 2013 and the rules prescribed therein. The tenure of such loan shall be the point where the objects of the Trust are accomplished or the repayment of loan is made, whichever is earlier. The utilization of such loan shall be for the objects of the Trust as mentioned in the trust deed including the implementation of the Scheme wherein it will purchase the Shares of the Company either through Secondary Acquisition and/or fresh allotment from the Company. The Trust shall repay the loan to the Company by utilising the proceeds realised from Exercise of Options by the Grantees and the accruals of the Trust during the tenure of the Scheme or termination of the Scheme.

Provided that the above limit of 5% shall be taken on a consolidated basis for all Employee Benefit Scheme(s) as may be undertaken by the Company from time to time.

- **8.13** The Trust shall not become a mechanism for trading in Shares and hence shall not sell the Shares in the secondary market except as provided in Regulation 3(15) of SEBI (SBEB & SE) Regulations.
- **8.14** The Trust shall acquire the Shares subject to the limits as prescribed under SEBI (SBEB & SE) Regulations, from time to time.
- 8.15 The un-appropriated inventory of Shares which are not backed by Grants, acquired through Secondary Acquisition by the Trust, shall be appropriated latest by the end of the subsequent financial year or the second subsequent financial year subject to approval of the Committee for such extension to the second subsequent financial year or any other time period as specified by SEBI (SBEB & SE) Regulations.

- 8.16 The Trust shall be required to hold the Shares acquired through Secondary Acquisition for a minimum period of 6 (six) months, except under the circumstances as defined in SEBI (SBEB & SE) Regulations, before the same can be transferred to the Grantees upon Exercise of Options under the Scheme.
- **8.17** In the event that the Options Granted under the Scheme exceed the number of Shares that the Trust may acquire through Secondary Acquisition, then such shortfall of Shares shall be made up by the Company through new issue of Shares to the Trust in accordance with the provisions of new issue of Shares under the Applicable Laws.
- **8.18** The Trust shall be required to make disclosures and comply with other requirements applicable to insiders or Promoters under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 or any modification or re-enactment thereto.

# 9. Grant of Options:

- 9.1 The Committee shall Grant Options to 1 (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/appointment terms or his continuity in the employment.
- 9.2 Subject to availability of Options in the pool under the Scheme, the maximum number of Options that can be Granted to any Eligible Employee during any 1 (one) year shall not be equal to or exceeding 1% (one percent) of the issued capital of the Company at the time of Grant. The Committee may decide to Grant such number of Options equal to or exceeding 1% (one percent) of the issued capital to any Eligible Employee as the case may be, subject to the separate approval of the shareholders in a general meeting.
- 9.3 The Grant of Options shall be communicated to the Eligible Employees in writing through a Grant Letter specifying the Vesting Date, number of Options Granted, Exercise Price, Vesting schedule, and the other terms and conditions thereof.
- **9.4** No amount shall be payable by an Employee at the time of Grant of Options.
- **9.5** Upon Grant, an Eligible Employee shall become Grantee under the Scheme.
- 9.6 Subject to the Corporate Action(s) taken by the Company, if any, the Grant of 1 (One) Option to an Employee under this Scheme shall entitle the holder of the Option to apply for 1 (One) Share in the Company upon payment of Exercise Price, applicable taxes and other charges, if any.
- **9.7** The Options Granted to the Eligible Employees shall not be transferable to any other person in any manner otherwise than by way of will or by the laws of descent or distribution and, save as otherwise provided by the Scheme which shall be binding upon the executors, administrators, heirs, successors and assigns of the Grantee.
- **9.8** The Options Granted to the Eligible Employees shall not be pledged, hypothecated, mortgaged or otherwise encumbered or alienated in any other manner.

**9.9** The Grantee shall not have the right to receive any dividend, or to vote or in any manner enjoy the benefits available to a shareholder in respect of the Option Granted to him/her, till Shares are issued to him/her upon Exercise of the Option in accordance with the terms and conditions of the Scheme.

# 10. Acceptance of Grant:

- 10.1 Any Grantee who wishes to accept the Grant made pursuant to the Scheme, must deliver a signed copy of the Grant Letter along with Acceptance Form to the Committee or any of its authorized representatives on or before the Closing Date.
- 10.2 Any Grantee who fails to return the signed copy of the Grant Letter and/or fails to provide his acceptance on or before the Closing Date, unless the Committee determines otherwise, shall be deemed to have rejected the Grant.
- 10.3 The Grantee is not required to pay any amount at the time of acceptance of the Grant.
- 10.4 Subject to the terms contained herein, the acceptance in accordance with this article, of a Grant made to a Grantee, shall conclude a contract between the Grantee and the Company, pursuant to which each Option shall, on such acceptance, be an Unvested Option.

