NACL INDUSTRIES LIMITED

EMPLOYEE STOCK OPTION SCHEME-2020

(ESOS-2020)

1) **Name of the Scheme:**

This Scheme shall be termed the "**NACL Employee Stock Option Scheme - 2020**" (the "Plan/Scheme/ESOS-2020"). The ESOS-2020 will be effective from the date of implementation of the Scheme by the Compensation Committee (hereinafter referred to as "the Committee").

2) **Purpose/Benefits of the Scheme:**

NACL Industries Limited ('the Company'), being a Company limited by shares, incorporated and registered under the Companies Act, 1956 and having its registered office at Plot No.12-A, Lakshmi Towers, Block 'C', Nagarjuna Hills, Panjagutta, Hyderabad – 500 082, Telangana, India, has structured this ESOS-2020 for granting stock options to employees under ESOS-2020.

The purpose of the Scheme is to provide equity-based incentives, reward and motivate Key Managerial Personnel and Senior Managerial Personnel for their continuous hard work, dedication, support and their long association, which has led the Company on the growth path and to promote the culture of employee ownership, it is proposed to grant options to the employees to subscribe to the shares of the Company. The Scheme is for the limited purpose of extending the options to Key Managerial Personnel (including Managing Director) and Senior Managerial Personnel who are qualified, talented and competent personnel in the Company. The ESOS-2020 is instituted in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (including any amendment(s) or re-enactment(s) or modification(s) therein from time to time) (hereinafter known as "SEBI SBEB") and reserved an appropriate number of shares thereunder to allot equity shares against the stock options to be granted to the aforesaid employees of the Company in India and abroad.

This document sets out the features of the ESOS-2020, the benefits accruing to the employees under this Scheme, the duties and responsibilities of the beneficiaries as also the procedures to be followed. The document shall serve as a reference for the administration of ESOS- 2020. This document

should be carefully read and understood and the procedures prescribed shall be diligently observed for availing the benefits under ESOS-2020.

3) Definitions:

Except where the context otherwise requires, the following expressions or terms shall have the meanings indicated there against. Further, unless the context otherwise requires, words denoting the masculine gender shall include the feminine gender and words denoting the singular shall include the plural and vice versa. Words and expressions not defined shall have the meaning as per SEBI SBEB as amended, modified or re-enacted from time to time as applicable from time to time:

3.1 **"Applicable Laws"** shall mean laws of India to the extent applicable and as amended and modified from time to time. Accordingly, any actions taken hereunder shall be governed by, and construed in accordance with, the laws of India, without regard to the application of the conflicts of laws/provisions thereof;

3.2 **"Acceptance Form"** shall mean the form *(format enclosed as Annexure A)*, which the Grantee has to submit indicating his acceptance of the offer made to him to participate in the ESOS-2020.;

3.3 **"Associate Company"** shall have the same meaning as defined under section 2(6) of the Companies Act, 2013;

3.4 **"Beneficiary"** means the

- person, persons, trust or trusts designated/nominated by a Participant *(format enclosed as Annexure B)*; or
- in the absence of any designation/nomination by the Participant:
  a) a person or persons who is/ are entitled by the Will of the Participant to receive the benefits specified in the ESOS-2020;
  b) the legal heirs of the Participant, if the Participant dies intestate and includes the Participant's Executors or Administrator, if no other beneficiary is designated and able to act under the circumstances; or

- such other persons as may be added from time to time to the class of beneficiaries by notice in writing and by nomination form in the exercise of any powers conferred under the ESOS-2020 or any other agreements forming part thereof.

3.5 "**Board**" means the Board of Directors of the Company;

3.6 "**Closing Date**" means the last date on which the offer of Options by the Company to a Participant can be accepted. In case the last date is a non -working day, then it shall be the next working day;

3.7 **"Committee"** means the Compensation Committee that has been constituted and empowered by the Board for administration and superintendence of ESOS-2020 pursuant to Clause 4 below, consisting of such members as may be required under applicable law(s) from time to time;

3.8 **"Company"** shall have the meaning ascribed to such term in Clause 2 hereinabove;

3.9 **"Corporate Action"** shall have the meaning ascribed to such term in Clause 15 hereunder;

3.10 **"Employee"** means: *

a) an employee as designated by the Company, who is exclusively working in India or outside India; or

b) a Director of the Company, whether a whole-time director or not, including a non-executive director who is not a promoter or member of the promoter group, but excluding an independent Director; or

c) an employee as defined in sub-clauses (i) or (ii), of a Subsidiary Company(ies), in India or outside India, 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 anybody corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company.

