



**Aarti Surfactants Limited Employee Stock Option Plan 2024**  
**(‘ESOP 2024’/‘Plan’)**

## Aarti Surfactants Limited Employee Stock Option Plan 2024

### Table of Contents

Sr. No.	Particulars	Pg. Nos.
1.	Name, Objective and Term of the Plan	3
2.	Definitions and Interpretation	3
3.	Authority and Ceiling	9
4.	Administration	9
5.	Eligibility and Applicability	10
6.	Grant and Acceptance of Grant	11
7.	Vesting Schedule and Vesting Conditions	12
8.	Exercise	12
9.	Vesting and exercising in case of various scenarios	15
10.	Ranking, listing of shares and rights of shareholders	16
11.	Corporate Action	16
12.	Lock-in	17
13.	Beneficiary/Nominee Designation	17
14.	Surrender of Options	17
15.	Exit route	17
16.	Method of Valuation	17
17.	Other Terms and Conditions	17
18.	Taxation	18
19.	Authority to vary terms	18
20.	Miscellaneous	18
21.	Accounting and Disclosures	19
22.	Certificate from Secretarial Auditors	20
23.	Governing Laws	20
24.	Notices	20
25.	Jurisdiction	21
26.	Severability	21
27.	Confidentiality	21

## 1. Name, Objective and Term of the Plan

1.1 This Plan shall be called '**Aarti Surfactants Limited Employee Stock Option Plan - 2024**' ("**ESOP 2024**"/ "**Plan**").

1.2 The objective of ESOP 2024 is to reward the eligible Employees of the Company and/ or its Subsidiary Company(ies) (present or future) in India and/ or outside for their Employee and to motivate them to contribute to the growth and profitability of the Company. The Plan aims to attract and retain talent in the organization. The Company views Employee Stock Options as a means that would enable the Employees to get a share in the value they create for the Company in future.

1.3 The Board of Directors (or the Nomination & Remuneration Committee of the Board, as authorized), subject to compliance with the prevailing regulatory requirements, at any time, may alter, amend, suspend or terminate the ESOP 2024.

1.4 This ESOP 2024 is valid and shall come into effect from the date of approval of the shareholders, hereinafter referred to as the "Effective Date".

## 2. Definitions and Interpretation

### 2.1 Definitions

- i. "**Abandonment**" shall mean discontinuation of employment by a Grantee without giving notice or without serving a period of notice as specified by the Company from time to time.
- ii. "**Act**" means the Securities and Exchange Board of India Act, 1992 (hereinafter may be referred as 'SEBI') together with the statutory modifications, amendments or re-enactments thereof from time to time.
- iii. "**Applicable Law**" means any prevailing Act, Rule or Regulation relating to Employee Stock Options, including and without limitation to the Companies Act, 2013, Securities and Exchange Board of India Act, 1992, SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, Companies (Share Capital and Debenture) Rules, 2014, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (each as amended from time to time), and all relevant tax, securities, exchange control or corporate laws of India, or amendments thereof or of any relevant jurisdiction or of any Recognised Stock Exchange on which the Shares are Listed or quoted.
- iv. "**Associate Company**" means any Associate Company (present or future) as defined under section 2(6) of the Companies Act, 2013.
- v. "**Beneficiary**" or "**Nominee**" shall mean the person or persons, trust or trusts designated by the Employee, or in the absence of any designation by the Employee, a person or persons who is/ are entitled by the will or probate of the Employee to receive the benefits specified in this Plan, the legal heirs of the Employee, if the Employee dies intestate and includes the Employee's executors or administrator, if no other Beneficiary is designated and able to act under the circumstances and such other persons as may be added from time to time to the class of beneficiaries by notice in writing and by the Nomination Form in the exercise of any powers conferred under this Plan or any other agreements forming part thereof.

- vi. **"Board"** means the Board of Directors of the Company.
- vii. **"Cause"** 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 misconduct or breach of terms of employment as determined by the Board after giving the Employee an opportunity of being heard:
  - a. dishonest statements or acts of an Employee, with respect to the Company;
  - b. a felony or any misdemeanour involving moral turpitude, deceit, dishonesty or fraud committed by the Employee;
  - c. gross negligence, misconduct or insubordination of the Employee in connection with the Employee of his duties and obligations towards the Company;
  - d. breach by the Employee of any terms of his employment agreement or the Company's policies or other documents or directions of Company including the reasons of non-Employee;
  - e. participating or abetting a strike in contravention of any law for the time being in force;
  - f. Misconduct as provided under the labour laws after following the principles of natural justice.
- viii. **"Closing Date"** shall mean the last date on which the offer of Options by the Company to a Grantee can be accepted. In case the last date is a non-working day, then it shall be the immediately following working day.
- ix. **"Committee"** means Nomination and Remuneration Committee of the Board ("NRC") as constituted in accordance with Section 178 of the Companies Act, and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, as amended from time to time and will also constitute and act as the compensation committee for the purposes of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
- x. **"Companies Act"** means the Companies Act, 2013 and rules made thereunder and include any statutory modifications or re-enactments thereof.
- xi. **"Company"** means 'Aarti Surfactants Limited' having its Corporate Identity Number: L24100MP2018PLC067037.
- xii. **"Control"** shall have the same meaning as defined under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- xiii. **"Corporate Action"** shall have meaning as understood under Applicable Law and also includes change in control of the Company.
- xiv. **"Director"** means a member of the Board of Directors of the Company.
- xv. **"Eligibility Criteria"** means the criteria as may be determined from time to time by the Committee for granting the Employee Stock Options to the employees.
- xvi. **"Eligible Employee"** for the purpose of this Plan shall mean an Employee and as identified in accordance with Clause 5 of this Plan.
- xvii. **"Employee"** means -

