

## AZAD ENGINEERING LIMITED

### EMPLOYEE STOCK OPTION SCHEME 2024

#### 1. NAME AND OBJECTIVE OF THE SCHEME

- 1.1. This employee stock option scheme shall be called the Azad ESOP Scheme 2024 or the Scheme which expression shall include any alterations, modifications, amendments or modifications made thereto in accordance with Applicable Law.
- 1.2. The objective of this Scheme is to reward eligible Employees for their performance and to incentivize the Employees to contribute to the overall growth and profitability of the Company. The Company views employee stock options as instruments that would enable the Employees to get a share in the value they create for the Company in the years to come.
- 1.3. This Scheme will be effective on approval by the shareholders by way of special resolution to be passed at the extra ordinary general meeting of the Company held on 28<sup>th</sup> January 2025 (**Effective Date**) and shall continue to be in force until all the Options available for issuance under the Scheme have been issued and exercised or the Scheme has been duly terminated by the Committee in accordance with the provisions hereof and Applicable Laws.

#### 2. DEFINITIONS

- (a) **Applicable Law** means every applicable law, rule, regulation or bye-law including, without limitation, the Companies Act, the SBEB Regulations, ICDR Regulations, Securities and Exchange Board of India Act, 1992, and includes, any amendment, modification, alteration or re-enactment made to such laws, rules, regulations or byelaws.
- (b) **Associate Company** means a company which is an associate company of the Company as defined under Section 2(6) the Companies Act.
- (c) **Board** means the board of directors of the Company.
- (d) **Cause** shall mean any act or omission by the Option Grantee amounting to:
  - (i) a wilful and material failure by the Option Grantee to perform all or substantially or a material part of his or her duties, or comply with the terms of employment or the policies, procedures and regulations of the Company;
  - (ii) deliberate (evidenced by wilful actions and/or inactions of the Option Grantee) and persistent failure, to comply with the lawful directions of the Board of the Company;
  - (iii) breach of any Applicable Law by or any statutory duty of the Option Grantee;
  - (iv) a crime or an unethical, fraudulent, or felonious act or any other act involving moral turpitude that is committed by the Option Grantee including but not limited to any misappropriation of funds/properties of the Company, theft, act of sexual harassment, disruptive or abusive behaviour, fraud, malicious damage, assault, serious incapability through alcohol or use of narcotic substances, actions which endanger safety of other employees and personnel of the Company or falsification or unauthorized removal of the Company's records or property;

- (v) gross misconduct, wilful malfeasance or gross negligence in the discharge of the Option Grantee' duties to the Company or dishonest or deliberate act or omission by the Option Grantee which has an adverse effect on the Company, its businesses, competitiveness or reputation;
- (vi) any particulars provided by the Option Grantee or any of the representations or warranties being made by the Option Grantee to the Company are untrue;
- (vii) insolvency of the Option Grantee, or the Option Grantee being adjudged bankrupt;
- (viii) intentional disclosure of confidential information of the Company, including but not limited to the disclosure of financial statements, remuneration packages, etc. to any employee, vendor, customer or business associate of the Company or a third party provided such disclosure has an adverse effect on the Company, its businesses, competitiveness or reputation and excluding any information of the Company which is publicly available or otherwise in the public domain at the time of disclosure;
- (ix) any failure by the Option Grantee to cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, relating to any matter in which the Option Grantee has been directly or indirectly involved, or ought to have known by virtue of his position in the Company, or the wilful destruction or failure to preserve documents or other materials known to be relevant to such investigation;
- (x) the Option Grantee going on or abetting any illegal strike, lockout, go-slow or any other obstruction of the business of the Company;
- (xi) conviction by any court of law or any other adjudicating authority;
- (xii) the Option Grantee being debarred under Applicable Law from working in the business; and
- (xiii) such other action / omission which may be construed as 'cause' under the terms of employment or the policies, procedures and regulations of the Company.

All references to the Company shall include the Company's subsidiaries and associate companies.