Above persons are referred herein collectively as the **"Eligible Employees".**

3.11 **"ESOS"** means a scheme under which a Company grants employee stock option directly;

3.12 "**Exercise**" means making of an application *(format enclosed as Annexure C)* by the Participant to the Company for issue of Shares against the Vested Options with the Participant in pursuance to ESOS-2020, on payment of the Exercise Price;

3.13 "**Exercise Period**" means a period within which the Participant exercises his right to apply for shares against vested options in pursuance of this ESOS-2020. The exercise period shall commence from the date of vesting and shall expire on completion of one year from the date of vesting;

3.14 "**Exercise Price**" means the purchase price of each Share payable by the Participant for exercising the Option granted to him in pursuance of ESOS-2020, in accordance with Clause 8 below and shall be communicated in the Grant Letter;

3.15 **General Meeting**" means a general meeting of the Shareholders of the Company held in accordance with the Articles of Association of the Company and other Applicable Laws;

3.16 "**Grant**" means the process by which the Company issues options under ESOS-2020.

3.17 "**Grant Date**" means the date on which the Committee approves the grant;

3.18 **"Grant Letter"** means the letter *(format enclosed as Annexure D)* by which grant of an Option is communicated to the Grantee;

3.19 "**Grantee**" shall mean an Employee at the time of grant of the option, having a right and not an obligation to exercise an option, and who in

the opinion of the Committee is declared to be eligible to participate under the ESOS-2020;

3.20 **"Holding Company"** means any Holding Company of the Company as defined in the Companies Act, 2013;

3.21 **"Independent Director"** shall have the same meaning as assigned to it in Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI LODR, as amended from time to time;

3.22 **"Key Managerial Personnel" (KMP)** shall have the same meaning as assigned to it in Section 2(51) of the Companies Act, 2013;

3.23 **"Market Price"** means the latest available closing price on a recognized stock exchange on which the shares of the Company are listed on the date immediately prior to the relevant date.

Explanation:- If such shares are listed on more than one stock exchange, then the closing price on the stock exchange having higher trading volume shall be considered as the market price;

3.24 "**Option**" means the option given to an Employee which gives a right, but not an obligation to subscribe at a future date, the shares offered by the Company, at a pre-determined price;

3.25 "**Participant**" means a Grantee who accepts an offer from the Company to participate in ESOS-2020 pursuant to Clause 9 below;

3.26 **"Permanent Employee"** means employees who are on the payroll of the Company;

3.27 **"Promoter"** means the persons as defined in Regulation 2(1)(u) of the SEBI SBEB, as may be amended from time to time;

3.28 **"Promoter Group"** means the group as defined in regulation 2(1)(v) of the SEBI SBEB, as may be amended from time to time;

3.29 **"Relative"** shall have the same meaning as defined under section 2(77) of the Companies Act, 2013 read with rules made there under;

3.30 **"Relevant Date"** means the date of the meeting of the Compensation Committee on which the grant is made;

3.31 "**Scheme/ESOS-2020**" shall have the meaning ascribed to such term in Clause 1 hereinabove and shall include any alterations, amendments, additions, deletions, modifications or variations thereof from time to time in the interest of the employees;

3.32 **"SEBI SBEB"** means the Securities Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, and shall include any amendments, additions, deletions, modifications or variations thereof from time to time;

3.33 **"SEBI LODR"** means the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and shall include any alterations amendments, additions, deletions, modifications or variations thereof from time to time;

3.34 **"Senior Managerial Personnel" (SMP)** means the Head of Departments, the employees who are directly reporting to the Managing Director, General Managers, Deputy General Manager and employees above the Deputy General Managers or any other Personnel as may be decided by Compensation Committee to be a SMP;

3.35 **"Share"** means equity shares of the Company and securities convertible into equity shares;

3.36 "**Shareholder**" means the registered holder of any Share in the share capital of the Company;