# 11. Vesting of Options:

- 11.1 Vesting Period shall commence from the Grant Date subject to a minimum of 1 (one) year from the Grant Date and a maximum of 5 (five) years from the Grant Date, at the discretion of and in the manner prescribed by the Committee and set out in the Grant Letter.
  - Provided further that in the event of death or Permanent Incapacity of a Grantee, the minimum Vesting Period of 1 (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.
- 11.2 The Vesting schedule and the % (percent) of Options to be Vested will be clearly defined in the Grant Letter of respective Grantees subject to minimum and maximum Vesting Period as specified in article 11.1 above and can vary from Grantee to Grantee as per the discretion of the Committee whose decision shall be final and binding.
- 11.3 The Vesting would be subject to the continued and uninterrupted employment of the Grantee with the Company and/or its Subsidiary Company(ies). Further, the Committee may link the Vesting of Options with certain performance and other criteria, but not limited to the overall organizational performance; Employee's individual performance as per Company's annual appraisal process; aggregate of actual Individual / department / function achievement of own target or any other achievement of performance criteria or any additional relevant metric criteria as decided by the Committee and mentioned in the Grant Letter.

- 11.4 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 Vesting.
- 11.5 Further any fraction entitlement, to which the Grantee would become entitled upon Vesting of Options, then the Options to be actually Vested be rounded off to the nearest lower integer. Accordingly, in the last Vesting, the number of the Options to be Vested shall include the Options which were not earlier Vested due to fraction adjustment.
- 11.6 In the event there is any ongoing investigation or proceeding against the Grantee in connection with or relating to a Cause (as defined above), then no Options Granted to such Grantee shall either Vest or be eligible to be Exercised until such investigation or proceeding has concluded and a final determination in such matter has been made unless otherwise determined by the Committee in its sole discretion.
- 11.7 The Vesting of Options shall be communicated to the eligible Grantees in writing through a Vesting letter.
- 11.8 The Grantee is not required to pay any amount at the time of Vesting of Options.

# 12. Exercise of Options:

- 12.1 After Vesting, Options can be Exercised either wholly or partly, by way of Cash Mechanism and/or Cashless Mechanism, within a maximum period of 2 (Two) years from the date of respective Vesting, or such other lesser time period as determined by the Committee at its sole discretion from time to time and mentioned in the Grant Letter of the Grantee ("Exercise Period").
- 12.2 In case of Exercise via Cash Mechanism, Grantee is required to submit the Exercise application along with payment of the Exercise Price, applicable taxes and other charges, if any, to the Trust/Company and the Company/ Trust shall be indemnified to the extent of applicable taxes, if any, levied at any point of time upon the Company/ Trust in this regard.
- 12.3 In case of Exercise via Cashless Mechanism, Grantee is required to submit the Exercise application along with authorization letter to the Trust, to sell such number of Shares to fund the payment of the Exercise Price, the amount necessary to meet his tax obligations and other related expenses pursuant to Exercise of Options Granted under the Scheme and transfer the Remaining Shares to the Grantee. The Company/ Trust shall be indemnified to the extent of applicable taxes, if any, levied at any point of time upon the Company/ Trust in this regard.

Further in case of cashless mechanism, the Trust may at its discretion refuse to permit the sale to be undertaken on Exercise of Options, if it determines that such a sale would result in contravention of the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 or any other Applicable Law for the time being in force.