- (e) **Companies Act** means the Companies Act, 2013 and rules made thereunder and includes any statutory amendment, modification, alteration or re-enactment thereof.
- (f) **Company** means Azad Engineering Limited incorporated under the provisions of the Companies Act, 1956 and having its registered office at 90/C,90/D, Phase 1 I.D.A, Jeedimetla, Hyderabad, Telangana, India, 500055.
- (g) **Committee** means the Nomination and Remuneration Committee duly constituted by the Board from time to time in terms of Section 178 of the Companies Act and Regulation 19 of the Listing Regulations which shall act as the Compensation Committee for the administration and supervision of the Scheme in accordance with the SBEB Regulations.
- (h) **Control** (including with correlative meaning, the terms **Controlling, Controlled by or under common Control with**) means and includes the right to appoint majority of the

directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner, provided that a director or officer of a company shall not be considered to be in control over such company, merely by virtue of holding such position.

- (i) **Director** means a member of the Board.
- (j) **Eligibility Criteria** means the criteria as may be prescribed from time to time by the Committee for determining eligibility of Employees to be granted Options pursuant to the Scheme which shall include tenure of employment, seniority, performance metrics etc.
- (k) **Employee** means
  - (i) an employee as designated by the Company, who is exclusively working in India or outside India; or
  - (ii) 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
  - (iii) an employee defined in (i) and (ii) above of a Subsidiary Company, Associate Company or Holding Company in 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.
- (l) **Employee Stock Option Agreement** means the agreement executed by and between an Option Grantee and the Company pursuant to the issuance of a Letter of Grant.
- (m) **Equity Shares** means fully paid-up equity shares of the Company of face value of INR 2 (Indian Rupees Two Only) each.
- (n) **Exercise** means the submission of an Exercise Application expressing the intention by an Option Grantee to exercise Vested Options and payment by the Option Grantee of the aggregate of the Exercise Price along with the applicable Taxes to the bank account of the Company designated by the Committee.
- (o) **Exercise Application** means the application form as may be prescribed by the Committee to be submitted by an Option Grantee to the Company along with the documents required to be provided or executed in favour of the Company for payment of the aggregate of the Exercise Price and the applicable Taxes in connection with the Vested Options sought to be Exercised by the Option Grantee.
- (p) **Exercise Period** means such time commencing from the date on which the Options have vested, as provided in the Letter of Grant and which may be extended on the discretion of the Committee within which the Employee should exercise the Options vested in him in pursuance of the Scheme.
- (q) **Exercise Price** means the price per Vested Option, determined by the Committee, which shall be set out in the Employee Stock Option Agreement and the Letter of Grant that is payable by an Option Grantee at the time of Exercise.

- (r) **Grant** means the process by which the company issues options, SARs, shares or any other benefits under any of the schemes.
- (s) **Grant Date** means the date on which the compensation committee approves the Grant.
- (t) **Holding Company** means a company which is a holding company of the Company as defined under Section 2(46) the Companies Act.
- (u) **ICDR Regulations** means the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and includes any statutory amendment, modification, alteration or re-enactment thereof.
- (v) **Independent Director** means a Director within the meaning of Section 149(6) of the Companies Act, 2013 read with Regulation 16(1)(b) of the Listing Regulations.
- (w) **Letter of Grant** means a letter issued by the Company intimating an eligible Employee of the Options granted to him or her.
- (x) **Listing Regulations** means the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and includes any statutory amendment, modification, alteration or re-enactment thereof.
- (y) **Nomination Form** means form SH-13 prescribed under the Companies Act that is submitted by the Option Grantee to nominate his or her Nominee.
- (z) **Nominee** means the person nominated by an Option Grantee who will be able to Exercise the Vested Options in the event of the death or Permanent Incapacity of the Option Grantee.
- (aa) **Option** means the right but not an obligation granted to an Option Grantee to apply for a specified number of Equity Shares in accordance with, and subject to the terms and conditions set out in, the Scheme.
- (bb) **Option Grantee** means an eligible Employee who has been issued a Letter of Grant pursuant to the Scheme and has entered into an Employee Stock Option Agreement with the Company.
- (cc) **Permanent Incapacity** means such physical or mental illness or incapacity of an Employee, as shall: (i) prevent him or her from performing all his or her customary services and duties under his or her respective employment agreement, and (ii) continue for periods aggregating to more than 6 (six) calendar months in any 12 (twelve) calendar month period as determined by the Committee based on a certificate of a medical expert identified by the Committee.
- (dd) **Promoter** shall have the same meaning as assigned to the term under the ICDR Regulations.
- (ee) **Promoter Group** shall have the same meaning as assigned to the term under the ICDR Regulations.
- (ff) **Retirement** means retirement as defined in the employment agreement with the Employee.