3.37 **"Subsidiary Company/Subsidiary"** means any Subsidiary Company of the Company whether existing or as and when formed, as defined in the Companies Act, 2013 and Regulation 2 of SEBI (LODR) Regulations, as amended from time to time;

3.38 "**Termination Date**" means the date of termination of employment of the Participant with the Company or Subsidiary Company(ies) or Holding Company(ies) or Associate Company(ies);

3.39 **"Total or Permanent Incapacity/Disability"** means any disability of whatsoever nature be it physical, mental or otherwise, which

incapacitates or prevents or handicaps an Employee from performing any specific job, work or task which the said Employee was capable of performing immediately before such disablement, as determined by the Committee based on a certificate of a medical expert identified by such Committee;

3.40 "**Unvested Option**" means an Option, which is not a Vested Option**;**

3.41 **"Vesting"** means the process by which the Participant becomes entitled to receive the benefit of a grant made to him under ESOS- 2020;

3.42 "**Vesting Period**" means the period during which the vesting of the Option granted to the Participant in pursuance of ESOS-2020 takes place;

3.43 "**Vested Option**" means an Option which has vested with the Participant and has thereby become exercisable;

3.44 **"Construction":**

a) The headings/ subheadings/ titles/ subtitles are only for the sake of convenience and shall not be interpreted to restrict or otherwise affect the meaning or import of the Clauses herein contained, which shall be interpreted solely in light of the contents thereof;

b) Where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase shall have the corresponding meanings;

c) Any reference to 'writing' includes printing, typing, lithography and other means of reproducing words in visible form;

d) The term 'including' shall mean 'including without limitation', unless otherwise specified;

e) Any reference to any law, regulations and statute shall be deemed to include any amendment, modification or re-enactment of such law, regulations and stature from time to time.

4) Administration of ESOS-2020:

4.1 ESOS-2020 shall be administered by the Committee. The Committee is, subject to compliance with the SEBI SBEB, authorised to interpret ESOS-2020, to establish, amend and rescind any rules and regulations relating to ESOS-2020 and to make any other determinations that it deems necessary or desirable for the administration and implementation of ESOS-2020. The Committee, in consultation with the Company/Board, may rectify any defect, omission or reconcile any inconsistency in the Scheme in the manner and to the extent the Committee deems necessary or desirable. 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 parties concerned (including, but not limited to, Grantee and/or Participants and their beneficiaries or successors);

4.2 The Committee, inter alia, may do the following:

a) Formulate detailed terms and conditions and procedures for grant or/and vesting under the ESOS-2020, administer, supervise and implement or alter the same in accordance with applicable provisions in this behalf;

b) Meet as and when necessary to administer ESOS-2020;

c) Authorize one or more of its members, being Independent Director, to grant options under this ESOS-2020 based on the parameters as prescribed by the Committee (Provided that such grants shall be ratified at the subsequent meeting of the Committee);

d) Adopt rules and regulations for implementing ESOS-2020 from time to time. Frame suitable procedures and prescribe forms and issue in relation to the ESOS–2020 and may from time to time amend, recall or replace such rules, regulations, procedures and forms;

e) Identify the Employees entitled to participate under the ESOS-

2020;

f) Grant Options to the identified Employees and determine the date of Grant;

g) Determine the number of Options to be granted to each Grantee;

h) Determine the method for exercising the Vested Options;

i) Determine the Exercise Price of the Options granted;

j) Determine the conditions under which options vested in employee may lapse or be forfeited;

k) Grant an extension of time for exercise within the maximum exercise period, upon a specific request made by the employee concerned to this effect;

l) Reissue of lapsed, surrendered, cancelled and forfeited options;

m) To resolve any tax obligation arising in connection with the options or Shares issued pursuant to ESOS-2020;

n) Delegate all or any of its administrative powers to one or more Officers of the Company and/or to one or more Sub-Committees;

o) To make necessary authorizations for seeking corporate action, listing of the shares and other matters arising out of exercising of options;

p) Determine terms and conditions for grant, vest and exercise of options in case of employees who are on long leave;

q) Determine the terms and conditions, not inconsistent with the terms of the ESOS-2020, of any Option granted hereunder;

r) Approve forms or agreements for use under the ESOS-2020;

s) Decide all other matters that must be determined in connection with an Option under the ESOS-2020;