- **12.4** Failure to comply within the Exercise Period shall result in the lapsing of Vested Options in the hands of Grantee and no rights for the Grantee with respect to such Options will accrue after that date.
- 12.5 The mode and manner of the Exercise shall be communicated to the Grantees individually in their Grant/ Vesting letter.
- 12.6 Upon valid Exercise, the Trust will transfer (i) Shares equivalent to number of Vested Options exercised, in case of Exercise via Cash Mechanism and/or (ii) Remaining Shares, in case of Exercise via Cashless Mechanism as the case may be, to the Grantees.
- **12.7** Upon such transfer, the Grantee shall become a member of the Company.
- 12.8 The Grantee may avail the financing facility if provided by the Company either through its own or from any third party, from time to time. In such case, the transfer of Shares shall be made only after the receipt of the Exercise form, Exercise Price, applicable Income Tax and other charges, if any and the Company/ Trust shall be indemnified to the extent of applicable taxes, if any, levied at any point of time upon the Company/ Trust in this regard.
- 12.9 Notwithstanding anything contained elsewhere in the Scheme, the Trust in consultation with the Company, may not transfer Shares, in the event of the Grantee being found to be involved in fraud, misfeasance, moral turpitude, misconduct, gross negligence, breach of trust or any other Cause as defined in article 4.1.9 and in such an event(s) the rights under the Options (whether Vested or not) shall lapse, forthwith, without any claim on, or recourse to the Company.
- **12.10** If the Vesting or Exercise of Options is prevented by any law or regulation in force and/or the Trust is forbidden to transfer the Shares pursuant to the Exercise of Options or the Employee is forbidden to acquire shares under such law or regulation, then in such an event the Company or the Trust shall not be liable to compensate the Grantee in any manner whatsoever.
- **12.11** The Committee shall have the power to cancel all or any of the Options Granted under the Scheme, if so required, under any law for the time being in force or the order of any jurisdictional court. In the event of any such cancellation, the Company shall not be liable to compensate the Grantee in any manner.
- **12.12** The amount paid by the Grantee, if any, at the time of Grant, Vesting or Exercise of Options maybe:
  - a) forfeited by the Company if the Option is not Exercised by the Grantee within the Exercise Period; or
  - b) refunded to the Grantee if the Options are not Vested due to non-fulfilment of conditions relating to Vesting of Option given under the Scheme.

#### 13. Exercise Price:

- **13.1** Under this Scheme, the Exercise Price will be decided by the Committee at the time of Grant and will be linked with the Market Price as defined in article 4.1.29 of the Scheme, in accordance with Applicable Law.
- 13.2 The Committee has the power to provide a suitable discount, as it deems fit, on such price as arrived above. However, in any case the Exercise Price shall not go below the par value of the Share of the Company.
- 13.3 Further, the Committee has the power to re-price the Grants in future if the Grant made under the Scheme is rendered unattractive due to the fall in the price of Shares, after complying with the conditions as mentioned in the SEBI (SBEB & SE) Regulations, ensuring that such repricing is not detrimental to the interest of the Employees and approval of the shareholders by a special resolution has been obtained for such repricing.
- 13.4 In case of Exercise via Cash Mechanism, the aggregate Exercise Price payable at the time of Exercise shall be paid by the Grantee, as per his/her own discretion (not opting for financing options), by cheque, demand draft, NEFT or deduction from salary (if salary of the month of Exercise is not paid and is sufficient for payment of Exercise Price) in the name of the Trust. However, in case the Grantee has availed financing option as stated in article 12.8 of this Scheme, the aggregate Exercise Price shall be paid at any time before transfer of Shares as per the terms and conditions of financing.
- 13.5 In case of Exercise via Cashless Mechanism, the tax amount arising at the time of Exercise shall be paid by the Grantee, as per his/her own discretion (not opting for financing options), by cheque, demand draft, NEFT or deduction from salary (if salary of the month of Exercise is not paid and is sufficient for payment of such tax amount) in the name of the Company. However, in case the Grantee has availed financing option as stated in article 12.8 of this Scheme, the aggregate income tax shall be paid at any time in the month of Exercise before the transfer of Shares as per the terms and conditions of financing.

# 14. Cessation of Employment:

14.1 In the event of cessation of employment due to death if, at any time, a Grantee either: (1) has ceased to be Employee of the Company or its Subsidiary Company, in India or outside India; or (2) is under notice (whether given or received) (such Employee, is categorised as a "Leaver"), then:

#### a) In case of Death (Categorised as deceased leaver):

All Options Granted as on date of death, whether Vested or Unvested shall immediately Vest in the hands of legal heirs/Nominee designated by the deceased leaver on that date. The Options would be exercisable by the legal heirs/Nominee within a period of 12 (twelve) months from the date of death, failing which all the Unexercised Options shall lapse irrevocably and the rights

there under shall be extinguished and such lapsed Options shall be available for further Grants as per article 6.2 of the Scheme.