- 1) an employee as designated by the Company, who is exclusively working in India or outside India; or
  - 2) 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
  - 3) an employee as defined in sub-clauses (i) or (ii), of a subsidiary company, in India or outside India, but does not include-
    - a. an employee who is a promoter or a person belonging to the promoter group; or
    - b. a director who, either himself or through his relative or through any body-corporate, directly or indirectly, holds more than ten per cent of the outstanding equity shares of the Company.
- xviii. **"Equity Shares"** means fully paid-up Equity Shares of the Company of face value of Rs. 10/- (Rupees Ten only) each.
- xix. **"Exercise"** means making of an application by an Employee/Beneficiary to the Company for issue of Equity Shares against Vested Options in pursuance of the ESOP 2024, in accordance with the procedure laid down by the Company for such exercise and on payment of Exercise Price.
- xx. **"Exercise Application"** shall mean the application form for the purpose of enabling the Employee/ Beneficiary to apply to the Company for exercising the Vested Options in accordance with Clause 8 of this Plan and substantially in the form provided for the Options issued in pursuance of this Plan.
- xxi. **"Exercise Date"** shall mean the date on which the Employee/ Beneficiary shall exercise his right to apply for Shares against the Vested Option in pursuance of this Plan.
- xxii. **"Exercise Period"** shall mean the time period as may be determined by the Committee, after Vesting, within which the Employee/ Beneficiary should Exercise his right to apply for Shares against the Vested Option in pursuance of this Plan.
- xxiii. **"Exercise Price"** means the price payable by an Employee in order to exercise the Options granted to him/her in pursuance of the ESOP 2024.
- xxiv. **"Fair Value of the Option"** means the value computed in respect of the Options granted based on the date of grant by use of mathematical/ statistical model such as Black Scholes.
- xxv. **"General Meeting"** means an annual general meeting or an extraordinary general meeting of the members of the Company held by the Company in compliance with the Companies Act.
- xxvi. **"Grant"** means the process by which the Company shall issue Options to the Employees under the ESOP 2024.
- xxvii. **"Grant Date"** means the date on which the NRC approves the grant. For accounting purposes, the grant date will be determined in accordance with applicable accounting standards.

- xxviii. **"Grantee"** means an Employee who receives an offer of Options from the Company or the Committee under the Plan.
- xxix. **"Group"** means two or more companies (present or future) which, directly or indirectly, are in a position to-
  - (a) exercise twenty-six per cent or more of the voting rights in the other company; or
  - (b) appoint more than fifty per cent of the members of the Board of Directors in the other company; or
  - (c) control the management or affairs of the other company;
- xxx. **"Holding Company"** means a holding company (present or future) as defined in subsection (46) of section 2 of the Companies Act, 2013.
- xxxi. **"Insider"** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- xxxii. **"Independent Director"** shall have the same meaning assigned to it under the provisions of the Companies Act, 2013 read together with the rules framed thereunder and the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- xxxiii. **"Key Managerial Personnel"** shall have the same meaning as defined under section 2(51) of the Companies Act, 2013.
- xxxiv. **"Letter of Grant"** shall mean the letter issued by the Company, substantially in the form provided for this Plan intimating an Eligible Employee of the Options granted to such Eligible Employee for acquiring a specified number of Shares at the Exercise Price and as per the Vesting Conditions described therein.
- xxxv. **"Long Leave"** means a sanctioned leave in excess of 60 days without break.
- xxxvi. **"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.
- xxxvii. **"Merchant Banker"** means a merchant banker as defined under regulation 2(1)(cb) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, which is registered under section of the Act.
- xxxviii. **"Option"** means the Option given to an Employee which gives him a right to purchase or subscribe at a future date, to the Shares offered by the Company, directly or indirectly, at a pre-determined price.
- xxxix. **"Option Grantee"** means an Employee having a right but not an obligation to exercise an Option in pursuance of the ESOP 2024.
- xl. **"Employee Stock Option" or "Option"** means the option given to an Employee, which gives such Employee the right, but not an obligation, to purchase or subscribe at a future date the Shares underlying the option at a pre-determined price.
- xli. **"Permanent Disability"** means any incapacity of whatsoever nature, 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 Board/ Committee based on a certificate of a medical expert identified by the Company.