- (gg) **SBEB Regulations** means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and includes any statutory amendment, modification, alteration or re-enactment thereof.
- (hh) **SEBI** means the Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 as amended from time to time.
- (ii) **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.
- (jj) **Recognized Stock Exchange** means National Stock Exchange of India Limited, BSE Limited, or any other recognized stock exchange in India on which the Company's Shares are listed or to be listed in the future.
- (kk) **Subsidiary Company** means a company which is a subsidiary company of the Company as defined under Section 2(87) the Companies Act.
- (ll) **Unvested Option** means an Option, at a given point in time, in respect of which the relevant Vesting Conditions have not been satisfied and the Option Grantee has not become eligible to exercise the Option.
- (mm) **Vest** means the right to Exercise the Options granted to an Option Grantee pursuant to the Scheme.
- (nn) **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.
- (oo) **Vesting Conditions** means the conditions determined by the Committee subject to which an Option granted would Vest in an Option Grantee.
- (pp) **Vesting Period** means the period during which the Vesting of Options granted under the Scheme takes place.

Any term not defined above but defined in the articles of association of the Company, Companies Act, SBEB Regulations or such other relevant statute for the time being in force shall have the meaning assigned to it under the articles of association of the Company, Companies Act, SBEB Regulations or such other relevant statute, as the case may be.

### 3. INTERPRETATION

In this Scheme, unless the contrary intention appears:

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

- (e) a reference to any document includes a reference to any part of that document which is incorporated by reference.

#### **4. OPTION POOL, LAPSE OF OPTIONS**

- 4.1. The maximum aggregate number of Options that may be granted and thereby the number of Equity Shares under the Scheme shall be 11,82,259 (Eleven Lakh Eighty Two Thousand Two Hundred and Fifty Nine) Equity Shares with each such Option conferring a right upon the Option Grantee to be issued one Equity Share of the Company, in accordance with the terms and conditions stipulated in the Letter of Grant and Employee Stock Option Agreement.
- 4.2. The maximum number of Options that may be granted to an eligible Employee shall vary depending upon the designation and the appraisal process but shall not exceed 20% of the Option Pool per eligible Employee.
- 4.3. Where Equity Shares are allotted consequent to an Exercise of a Vested Option under the Scheme, the Option Pool and the maximum number of Equity Shares that can be allotted under the Scheme as referred to in sub-clause 4.1 above will stand reduced to the extent of such Equity Shares allotted.
- 4.4. Any Options granted but not Vested or Exercised within the stipulated time due to any reasons, shall lapse and the Equity Shares underlying the Options shall become available for future grants, subject to compliance with the provisions of the Scheme and Applicable Laws.
- 4.5. 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, than the face value on the Effective Date, the maximum number of Equity Shares available under the Scheme as specified in sub-clause 4.1 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 corporate action remains unchanged after such corporate action.

