



**AMARA RAJA** | ENERGY & MOBILITY

**Amara Raja Energy & Mobility Limited  
Employee Stock Option Scheme 2025  
(Scheme)**

Amara Raja Energy & Mobility Limited

CIN: L31402AP1985PLC005305

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1. **Introduction**
  - 1.1 This Scheme shall be called the '**Amara Raja Energy & Mobility Limited Employee Stock Option Scheme 2025**' (*hereinafter referred as "Scheme"*).
  - 1.2 The Scheme was approved by the Board of Directors of the Company on November 6, 2025 and the Shareholders of the Company on [•].
  - 1.3 The Scheme shall be effective from [•] being the date of Shareholders' approval through special resolution.
2. **Term of Scheme**
  - 2.1 The Scheme shall continue to be in force until
    - a) its termination by the Board of Directors or Nomination and Remuneration Committee as per provisions of Applicable Laws, or
    - b) the date on which all the options available for Grant in pursuance to the Scheme have been issued and exercised.
  - 2.2 Any termination of the Scheme shall not affect Options already Granted and the powers of the Committee/ Trust in relation to such Options, and the same 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.
  - 2.3 If any Options granted under the Scheme lapse or are forfeited under any provision of the Scheme, such Options shall be available for further grant under the Scheme.
3. **Purpose of Scheme:**

The Company has structured the Scheme for its Eligible Employees working with the Company and its Subsidiary Company(ies) with the following major objectives:

  - 3.1 To attract, reward, incentivize & retain the Employees for their association and performance including but not limited to the leadership team;
  - 3.2 To motivate the Employees to contribute to the growth and profitability of the Company;
  - 3.3 To enhance entrepreneurial mindset
  - 3.4 To foster a high-performance & agility-driven culture
  - 3.5 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;
4. **Definitions and Interpretation**
  - 4.1. **Definitions**
    - a) **"Abandonment"** means absence of an Employee from work for a period of 30 days or more without having communicated to the Company or its authorized representative in writing any reason of absence.
    - b) **"Applicable Law"** means every law relating to Employee Stock Option Schemes in force, including, without limitation to, Companies Act, 2013, SEBI (SBEB&SE) Regulations, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time including any statutory modifications or re-enactments thereof, and all relevant revenue, tax, securities or exchange control regulations or corporate laws of India to the extent applicable, Reserve Bank of India Regulations to the extent applicable and the Applicable Laws include any provisions 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 .
    - c) **"Board"** means the Board of Directors of the Company, and which will include Nomination and Remuneration Committee or any other Committee that may be formed by the Board for the purpose of administration of the Scheme.

- d) **“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 along with applicable tax and other charges, if any, in accordance with the terms and conditions of the Scheme and as mentioned in Grant Letter.
- e) **“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 expenses thereon and transfer the balance Remaining Shares in accordance with the terms and conditions of the Scheme.
- f) **“Companies Act / Act”** means the Companies Act, 2013, rules thereunder, and includes any statutory modifications or re-enactments thereof.
- g) **“Company”** means Amara Raja Energy & Mobility Limited (Formerly known as Amara Raja Batteries Limited), a Company incorporated under the provisions of the Companies Act, 1956 and having Corporate Identification Number - L31402AP1985PLC005305 and its registered office at Renigunta - Cuddappah Road, Karakambadi, Tirupati, Andhra Pradesh - 517520 India.
- h) **“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, right issue, stock split/sub-division or consolidation of equity shares.
  - b. Merger, de-merger, reconstitution, spin-off, consolidation, amalgamation, reclassification of capital.
- i) **“Director”** means a member of the Board of Directors of the Company.
- j) **“Eligibility Criteria”** means the criteria as may be determined from time to time by the Nomination and Remuneration Committee of the Board for granting options to the Employees.
- k) **“Employee”** means
- a. a permanent employee of the Company working in India or outside India; or
  - b. a Director of the Company, whether whole-time or not, including a non-executive director who is not a Promoter or member of the Promoter group but excluding Independent Director (as per Section 149(6) of the Companies Act read with Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), as amended; and
  - c. an employee, as defined in sub-clauses (a) or (b) above, of a Subsidiary Company, incorporated in India or outside India.
- but excludes-
- a. An Employee, who is a Promoter or belongs to the Promoter Group.
  - b. A Director, who either by himself/ herself or through his/her relatives or through anybody corporate, directly or indirectly holds more than 10% of the outstanding equity Shares of the Company.
- l) **“Employee Stock Option / option”** means an employee stock option granted to an Eligible Employee, which gives such Employee a right, but not an obligation, to purchase or subscribe at a future date to the Company’s Equity Share underlying such Option at a pre-determined price.
- m) **“Exercise”** of an Option means a Grantee making an application to the Company/Trust for transfer of Shares, against Vested Options, in pursuance of the Scheme, and in accordance with the procedure laid down by the Company for exercise of Options.
- n) **“Exercise Period”** means the time period after vesting within which the Grantee should exercise his/her right to apply for Share(s) against the Vested Options in pursuance of the Scheme.