t) Construe and interpret the terms of ESOS-2020 and the Options granted pursuant to the ESOS-2020;

u) Do all that may be necessary to ensure compliance of the ESOS-2020 and administration thereof with the SEBI SBEB;

v) Frame suitable policy, procedure and system to comply with the

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, SEBI SBEB and other Regulations to be followed by the Company, Participants and Others as applicable;

w) The procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of corporate actions including rights issues, bonus issues, consolidation, sub-division of shares, merger, sale of division and others related actions ("Corporate Action"). In this regard following shall be taken into consideration by the Committee:

i) The number and the price of ESOS-2020 shall be adjusted in a manner such that total value of the ESOS-2020 remains the same after the Corporate Action;

ii) For this purpose global best practices in this area including the procedures followed by the derivative markets in India and abroad shall be considered;

iii) The Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Option Holders;

x) Such other things as the SEBI SBEB may prescribe from time to time.

4.3 All decisions made by the Committee in the matter referred to above shall be conclusive and binding on all parties concerned (including, but not limited to, Grantee and/ or Participants and their beneficiaries or successors). Neither the Company nor Committee shall be liable for any action or determination made in good faith with respect to ESOS-2020 or any Option granted there under.

5) Eligibility/Identity of the classes of Persons Eligible Under ESOS-2020:

5.1 Pursuant to Clause 3.10 of this Scheme, the Employees, who are identified by the Committee, shall be entitled to participate in ESOS-2020. The Committee will decide which Employee should be granted

Options under ESOS-2020 and accordingly, the Company would offer the Options to these identified Eligible Employees;

5.2 The process for determining the eligibility criteria for the eligible employees will be specified by the Compensation Committee, and will be based on, such criteria such as length of service, grade, performance, technical knowledge, leadership qualities, merit, contribution and conduct, future potential, etc., and such other factors as may be appropriate and as may be decided by the Compensation Committee, in its discretion, from time to time.

6) Shares Pool/Number of Options/Number of Shares per Option: *

The total number of options to be granted is 30,00,000 (thirty Lakhs) to the Eligible Employees of the Company. The Option holder is eligible to receive one equity share for every one option granted to him/her on exercise of the said option as per this ESOS-2020. Accordingly, the maximum number of Shares that may be issued pursuant to Exercise of Options granted to the Participants under ESOS-2020 shall not exceed 30,00,000 (thirty Lakhs) Equity Shares of the face value of Rs.1/- each.

7) Maximum number of Options to be issued per Employee and in Aggregate:

7.1 Maximum number of options to be issued per employee per year shall not exceed 2,00,000 (Two Lakhs) and 30,00,000 (thirty Lakhs) in the aggregate; *

7.2 Maximum quantum of benefits to be issued per employee under the scheme shall not exceed 2,00,000 (Two Lakhs) per year.

8) Exercise Price:

The Committee is empowered to fix the exercise price considering inter-alia the market price of shares as defined in the SEBI SBEB and the discount to be offered, which is subject to a minimum of face value of the equity shares of the Company.

9) Grant of Options:

9.1 The Committee may offer the Options to a Grantee in accordance with the terms and conditions of ESOS-2020 for the time being in force. Letters of grant will be accompanied by a Disclosure Statement containing inter-alia, statement of risks, information about the Company and salient features of the ESOS-2020;

9.2 Each Option will entitle the Participant to one share of the Company;

9.3 The Grant of the options by the Committee to the Grantee shall be made in writing and communicated to the Grantee. Such a Grant shall state the number of Options offered, Vesting Period, Exercise Period, the Exercise Price and the Closing Date of accepting the offer;

9.4 The Closing date shall not be more than 60 (Sixty) days from the Grant Date;

9.5 An offer made under Clause 9.1 above is personal to the Grantee and cannot be transferred, pledged, hypothecated, mortgaged or otherwise alienated in any manner whatsoever;

9.6 No amount is payable at the time of grant of options by the Grantee.

10) Method of Acceptance:

10.1 Any Grantee who wishes to accept an offer made pursuant to Clause 9 above must deliver an Acceptance Form, as per the format enclosed or prescribed by the Committee from time to time, duly completed as required therein, to the Committee on or before the Closing date stated in the Grant Letter;

10.2 Any Grantee who fails to return the Acceptance Form on or before the Closing date shall, unless the Committee determines otherwise, be deemed to have rejected the offer and any acceptance received after the Closing Date shall not be valid;

10.3 Upon receipt of a duly completed Acceptance Form from the Grantee in respect of the Grant, the Grantee will become the Participant. The Committee may then issue to the Participant, a statement, in such form, as it deems appropriate, showing the number of Options to

which the Participant is entitled pursuant to the acceptance of such offer and the number of Shares for which the Participant will be entitled to subscribe pursuant to such Options.

