

ADVANCED ENZYME TECHNOLOGIES LIMITED
EMPLOYEES STOCK OPTION SCHEME 2022

1. SHORT TITLE, BENEFICIARIES AND COMMENCEMENT

- A. This Scheme may be referred to as the "**ADVANCED ENZYME TECHNOLOGIES LIMITED - EMPLOYEES STOCK OPTION SCHEME 2022**" ("**AETL-ESOP 2022**" / "**Scheme**")
- B. The Scheme applies only to the 'Employees' of the Company and its Affiliates, as defined in the Definition section of this Scheme.
- C. This Scheme has been formulated and approved by the Nomination and Remuneration Committee of the Board of Directors of the Company (referred to as "the Committee" hereinafter) and approved by the Board in its meeting held on July 21, 2022.
- D. This Scheme shall come into force on Effective Date (defined below).

2. OBJECT

The Company has formulated this Scheme: (i) in furtherance to the corporate policy of the Company for creating an environment conducive to higher growth opportunities for the Employees of the Company and its Affiliates and with a view to align the personal goals of the Employees with organization objectives and with those of the shareholders by creating a common sense of purpose towards creating sustainable shareholder value; and (ii) to reward its Employees including Directors for their association, loyalty, dedication, performance and support, which has which has resulted in corporate growth and value creation over a long period of time.

3. TERM OF THE SCHEME

This Scheme shall come into force from the Effective Date (defined below) and shall continue to be in force until (i) its termination by the Board or (ii) the date on which all of the Options available for issuance under the Scheme have been issued and exercised/lapsed/forfeited, whichever is earlier.

4. DEFINITIONS AND INTERPRETATION

4.1 Definitions:

- i. "**Affiliate**" with reference to the Company, means any Subsidiary of the Company.
- ii. "**Agreement**" means the Employee Stock Option Grant Letter issued by the Company to the Option Grantee evidencing the terms and conditions of an individual Employee Stock Option. The said Agreement/Letter is subject to the conditions of AETL-ESOP 2022.
- iii. "**Applicable Law**" means every law, rule, regulation or bye-law relating to Employee Stock Options, including, without limitation, the Companies Act, 2013, SEBI SBEB Regulations (as defined below), SEBI Listing Regulations and all relevant tax, securities, exchange control or corporate laws, rules, regulations or bye-laws of India or any relevant jurisdiction or of any stock exchange on which the shares as defined hereinafter may be listed or quoted and includes, any amendment, modification, alteration or re-enactment made to such laws, rules, regulations or bye-laws.

- iv. **"Board of Directors"** or **"Board"** means the Board of Directors for the time being of the Company.
- v. **"Company"** means Advanced Enzyme Technologies Limited, a listed public limited company having its registered office at A Wing, 5th floor, Sun Magnetica, Near LIC Service Road, Louiswadi, Thane (W) – 400 604, Maharashtra, India.
- vi. **"Committee"** means the Nomination and Remuneration committee of the Board of Directors, as may be re-constituted by the Board, from time to time, and shall deem to be the Compensation Committee as provided in the SEBI SBEB Regulations.
- vii. **"Companies Act"** means the Companies Act, 2013 and rules made thereunder, as may be re-enacted or amended from time to time.
- viii. **"Conversion"** means the conversion of an Option into a Share as provided herein.
- ix. **"Corporate Action"** means:
 - a. the merger, de-merger, consolidation, amalgamation, sale of division(s), sale/lease/exchange of all/substantial assets of the Company/Subsidiary/ Division, sale or divestment of a subsidiary, or other re-organisation of the Company, in which the Shares are converted into or exchanged for:
 - a different class of securities of the Company; or
 - class of securities of any other company or entity (except a Holding Company, or a Subsidiary, of the Company); or
 - Cash; or
 - Other property,
 - b. the sale, lease or exchange of all or substantially all of the assets of the Company to any other company or entity (except to a Subsidiary or Holding Company, of the Company).
 - c. acquisition (other than acquisition pursuant to any other clause of this definition) by any person or entity or group of more than 50% (fifty percent) of the voting power in the Company.
 - d. bonus issue, rights issue, Share split, sub-division or consolidation of Shares.
- x. **"Effective Date"** means the date on which the Scheme is approved by the Shareholders/Members of the Company.
- xi. **"Eligible Employee"** means an Employee who satisfies the Eligibility Criteria.
- xii. **"Eligibility Criteria"** means the criteria and the appraisal process as may be determined from time to time by the Nomination and Remuneration Committee for Grant of the Options to the Employees and/or as may be specified under this Scheme, SEBI SBEB Regulations and who is not a Disqualified Employee (defined below).