- o) **“Exercise Price”** means the price payable by the Grantee in order to exercise the options granted to him/her in pursuance of the Scheme.
- p) **“Grant”** means the process by which the Nomination and Remuneration Committee of the Board issues Options to the eligible employees in pursuance of the Scheme.
- q) **“Grant Date”** means the date on which the Options are granted to a Grantee by the Nomination & Remuneration Committee of the Board, in compliance with the SEBI (SBEB&SE) Regulations.
- (Explanation: For accounting purpose, the Grant Date will be determined in accordance with applicable accounting standards.)*
- r) **“Grant Letter”** means the letter by which grant of Options is communicated to the employee, includes written or electronic communication between the Company and a Grantee setting forth the terms and conditions applicable for Grant under the Scheme.
- s) **“Grantee”** means an eligible Employee to whom Stock Options have been granted and who has accepted such Grant in pursuance of the Scheme and shall deem to include nominee/ legal heir of an Option Grantee in case of his/her death or permanent incapacity to the extent of provisions of the Scheme that are applicable to such nominee/ legal heir.
- t) **“Market Price”** means the closing price of Shares on the 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 Stock Exchange, then the closing price on the Stock Exchange having higher trading volume shall be considered as the Market Price.)*
- u) **“Misconduct”** means any of the following acts or omissions by an Employee in addition to any provisions prescribed in the offer or terms of employment amounting to violation or breach of terms of employment, as determined by the Committee, after giving the Employee an opportunity of being heard:
- (i) dishonest statements or acts of an Employee, with respect to the Company;
  - (ii) any misdemeanour involving moral turpitude, deceit, dishonesty, or fraud committed by the Employee;
  - (iii) gross negligence, Misconduct or insubordination of the Employee in connection with the performance of his/her duties and obligations towards the Company;
  - (iv) breach by the Employee of any terms of his/her employment agreement or the Company’s policies or other documents or directions of Company;
  - (v) participating or abetting a strike in contravention of any law for the time being in force;
  - (vi) Misconduct as provided under the labour laws;
  - (vii) During the course of employment, if at any time rendered incompetent to perform duties or if misconduct or be disobedient, intemperate, irregular in attendance, commit any breach of the terms and conditions of employment or of any of the stipulations herein contained or of Code of Business Conduct of the Company or any Company Policy and Values
  - (viii) Being adjudged insolvent, or being convicted by any civil / criminal court, or law enforcement agency.
  - (ix) Any illegal or unethical compromise or arrangement with creditors, suppliers and business associates of the Company, which is a clear violation of the law of the land and the ethics Policy of the Company; or
  - (x) Any other terms and conditions as notified by the Committee from time to time.
- v) **“Nomination and Remuneration Committee / Committee”** 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.

- w) **“Permanent Employee”** means an employee, who has satisfactorily completed the prescribed probationary period and has been confirmed in writing by the Management, working for the Company or its subsidiaries in India or outside India
- x) **“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 Employee was capable of performing immediately before occurrence of such disability, as determined by the Nomination and Remuneration Committee based on a certificate of a medical expert identified by the Company.
- y) **“Promoter”** has the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- z) **“Promoter Group”** has the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. Provided where the Promoter or Promoter Group of a company is a body corporate, the Promoters of that body corporate shall also be deemed to be Promoters of such company.
- aa) **“Retirement / Superannuation”** means retirement/superannuation as per the rules of the Company.
- bb) **“Relevant Date”** means the date of the meeting of the Board/Committee on which the Grant is made.
- cc) **“Resignation”** refers to the voluntary act of an employee formally notifying the organization of their intention to terminate their employment. It is initiated by the employee and must be communicated in the system or writing to the designated authority, in accordance with the notice period and procedures prescribed as per the terms of employment. A resignation becomes effective only upon acceptance by the competent authority and after the employee has fulfilled all notice period, handover, and clearance requirements as applicable.
- dd) **“Scheme”** means this Employee Stock Option Scheme 2025 of Amara Raja Energy & Mobility Limited under which the Company is authorized to grant Stock Options to the Eligible Employees in accordance with the SEBI (SBEB&SE) Regulations.
- ee) **“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.
- ff) **“Secondary Acquisition”** means acquisition of existing equity shares of the Company by the Amara Raja Energy & Mobility ESOP Trust, on a delivery basis, on a recognized stock exchange for cash consideration.
- gg) **“Shares”** means equity shares of the Company having face value of Re. 1 (Rupee One) each.
- hh) **“Stock Exchange”** means National Stock Exchange Limited or BSE Limited or any recognized other stock exchange in India on which the Company’s equity shares are listed.
- ii) **“Subsidiary Company”** means any present or future Subsidiary Company of the Company in India or abroad, as per the provisions of the Companies Act, 2013.
- jj) **“Trust”** means the irrevocable trust i.e. Amara Raja Energy & Mobility ESOP Trust established by the Company under the Indian Trust Act, 1882 or other applicable laws for administering the Scheme in compliance with the SEBI (SBEB&SE) Regulations, set up by the Company