11) Lock-in period:

There shall be no lock-in period on shares issued to Employee pursuant to exercise of Options.

12) Vesting of Options:

There shall be a minimum period of one year between the grant of Options and vesting of Options. The vesting of Options may be spread over a period of three years after the aforesaid one year from the date of grant. The Committee is empowered to implement and decide the vesting schedule to suit the needs of the organization.

The options may vest in tranches subject to the terms and conditions as may be stipulated by the Committee, which may include satisfactory performance of the Employee/Directors and their continued employment with the Company, as the case may be, unless such employment is discontinued on account of death, permanent/total disability or on retirement.

13) Exercise of Options:

13.1 The vested Options shall be exercisable according to the terms and conditions as determined and set forth under this ESOS-2020;

13.2 Subject to Clause 14.1, the Participant alone can exercise the vested Options;

13.3 Subject to Clause 10 above and Clause 14 below, the Employee can exercise the vested Options within the Exercise Period (Clause 3.13). Such Exercise may be of all vested Options or part of the vested Options;

13.4 Exercise of the Options shall take place at the time and place designated by the Committee or Company and by executing such documents as may be required under applicable Laws to pass a valid title to the relevant Shares to the Participant, free and clear of any

liens, encumbrances and transfer restrictions save for those set out therein;

13.5 An Option shall be deemed to be exercised only when the Committee or its authorized person receives a written notice of Exercise and the Exercise Price (in accordance with the Scheme) from the person entitled to Exercise the Option specifically mentioning the following:

i) Number of options that he is willing to exercise under the ESOS-2020;

ii) Demat Account details specifying Depository Participant (D.P.) ID No. and Client ID No. to which the equity shares shall be transferred;

13.6 On Exercise, the Participant can subscribe to the Shares on the full payment of the Exercise Price and taxes, if any required to be deducted by the Company in respect of exercise of the Options, and the Company shall allot the Shares to the Participants by crediting the same to the Participants demat account, or, if requested in writing by the Participant, to the demat account held jointly by Participant with another person.

13.7 Notwithstanding anything else contained in ESOS-2020, if the Participant does not exercise his vested Options within the time specified in Clause 13.3 above and Clause 14 below, the Options shall lapse;

13.8 There shall be no cashless exercise of the Options;

13.9 Notwithstanding anything contained elsewhere in the Scheme, the Committee may, if the exercise of options within the exercise period is prevented by any law / regulation in force or order of any jurisdictional court, defer or not permit the exercise of options so long as it is prohibited by the applicable laws or regulations and in such an event, the Company shall not be liable to pay any compensation or similar payment to the Stock Option Grantee for any loss suffered due to such prohibitions, provided that exercise period shall not be

extended beyond the tenure of the ESOS-2020.

Provided further, that the Committee shall have the power to cancel all or any of the options granted under the ESOS-2020, 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, no compensation shall be payable to the Grantee for such cancelled options.

13.10 An Employee can exercise vested options at one time or various points of time within the exercise period.

14) Termination of Employment:

14.1 On death of a Participant: *

In the event of death of a Grantee while in employment, all the Options granted to him/her till his/her such date shall vest with effect from the date of his/her death in the Beneficiary of the deceased Participant. All the vested Options shall be permitted to be exercised within one year from the date of death of such employee.

14.2 On Disability of Participant: *

In the event of the termination of a Grantee's employment with the Company as a result of total or permanent incapacity, all the Options granted to him as on the date of permanent incapacitation, shall vest immediately). All the vested Options shall be permitted to be exercised within one year from the date of such permanent incapacitation of an employee.

14.3 On attainment of Superannuation age:

In case the service of the Participant with the Company is terminated due to retirement on superannuation, all the unvested Options shall continue to vest as per terms of the grant. All the vested Options shall be permitted to be exercised within such period as may be decided by the Committee at its absolute discretion; however in no case such period shall be more than the exercise period.