- xlii. **"Promoter"** shall have the same meaning as assigned to the term under the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, read with the Companies Act, 2013.
- xliii. **"Promoter Group"** shall have the same meaning assigned to the term under the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.
- xliv. **"ESOP 2024" or "Plan"** means the Aarti Surfactants Limited Employee Stock Option 2024 under which the Company is authorized to grant Employee Stock Options to the Employees.
- xliv. **"Relative"** shall have the same meaning as defined under section 2(77) of the Companies Act, 2013.
- xlvi. **"Relevant Date"** means –
  - a. In case of grant, the date of the meeting of the NRC at which the grant is made; or
  - b. In case of exercise, the date on which the notice of exercise is given to the company or to the trust by the employee.
- xlvi. **"Retirement"** means retirement as per the policies/ rules of the Company.
- xlvi. **"SEBI"** means the Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992.
- xlix. **"SEBI (SBEB and Sweat Equity) Regulations"** means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended and re-enacted from time to time and includes any clarifications or circulars issued thereunder.
  - i. **"Secretarial Auditor"** means a company secretary in practice appointed by a company under rule 8 of the Companies (Meetings of Board and its Powers) Rules, 2014 to conduct secretarial audit pursuant to regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Section 204 of the Companies Act, 2013.
  - ii. **"Securities"** means securities as defined in section 2(h) of the Securities Contracts (Regulation) Act, 1956.
  - iii. **"Shares"** means Equity Shares of the Company within the meaning of this Plan.
  - liii. **"Shareholder"** shall mean the registered holder of a Share from time to time;
  - liv. **"Stock Exchange or Recognized stock exchange"** means the National Stock Exchange of India Ltd, The BSE Ltd or any other Recognized stock exchange in India on which the Company's Shares are listed or to be listed in future and shall have the same meaning attributed to it under Section 2(j) of the Securities Contracts (Regulation) Act, 1956, as amended.

- lv. **"Subsidiary"** means a subsidiary of the Company (present or future) as per the definition under Section 2 (87) of the Companies Act, 2013.
- lvi. **"Tax" or "Taxes"** shall mean any income tax, perquisite tax, fringe benefits tax or any other taxes, or any levy or any contribution or any sums due (by whatever name it is called) imposed on the Company or on an Eligible Employee, with respect to the Grant, Vesting and/ or Exercise of the Options in pursuance of this Plan.
- lvii. **"Unvested Option"** means an Option in respect of which the relevant Vesting Conditions have not been satisfied and as such, the Option Grantee has not become eligible to exercise the Option.
- lviii. **"Vesting"** means process by which the Employee becomes entitled to receive the benefit of a Grant made to him in pursuance of the ESOP 2024.
- lix. **"Vesting Condition"** means any condition subject to which the Options granted would vest in an Option Grantee.
- lx. **"Vesting Date"** shall mean the respective dates on and from which the Option Vests with the Employee/ Beneficiary and thereby becomes exercisable in pursuance of this Plan.
- lxi. **"Vesting Period"** means the period during which the vesting of the Employee Stock Option granted to the Employee, in pursuance of ESOP 2024 takes place.
- lxii. **"Vested Option"** means an Option in respect of which the relevant Vesting Conditions have been satisfied and the Option Grantee has become eligible to exercise the Option.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Companies Act, the Securities and Exchange Board of India Act, 1992, the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (read with applicable circulars, notifications etc.), as amended from time to time, the Securities Contracts (Regulation) Act, 1956, or the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any statutory modification or re-enactment thereof, as the case may be.

## 2.2 Interpretation

In this Plan, unless the contrary intention appears:

- a. the clause headings are for ease of reference only and shall not be relevant to interpretation;
- b. a reference to a clause number is a reference to its sub-clauses;
- c. words in singular number include the plural and vice versa;
- d. words importing a gender include any other gender; and
- e. reference to Company shall refer to the Company and / or its Subsidiary Company (present or future) where the contexts so requires, in case Options are granted to the Employees of Holding Company or its Subsidiary Company in future.

Words and expressions used and not defined herein but defined in the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956 or the



Companies Act, 2013 and any statutory modification or re-enactment thereto, shall have the meanings respectively assigned to them in those legislation.

### **3. Authority and Ceiling**

3.1 The shareholders of the Company by way of Special Resolution at Annual General Meeting on August 14, 2024 approved the Plan authorizing the Committee to Grant not exceeding 1,00,000 (One lakh) Options to the eligible Employees in one or more tranches, from time to time, which in aggregate shall be exercisable into not more than 1,00,000 (One lakh) Shares of face value of Rs. 10/- each fully paid up, with each such Option conferring a right upon the Employees to apply for one Share in the Company in accordance with the terms and conditions as may be decided under the Plan.

3.2 The maximum number of Options that shall be granted to any specific Employee(s) of the Company or its Subsidiary Company (present or future) under ESOP 2024, in any financial year and in aggregate under the ESOP 2024 shall not be equal to or exceed 1% of the issued capital (excluding outstanding warrants and conversions) of the Company and in aggregate at the time of grant of Options, if the prior specific approval from members of the Company through a special resolution to this effect is not obtained. The appraisal process for determining the eligibility of the Employee will be specified by the Committee of the Board and will be based on criteria such as the grade of Employee, length of service, performance record, merit of the Employee, future potential contribution by the Employee and/or by any such criteria that may be determined by the Committee from time to time.

3.3 If an Employee Stock Option expires, lapse, gets cancelled, surrendered or becomes un-exercisable due to any reason/s, it shall be brought back to the Employee Stock Options pool and shall become available for future Grants, subject to compliance with the provisions of Applicable Law.