through the trust deed, authorized from time to time, to acquire, hold and transact in shares of the Company for the purposes of relevant employee stock option plans of the Company including this Scheme.

- kk) **“Trustee”** shall mean the person/ entity appointed as a trustee of the Trust, under the trust deed, to manage the affairs of the Trust in accordance with the SEBI (SBEB&SE) Regulations.
- ll) **“Unvested Option”** means an Option in respect of which the relevant Vesting Conditions have not been satisfied and as such, the Grantee has not become entitled to receive the benefit of grant made under Scheme.
- mm) **“Vest”** or **“Vesting”** means period/process by which the Grantee becomes entitled to receive the right to Exercise the Options granted to him in pursuance of the Scheme.
- nn) **“Vesting Conditions”** means the conditions subject to which the Options granted would vest in a Grantee.
- oo) **“Vesting Period”** means the period, during which the Vesting of the Option granted to the Grantee, in pursuance of Scheme, takes place.
- pp) **“Vested Option”** means an Option in respect of which the relevant Vesting Conditions have been satisfied and the Grantee has become eligible to Exercise the Option.

#### 4.2. Interpretation

In this Scheme, unless the contrary intention appears:

- a) All other terms/expressions unless defined herein shall have the meaning assigned to the terms in the Companies Act, 2013, the SEBI SBEB&SE Regulations, the Securities Contracts (Regulation) Act, 1956, Income Tax Act, 1961, any other Applicable Laws and their amendment, modification, substitution or re-enactment thereof.
- b) the clause headings are for ease of reference only and shall not be relevant to interpretation;
- c) a reference to a clause number is also a reference to its sub-clauses;
- d) words in singular number include the plural and vice versa;
- e) words importing a gender include any other gender;
- f) a reference to a Schedule includes a reference to any part of that Schedule which is incorporated by reference.
- g) for the purposes of any calculation under the Scheme any fraction will be rounded up or down to the nearest integer
- h) Words / phrases and expressions used and not defined here but defined in the SEBI (SBEB&SE) Regulations, SEBI LODR Regulations, Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956 or the Companies Act, and any statutory modification or re-enactment thereto, shall have the meanings respectively assigned to them in those legislation, as the context requires.

#### 5. Implementation & Administration:

- 5.1. The Scheme shall be implemented through Trust Route wherein the Trust shall acquire the existing Equity Shares of the Company, by way of Secondary Acquisition from the Market.

Provided 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 as and when the Options are exercised, and as soon as administratively practicable thereafter.
- 5.3. Subject to Applicable Laws and the framework laid down by the Board of Directors, the Scheme shall be administered by the Committee which shall delegate some or all of its administrative