- xiii. **"Employee"** means:
- (a) a permanent Employee of the Company who has been working in India or outside India; or
 - (b) a Director of the Company, whether a whole time Director or not, 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 clauses (a) or (b) of a Subsidiary, in India or outside India, or of a Holding Company of the Company but does not include-
 - i. an Employee who is a Promoter or a person belonging to the Promoter Group; or
 - ii. a Director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding Equity Shares of the Company.
- xiv. **"Exercise"** of an Option means expression of an intention by an Employee to the Company to purchase the Shares underlying the Options vested in him, in pursuance of the AETL-ESOS 2022, in accordance with the procedure laid down by the Company for exercise of Options.
- xv. **"Exercise Period"** means the period after Vesting within which the Vested Options can be Exercised in pursuance of the AETL-ESOP 2022.
- xvi. **"Exercise Price"** means the price payable by an Employee in order to exercise the Options Granted to such Employee.
- xvii. **"Grant"** means grant of Options to the Eligible Employees under the Scheme.
- xviii. **"Grantee"** means an Employee to whom the Options haven been Granted under this Scheme.
- xix. **"Holding Company"** with reference to the Company, means any holding company as defined in the Companies Act.
- xx. **"Independent Director"** means a Director who is an Independent Director within the meaning of the Companies Act and SEBI Listing Regulations.
- xxi. **"Market Price"** means the average of Closing Price of the Equity Shares of the Company on the recognized Stock Exchange for last 90 (ninety) Trading Days preceding the date of Grant (Relevant Date).

Explanation: If the Equity Shares of the Company are listed on more than one recognized Stock Exchange, then the Closing Price on the recognized Stock Exchange having higher trading volume, in aggregate is recorded for the said last 90 (ninety) Trading Days shall be considered for the purpose of determining the Market Price.

The term 'Relevant Date' for the purpose of this Scheme means in the case of Grant, the date of the meeting of the Committee on which the Grant is made.

- xix. **"Option"** means a Stock option granted to an Employee under this Scheme, which gives such Employee an optional right (but not an obligation) to Exercise/purchase, at a future date, Shares of the Company at the Exercise Price.
- xx. **"Promoter" / "Promoter Group"** shall have the same meaning assigned to the term under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as may be re-enacted or amended from time to time.
- xxiv. **"Retirement"** means retirement of the Employee from employment as per the rules/policy of the Company or as may be approved by the Board.
- xxv. **"SEBI Listing Regulations"** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be re-enacted or amended from time to time.
- xxvi. **"SEBI SBEB Regulations"** means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021 as may be re-enacted or amended from time to time and includes any notifications or circulars issued thereunder.
- xxvii. **"Shares"** means, the Equity Shares of the Company with the existing face value of Rs. 2/- (Rupees two) each.
- xxviii. **"Stock Exchange"** means the stock exchange(s) in India on which the Shares of the Company are listed, from time to time.
- xxviii. **"Subsidiary"** with reference to the Company means any subsidiary of the Company, as defined in the Companies Act.
- xxix. **"Unvested Option"** means an Option which has been Granted but which has not yet become Exercisable and has not lapsed / not forfeited
- xxx. **"Vesting"** with reference to an Option means the vesting of a right (upon the expiry of the Vesting Period and upon the fulfilment of the Vesting Conditions) to Exercise an Option.
- xxxi. **"Vesting Conditions"** shall mean the conditions as may be determined by the Committee from time to time or prescribed under this Scheme.
- xxxii. **"Vesting Period"** means the period, on the expiry of which (subject to fulfilment of Vesting Conditions) an Option Vests in the Grantee so as to give the Grantee a vested right to apply (before the expiry of the Exercise Period) for Shares in terms of the Option Granted.
- xxxiii. **"Vested Option"** means Option in respect of which Vesting has occurred.