#### **5. ADMINISTRATION**

- 5.1. The Scheme shall be administered by the Committee in accordance with Applicable Laws. All questions of interpretation of the Scheme shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in or are affected by the Scheme.
- 5.2. The Committee shall in accordance with this Scheme and Applicable Laws determine and formulate the detailed terms and conditions of the Scheme including:
  - (a) The Eligibility Criteria for Grant of Options to the eligible Employees;
  - (b) The Vesting Conditions, and conditions on which Vested Options may lapse;
  - (c) Accelerate the vesting of Options in case of corporate actions such as merger, sale of division, stock split, stock consolidation, rights issues, bonus issues and others;
  - (d) The quantum of Options to be granted under the Scheme per Employee subject to ceiling specified in sub-clause 4.2;
  - (e) Terms and conditions in respect of Exercise of Vested Options (including Exercise Price, Exercise Period and right to Exercise Vested Options at one time or at various points within the Exercise Period);

- (f) The procedure for making a fair and reasonable adjustment in case of corporate actions such as merger, sale of division, stock split, stock consolidation, rights issues, bonus issues and others;
- (g) Valuation of the Options;
- (h) The procedure of grant, Vesting Conditions and terms of Exercise of Options granted to eligible Employees who are on long leave;
- (i) Vesting Conditions and terms of Exercise in case of separation of Option Grantees from employment;
- (j) The procedure, terms and conditions to buy-back specified securities granted under the Scheme if undertaken by the Company at any time including:
  - (i) permissible sources of financing for buy-back;
  - (ii) any minimum financial thresholds to be maintained by the Company as per its last financial statements; and
  - (iii) limits upon quantum of Equity that the Company may buy-back in a financial year.

For the purposes of this sub clause 5.2 (j) specified securities shall have the meaning ascribed to it under the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

- (k) The procedure for funding Exercise of Options, as permitted under the Applicable Laws;
  - (l) Approve forms, writings and / or agreements for use in pursuance of the Scheme; and
  - (m) Any other matters not provided for above.
- 5.3. In the event of any clarifications being required on the interpretation or the application of the Scheme, the same shall be referred to the Committee and the decision of the Committee shall be final and binding.
- 5.4. Option Grantees shall, in respect of the Options granted under this Scheme, adhere to the policies and procedures adopted by the Company in compliance with Applicable 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 as amended from time to time.

## **6. ELIGIBILITY AND APPLICABILITY**

- 6.1. The specific Employees to whom the Options will be granted, the Eligibility Criteria and Vesting Conditions will be determined by the Committee in its sole discretion.
- 6.2. An Employee identified for Grant of Options shall be furnished with: (i) a copy of the Scheme for his or her record; (ii) a Letter of Grant for his or her acceptance; (iii) a copy of the Employee Stock Option Agreement; (iv) a draft of the Exercise Application; (v) a Nomination Form; and (vi) any other form or document as the Committee may decide in its sole discretion.

## 7. VESTING SCHEDULE

- 7.1. There shall be a minimum period of one year between the Grant Date of an Option and the date on which such Option Vests (**No Vesting Period**) unless a longer period is prescribed by the Committee in the Letter of Grant. Subject to the Vesting Conditions and the other terms and conditions of the Scheme, the Options granted to an Option Grantee would, unless otherwise set out in the Employee Stock Option Agreement, Vest over a period of 4 years such that 25% of the Options granted shall Vest on the expiry of the No Vesting Period and the remaining Options granted to the Option Grantee shall Vest over the immediately following 3 years in equal annual instalments. Notwithstanding the foregoing, in the event that Options are granted by the Company under this Scheme in lieu of options held by the same person under an employee stock option plan in another company, which has merged or amalgamated with the Company, the period during which the options granted by the merging or amalgamating company were held by such person shall be adjusted against the No Vesting Period.
- 7.2. The period of leave shall not be considered in determining the vesting period in the event that the Option Grantee is on a sabbatical or long leave. In all other event, including approved earned leave and sick leave, the period of leave shall be included to calculate the vesting period unless otherwise determined by the Committee.