3.4 Where Shares are allotted consequent upon Exercise of an Employee Stock Option under the ESOP 2024, the maximum number of Shares that can be allotted under ESOP 2024 as referred to in Sub-clause 3.1 above shall stand reduced to the extent of such Shares allotted.

3.5 In case of a Share split, merger, demerger, sale of division, consolidation, rights issues, bonus issues and other corporate actions, if the revised face value of an Equity Share is less or more, as the case may be, then the current face value as prevailing on the date of coming into force of this Plan, the maximum number of Shares available under ESOP 2024 as specified above shall stand modified accordingly, so as to ensure that the cumulative face value (number of Shares x face value per Share) prior to such split or consolidation remains unchanged after such split or consolidation.

### **4. Administration**

4.1 The ESOP 2024 shall be administered by the Committee as may be authorized by the Board. All questions of interpretation of the ESOP 2024 shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in the ESOP 2024, in compliance with Applicable Law.

4.2 The Committee shall in accordance with this Plan and Applicable Law determine the following:

- i. The Eligibility Criteria for grant of Employee Stock Options to the Employees;

- ii. The quantum of Employee Stock Options to be granted under the ESOP 2024 per Employee and in aggregate subject to ceiling specified in Sub-clause 3.1;
- iii. The kind of benefits to be granted under ESOP 2024;
- iv. Detailed terms and conditions in respect of grant to, vest in and exercise of Options by the Employees and determination of Exercise Price which may be different for different class/ classes of Employees falling in the same tranche of grant of Options issued under ESOP 2024;
- v. The procedure for making a fair and reasonable adjustment in case of corporate actions such as merger, demerger, sale of division, stock-split, stock consolidation, rights issues, bonus issues and others;
- vi. The procedure and terms for the Grant, Vest and Exercise of Employee Stock Options in case of Employees who are on Long Leave;
- vii. Deciding on disallowance of Options in case of misconduct on the part of Option Grantee.
- viii. The procedure for Vesting in case of termination of employment, if required;
- ix. The procedure for cashless Exercise of Employee Stock Options, if required; and
- x. the procedure for buy-back of specified securities issued under these regulations, if to be undertaken at any time by the Company, and the applicable terms and conditions, including:
  - a) permissible sources of financing for buy-back;
  - b) any minimum financial thresholds to be maintained by the Company as per its last financial statements; and
  - c) limits upon the quantum of Employee Stock Options that the Company may buy-back in a financial year.

4.3 Approve forms, writings and/or agreements for use in pursuance of the ESOP 2024.

4.4 The Committee shall frame suitable policies and procedures to ensure that there is no violation of Companies Act, 2013 securities laws including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, each as amended, by the Company and its Employees, as and when such Regulations are made applicable to the Company.

4.5 Any other related or incidental matters.

## **5. Eligibility and Applicability**

5.1 Only Employees within the meaning of this Plan are eligible for being granted Employees Stock Options under ESOP 2024. The specific Employees to whom the Employees Stock Options would be granted and their Eligibility Criteria would be determined by the Committee.

5.2 The Plan shall be applicable to the Company and Subsidiary Companies (present or future) and may be granted to the Employees and Directors of the Company, or its Subsidiary Company, as determined by the Committee at its own discretion.

Provided that in case of any Grant of Option to the Employees of its Successor Company or Associate Company or Group Company, prior approval of the shareholders shall be obtained as per provisions of the Applicable Law.

5.3 Where the Employee is a Director nominated by an institution as its representative on the Board of Directors of the Company –

- i. the contract or agreement entered into between the institution nominating its employee as the Director of the Company, and the Director so appointed shall, inter alia, specify the following:
  - a. whether the Employee Stock Options granted by the Company under the Plan(s) can be accepted by the said Employee in his capacity as Director of the Company;
  - b. that Options if granted to the Director, shall not be renounced in favour of the nominating institution; and
  - c. the conditions subject to which fees, commissions, other incentives, etc. can be accepted by the Director from the Company.
- ii. the institution nominating its employee as a Director of the Company shall file a copy of the contract or agreement with the Company, which shall, in turn file the copy with all the Stock Exchanges on which its Shares are listed.
- iii. the Director so appointed shall furnish a copy of the contract or agreement at the first Board meeting of the Company attended by him after his nomination.

## **6. Grant and Acceptance of Grant**

### **6.1 Grant of Options**

(a) Grants contemplated under the ESOP 2024 shall be made on such day and month as decided by the Committee at its discretion.

(b) Each Grant of Option under the ESOP 2024 shall be made in writing by the Company to the eligible Employees by way of letter of Grant containing specific details of the Grant, and disclosure requirements, as prescribed under Applicable Laws.

(c) Subject to the overall limit prescribed in Clause 3.1 of this Plan, the Options may be granted in one or more tranches.

(d) A Grant made under this Clause is personal to the Grantee and cannot be transferred in any manner whatsoever.

### **6.2 Acceptance of the Grant**

Any eligible Employee who wishes to accept the Grant made under this Plan must deliver to the Company a duly signed acceptance of the letter of Grant on or before the date ("Closing Date") which shall not be more than 60 days from the date of the Grant, as specified in the letter of Grant. On receipt by the Company of the signed acceptance, the eligible Employee will become an Option Grantee.