All other terms and conditions of the Scheme shall apply to such Options. Provided that, in order to Exercise the Options of the deceased leaver, the legal heirs / Nominee have to submit the following documents to the Company, to the satisfaction of the Committee and the Committee may at its discretion waive off the requirement to submit any of the documents, wherein Nominee is not registered / updated by the deceased Grantee with the depository participant where the Demat account is maintained:

# In case Nominee is not appointed

- Copy of the succession certificate /legal heir certificate/ probate of will / letter of administration.
- No objection certificate from the other legal heirs.
- Photocopy of the death certificate duly attested by the proper authority (English translated version if in the vernacular language)
- Specimen signature of the person(s) in whose name Shares are to be transmitted (duly attested by the bank)
- Demat account details
- Copy of PAN card of the applicant (self attested).
- Copy of address proof (self attested)
- The Committee may ask for any other data / details as it may deem fit
- ➤ In case Nominee is appointed (registered / updated by the deceased Grantee with the depository participant wherein the Demat account is maintained and details of such Demat account has been informed to the Company)
  - Photocopy of the death certificate duly attested by the proper authority (English translated version if in the vernacular language).
  - Specimen signature of the person(s) in whose name Shares are to be transmitted (duly attested by the bank).
  - Demat account details.
  - Copy of PAN card of the applicant (self attested).
  - Copy of address proof (self attested).
  - The Committee may ask for any other data / details as it may deem fit.
- Deprised as a Permanent Incapacity leaver, then all Options Granted as on the date of Permanent Incapacity, whether Vested or Unvested shall immediately Vest in him/her/the legal heirs or Nominee on that day as may be decided by such Permanent Incapacity leaver. The Options would be exercisable within a period of 12 (Twelve) months from the date of Permanent Incapacity, failing which all the Unexercised Options shall lapse irrevocably and the rights thereunder shall be extinguished and such lapsed Options shall be available for further Grants as per article 6.2 of this Scheme.

- c) In case the leaver is categorised as a Good Leaver (as defined in article 4.1.22)
  - All Unvested Options shall stand cancelled with effect from the Cessation Date.
  - ii. All Vested Options shall be exercisable by the Grantee who is a Good Leaver within 6 [six] months from the Cessation Date or before the expiry of the Exercise Period as per Scheme whichever is earlier.

Provided that in case of the cessation of employment due to retirement or superannuation:

- i. All Vested Options shall be exercisable by the Grantee on or before the expiry of the Exercise Period as per Scheme.
- ii. All Unvested Options as on the Cessation Date would continue to Vest in accordance with the respective Vesting schedules even after retirement or superannuation in accordance with the Company Policies and the Applicable Law.
- d) In case a leaver is categorised as a Bad Leaver, all Options, whether Vested or Unvested, as on the Cessation Date of his/her employment in the Company shall stand cancelled with immediate effect.

The tax treatment shall accordingly be determined by the Company/ Trust upon the happening of the respective event in aforesaid scenarios which shall be binding on the Employee's Nominee/ Legal Heirs.

- 14.2 In the event of Abandonment of service by the Grantee, all Options (Vested Options or Unvested Options) at the time of Abandonment of service, shall stand cancelled. 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.
- 14.3 In the event of a Grantee going on Long Leave, the treatment of Options Granted to him/her, whether Vested or not, shall be determined by the Committee, whose decision shall be final & binding.
- 14.4 In the event that a Grantee is transferred or deputed to an associate company prior to the Vesting or Exercise of the Options, the Vesting and Exercise of the Options shall continue in accordance with the terms and conditions as contained in the Scheme in case of such transfer or deputation.
- 14.5 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.
- 14.6 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 of the dispute, to the satisfaction of the Committee and the Committee may accordingly at its own discretion, delay the vesting, lapse, expire or forfeit all or part of the Vested or Unvested Options which are held by the Grantee.
- **14.7** The Committee may modify the terms for cessation of employment/ discontinuance of service as mentioned in foregoing article 14.1 to 14.5.