powers to the Trust or any other sub-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.
- 5.5. Any decision of the Committee in the interpretation and administration of the Scheme, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all the parties concerned (including but not limited to, Grantee and/or Employee and their Nominees/ legal heirs).
- 5.6. The Committee shall subject to Applicable Laws, *inter alia*, have powers to do following:
  - a. To adopt rules and regulations for implementing the Scheme from time to time;
  - b. 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;
  - c. To decide regarding re-granting of the Options which were lapsed, forfeited or surrendered under any provisions of the Scheme;
  - d. To decide upon the quantity of the Shares to be purchased by the Trust through Secondary Acquisition.
  - e. To identify and determine the Employees eligible to participate in the Scheme;
  - f. To finalize the Eligibility Criteria for Grant of Options;
  - g. To determine the quantum of Options to be granted to each Grantee and in aggregate to all eligible employees, subject to the pool of Options of the Scheme;
  - h. To decide regarding granting of Options to new Joinees;
  - i. To extend the period of acceptance of Grant;
  - j. To decide the Vesting Period subject to minimum and maximum period of Vesting as stated in Scheme;
  - k. To determine the Vesting schedule for each Grantee;
  - l. To determine the conditions under which Options may vest in employees and may lapse in case of cessation of employment, long leave, and in cases of dispute between the Grantee and Company;
  - m. To decide the Exercise Price;
  - n. To decide upon the mode and manner of Exercise;
  - o. To decide the procedure for Cash and/or Cashless Mechanism of Exercise of Stock Option through Trust in accordance with the applicable law;
  - p. 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;
  - q. To determine the exercise period within which the Grantee can exercise the Options and that such Options would lapse on failure to exercise the same within such exercise period;
  - r. To determine the specified time period within which the Grantee shall exercise the vested Options in the event of termination or resignation;
  - s. To decide upon and approve appropriation of unappropriated inventories of shares, which are not backed by Grant up to second subsequent financial year;
  - t. 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 such as rights issues, bonus issues, merger, sale of division and others. 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 is granted such Options.

- u. To cancel all or any granted Options in accordance with the Scheme;
  - v. To finalize letters and other documents, if any, required to be issued under the Scheme;
  - w. To frame suitable policies and procedure to ensure that there is no violation of securities laws, including the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 as amended by the Company or the Employees;
- 5.7. 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. The Board may also provide that the Committee may delegate or authorize any officer of the Company or any sub-committee, such power to do specific acts and things, as may be allowed under Applicable Law.
- 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, if so eligible.

## **6. Pool of the Scheme**

- 6.1. The maximum number of Options that may be Granted pursuant to this Scheme shall not exceed 25,00,000 (Twenty Five Lakhs) Options which shall be convertible into equal number of Shares of face value of Re. 1 (Rupee One) each fully paid-up i.e. 25,00,000 (Twenty Five Lakhs) equity shares.
- 6.2. If an Option expires, lapses or becomes un-exercisable due to any reason, it shall be brought back to the Options pool and shall become available for future grants at the discretion of the Committee, subject to compliance with the provisions of the Applicable Laws.
- 6.3. Further, the maximum number of Options that can be Granted and the Shares arise upon Exercise of these Options shall stand adjusted in case of any Corporate Action.
- 6.4. The Board/NRC reserves the right to increase such number of Options and Shares as it deems fit, in accordance with the Applicable Laws.

## **7. Eligibility and Appraisal of an employee**

- 7.1. The Committee may on the basis of all or any of the following broad 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 other terms and conditions thereof:
- a. Longevity/Tenure of Service
  - b. Performance and future potential of Employee
  - c. Performance of Company
  - d. Any other criteria as may be decided by the Committee.
- 7.2. Subject to the Applicable Laws, the Scheme shall be applicable to the Employees of the Company including Subsidiary Companies in India and abroad and Options may be granted to the eligible Employees of the Company, including Subsidiary Companies, as determined by the Committee on its own discretion.
- 7.3. The Employees satisfying the Eligibility Criteria shall be termed as "Eligible Employee".
- 7.4. New Joinees can also participate in the Scheme and be granted Options based upon the discretion of the Committee.