6.3 Any eligible Employee, who fails to deliver the signed acceptance of the letter of Grant on or before the Closing Date stated above, shall be deemed to have rejected the Grant unless the Committee determines otherwise.

## **7. Vesting Schedule and Vesting Conditions**

7.1 The Options granted shall Vest so long as an Employee continues to be in the employment of the Company or its Subsidiary Company as the case may be. The Committee may, at its discretion, lay down certain performance metrics on the achievement of which such Options would vest, the detailed terms and conditions relating to such Vesting, and the proportion in which Options granted would vest subject to the minimum Vesting Period of 1 (one) year.

7.2 The Vesting dates in respect of the Options granted under the Plan may vary from Employee to Employee or any class thereof and/or in respect of the number or percentage of Options granted to an Employee.

7.3 Options shall vest essentially based on continuation of employment and apart from that the Committee may prescribe other performance/ other condition(s) for Vesting. The Vesting may occur in tranches or otherwise.

7.4 Options granted under ESOP 2024 would vest subject to a maximum period of 7 years from the date of respective grant of such Options.

7.5 The specific Vesting schedule and conditions subject to which Vesting would take place would be outlined in the document(s) given/ communication made to the Option Grantee at the time of Grant of Options.

## **8. Exercise**

### **8.1 Exercise Price:**

i. The Exercise Price shall be as may be decided by the Committee as is allowed under the Companies Act/ SEBI (SBEB and Sweat Equity) Regulations which in any case will not be lower than the face value of the Equity Shares of the Company on the date of such Grant. Further the Exercise Price can be different for different sets of Employees for Options granted on same / different dates.

ii. Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favour of the Company, or by any other payment methods prevalent in RBI recognized banking channels or in such other manner and subject to such procedures as the Board/Committee may decide.

iii. No amount shall be payable by the Option Grantee at the time of Grant and hence no amount is required to be forfeited even if an Employee does not Exercise the Options within Exercise Period and accordingly no adjustment is required to be made for the same.

iv. Subject to terms of this Plan and subject to Applicable Laws, an Employee/ Beneficiary can Exercise Vested Options only within the exercise period only by applying to the Company during the Exercise Period, by way of an Exercise Application and upon payment of the Exercise Price.

v. The Committee can decide the procedure for the exercise of Options and Allotment of Shares.

vi. No Vested Option shall be exercisable in its fractional form and each Option entitles the Employee/Beneficiary thereof to apply for and be allotted 1 (one) Share each on the payment

of the Exercise Price during the Exercise Period, subject to the terms and conditions specified in the Letter of Grant.

vii. Exercise of the Vested Options shall take place at the time and place designated by the Nomination and Remuneration Committee and by executing such documents as may be required under the Applicable Laws or by the Board and/ or Committee to pass a valid title of the relevant Shares to the Employee/ Nominee, free and clear of any liens, encumbrances and transfer restrictions save for those set out therein.

viii. A Vested Option shall be deemed to be validly exercised only when the Company/Board and/ or Committee or any other person authorized by the Board and/ or Committee in this regard, receives written and physical or electronically signed notice of Exercise Application from the Employee/ Beneficiary and, subject to Clause 16 of this Plan, the full payment of the Exercise Price, taxes (wherever arising) and any other sums due referred to in Clause 16 to the Company as per this Plan in respect of Exercise of the Option ('Aggregate Exercise Price').

ix. Notwithstanding anything else contained in this Plan and, if the Employee/ Nominee does not Exercise his Vested Options within the time period as specified by terms of this Plan, the Options shall automatically lapse at the end of the aforesaid period without any obligations whatsoever on the Company (including the Board and/ or Committee) and no rights in that regard will accrue to the Employee after such date.

x. Subject to the Companies (Share Capital and Debentures) Rules, 2014 and SEBI Regulations, 2021, and unless the Committee decides otherwise, no Employee shall be entitled to make an Exercise, if such Employee carries on or engages in, directly or indirectly, whether through partnership or as a shareholder, joint venture partner, collaborator, consultant or agent or in any other manner whatsoever, whether for profit or otherwise, any business which competes directly or indirectly with the whole or any part of the business carried on by the Company or any activity related to the business carried on by the Company. Decision of the Board and/ or Committee in this regard shall be final and conclusive and cannot be called in question by the Employee. For the sake of clarity, the restriction contained in this Clause shall not apply to any investment held as a portfolio by the Employee or any activity/ business carried out by the Employee pursuant to his duties as an Employee and shall not apply to the Nominee/Beneficiary of the Employee.

xi. If the Exercise of Options within the Exercise Period, is prevented by any law or regulation in force, the Board or Committee shall defer or not permit the Exercise of Options till such time 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 Grantee for any loss suffered due to such refusal.

xii. Only upon allotment/ transfer of the Shares, the Employee/ Nominees shall become Shareholders. The Shares to be allotted/ transferred shall rank pari passu in all respects with the outstanding Shares.

xiii. All such unexercised Options that so lapse, shall revert to the ESOP 2024 pool and may be granted at the discretion of the Board and/ or Committee to any other Eligible Employee.

xiv. Subject to the Exercise Period, the Vested Options may be exercised during the lifetime of the Employee, only by the Employee and after his demise, by his nominee, as may be applicable.