All other capitalized terms not defined in this Scheme shall have the meaning/definition ascribed to them in the SEBI SBEB Regulations or SEBI Listing Regulations (as the case may be).

4.2 Interpretation

In this Scheme, unless the contrary intention appears:

- a) the clause headings are for ease of reference only and shall not be relevant to interpretation;
- b) a reference to a clause number includes a reference to its sub-clause(s);
- c) words in singular number include the plural and vice versa;
- d) words importing a gender include all other genders.

5. AUTHORITY AND CEILING

5.1 The Scheme shall come into force on the Effective Date.

5.2 The maximum number of Options, in aggregate, that can be Granted to the Employees shall not exceed 25,00,000 (Twenty-Five Lakh) Options, in aggregate, which is around 2.24% of the issued capital (excluding outstanding warrants and conversions) of the Company as on June 30, 2022 and shall not exceed 6,00,000 (Six Lakh) Options per financial year.

5.3 The maximum number of Options that can be granted to any eligible Employee during any one-year shall be less than 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of Options except where a separate approval from the shareholders of the Company is obtained.

5.4 The Options, which will lapse, expire, or be forfeited, will be available for further Grant to the Eligible Employees; and

5.5 Number of Options shall be adjusted due to any corporate action(s) such as rights issue, bonus issue, buyback of shares, split or consolidation of shares, etc. of the Company.

6. IMPLEMENTATION AND ADMINISTRATION OF THE SCHEME

The Committee shall administer and supervise the Scheme. The Scheme shall be directly implemented by the Company through the primary route by new issue of Shares. There shall be no secondary acquisition or implementation of the Scheme through a trust(s).

7. FUNCTIONS AND POWERS OF THE NOMINATION AND REMUNERATION COMMITTEE

7.1 To consider the entitlement of an Employee based upon the criteria as may be prescribed under the Scheme/by the Committee, and take a final decision as to the eligibility of an Employee and entitlement of the number/quantum of Options to be Granted to such Employee.

7.2 To evaluate and decide the fulfillment of the eligibility criteria for an Employee to participate in the Scheme.

7.3 To consider the recommendations and approve the Grant of Options including the number of Options to be Granted to the respective Employee(s) and Exercise Price thereto, as per the provisions of this Scheme.

- 7.4 To direct and authorize the issuance of Grant Letters and also to direct the modification and/or alteration to such Grant Letters including extension, if any, of the Exercise Period.
- 7.5 To lay down further conditions in addition to what has been stated in the Scheme under which transfer of Options may be cancelled in case of termination of employment for misconduct or abandonment of employment.
- 7.6 To interpret and construe this Scheme and to remove difficulties with regard to such interpretation / construction in case any arise and to exercise the powers as mentioned in this Scheme.
- 7.7 To make further regulations as may be necessary from time to time for the governing of the Scheme, to determine the extent of variation in the terms of the Scheme and to not act in any manner, which may be detrimental to the interest of the Employees.
- 7.8 To frame, from time to time, suitable policies and systems to ensure that there is no violation of Securities and Exchange Board of India (Insider Trading) Regulations, 2015 and applicable provisions of the SEBI SBEB Regulations/SEBI Listing Regulations and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations by the Company and its Employees, as applicable
- 7.9 The recommendations of the Nomination and Remuneration Committee shall be final conclusive and binding on the Employees and are not subject to review or appeal at the request/demand of an Employee. The Nomination and Remuneration Committee shall have the powers to settle any questions, difficulty that may arise in regard to offer, participation, issue/allot Options and matters ancillary and incidental thereto that may arise out of administration of the Scheme and may give such directions as may be necessary, proper, desirable or expedient for that purpose.
- 7.10 Decision of the Committee shall be final as regards deciding the procedure for making reasonable adjustment to Grant size and/or Exercise Price of Options in the case of any intervening corporate action such as bonus issue, rights issue, Share split, subdivision, consolidation of shares, merger, acquisition, demerger, sale of division or undertaking. For this purpose, the Committee may consider the following factors:
- a) the number and price of the Options shall be adjusted in a manner that the aggregate face value of the Shares that can be opted for under the Options remains approximately the same after the said relevant corporate action;
 - b) the Vesting Period and the Exercise Period shall be left unaltered as far as possible to protect the rights of the Option Grantees.
- 7.11 To take all actions suitable or necessary as mentioned in this Scheme, and/or in the opinion of the Committee, to give effect to this Scheme.