## 8. EXERCISE AND EXERCISE PRICE

- 8.1. The Option Grantee may, subject to fulfilment of the Vesting Conditions, Exercise the Vested Options in one or more tranches on 1st September and 1st April of each year or on such date as the Committee may permit during the Exercise Period by: (i) paying the aggregate of the Exercise Price for Exercise of Vested Options through electronic fund transfer to the bank account of the Company designated by the Committee or in such other manner as the Committee may determine from time to time; and (ii) submitting the Exercise Application. Further, if agreed to by the Option Grantee, the aggregate or any part thereof of the Exercise Price and the applicable Taxes may, subject to Applicable Law, be deducted from the salary income or any other amounts due and payable by the Company to the Option Grantee at the time of Exercise.
- 8.2. The Options granted under the Scheme shall, when exercised, be settled in Equity Shares. Each Option would entitle the Employee to acquire one Equity Share, or such other number of Equity Shares adjusted for any consolidation or other reorganization of the capital structure of the Company in terms of Clause 4.5 or otherwise adjusted in terms of Clause 5.2(f) from time to time, as may be determined by the Committee pursuant to the provisions of this Scheme. Provided that, in the event of Exercise of Options resulting in fractional Equity Shares, the Committee shall be entitled to round off the number of Equity Shares to be issued or acquired to the nearest whole number, and the Exercise Price shall be correspondingly adjusted. All Equity Shares of the Company acquired or allotted consequent to Exercise of Options shall rank pari passu with the existing Equity Shares unless otherwise set out in the articles and shall generally be subject to the terms of the articles.
- 8.3. Vesting of Options and issuance of Equity Shares pursuant to Exercise of Options shall in addition to the other provisions of the Scheme, be subject to the following additional terms and conditions:

S. No.	Separations	Vested Options	Unvested Options
1.	Mutual separation	All the Vested Options as on the date of submission of resignation may be exercised by the Option	All Unvested Options on the date of submission of resignation / termination



		Grantee within the Exercise Period.	shall stand cancelled with effect from that date.
2.	Termination due to Cause	All the Vested Options which were not exercised 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.	Suspension from employment, issuance of show cause notice, initiation of an inquiry for any reason whatsoever, including but not limited to, misconduct, violation of the Company's policies, or terms of employment or for commission or abetment of any illegal or unlawful activity	The Vested Options and the Unvested Options shall, on the recommendation of the Committee, be suspended or kept in abeyance at the sole discretion of the Committee during the period of such suspension or inquiry. Unvested Options that have been suspended or kept in abeyance may be Vested in the Option Grantee concerned on such additional terms and conditions, as may be imposed by the Committee in its absolute discretion.	
4.	Retirement including early retirement under a voluntary retirement scheme of the Company	All Vested Options can be exercised by the Option Grantee immediately after, but in no event later than 1 year from the date of retirement.	All Unvested Options as on the date of retirement will continue to Vest in accordance with the vesting schedule even after the retirement unless otherwise determined by the Committee in accordance with the Company's policies and Applicable Law. Such aforesaid Options can be exercised within a period of 1 (One) year from the date of Vesting.
5.	Death	All Vested Options may be exercised by the Option Grantee's Nominee or legal heir immediately after, but in no event later than 1 year from the date of death.	All the Unvested Options as on the date of death shall Vest immediately and may be exercised by the Option Grantee's Nominee or legal heir immediately after, but in no event later than 1 year from the date of death.
6.	Permanent incapacity	All Vested Options may be exercised by the Option Grantee or, if the Option Grantee is himself, unable to exercise due to such	All the Unvested Options as on the date of such Permanent Incapacity shall Vest immediately and can be exercised by

		incapacity, the Nominee or legal heir, immediately after, but in no event later than 1 year from the date of determination of such incapacity.	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 1 year from the date of such Permanent Incapacity.
7.	Deputation or transfer to Subsidiary Company, Associate or Holding Company	All Vested Options may be exercised by Option Grantee within the Exercise Period.	All Unvested Options will continue to Vest in accordance with the vesting schedule and may be exercised within the Exercise Period in accordance with the terms of the Scheme, Letter of Grant and the Employee Stock Option Agreement.
8.	Other reasons apart from those mentioned above in case of separation	The Committee shall decide whether the Vested Options as on that date may be exercised by the Option Grantee, and such decision shall be final.	All Unvested Options on the date of separation shall stand cancelled with effect from that date.