# 15. Lock in requirements:

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

#### 16. Other terms and conditions:

- **16.1** Nothing herein is intended to or shall give the Grantee, any right to or status of any kind as a shareholder of the Company in respect of any Share covered by the Grant unless the Grantee Exercises the Options and becomes the registered shareholder of the Company.
- **16.2** The Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to Exercise Options in whole or in part.
- 16.3 Any statutory taxes or other charges applicable on such Vesting or Exercise of such Options would be the sole liability and responsibility of the Grantee, and the Grantee will not have any recourse to the Company in this regard. Further no Shares shall be transferred to the Grantee or his Nominee, as the case may be, on Exercise of the Options under this Scheme unless appropriate taxes as required under the applicable tax laws, are discharged. Such taxes may either be deducted from the Grantee's Salary and/ or can be separately discharged by the Grantee or his nominees by giving a cheque/ demand draft to the Company/ Trust for the said amount.
- 16.4 The maximum quantum of benefits that will be provided to every Eligible Employee under the Scheme will be the difference between the market value of Company's Share on the Recognized Stock Exchanges as on the date of Exercise of Options and the Exercise Price paid by the Employee.
- 16.5 The Scheme shall not confer on any person any legal or equitable rights (other than those to which he would be entitled as an ordinary member of the Company) upon allotment of Shares pursuant to Exercise of Options against the Company, either directly or indirectly or give rise to any cause of action in law or in equity against the Company.
- **16.6** The Grantee shall abide by 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 may be amended from time to time, Company's Code of Conduct for prevention of insider trading and Code of practices and procedures for fair disclosure of unpublished price sensitive information adopted by the Company under SEBI (Prohibition of Insider Trading) Regulations, 2015. Further, the Grantee shall indemnify and keep indemnified the Company in respect of any direct or indirect liability arising as a result or consequence of the violation of above, if applicable.

- **16.7** No Employee shall have any right to demand the Grant of Option, nor shall the Company have any obligation to Grant Options to any Employee.
- **16.8** It is clearly understood that the Grant or Vesting of any Options to an Employee, per se, does not assure accrual of a benefit or profit.
- **16.9** Each Grantee is deemed to have read, understood and accepted the provisions of the Scheme and Grant Letter, upon the same being made available to them and shall, where applicable, bind their nominees.

### 17. Notices and correspondence:

- 17.1 Any notice required to be given by a Grantee to the Company or the Committee or any correspondence to be made between a Grantee and the Company or the Committee may be given or made to the Company / Committee at the corporate office or registered office of the Company or at the place as may be notified by the Company / Committee in writing or at the specifically designated email id of the Company.
- 17.2 Any notice, required to be given by the Company or the Committee to a Grantee or any correspondence to be made between the Company or the Committee and a Grantee shall be given or made by the Company or the Committee on behalf of the Company at the address as stated in the official records of the Company or at the official email id of the Grantee.

#### 18. Nomination of Beneficiary:

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

## 19. Corporate Action:

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

- 19.2 If there is a 'Corporate Action' of the Company before the Options Granted under this Scheme are Exercised, the Grantee shall be entitled on Exercise of the Options, to such number of resultant Shares to which he/she would have been entitled as if all of the then outstanding Options Exercised by him/her, had been Exercised before such 'change in the capital structure' had taken place and the rights under the Options shall stand correspondingly adjusted. In the event of a Corporate Action, the Committee, subject to the provisions of Applicable Laws, shall make fair and reasonable adjustments under the Scheme, as it deems fit, with respect to the number of Options, Exercise Price and make any other necessary amendments to the Scheme for this purpose. The Vesting Period and life of the Options shall be left unaltered as far as possible.
- 19.3 In the event of severance of employment of a Grantee, as a part of reconstitution / amalgamation / sell-off or otherwise, the Options Granted and not Exercised before such reconstitution / amalgamation / sell-off, shall be Exercised as per the terms and conditions determined in the relevant scheme of such reconstitution / amalgamation / sell-off not prejudicial to the interest of the Grantee.
- 19.4 In the event of a dissolution or liquidation of the Company, the Company will notify the Grantees as soon as practicable prior to the effective date of such dissolution or liquidation and the treatment of Options Granted (whether Vested or not) shall be decided by the Committee.

# 20. Disclosure and Accounting Policies:

- **20.1** The Company shall comply with the accounting standards for share based employee benefits as prescribed under IND AS and shall use fair value method and the fair value of Options would be calculated as per the prescribed method under the applicable regulations.
- **20.2** Compensation cost will be booked in the books of account of the Company over the Vesting Period.
- **20.3** The Company shall comply with the disclosure requirements and accounting policies specified in the SEBI (SBEB & SE) Regulations 2021.

# 21. Taxability on the Grantee:

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

There would be following points of taxation on the Grantee:

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

Eg: Exercise Price = Rs. 100 per Option/ Market Price of Share on Exercise = Rs. 150 per Share / Perquisite = Rs.150 - Rs.100 = Rs.50/- per Share.

Suppose Employee falls in 30% slab, his perquisite tax will be Rs.15/-

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

Eg:

- ➤ Sale Price/ Market Price = Rs. 300
- ➤ Cost of acquisition = 150
- $\triangleright$  Capital Gain = Rs. 300 Rs. 150 = Rs. 150/- per share.