8. ELIGIBILITY FOR GRANT OF OPTIONS

The appraisal process for determining the eligibility of the employees will be in accordance with the Scheme, as may be determined by the Committee at its sole

discretion. The quantum of Options offered and the exercise price may vary depending on various parameters as may be considered by the Committee including number of years of association, level and grade, future potential, performance/achievements of the eligible Employee, performance of the team members (wherever applicable) of the respective eligible Employee(s) and contribution to the growth of the Company primarily in terms of revenue and PAT, etc. (excluding growth by currency depreciation/appreciation) or any other criteria as may be specified by the Committee, from time to time. The Employees fulfilling such criteria as per the discretion and as may be decided by the Committee and who are not Disqualified Employees shall be considered Eligible Employees for the purposes of this Scheme.

9. RIGHT OF OPTION GRANTEE

An Option Grantee shall not be considered or treated as a Shareholder (including the right to dividend and voting rights) in respect of the Options Granted to the Option Grantee, unless and until Shares have been allotted to such Employee as per the provisions of the Scheme/Applicable Law.

The Option Grantee shall have the right to Exercise all the Options Vested at one time or at various points of time within the Exercise Period as provided in this Scheme. The Options shall not be pledged, hypothecated, mortgaged or otherwise encumbered or alienated in any manner whatsoever.

10. MAXIMUM QUANTUM OF OPTION PER OPTION GRANTEE

The maximum quantum of Option per Option Grantee for each year shall not exceed 25,000 Options (Twenty-Five Thousand), wherein 1 (One) Option is convertible into 1 (One) Share of Rs. 2 each (as may be adjusted due to any changes in the capital structure of the Company) and in aggregate under the AETL-ESOS 2022 shall be less than 25,00,000 Options, which is less than 1% of the issued and paid-up Equity Share capital (excluding outstanding warrants and conversions) of the Company.

11. EXERCISE PRICE

The Exercise Price including method for arriving at it, shall be determined by the Committee, from time to time at the time of Grant, provided that the said Exercise Price shall not be higher than the prevailing Market Price of the Shares discounted by minimum 33.33% (ceiling); as may be determined by the Committee based on the criteria as specified in the Scheme, subject to the provisions of the Applicable Law including SEBI SBEB Regulations; and that the Exercise Price per Option shall not be less than the then prevailing face value of the Equity Shares of the Company.

Eg. (for the stake of clarity):

If the Market Price per Share is Rs. 300 and the face value is Rs. 2 per Share, then the Exercise Price per Option as may be determined by the Committee shall not exceed Rs. 200.01 (i.e. Rs. 300 discounted by 33.33%) and shall not be less than Rs. 2. In case, the Committee determines to provide discount of 50% on the Market Price, in such case, the Exercise Price will be Rs. 150 per Option.

12. MODE OF PAYMENT

Exercise Price shall be paid by the Eligible Employees upon Exercise of an Option, and not on its Grant. The method of payment shall be in cash / banking channels which includes cheque, Demand draft, Pay-Order or payment through electronic mode of bank transfer. The Exercise Price may be paid in any other mode as

permissible under the Applicable laws or such other mode as may be decided/approved by the Committee from time to time.

13. OPTING OUT OF SCHEME

Once the offer is made, the Employee who intend to participate in the Scheme shall be required to accept such offer within the offer period or the extended offer period, as the case may be and as may be determined by the Committee and mentioned in the offer letter for the Grant. The offer shall lapse and shall be cancelled in case an Employee fails to submit the acceptance of the offer before the closure of the offer period or extended offer period.