**8. Amara Raja Energy & Mobility ESOS Trust (Trust)**

- 8.1. An irrevocable Trust by the above mentioned name will be established by the Company, which shall hold 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 by way of 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 by them, in pursuance to the Scheme.
- 8.4. The trustee(s) of the Trust shall administer the transfer of Shares to the Grantee (under cash or cashless mechanism) as per the directions of the Committee and as stipulated in the Scheme and in compliance with the SEBI (SBEB&SE) Regulations.
- 8.5. The Company may implement several Employee Benefit Schemes through the Trust.
- 8.6. 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 the Scheme.
- 8.7. The Trust shall be governed subject to following terms and conditions:
  - a. It shall not deal in derivatives and shall undertake only such transactions as permitted under the deed of Trust read with the provisions of the Applicable Laws;
  - b. The Trustees appointed or re-appointed from time to time shall be such persons as being not disqualified as prescribed under the Applicable Law; and
  - c. The Trustees shall not vote in respect of the Shares held by the Trust.
- 8.8. Any person can be appointed as a trustee of the Trust, except in cases where such person:
  - a. is a Director, Key Managerial Personnel or Promoter of the Company or its affiliates including its Holding, Subsidiary(ies) or Associate Company(ies) or any Relative of such Director, Key Managerial Personnel or Promoter; or
  - b. is a beneficiary who holds ten percent or more of the paid-up share capital or the voting rights of the Company.
- 8.9. 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 Laws.
- 8.10. The total amount of provision of money for purchase of fully paid-up Equity shares in the Company by the Trust shall not exceed the maximum limit prescribed under Applicable Laws, from time to time, presently not exceeding 5% of the aggregate of paid up capital and free reserves of the Company as provided in Companies Act, 2013
- 8.11. The Trust shall acquire shares not more than 2% of paid-up Equity Share Capital (at the end of Previous FY) per financial year or such limits as may be prescribed within the SEBI (SBEB&SE) Regulations.
- 8.12. The Trust shall acquire the Shares subject to the limits as prescribed under SEBI (SBEB&SE) Regulations, from time to time.
- 8.13. The Trust shall be required to hold the Shares acquired through Secondary Acquisition for a minimum period of six months, except under the circumstances as defined in SEBI (SBEB & SE) Regulations, before the same can be transferred to the Grantees upon Exercise of Options under the Scheme.
- 8.14. The loan shall be repayable by the Trust subject to availability of the funds received pursuant to exercise of stock options under the Scheme and in accordance with the relevant provisions of the applicable laws & regulations. 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 through secondary acquisition from the Market. 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 at termination of the Scheme.
- 8.15. 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.
- 8.16. 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.

8.17. The Trust shall be required to make disclosures and comply with the other requirements applicable under the SEBI (Prohibition of Insider Trading Regulations), 2015, as amended from time to time.

**9. Grant of Options**

- 9.1. The Committee shall Grant Options to eligible Employee(s), in accordance with the terms and conditions of the Scheme for the time being in force and subject to Employee's employment terms or his/her continuity in the employment and other parameters as set out by the Committee, if any.
- 9.2. Subject to availability of Options in the pool under the Scheme, the maximum number of Options that can be granted to any eligible Employee during any one year shall not be equal to or exceed 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of Grant. The Committee may decide to grant such number of Options equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) 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. The Options which get lapsed due to the performance criteria in any of the vesting, shall lapse irrevocably and the rights there under shall be extinguished. The lapsed options shall be added back to the Pool of stock options and will be available to the Committee for re-issue.
- 9.5. No amount shall be payable by an Employee at the time of Grant of Options.
- 9.6. Upon Grant, an eligible Employee shall become Grantee under the Scheme.
- 9.7. 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.
- 9.8. The Options Granted to the eligible Employees i.e. grantees shall not be transferable to any other person except his/her legal heirs or nominees in the event of his/her death or permanent incapacity in which case clause 14 would apply.
- 9.9. The Options granted to the eligible Employees shall not be pledged, hypothecated, mortgaged or otherwise encumbered or alienated in any other manner, by them.

**10. Acceptance of the Grant**

- 10.1. Upon receipt of the Grant letter by the Eligible Employee under this Scheme, it shall be deemed to be accepted by such employee, unless the employee communicates otherwise. On such acceptance, the Employee will become a Grantee.
- 10.2. Upon acceptance of the Grant in the manner described above, the Employee henceforth as a Grantee shall be bound by the terms, conditions and restrictions of the Scheme and the Grant document. The Grantee's acceptance of the Grant of Options under the Scheme, shall constitute an agreement between the Grantee and the Company as to the terms of this Scheme and the Grant document.
- 10.3. Subject to the terms contained herein, the acceptance in accordance with this Clause, 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. Options granted under this Scheme would vest not earlier than minimum Vesting Period of 1 (One) year or such other period as may be prescribed under applicable laws and not later than maximum Vesting Period of 3 (Three) years from the date of Grant of such Options, at the discretion of and in the manner prescribed by the Committee and set out in the Grant Letter.

11.2. The vesting schedule/criteria will be clearly defined in their Grant Letter of respective Grantees subject to minimum and maximum Vesting Period as specified in article 11.1 above. Further the Vesting schedule of Options can vary from Grantee to Grantee as per the discretion of the Committee whose decision shall be final and binding.

Provided further that in the event of death or Permanent Incapacity of a Grantee, the minimum Vesting Period of one year shall not be applicable and in such instances, the unvested Options shall vest in terms of SEBI (SBEB&SE) Regulations, on the date of the death or Permanent Incapacity.