## **8.2 Exercise Period:**

### **i. While in employment:**

a. The Exercise Period shall not be more than 3 years from the date of respective Vesting of Options. The Options granted may be exercised by the Grantee at one time or at various points of time within the Exercise Period as determined by the NRC Committee from time to time.

b. The Vested Options shall be exercisable by the Employees by a written application (or by electronic means) to the Company expressing his/ her desire to Exercise such Options in such manner and on such format as may be prescribed by the Nomination and Remuneration Committee from time to time. The Options shall lapse if not exercised within the specified Exercise Period.

8.3 In the event of transfer of an Employee from the Company to its Subsidiary(ies) company (present or future), the unvested options as on the date of transfer, shall continue to vest as per the original Vesting schedule and be Exercised, subject to the compliance of the Applicable Law.

8.4 In the event that an Employee who has been granted benefits under a Plan, 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 Employee.

## **8.5 Lapse of Options:**

The Options not Exercised within the Exercise Period shall lapse and the Employee shall have no right over such lapsed or cancelled Options.

8.6 For the purposes of this Plan, the employment of the Grantee shall not be deemed to terminate if the Grantee takes any sick leave or any other bona fide leave of absence, appropriately approved, for 60 (Sixty) days or less. In the event of the leave of absence in excess of 60 (sixty) days, such leave of absence will not be treated as continuous employment / service by a Grantee for the purpose of the Plan. In such an event, the Committee reserves the right to extend the vesting period by a period not exceeding the leave period.

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

8.8 The Options not Exercised within the Exercise Period shall lapse without any obligations whatsoever on the Company (including the Board or Committee) and no rights in that regard will accrue to the Employee after such date. Such Unvested Options shall revert to the ESOP 2024 pool and may be granted at the discretion of the Board or Committee to any other Eligible Employee.



## 9. Vesting and exercising in case of various scenarios

Following table shall be applicable in case of various scenarios (during employment) for vesting and exercising:

Sr. No.	Separations	Vested Options	Unvested Options
1	<b>Resignation</b>	Subject to the terms and conditions formulated by the Committee, all Vested Options as on date of submission of resignation may be Exercised by the Option Grantee on or before his last working day with the Company.	All Unvested Options on the date of submission of resignation shall stand cancelled with effect from that date.
2	<b>Termination (With cause like fraud, misconduct etc.)</b>	All Vested Options which were not allotted at the time of such termination shall stand cancelled with effect from the date of such termination.	All Unvested Options on the date of such termination shall stand cancelled with effect from the termination date.
3	<b>Termination (Without cause)</b>	All Vested Options which were not allotted at the time of such termination may be Exercised by the Option Grantee on or before his last working day with the Company.	All Unvested Options on the date of such termination shall stand cancelled with effect from the termination date.
4	<b>Retirement or early Retirement approved by Company</b>	All Vested Options as on date of retirement may be Exercised by the Option Grantee within the period as permitted by NRC committee at the time of such retirement or early retirement.	All Unvested Options shall vest immediately on the date of retirement (subject to minimum Vesting Period of 1 year from date of Grant) and may be exercised by the Option Grantee on or before his last working day with the Company.
5	<b>Death</b>	All Vested Options may be Exercised by the Option Grantee's nominee or legal heir immediately after, but in no event later than 12 months from the date of death.	All Unvested Options as on the date of death shall vest immediately and may be Exercised by the Option Grantee's nominee or legal heir/s within 12 months from the date of death.
6	<b>Permanent Disability</b>	All Vested Options may be Exercised by the Option Grantee or, if the Option Grantee is himself, unable to Exercise due to such disability, the nominee or legal heir, immediately after, but in no event later than 12 months from the date of such disability.	All Unvested Options as on the date of such permanent disability shall vest immediately and can be Exercised by the Option Grantee or if the Option Grantee is himself unable to Exercise due to such incapacity, the nominee or legal heir immediately after, but in no event later than 12

			months from the date of such disability.
7	<b>Abandonment*</b>	All the Vested Options shall stand cancelled.	All the Unvested Options shall stand cancelled.
8	<b>Any other reason not specified above</b>	The NRC committee shall decide whether the Vested Options as on that date can be Exercised by the Option Grantee or not, and such decision shall be final.	All Unvested Options on the date of separation shall stand cancelled with effect from that date.

\*The Board/Committee, at its sole discretion shall decide the date of cancellation of Option's and such decision shall be binding on all concerned. Provided that, in accordance with Applicable Law, notwithstanding anything to the contrary contained herein, the Company shall not vary the terms of the ESOP 2024 in any manner which may be detrimental to the interests of the Employees.

## 10. Ranking, listing of shares and rights of shareholders

10.1 The Shares issued on the Exercise of Vested Options shall rank pari-passu with all the existing Shares subject to such exceptions and restrictions as may be specified in Articles of Association and this ESOP 2024. At the time of allotment of Shares pursuant to a valid Exercise, the Eligible Employee will be required to sign such document as may be considered necessary by the Board and/ or Committee to lawfully execute/ enforce various provisions of this ESOP 2024.

10.2 The Shares issued on Exercise of Vested Options shall be listed immediately on all Recognised Stock Exchange where the existing Shares are listed subject to compliance of all the Applicable Laws and Regulations.