The Employee shall submit the acceptance of the offer along such other documents as may be required under the Scheme to the Company in such form as may be prescribed. After submission of acceptance of offer, the Employees shall be deemed to be Option Grantees under the Scheme and can Exercise the Options as per the terms of this Scheme.

14. VESTING OF OPTIONS

14.1 The Options shall not Vest for a period of one year from the date of Grant.

14.2 After the expiry of one year, the Vesting of Options shall take place over a maximum term of five years, as mentioned below.

14.3 The Committee may specify certain performance parameters and conditions to be fulfilled for the Vesting of the Options Granted.

14.4 The specific Vesting conditions subject to which Vesting would take place would be outlined in the document given to the Option Grantee at the time of Grant of Options, as follows:

Year of Vesting	Vesting % for Category - I	Vesting % for Category - II	Vesting % for Category - III
1 year from the date of grant	100%	For first 500 Options -100% For remaining Options - 5%	5%
2 years from the date of grant	-	10% of remaining Options (excluding first 500 Options as mentioned above)	10%
3 years from the date of grant	-	20% of remaining Options (excluding first 500 Options as mentioned above)	20%
4 years from the date of grant	-	30% of remaining Options (excluding first 500 Options as mentioned above)	30%
5 years from the date of grant	-	35% of remaining Options (excluding first 500 Options as mentioned above)	35%

The Committee will determine the criteria based on the provisions of Clause 8 and other provisions of the Scheme including any other relevant factors for the eligibility of the Employees for Options under Category – I, Category –II and Category III.

15. EXERCISE OF OPTIONS

15.1 While in Employment

Exercise Period shall not exceed 6 (six) months from Vesting Date and the date after which the Options shall lapse, unless the said period is extended by the Committee in exceptional circumstances. 1 (one) Option shall be entitled for Conversion to only 1 (one) Share of the Company.

15.2 An Option Grantee wishing to Exercise the Options Vested in such Option Grantee shall submit an application/form in the specified format to the Company on or before the expiry of the Exercise Period. The Application/form shall specify the number of Options Exercised and shall be accompanied with the cheque/demand draft/Transaction reference number/payment details towards the Exercise Price. The cheque/demand draft shall be drawn in favour of the Company.

15.3 IN CASE OF SEPARATIONS:

	Vested Options	Unvested Options
1. Death of an Employee	All Options up to the date of death of the Option Grantee during employment shall continue to be Vested in the legal heirs of the Option Grantee unless the Option Grantee has nominated his/her nominee, in which case all Options shall Vest the said nominee to the exclusion of the legal heirs. Notwithstanding the other provisions, the Exercise Period shall expire on expiry of 06 (six) months from the date of death of the Employee.	All Unvested Options of the Option Grantee shall Vest, with effect from the date of death during employment, in the legal heirs of the Option Grantee unless the Option Grantee has nominated his/her nominee, in which case all Options shall Vest the said nominee to the exclusion of the legal heirs. Notwithstanding the other provisions, the Exercise Period shall expire on expiry of 06 (six) months from the date of death of the Employee.
2. Permanent Disability	All Options Vested up to the date of such Permanent disability shall continue to be Vested by such Option Grantee. The same have to be Exercised within 06 (six) months of cessation of Employment of the Employee due to permanent disability.	All Unvested Options as on date of permanent disability shall Vest with the Option Grantee. The same have to be Exercised within 06 (six) months of such cessation of Employment of the Employee due to permanent disability.
3. Resignation/ Termination (other than due to Misconduct as defined below in the Scheme)	All Vested Options as on the date of submission of the resignation / said termination shall continue to be Vested by such Employee and shall be Exercised within the timelines specified in the Scheme.	All Unvested Options on the date of submission of the resignation / said termination shall stand cancelled/lapse with effect from the submission date of such resignation (i.e. all Options Granted but not yet Vested shall lapsed with effect from the date of submission of such resignation/termination)
4. Retirement of an employee	All Vested Options as on that date of retirement shall continue to be Vested by such Employee and shall be Exercised within the timelines specified in the Scheme.	As regards Unvested Options, the Committee shall decide whether the Unvested Options shall continue or lapse.
5. Voluntary Retirement under Scheme of the Company	The Options so Vested shall be Exercised within 03 (three) months from the date of voluntary retirement.	All Unvested Options on the date of voluntary retirement shall stand cancelled and lapse with effect from the effective date of such voluntary retirement.
6. In case of transfer / deputation to Subsidiaries	In the event that an Option Grantee, is transferred or deputed to a Subsidiary, prior to Exercise, the Vesting and Exercise Period as per the terms of Grant shall continue, even after the said transfer or deputation.	In the event that an Option Grantee, is transferred or deputed to a Subsidiary prior to Vesting or Exercise, the Vesting and Exercise Period as per the terms of Grant shall continue, even after the said transfer or deputation.
7. Separation due to reasons other than those mentioned above	The Committee will decide whether the Vested Options on the date of separation can be exercised by the Option Grantee or not, and such decision shall be final.	All Unvested Options on the date of separation shall stand cancelled and expire with effect from the effective date of such separation.