8.4. Vested Options not exercised within the Exercise Period shall lapse and the Option Grantee shall have no right over such lapsed or cancelled Options or the underlying Equity Shares.

## 9. LOCK IN

The Equity Shares issued upon Exercise of the Options shall be freely transferable and shall not be subject to any lock-in period restriction after such allotment and credit to the respective demat account; however the same shall be subject to such restrictions as may be prescribed under Applicable Laws including the Company's policies to regulate, monitor and report trading by insiders, under the Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015, as amended from time to time.

## 10. VARIATION IN THE TERMS OF THE SCHEME

Subject to Applicable Laws, the Committee shall at its absolute discretion, have the right to vary, modify, alter, suspend or amend the Scheme in such manner and at such times as it may deem fit, provided however that any modification or amendment shall not be detrimental to the interests of the Option Grantees.

## 11. EXIT ROUTE IN CASE OF DE-LISTING

If the Company gets de-listed from all the Recognized Stock Exchanges on which the Equity Shares were listed, the Committee 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.

## 12. OTHER TERMS AND CONDITIONS

- 12.1. Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Company (including the right to receive dividends or vote on any matter) in respect of any Equity Shares covered by the Grant of Options unless the Option Grantee Exercises the Vested Options and the Company makes the necessary allotment or recording of the transfer of Equity Shares and the Option Grantee becomes a registered holder of such Equity Shares.
- 12.2. The Options shall not be pledged, hypothecated, mortgaged or otherwise alienated or transferred in any manner whatsoever.
- 12.3. 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, the Committee may decide on an adjustment to the number of Options or the Exercise Price or both in accordance with clause 5.2(f) of the Scheme.
- 12.4. In the event of any change of Control, the Committee may either (i) have the Unvested Options Vest with the Option Grantees over a shorter period, and subject the Vesting of both the Vested and Unvested Options to such terms and shorter Exercise Period as the Committee may determine; or (ii) cancel the Scheme and the Options granted thereunder and offer a compensation amount for the lapse of Options determined on the basis of the difference between the fair value of the Equity Shares and the Exercise Price; or (iii) have the Options continue to Vest in accordance with the Scheme and the Employee Stock Option Agreement; or (iv) substitute the Options granted under Scheme with options of a plan of an entity (or any affiliate of such entity) which has merged or amalgamated with the Company or acquired control of the Company. On or immediately prior to the occurrence of any of the aforesaid events, the Committee will have the authority to alter all or any of the terms relating to this Scheme in general and would also have the authority to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and as permitted under Applicable Law.
- 12.5. The Company will not be obliged to issue or allot any Equity Shares consequent to an Exercise of Options unless the issuance and delivery of such Equity Shares complies, in the judgment of the Committee, with all the relevant provisions of the Scheme and Applicable Law.

### **13. TAXATION**

- 13.1. The liability of paying taxes, if any, in respect of the Options granted pursuant to this Scheme and the Equity Shares issued pursuant to Exercise thereof shall be entirely on the Option Grantee and shall be in accordance with the provisions of the tax laws applicable to the Option Grantee.
- 13.2. Prior to allotment of the Equity Shares pursuant to Exercise of Vested Options, the Committee will have the power to require the Option Grantee to remit an amount sufficient to satisfy any taxes required with respect the Exercise. The Committee may also, in its sole discretion and pursuant to such procedures as it may specify from time to time, permit the Option Grantee to satisfy applicable taxes in whole or in part by (without limitation) (i) electing to have the Company withhold otherwise deliverable cash or Equity Shares having a market price equal to the minimum amount required to be withheld, (ii) delivering to the Company already owned Equity Shares having a market price equal to the amount required to be withheld, (iii) selling a sufficient number of Equity Shares otherwise deliverable to the Option Grantee through such means as the Committee may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld. The amount to be withheld will not exceed the amount determined by using the maximum rates for taxes applicable to the Option Grantee with respect to the Option on the date that the amount of taxes to be withheld is to be determined. The market price of the Equity Shares to be withheld or delivered will be determined as on the date on which the taxes are required to be withheld.