## 11. Corporate Action

11.1 In case of Corporate Action, including but not limited to Share split, merger, demerger, sale of division, consolidation, rights issues, bonus issues and other corporate actions, the Board / Committee in accordance with applicable Laws shall ensure while taking into consideration the global best practices in this area that adjustment to Exercise Price, Number of options granted, accelerated vesting, Adjustment of Vesting Conditions, etc., shall be appropriately made without prejudice to the interest of the Employee. The decision of the Board / Committee on whether such action is necessary and the extent of such action by the Board shall be final and binding.

11.2 The Board/ Committee may determine the procedure for making fair and reasonable adjustments to the number of Options and the terms and Conditions of this Plan in case of corporate actions such as further capitalization, mergers, sale of division and others (so as to ensure the economic value of the benefits granted are not materially altered by either the corporate action, or the adjustment required as a result of the corporate action).



## **12. Lock-in**

The Shares issued upon Exercise of Options shall be freely transferable and shall not be subject to any lock-in period restriction after such Exercise.

Provided that the transferability of the Equity Shares shall be subject to the restriction for such period in terms of the Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015, as amended from time to time or for such other period as may be stipulated from time to time in terms of Company's Code of Conduct for Prevention of Insider Trading as and when such Regulations are made applicable to the Company.

## **13. Beneficiary/Nominee Designation**

Each Employee under this Plan may nominate, from time to time, any Beneficiary or Beneficiaries to whom any benefit accrued to such Employee under this Plan is to be delivered in case of his or her death before he or she receives all of such benefit. Each such nomination shall revoke all prior nominations by the same Employee, shall be in a form prescribed by the Company and will be effective only when filed by the Employee in writing with the Company during the Employee's lifetime.

## **14. Surrender of Options**

An Employee may surrender his/her Vested /Unvested Options at any time during / post his employment with the Company. Any Employee willing to surrender his/her Options shall communicate the same to the Board or Committee in writing. Thereafter the surrendered Options shall be brought back to the Employee Stock Options pool and shall become available for future grant of Options.

## **15. Exit route**

If the Company gets de-listed from all the Stock Exchange/s, then the Board shall have the powers to set out terms and conditions for the treatment of Vested Options and Unvested Options in due compliance of the Applicable Laws.

## **16. Method of Valuation**

The Company will follow a fair value method for computing the compensation cost, if any, for the Options granted. The Company will follow IND AS/ any other requirements for accounting of the Employees Stock Options as are applicable to the Company for the same.

## **17. Other Terms and Conditions**

17.1 The Employee shall not have a right to receive any dividend or to vote or in any manner or enjoy the benefits of a shareholder in respect of Employee Stock Options granted, till Shares underlying such Employee Stock Options are allotted by the Company on Exercise of such Employee Stock Option.

17.2 Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Company (for example, bonus shares, rights shares, dividend, voting, etc.) in respect of any Shares covered by the Grant unless the Option Grantee Exercises the Employee Stock Option and becomes a registered holder of the Shares of the Company.

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

17.4 If the Company issues bonus Shares or rights Shares, the Option Grantee shall not be eligible for the bonus or rights Shares in the capacity of an Option Grantee. However, an adjustment to the number of Options or the Exercise Price or both would be made in accordance with clause 4.2 of ESOP 2024.

17.5 Employee Stock Options shall be personal to the Option Grantee and shall not be transferable to any person except in the event of death of the Option Grantee, in which case provisions in table under Clause 9 would apply.

17.6 No person other than the Employee to whom the Employee Stock Option is granted shall be entitled to any benefit arising out of the Employee Stock Option or to Exercise the Employee Stock Option except in the event of the death of the Option Grantee, in which provisions in table under Clause 9 would apply.

Provided that, subject to the Applicable Laws, the Company may fund or permit the empaneled stock brokers to make suitable arrangements to fund the Employee for payment of Exercise Price, the amount necessary to meet his/her tax obligations and other related expenses pursuant to Exercise of Options granted under the ESOP 2024 and such amount shall be adjusted against the sale proceeds of some or all the Shares of such Employee.

17.7 Subject to the provisions of Applicable Law, including the Companies Act, 2013, the Company may at its sole discretion provide financial assistance to the Employees of such amounts and on such terms as may be deemed fit, to enable them to Exercise the Options.

## **18. Taxation**

18.1 The liability of paying taxes, if any, in respect of Employee Stock Options granted pursuant to this Plan and the Shares issued pursuant to Exercise thereof shall be entirely on Option Grantee and shall be in accordance with the provisions of Income Tax Act, 1961 read with rules issued thereunder and/or Income Tax Laws of respective countries as applicable to eligible Employees of Company working abroad, if any.

18.2 The Company shall have the right to deduct from the Employee's salary or recover any tax that is required to be deducted or recovered under the Applicable Law. In case of non-continuance of employment, the outstanding amount of the tax shall be recovered fully on or before full and final settlement.

18.3 The Company shall have no obligation to deliver Shares until the Company's tax deduction obligations, if any, have been satisfied by the Option Grantee in full.

## **19. Authority to vary terms**

The Committee may, if it deems necessary, modify, change, vary, amend, suspend or terminate the ESOP 2024, subject to compliance with the Applicable Law.