15.4 The Committee, at its sole discretion, may decide the date of cancellation/lapse of Options, as mentioned aforesaid, and such decision shall be binding on all persons concerned. Subject to the provisions of the Scheme and Applicable laws, the Committee may determine the terms for the Grant for any Employee who is on long leave at the time of Grant. In case of approved earned leave and sick leave as per the policy of the Company, the period of long leave shall be included to calculate the Vesting Period and Exercise Period, unless otherwise determined by the Committee.

15.5 The Option holder shall not have right to receive any dividend or to vote or in any manner, or enjoy the rights of a Shareholder in respect of Options granted to him, till Shares are issued on Conversion.

15.6 The Committee may impose any additional terms and conditions or restrictions on Options as it may determine in its absolute discretion, subject to the provisions of the applicable laws and such additional terms and conditions are not detrimental to the interests of the Employees.

16. DISQUALIFICATIONS FROM PARTICIPATION IN THE SCHEME

16.1 An Employee shall be disqualified from participating in the Scheme under the following circumstances ("Disqualified Employee"):

- a) If an Employee is guilty of Misconduct (as prescribed herein below).
- b) If an Employee has been dismissed from the employment of the Company for Misconduct and/or for violating the rules and/or regulations of the Company
- c) If an Employee has abandoned his job with the Company.
- d) If the Employee has resigned from the employment of the Company before the date(s) of Grant of Option.
- e) If an Employee has remained absent without leave for a period exceeding 30 days.
- f) If an Employee assigns or encumbers or attempts to assign or encumber his rights under the Scheme.
- g) If an Employee is declared insolvent.
- h) If an Employee after having ceased to be in employment of the Company or its Affiliates, violates the Non-Compete Clause as specified in the scheme. If in the opinion of the Committee the Employee has acted against the interest of the Company.

16.2 MISCONDUCT

For the purpose aforesaid, the following acts of commission and omissions shall be deemed to be Misconduct:

- a) Perpetuating of fraud causing financial loss to the Company
- b) Any offence involving moral turpitude.
- c) Deliberately causing financial loss to the Company.
- d) Damage or loss of property entrusted to the Employee for custody.
- e) Misappropriation of money and/or property.
- f) Breach of trust.
- g) Unethical and/or immoral conduct.
- h) Breach of the terms of Employment.

16.3 All Options Granted to an Employee who becomes Disqualified as mentioned above, shall lapse / stand forfeited as if the same had never been Granted ab-initio;

provided that in case of Misconduct, the Employee shall also forthwith return to the Company all benefits accrued on Options already Exercised. The foregoing is without prejudice to all other remedies available to the Company.

17. RESTRICTIONS ON TRANSFER OF OPTIONS

Option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

Options are not transferable to any person except in the event of death/ Permanent Incapacity of the Option Grantee, in which case provisions at Clause 15 shall apply.

18. TERMS AND CONDITIONS OF THE SHARES

18.1 All Shares allotted on Option Conversion of Options shall rank pari-passu with all other existing equity Shares of the Company.