Note: The income tax provisions shall be applicable as per the then existing tax regulations and norms.

### 22. Surrender of Options:

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

#### 23. Dispute/ Arbitration:

- 23.1 In the event of a dispute arising out of or in relation to the provisions of this Scheme (including a dispute relating to the construction or performance thereof), the relevant parties shall attempt in the first instance to resolve such dispute through an amicable settlement. The attempt to bring about an amicable settlement shall be considered to have failed as soon as one of the parties hereto, after reasonable attempts, which attempt shall continue for not more than 30 days, gives 10 days' notice thereof to the other party in writing.
- 23.2 In case of such failure, either party may refer the dispute to and finally resolve by arbitration under the Arbitration and Conciliation Act, 1996, as amended or re-enacted from time to time. The arbitration panel shall consist of a sole arbitrator to be appointed by mutual consent of the parties. In case the parties are unable or fail to appoint a sole arbitrator such arbitrator shall be appointed in accordance with Arbitration and Conciliation Act, 1996. Arbitration awards thus rendered shall be final and binding upon the parties.
- 23.3 The arbitration proceedings shall be held in English. The seat of the Arbitration shall be Mumbai, Maharashtra in accordance with the Arbitration and Conciliation Act, 1996 and any statutory modification or re-enactment thereof. The arbitrator shall give a reasoned award in writing, whose decision shall be final and binding on the parties. The arbitrator shall also have the authority to award costs of the arbitration, including legal fees and other costs. The cost of arbitration shall be borne by the parties to the dispute(s) as may be mentioned in the award. The parties shall submit to the arbitrator's award and the award

- shall be enforceable in competent court of law at Maharashtra, India.
- **23.4** Notwithstanding the provisions of this article, the parties shall have the right to seek interim or injunctive relief from any court of competent jurisdiction, pending the final decision or award of the arbitrator.

## 24. Governing Law:

- **24.1** This Scheme and all related documents there under shall be governed by and construed in accordance with the SEBI (SBEB & SE) Regulations and other Applicable Law.
- **24.2** The provisions of the SEBI regulations and Applicable Laws shall prevail in the case of any contrary provisions in the Scheme.

# 25. Regulatory Approvals:

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

# **26.** Modification of Scheme:

- **26.1** Subject to the Applicable Law, the Committee may, at any time:
  - **26.1.1** Revoke, add to, alter, amend or vary all or any of the terms and conditions of the Scheme or all or any of the rights and obligations of the Grantee including in case of Corporate Actions as defined herein above;
  - **26.1.2** Formulate various sets of special terms and conditions in addition to those set out herein, to apply to the specific Grantee or class or category of Grantees. Each of such sets of special terms and conditions shall be restricted in its application to those specific Grantee or class or category of such Grantees.
- **26.2** Any amendment, variation or modification under the Scheme shall not be prejudicial to the interest of the Grantees of the Company and the benefits already secured for the existing nominees under this Scheme.

#### 27. Confidentiality:

27.1 Notwithstanding anything contained in this Scheme, the Employee/ Nominee 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 so under the Applicable Law

or any statutes or regulations applicable to such Employee/ Nominee. In case of failure to comply with this article by the Employee / Nominee, the Grant letter and the Options Granted thereunder, shall, unless the Committee decides otherwise, stand automatically terminated and lapsed / cancelled, respectively, without any liability to the Company.

#### 28. Miscellaneous:

- **28.1 General Risks:** Participation in the Scheme 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. The Option Grantee is encouraged to make considered judgment and seek adequate information /clarifications essential for appropriate decisions.
- **28.2** The Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to Exercise an Option in whole or in part.
- 28.3 Nothing contained in the Scheme shall be construed to prevent the Company, directly or through any trust settled by the Company, form implementing any other future employee ownership plans which are deemed by the Company or the trust to be appropriate or in its best interest, whether or not such other action would have any adverse impact on the Scheme. No Employee or other person shall have any claim against the Company and/or trust as a result of such action.
- **28.4** It shall be the Company's or the Committee's obligation to convey to the Grantee/ nominees any Shares shall be subject to set-off or counterclaim of amounts owed by the Grantee/ nominees to the Company or the Committee to the extent permitted under the Applicable Laws.
- 28.5 In the event that any term, condition, or provision of the Scheme is held to be a violation of any applicable law, statute, or regulation the same shall be severable from the rest of the Scheme and shall be of no force and effect and the Scheme shall remain in full force and effect as if such term, condition, or provision had not originally been contained in the Scheme.

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