## **20. Miscellaneous**

### **20.1 Government Regulations**

The ESOP 2024 shall be subject to all Applicable Law. The Grant of Options and allotment of Shares to the Employees under this ESOP 2024 shall be subject to the Company requiring the Employees to comply with all Applicable Law.

## **20.2 Inability to obtain authority**

The inability of the Company to obtain authority from any regulatory body having jurisdiction over the Company, or under any Applicable Law, for the lawful allotment and issuance of any Shares hereunder shall relieve and wholly discharge the Company of any and all liability in respect of such inability.

20.3 Neither the existence of this Plan nor the fact that an individual has on any occasion been granted an Employee Stock Option shall give such individual any right, entitlement or expectation that he has or shall in future have any such right, entitlement or expectation to participate in this Plan by being granted a Employee Stock Option on any other occasion.

20.4 The rights granted to an Option Grantee upon the Grant of an Employee Stock Option shall not afford the Option Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).

20.5 The Option Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to Exercise a Employee Stock Option in whole or in part.

20.6 Participation in ESOP 2024 shall not be construed as any guarantee of return on equity investment. Any loss due to fluctuations in the Market Price of the Shares, if any and the risks associated with the investments are that of the Employee alone.

## **20.7 Insider Trading etc. as and when applicable**

The Employee shall ensure that there is no violation of:

- a. Companies Act, 2013
- b. SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time; and
- c. SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended from time to time; and
- d. Any other regulations to prevent fraudulent or harmful practices relating to the securities market.

The Employee shall keep the Company, the Board, the Committee fully indemnified in respect of any liability arising for violation of the above provisions.

## **21. Accounting and Disclosures**

21.1 The Company shall follow the laws/regulations applicable to accounting and disclosure related to Employee Stock Options, including section 133 of the Companies Act but not limited to SEBI (SBEB and Sweat Equity) Regulations as well as the Guidance Note on Accounting for Employee Share-based Payments and/ or any relevant Accounting Standards as may be prescribed by the regulatory authorities from time to time, including the disclosure requirements prescribed therein, as and when applicable to the Company.

21.2 The Company shall make disclosures to the prospective Option Grantees containing statement of risks, information about the Company and salient features/ Plan document of the ESOP 2024 in a format as prescribed under SEBI (SBEB and Sweat Equity) Regulations or any other Applicable Law as in force.

21.3 The Company shall disclose details of Grant, Vest, Exercise and lapse of the Employee Stock Options in the Directors' Report or in an annexure thereof as prescribed under Companies Act, SEBI (SBEB and Sweat Equity) Regulations or any other Applicable Laws as in force.

## **22. Certificate from Secretarial Auditors**

The Board of Directors shall at each annual general meeting place before the shareholders a certificate from the Secretarial Auditors of the Company that the Plan(s) has been implemented in accordance with the prescribed regulations and in accordance with the resolution of the Company in the general meeting.

## **23. Governing Laws**

23.1 The terms and conditions of the ESOP 2024 shall be governed by and construed in accordance with the Applicable Law including the Foreign Exchange Laws mentioned below.

### **23.2 Foreign Exchange Laws**

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

## **24. Notices**

24.1 All notices of communication required to be given by the Company to an Option Grantee by virtue of this ESOP 2024 shall be in writing or electronic mode. The communications shall be made by the Company in any one or more of the following ways:

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

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

"The Compliance Officer  
Aarti Surfactants Limited,  
202, Udyog Kshetra, 2nd Floor,  
Mulund Goregaon Link Road, Mulund West

Mumbai 400 080”  
or e- mailed at: [co.asl@aarti-surfactants.com](mailto:co.asl@aarti-surfactants.com)

## **25. Jurisdiction**

25.1 The Courts/National Company Law Tribunal, as the case may be, in Mumbai, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESOP 2024.

25.2 Nothing in this Clause shall however limit the right of the Company to bring proceedings against any Employee in connection with this ESOP 2024:

- i. In any other court of competent jurisdiction; or
- ii. Concurrently in more than one jurisdiction.

## **26. Severability**

In the event any one or more of the provisions contained in this Plan shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this Plan in which case the Plan shall be construed as if such invalid, illegal, or unenforceable provisions had never been set forth herein, and the Plan shall be carried out as nearly as possible according to its original intent and terms.

## **27. Confidentiality**

27.1 An Option Grantee must keep the details of the ESOP 2024 and all other documents in connection thereto strictly confidential and must not disclose the details with any of his peer, colleagues, co-employees or with any employee and/ or associate of the Company or that of its affiliates. In case Option Grantee is found in breach of this Clause on confidentiality, all unexercised Options shall stand cancelled immediately. The decision and judgment of the Company regarding breach of this Clause on confidentiality shall be final, binding and cannot be questioned by Option Grantee. In case of non-adherence to the provisions of this Clause, the Board shall have the authority to deal with such cases as it may deem fit.

27.2 On acceptance of the Grant of Option offered by the Company, it shall be deemed that as if the Option Grantee has authorized the Company to disclose information relating to the Option Grantee during the process of implementation of the Plan or while availing any consulting or advisory services thereof or any other incidental services to its officers, professional advisors, agents and consultants on a need to know basis.