18.2 The Shares allotted on conversion of Options shall be entitled to dividend as may be declared by the Board/shareholders, only from the date of allotment of the Shares after Exercise of the Options.

18.3 Shares allotted /transferred to Employees pursuant to the Scheme shall not be subject to any lock-in period. Provided that the Shares allotted on such Exercise cannot be sold for such further period or intermittently as required under the terms of Code for Prevention of Insider Trading of the Company and/or under the applicable provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015.

18.4 Shares transferred to an Employee on the Exercise of a Vested Option, shall be the absolute property of the holder thereof.

18.5 Procedure for buy-back of specified securities issued under these regulations, if to be undertaken at any time by the company, and the applicable terms and conditions: Not applicable

19. SHARES ABSOLUTE PROPERTY OF EMPLOYEE UPON ALLOTMENT THERETO

The Shares issued and allotted by the Board (or any committee thereof) to an Employee upon Exercise of Options Granted as per this Scheme shall be the absolute property of such Employee. Such Employee will be entitled to all the benefits, which may accrue to him/her, as a registered Shareholder of the Company.

20. TAX LIABILITY

The Company shall have the right to deduct from the Employee's salary, any of the Employee's tax obligations arising in connection with the Grant/Vesting/Exercise of the Options and/or the Shares acquired upon the Exercise thereof and related matters. The Company shall have no obligation to credit Shares until tax deduction obligations, if any, have been satisfied in respect of/by the Option Grantee. Any tax liability on the Options Granted/Vested/Exercised shall be borne and paid entirely and solely by the Option Grantee.

21. MODIFICATIONS TO THE SCHEME

21.1 The Board or any Committee thereof reserves the right to change the terms and conditions of the Scheme, at any time, at its discretion, subject to the provisions of the Applicable Law.

Variation of terms of the Scheme

i. The Company shall not vary the terms of the Scheme, in any manner, which may

be detrimental to the interests of the Eligible Employees.

- ii. The Board or the Committee may subject to compliance with Applicable Laws, at any time alter, amend, modify, suspend or terminate AETL-ESOS 2022, provided such variation is not prejudicial to the interest of the Option Grantees.
- iii. The Company may by a special resolution, vary the terms of the Scheme in respect of the Options not yet exercised by the Employees, provided such variation is not prejudicial to the interest of the Employees.

22. CONTRACT OF EMPLOYMENT

22.1 This Scheme shall not form part of any contract of employment between the Company/its Affiliated and the Employee. The rights and obligations of any individual under the contract of employment shall not be affected by this Scheme or by the participation of the Employee in this Scheme.

22.2 Nothing in this Scheme shall afford any Employee any additional right(s) as to compensation or damages in consequence of the termination of such office or employment for any reason. The Option Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he/she may suffer by reason of being unable to Exercise an Employee Stock Option in whole or in part.

22.3 This Scheme shall not confer on any Employee any legal or equitable right against the Company either directly or indirectly or give rise to any cause of action in law or equity against the Company.

23. GOVERNMENT REGULATIONS

This Scheme is subject to the provisions of the Applicable Laws and such approvals from any Regulatory/Governmental authorities/agencies as may be required. In case of any contradiction between the provisions of this Scheme and provisions of the Applicable Law, the provisions of the Applicable Law shall prevail.

24. GENERAL RISKS

The Company does not guarantee any return on the equity investment made by the Employee/Option Grantee as part of the Scheme. Any loss due to lower book value of shares at the end of any financial year or due to the shortfall in the expectations or projections and the risks associated with the investment are that of the Employee / Option Grantee alone.

The Options are subject to the following additional risks:

1. The risk arising out of any fall in value of Shares is aggravated if the Employee's holding/asset allocation is concentrated in the shares of a single company.
2. Any change in the value of the Share can lead to a significantly larger change in the value of the Options.
3. The Options cannot be transferred to anybody (except otherwise expressly mentioned in the Scheme under the Separations clause), and therefore the Employees cannot mitigate their risks by selling the whole or part of their benefits before they are exercised.
4. The Options may lapse or forfeited in accordance with the provisions of this Scheme.
5. All investments in shares or options are subject to risk as the value of the Shares may go down or go up.