However the Committee is having the right to cancel/withdraw all the options granted (including vested and unvested) to such employee in

case in the opinion of the Company, the Participant if found to be employed with the competitors of the Company or serving or advising the competitors in any manner or working detrimental to the interest of the Company.

14.4 Voluntary Termination/Termination due to resignation:

If the employee/Director voluntarily terminates employment with the Company or termination due to resignation as per the rules of the Company, the Options to the extent not vested shall lapse/expire and be forfeited forthwith. All the vested Options shall be exercised with in a period of six months, or such other period as may be decided by the Committee at its absolute discretion; however in no case such period shall be more than the exercise period.

14.5 Other Termination:

In case of termination due to misconduct, all the options (both vested and unvested) shall lapse.

In case of termination of an employee other than voluntary termination/ resignation/ termination due to misconduct, the options to the extent not vested shall lapse/expire and be forfeited forthwith. The Committee shall decide at its absolute discretion the time within which the employee shall exercise the vested options, however such time may not be more than one year from the date of such termination. However the Committee is having the right to cancel/withdraw all the options granted (including vested and unvested) to such employee in case in the opinion of the Company, the Participant if found to be employed with the competitors of the Company or serving or advising the competitors in any manner or working detrimental to the interest of the Company.

14.6 Long Leave

Long leave of the Participant upto three months shall not have any effect on the ESOS-2020 as applicable to the Participant. However for long leave of the Participant beyond three months, 50% of the unvested options which they are eligible to receive shall lapse. The exercise period

of the Participant who are on long leave shall be as per the original exercise period as per the scheme or six months from the date of joining of duty whichever is later. Granting of the options to the employees is absolute discretion of the Compensation Committee subject to the conditions contained in this scheme.

14.7 Statutory Leaves:

The above restrictions mentioned in clause 14.6 shall not apply to the statutory leaves available to such employees under the applicable laws or the eligible leaves as per the Company's rules. However in case the exercise period of such Participants as per the scheme ends during the such statutory leave period then such employees can exercise the same within six months from the date of joining the duties after such statutory leave.

14.8 In the event that an employee who has been granted benefits under a scheme is transferred or deputed to an associate company/subsidiary company/holding company prior to vesting or exercise, the vesting and exercise as per the terms of grant shall continue in case of such transferred or deputed employee even after the transfer or deputation.

15) Corporate Action:

15.1 In case of any corporate action(s) such as rights issues, bonus issues, merger, sale of division and others, if any additional Equity Shares are issued by the Company to the Option grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 30,00,000 Equity Shares shall be deemed to be increased to the extent of such additional Equity Shares issued;

15.2 In case of any corporate action where equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the option grantees under the ESOS-2020 shall automatically stand reduced or increased, as the case may be, in the same proportion as the face value per equity share shall bear to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said grantees.

15.3 In the event of a Corporate Action, the Committee in consultation with the Board, subject to the provisions of ESOS-2020 and the SEBI SBEB, shall determine the number of shares which can be acquired on Exercise of an Option (vested as well as unvested) or the Exercise Price in respect of such Shares, or both the number and the Exercise Price, subject to the applicable rules and regulations. Such number and/or Exercise Price would be determined by the Committee as is appropriate in accordance with the SEBI SBEB.

16) Method of valuing the Options:

The Company will adopt the intrinsic value method to value the options granted under the Scheme.

17) The appraisal process for determining the eligibility of Employees:

The process for determining the eligibility criteria for the eligible employees for this Scheme will be specified by the Compensation Committee, and will be based on, such criteria such as length of service, grade, performance, technical knowledge, leadership qualities, merit, contribution and conduct, future potential., etc., and such other factors as may be appropriate and as may be decided by the Compensation Committee, in its discretion, from time to time.

18) Power to surrender Options:

The Employees are free to surrender their options voluntarily, whether vested or not, if in their opinion, the options granted are not beneficial to them, even before the expiry of their exercise period.

19) Lapsed/ Surrendered/Cancelled/Forfeited Options:

All the options that are lapsed/surrendered/cancelled/forfeited shall be available for re-issue by the Committee.