11.3. Vesting of Option would be subject to continued employment with the Company and/or its Subsidiary Company(ies), as the case may be and thus the Options would vest essentially on passage of time. In addition to this, the Committee may also specify certain performance criteria subject to satisfaction of which the Options would vest.

11.4. As a prerequisite for a valid vesting, an Option Grantee is required to be in employment or service of the Company and its Subsidiary Company(ies) on the date of Vesting and not be subject to any disciplinary proceedings pending against him on such date of Vesting. In case of any disciplinary proceedings against any Option Grantee, the relevant vesting shall be kept in abeyance until disposal of the proceedings and such Vesting shall be determined accordingly by the Committee.

11.5. The Options not vested due to non – fulfilment of performance conditions, if any, shall lapse unless the Committee, at its discretion, decides to:

- a. rollover such Unvested Options to next year vesting in the hands of the Grantee, or
- b. Vest such Option, even in the case of non – fulfilment of performance criteria, if any, on such terms and conditions as may be determined by the Committee.

Any Unvested Options that ultimately lapse shall be added back to the pool at the discretion of the Committee.

11.6. The Vesting of Options shall be communicated to the Grantees in writing through vesting letter upon vesting.

11.7. 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, within a maximum period of 5 (Five) years from the date of respective Vesting. The Grantee can follow any of the below-mentioned alternatives for exercising the Vested Options:

a) Alternative I - Through Cash Mechanism after submitting the Exercise application to the Trust/Committee along with payment of the Exercise Price, applicable taxes and other charges, if any.

b) Alternative II - Through Cashless Mechanism (in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015), after submitting the Exercise application to the Trust, in line with this Scheme.

Failure to comply within this time period, shall result in lapsing of Vested Options in the hands of Grantee and shall be added back to the pool. The amount paid by the Employee, if any, for the

Exercise of Options may be refunded, if the Options are not Exercised by the Employee within the Exercise Period.

- 12.2. The mode and manner of the Exercise shall be communicated to the Grantees individually.
- 12.3. Upon valid Exercise, the Trust will transfer Shares to the Grantees.
- 12.4. Upon such transfer, the Grantee shall become a shareholder of the Company.
- 12.5. 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 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. The lapsed options shall be added back to the Pool of stock options and will be available to the Committee for re-issue.
- 12.6. 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 Exercise of Options under such law or regulation, then in such an event the Company or the Trust shall not be liable to compensate the Grantee in any manner whatsoever.
- 12.7. The Committee shall have the power to cancel all or any of the Options granted under the Scheme, if so required, under any law for the time being in force or the order of any jurisdictional court. In the event of any such cancellation, the Company shall not be liable to compensate the Grantee in any manner.

### 13. **Exercise Price**

- 13.1. Under this Scheme, the Exercise Price of the Shares will be decided by the Committee on the basis of the Market Price of the equity shares as on the Relevant Date.
- 13.2. The Committee has a power to provide suitable discount, as it may deem fit, subject to a limit of upto 20% on Market Price.
- 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 the conditions as mentioned in the SEBI (SBEB&SE) Regulations, subject to approval of the Shareholders of the Company.
- 13.4. Exercise Price & applicable taxes payable at the time of Exercise shall be paid by the Grantee, as per his/her own discretion, by cheque, demand draft, NEFT in the name of the Trust.

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

In case of cessation from employment: Options can be exercised as per provisions hereunder:

- 14.1. **In the event of cessation of employment due to resignation or termination** (including abandonment, suspension but not due to misconduct, moral turpitude or ethical/ compliance violations or like event).
  - a. All Unvested Options, on the date of cessation, shall expire and stand terminated on the date of tendering of resignation or receipt of termination letter.
  - b. All the Vested Options as on the date of submission of resignation or receipt of termination letter shall be exercisable by the Grantee within 90 days of his/her last working day with the Company.

- 14.2. **In the event of cessation of employment due to termination** (due to misconduct, moral turpitude or ethical/ compliance violations/breach of company policies or like event).

All the Vested (not exercised) and Unvested Options at the time of such termination, shall stand cancelled with effect from the date of such termination.

- 14.3. **In the event of cessation of employment due to retirement or superannuation.**

- a. All Unvested Options on the date of Retirement/ Superannuation shall continue to vest as per original Vesting schedule even after retirement or superannuation in accordance with the Company's policies and the applicable law.
- b. All the Vested Options as on the date of Retirement/ Superannuation can be exercised by the Grantee within 180 days from the date of the last working day with the Company.
- c. In case of Early Retirement, other than under a Scheme of Voluntary Retirement, the unvested options shall lapse.