25. NON-COMPETE CLAUSE

During employment and for a period of 5(five) years after cessation/termination of employment for any reason whatsoever, including by way of resignation, retirement or termination or abandonment of employment or by any other mode, the Employee (former Employee), subject to the provisions of the applicable laws, shall not:

1. Directly or indirectly compete with the Company in any manner whatsoever, including, without limitation:

- a) Engage in any activity which directly or indirectly competes with the business of the Company.
- b) engage in any activity or take any action which may divert from the Company any business opportunities accruing to it.
- c) cause or influence any persons or organization to diminish commercial dealings with the Company.
- d) request or advise any present customer or prospective customer of the Company to withdraw, curtail or cancel its dealings with the Company; and/or
- e) commit any other act or assist others to commit any other act which might cause commercial loss to the Business or the reputation/goodwill of the Company in any way; and/or
- f) solicit, or assist any other person to solicit, any business (other than for the Company) from any customer or prospective customer of the Company.

2. Divert any employee of the Company in the following manner:

- a) employ, engage and do any such act which will solicit the employment or encourage or aid any other person to employ, engage and to do any such act which will solicit the employment of any Employee of the Company to terminate their employment with the Company; and/or
- b) solicit or encourage any Employee of the Company to leave his employment; and/or
- c) hire or employ any Employee who has left the employment of the Company if such hiring is proposed to occur within the period of (twelve) months after the termination of such employee's employment with the Company.
- d) solicit or encourage any consultant then under contract with the Company to terminate his contract with the Company.

In the case of violation of the terms aforesaid: -

- a) the Company may cancel the Options already granted, pending exercise standing in the name of the Employee; and/or
- b) the Employee shall forthwith return to the Company all benefits accrued on the exercised Options, whether before or after the cessation of employment.
- c) the Company may pursue any other remedies as it may deem fit or necessary.

26. NOTICES

All notices or communications required to be given by the Company to the Employee may be sent in writing to that Employee at such addresses as may be notified by him to the Company and any notice to be given by an Employee to the Company shall be at the address mentioned below:

Company Address:

Registered office of the Company which presently is at 5th floor, Sun Magnetica, Near LIC Service Road, Louiswadi, Thane (W) – 400 604, Maharashtra, India.

27. CONFIDENTIALITY

The Employee shall maintain strict confidentiality with regard to every aspect of the Scheme, unless the disclosure is required under the Court order or order of any other statutory / regulatory authority or under Applicable Law. The Company may require him / her to enter into such additional confidentiality agreement/undertaking as the Company may require, from time to time so as to implement this Scheme effectively.

28. GOVERNING LAWS/DISPUTE RESOLUTION

28.1 The terms and conditions of this Scheme shall be governed by the laws of India.

28.2 In the event of any dispute, the same shall be referred to the Committee for resolving the same. Any decision by the Committee in this regard shall be final, conclusive and binding on the Employees.

28.3 Subject to the provision of clause I above, any dispute or difference arising out of or in relation to this Scheme, shall be subject to exclusive jurisdiction of appropriate Courts in Thane.

29. MISCELLANEOUS

The Company to follow the accounting policies and related disclosure requirements set out in the Applicable Laws (including those set out in SEBI SBEB Regulations or in any other accounting standard(s) that may be issued by the Institute of Chartered Accountants of India from time to time, as may be applicable) in relation to accounting for matters relating to the stock Options.

The Company does not make any representation regarding the performance of the Company or the future value of the Equity Shares of the Company. Each Employee should take the decision to Exercise the Options as may be Granted to such Employee after considering *inter alia* all the provisions of this Scheme, risk factors, Applicable Laws, and other relevant factors.

In the event of any amendment to the Applicable Laws and/or issuance of any clarification(s)/notification(s)/circular(s) relating to the Applicable Laws, such amendment(s)/ clarification(s)/notification(s)/circular(s) shall be deemed to be adopted and incorporated by the Company under this Scheme and the provisions of the Applicable Laws shall prevail.

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