20) Notices and Correspondence:

20.1 Any notice required to be given by a Participant to the Company or the Committee or any correspondence to be made between a Participant and the Company or the Committee may be given or made to the Company at the registered office of the Company or as may be notified by the Company or Committee in writing.

20.2 Any notice, required to be given by the Company or the Committee to a Participant or any correspondence to be made between the Company or the Committee and a Participant shall be given or made by the Company or the Committee on behalf of the Company at the address provided by the Participant in his Acceptance Form.

21) Beneficiary designation:

21.1 Each Participant under the ESOS-2020 may nominate, from time to time, any Beneficiary or Beneficiaries to whom any benefit under the ESOS-2020 are to be delivered in case of his death before he receives all of such benefit. Each such nomination shall revoke all prior nominations by the same Participant. The Nomination shall be in a form prescribed by the Company and will be effective only when filed by the Participant in writing with the Company during the Participant's lifetime;

21.2 In the event of death of the Grantee, the nominee specified as aforesaid shall alone be entitled to exercise the rights of the Grantee concerned and the Company shall not be liable in relation to any rights and obligations amongst the legal heirs inter-se of the Grantee concerned;

21.3 If the Grantee fails to make a nomination as mentioned above in any case, the options shall vest as per Clause 3.4.

22) Non-transferability of Options:

Save as provided in Clause 14.1 above, the Options granted herein, are personal to the Participant. The Options cannot be assigned, alienated, pledged, attached, hypothecated, sold, or otherwise transferred or encumbered by the Participant otherwise than by Will or by the laws of descend, to the extent permitted under the Applicable Laws, and any purported assignment, alienation, pledge, attachment, sale, transfer, or encumbrance not permitted herein shall be void and unenforceable against the Company.

23) Withholding tax:

23.1 All Options granted under ESOS-2020 shall be subject to all applicable withholding tax requirements, if any, and the Company or Committee

may withhold such taxes accordingly;

23.2 All the tax liabilities arising on disposal or transfer of shares by the Grantees after exercise of Options would be required to be borne by the Grantee directly;

23.3 The Grantee shall pay all the applicable taxes;

23.4 In the event of any tax liability arising on account of the ESOS-2020, the Company shall have the right to deduct the same from the salary or to cause the shares eligible or held by the Grantee under this ESOS-2020, to be sold or otherwise alienated to meet the liability, on behalf of the Grantee;

23.5 Notwithstanding anything else contained in ESOS-2020, no Shares/sale proceeds therefrom, as the case may be, shall be disbursed to the Participant or his Beneficiary, on Exercise of the Options under this ESOS-2020/winding up of the ESOS-2020 unless appropriate taxes as required under the applicable tax laws, are discharged.

24) Term of ESOS-2020:

24.1 ESOS-2020 shall continue in effect unless terminated by the Company in accordance with applicable laws;

24.2 Any such termination of ESOS-2020 shall not affect Options already granted and such Options shall remain in full force and effect as if ESOS-2020 had not been terminated unless mutually agreed otherwise between the Participants and the Committee/the Company.

24.3 Validity of the Scheme:

The Scheme shall continue to be in force until its termination by the Board/Committee in accordance with applicable laws.

25) Arbitration:

In the event of a dispute arising out of or in relation to the contract concluded under this ESOS-2020 (including a dispute relating to the construction or performance thereof), the Parties shall attempt in the first instance to resolve such dispute through an amicable settlement. If the Parties fail to resolve the dispute by reaching a mutual understanding, then either Party may refer the dispute to a single arbitrator acceptable to both and failing agreement, to

three arbitrators, one to be appointed by either Party and the third arbitrator to be jointly appointed by the two arbitrators appointed by the Parties. The arbitration proceedings shall be held in Hyderabad, India under and in accordance with the Arbitration and Conciliation Act, 1996 or any statutory modification or re-enactment thereof for the time being in force.

26) Governing Law:

26.1 ESOS-2020 and all agreements thereunder shall be governed by and construed in accordance with the laws of India.

26.2 ESOS-2020 and all agreements thereunder shall be subject to the jurisdiction of the courts at Hyderabad, Telangana, India.

26.3 The Participant agrees and acknowledges that the Participant has received and read a copy of this Scheme /ESOS-2020. The Options are subject to ESOS-2020. Any term of the ESOS-2020 that is contrary to the requirement of the Central Government Guidelines or SEBI SBEB or any other applicable laws or other Indian regulations shall not apply to the extent it is contrary.