- 14.4. **In the event of cessation of employment due Death.**

All granted Options (vested and unvested) as on date of death would vest in the legal heirs / nominee of the Grantee on that day (date of death). The Options would be exercisable by the legal heirs / nominee within a period of 12 (Twelve) months from the date of death of Grantee or before the expiry of overall Exercise period, whichever is earlier, failing which all the Unexercised Options shall lapse irrevocably and the rights there under shall be extinguished. Provided that the Committee shall have discretion to extend such exercise period.

- 14.5. **In the event of cessation of employment due Permanent Incapacity.**

All the granted Options (vested and unvested) as on date of permanent incapacitation would vest in the Grantee with effect from the date of permanent incapacitation of the Grantee. The Options would be exercisable by the Grantee within a period of 12 (Twelve) months from the date of permanent incapacitation of Grantee or before the expiry of overall Exercise period, whichever is earlier, failing which all the Unexercised Options shall lapse irrevocably and the rights there under shall be extinguished. Provided that the Committee shall have discretion to extend such exercise period.

- 14.6. **In the event of cessation of employment due Transfer or deputation from/ to Company, Subsidiary Company, or Holding Company/ associate/ affiliate.**

- a. All the Unvested Options shall continue to vest as per original Vesting schedule unless otherwise decided by the Committee and such decision shall be final.
- b. All the Vested Options shall be exercisable as if the employment/ service is continuing unless otherwise decided by the Committee and such decision shall be final

- 14.7. 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.

- 14.8. The Committee may modify the terms for cessation of employment as mentioned in foregoing paras 14.1 to 14.7 at its sole discretion.

## 15. **Lapse of Options**

The Options not exercised within the Exercise Period shall lapse and be cancelled. The Employee shall have no right over such lapsed or cancelled Options. The lapsed options shall be added back to the Pool of stock options and will be available to the Committee for re-issue.

**16. Lock-in Period**

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.

**17. Other Terms and Conditions**

- 17.1. Nothing herein is intended to or shall give the Grantee, any right to status of any kind as a shareholder of the Company in respect of any Share covered by the Grant unless the Grantee Exercises the Options and becomes the registered shareholder of the Company.
- 17.2. If the Company issues bonus or rights shares, the Grantee will not be eligible for the bonus or rights Shares in the capacity of a Grantee. However, an adjustment to the number of Options or the Exercise Price or both would be made in accordance with Scheme.
- 17.3. Except as hereinafter provided, any grant made shall be subject to adjustment, by the Board of Directors/Committee, at its discretion, as to the number and price of Options or Shares, as the case may be, in the event of 'Change in Capital Structure' or a 'Corporate Action' as defined herein.
- 17.4. 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 decision.
- 17.5. 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.
- 17.6. 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.
- 17.7. The maximum quantum of benefits that will be provided to every eligible Employee under the Scheme will be the difference between the market price of Company's equity share on the Recognized Stock Exchanges as on the Date of Exercise of Options and the Exercise Price paid by the Employee.
- 17.8. 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 to regulate, monitor and report trading by designated persons and Code of practices and procedures for fair disclosure of unpublished price sensitive information. 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.
- 17.9. The Grantee, nor his/her successors in interest, shall have any rights of a shareholder of the company with respect to the Options granted to him, till shares are transferred to them on exercise of Options.
- 17.10. No person, other than the Grantee to whom the Option is granted, shall be entitled to exercise the Option, except in the event of the death of such Grantee the legal heirs or nominee shall be entitled to exercise the option.
- 17.11. In case any Options are granted to any Employee, being person resident outside India, the provisions of the Foreign Exchange Management Act, 1999 and the rules or regulations made by the RBI, thereunder as amended and enacted from time to time shall be applicable and the Company has to

comply with such requirements as prescribed from time to time in connection with Grant, Vesting and Exercise of Options thereof.