27) Regulatory approvals:

The implementation of ESOS-2020, the granting of any Option under the ESOS-2020 and the issuance of any Shares under this ESOS-2020 shall be subject to the procurement by the Company and the Participants of all approvals and permissions required by any regulatory authorities having jurisdiction over the ESOS-2020, and the Options /Shares issued pursuant thereto. The Participants under this ESOS-2020 will, if requested by the Committee, provide such assurances and representations to the Company, as the Committee may deem necessary or desirable to ensure compliance with all applicable legal and accounting requirements.

28) Modification of ESOS-2020:

28.1 Subject to compliance with the requirement of SEBI SBEB and other applicable laws, the Committee may at any time and from time to time:

i) revoke, add to, alter, amend or vary all or any of the terms and conditions of ESOS-2020 or all or any of the rights and obligations of the Participants;

ii) formulate various sets of special terms and conditions in addition to those set out herein, to apply to the Participants. Each of such sets of special terms and conditions shall be restricted in its application to those Participants;

iii) formulate separate sets of special terms and conditions in addition to those set out herein, to apply to each class or category of Participants separately and each of such sets of special terms and conditions shall be restricted in its applications to such Participants; and

iv) alter the Exercise Price, if the Option becomes unattractive due to fall in market price of the share.

Provided that no variation, alteration, addition or amendment to the ESOS-2020 can be made if it is detrimental to the interest of the Participant/ Grantee.

28.2 The Committee is entitled to vary the terms of the schemes to meet any regulatory requirements.

28.3 If any provision of the ESOS-2020 is inconsistent with provisions of the Securities and Exchange Board of India (Share Based Employee Benefits & Sweat Equity) Regulations, 2021 and/or other applicable laws including any statutory modification(s) and/or re-enactment thereof for the time being in force ("Provisions"), then such Provisions shall prevail to the extent of the inconsistency and this Scheme shall be read and understood to be amended to that extent required, to make the inconsistent provisions consistent with the Provisions. The Board or the Committee is entitled to vary the terms of this Scheme in order to align with the Provisions or to meet any regulatory requirement, without seeking any shareholders' approval. *

29) Miscellaneous provisions:

29.1 No rights of a Shareholder:

The Participant shall have no rights to receive any dividend or to vote or in any manner enjoy the benefits of a Shareholder in respect of Options granted to them, until the name of the Participant has been

entered in the register of members of the Company as the holder of the Shares provided hereunder to such Participant.

29.2 Set-off:

The Company's obligation to convey to the Participant that the Shares shall be subject to set-off or counterclaim of amount owed by the Participant to the Company or Group, to the extent permitted under applicable laws.

29.3 Accounting policies:

The Company shall follow the requirements of the 'Guidance Note on Accounting for employee share-based Payments' (Guidance Note) or Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India (ICAI) from time to time, including the disclosure requirements prescribed therein.

Where the existing Guidance Note or Accounting Standard do not prescribe accounting treatment or disclosure requirements for any of the schemes covered under these regulations then the company shall comply with the relevant Accounting Standard as may be prescribed by the ICAI from time to time.

29.4 New Scheme:

The Company reserves the right to carry forward the lapsed, unexercised and forfeited options to a new scheme.

30) Confidentiality:

The Participant shall not divulge the details of ESOS-2020 to any person except with the prior written permission of the Committee unless so required to do under any statutes or regulations applicable to such Participant.

31) Certificate from Auditors:

In the case of every Company that has passed a resolution for the ESOS- 2020 under these regulations, the Board of Directors shall at each Annual General Meeting place before the shareholders a certificate from the Auditors of the

Company that the ESOS-2020 has been and/or will be implemented in accordance with these regulations and in accordance with the resolution of the Company in the General Meeting.

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**The amendment in ESOS 2020 Scheme was approved by the shareholders of the Company through Postal Ballot Process vide special resolution dated August 31, 2022*

**The amendment in ESOS 2020 Scheme was approved by the shareholders of the Company through Postal Ballot Process vide special resolution dated June 22, 2024*

for **NACL Industries Limited**

Satish Kumar Subudhi
Vice President – Legal & Company Secretary