- 17.12. Any Grantee to whom the Options are granted under this Scheme may, at any time, voluntarily surrender his/her Options to the Company. In such case, the Company would not be liable to pay any compensation to the Grantee on account of his/her surrender of Options. The Options so surrendered will be added back to the pool of the Scheme at the discretion of the committee and pursuant to this the Grantee shall cease to have all rights and obligations over such Options.
  - 17.13. The implementation of the Scheme, the granting of any Options under the Scheme and the issuance of any Shares under this Scheme, if any, 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.
  - 17.14. Notwithstanding anything contained in this Scheme, the Grantee shall not divulge the details of the Scheme and/or his/her holdings to any person except with the prior written permission of the Committee unless so required to do under the Applicable Laws or any statutes or regulations applicable to such Grantee.
- 18. Notices and correspondence:**
- 18.1. 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 registered office or corporate office of the Company or at the place as may be notified by the Company / Committee in writing or at the specific designated email id of the Company.
  - 18.2. 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.
- 19. Nomination of Beneficiary:**
- 19.1. 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/her death before he receives all of such benefit. Each such nomination shall revoke all prior nominations by the same Grantee, shall be in a form prescribed by the Company and will be effective only when filed by the Grantee in writing with the Company during the Grantee's lifetime.
  - 19.2. If the Grantee fails to make a nomination, the Shares shall vest on his/her legal heirs in the event of his/her death.
- 20. No Restriction on Corporate Action**
- 20.1. The existence of the Scheme and the grants made hereunder shall not in any way affect the right or the power of the Board of Directors or the shareholders or the Company to make or authorize any 'Change in Capital Structure' including any issue of shares, debt or other Securities having any priority or preference with respect to the Shares or the rights thereof.
  - 20.2. Nothing contained in the Scheme shall be construed to prevent the Company from taking any Corporate Action which is deemed by such Company to be appropriate or in its best interest, whether or not such

action would have an adverse effect on the Scheme or any grant made under the Scheme. No Employee or other person shall have any claim against the Company as a result of such action.

- 20.3. Notwithstanding anything contained under this Scheme, the Committee shall, *inter alia*, formulate the detailed terms and conditions including the procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of corporate actions such as rights issues, bonus issues, share split, consolidation of share and any other corporate action. In this regard the following shall be taken into consideration by the Committee:
- a. the number and the price of the Options shall be adjusted in a manner such that total value of the Options remains the same after the corporate action;
  - b. the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the recipients

**21. Disclosure and Accounting Policies:**

- 21.1. The Company shall make all the necessary disclosures required under the provisions of the SEBI (SBEB & SE) Regulations, 2021 and other Applicable Laws. The Company shall comply with the requirements of IND-AS and use Fair value method to calculate fair value of Options as per the prescribed method under the applicable regulations.
- 21.2. The Compensation cost will be booked in the books of accounts of the Company over the vesting period.
- 21.3. The Company shall comply with the disclosures requirements and the accounting policies prescribed under Regulation 15 of the SEBI (SBEB&SE) Regulations, 2021 or as may be prescribed by any regulatory authorities from time to time.

**22. Taxability on the Grantee:**

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- Perquisite Taxation: At the time of exercise of the Options: The difference between the Market Price of the Shares as on date of Exercise and the Exercise Price will be added as a perquisite under salary in the month of Exercise. The Grantee will be liable to pay the taxes at the individual slab rate in which he falls.

The applicable taxes will be based on the individual's income tax slab, and the tax will be deducted at source (TDS) by the employer under Section 192 of the Income Tax Act.

Additionally, Rule 3(8) of the Income Tax Rules, 1962 provides the method for determining the value of the perquisite in the case of ESOPs.

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

**23. Amendment or Termination of the Scheme**

Subject to such approvals as may be required under the Applicable Laws and approval of the shareholders of the Company by way of a special resolution, the Committee may at any time amend, alter, or vary the terms of the Scheme and/ or terms of the Options already granted under the Scheme subject to the condition that such amendment, alteration, or variation, as the case may be is not detrimental to the interest of Grantees.

**24. Dispute/ Arbitration:**

- 24.1. 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.
- 24.2. In case of such failure, either party may refer the Dispute to and be finally resolved 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.
- 24.3. The arbitration proceedings shall be held in Andhra Pradesh under and in accordance with the Arbitration and Conciliation Act, 1996 and any statutory modification or re-enactment thereof. The arbitrator shall give a reasoned award in writing, whose decision shall be final and binding on the Parties. The arbitrator shall also decide on the costs of the arbitration proceedings. The parties shall submit to the arbitrator's award and the award shall be enforceable in competent court of law at Andhra Pradesh.
- 24.4. Notwithstanding the provisions of this Dispute clause, 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.
25. **Scheme severable**
- 25.1. This Scheme constitutes the entire document in relation to its subject matter and supersedes all prior agreements and understandings whether oral or written with respect to such subject matter.
- 25.2. In the event that any term, condition or provision of this Scheme being held to be a violation of any applicable law, statute or regulation, the same shall be severable from the rest of this Scheme and shall not be in force and effect however, this Scheme shall remain in full force and effect, as if, such term, condition or provision had not been originally contained in this Scheme.

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