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

#### **14. MISCELLANEOUS**

- 14.1. The Scheme shall be subject to all Applicable Laws. The Grant of Options and allotment of the Equity Shares to the Option Grantee under the Scheme shall be subject to compliance by the Option Grantees with all Applicable Laws.
- 14.2. The inability of the Company to obtain approval from any regulatory body or under any Applicable Laws for the lawful issuance and allotment of any Equity Shares hereunder shall relieve and wholly discharge the Company of any and all liability in respect of such inability.
- 14.3. Neither the Scheme nor any Grant of Options will confer upon an Option Grantee any right with respect to continuing the Option Grantee's employment, nor will it interfere in any way the right of the Option Grantee or the Company, Associate Company, Subsidiary Company or Holding Company to terminate employment, at any time, with or without Cause, to the extent permitted under Applicable Laws.
- 14.4. Neither the existence of this Scheme nor the fact that an Option Grantee has on any occasion been granted an Option shall give such Option Grantee any right, entitlement, or expectation that he has or shall in the future have any such right, entitlement, or expectation to participate in this Scheme by being granted an Option on any other occasion.
- 14.5. The rights granted to an Option Grantee upon the Grant of an 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.
- 14.6. 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 an Option in whole or in part.
- 14.7. Participation in the Scheme shall not be construed as any guarantee of return on equity investment. Any loss due to fluctuations in the market price of the Shares and the risks associated with the investments are that of the Option Grantee alone.

#### **15. ACCOUNTING AND DISCLOSURES**

- 15.1. The Company shall follow applicable laws/regulations applicable to accounting and disclosure related to the Options and Accounting Standard IND AS 102 on share-based payments and/or any relevant accounting standards prescribed by the Central Government or the Institute of Chartered Accountants of India, including disclosure requirements in compliance with the relevant provisions of Regulation 15 of the SBEB Regulations.
- 15.2. The Company shall make disclosures to prospective Option Grantees containing a statement of risks, information about the Company, and salient features of the Scheme as prescribed under SBEB Regulations.
- 15.3. The Company shall disclose details of grant, Vest, Exercise, and lapse of the Options as prescribed under SBEB Regulations or any other Applicable Laws.

#### **16. CERTIFICATE FROM SECRETARIAL AUDITORS**

The Board shall at each annual general meeting place before the shareholders a certificate from the secretarial auditors of the Company confirming that the Scheme has been implemented in accordance with the SBEB Regulations and the resolution of the Company in the general meeting.

## **17. FOREIGN EXCHANGE LAWS**

In case any Options are granted to any Option Grantee being resident outside India, the provisions of the Foreign Exchange Management Act, 1999 and rules and 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 Options and issuance and allotment of Equity Shares thereof.

## **18. NOTICES**

All notices and communications required to be given by the Company to an Option Grantee by virtue of this Scheme shall be in writing (which includes electronic communication) and shall be sent to the last known address of the Option Grantee available in the records of the Company or in such other manner as the Committee may resolve. In the event that any notice sent by the Company to the Option Grantee is not delivered to the address provided by him or her to the Company, such notice shall be sent to the registered office of the Company and be deemed to be delivered on receipt of such notice by the Company. Any communication to be given by an Option Grantee to the Company in respect of the Scheme or any Option granted under the Scheme shall be sent to the Company at the below address:

### **AZAD ENGINEERING LIMITED**

Kind Attention:	Mr. Ful Kumar Gautam
Address:	90C,90D Phase-1, IDA Jeedimetla -500055
Email ID:	cs@azad.in

## **19. GOVERNING LAW AND JURISDICTION**

- 19.1. The terms and conditions of the Scheme shall be governed by and construed in accordance with the Applicable Laws of India.
- 19.2. The courts in Hyderabad, Telengana, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this Scheme.
- 19.3. Nothing in this Clause shall however limit the right of the Company to bring proceedings against any Employee in connection with this Scheme in any court of competent jurisdiction or concurrently in more than one jurisdiction.

## **20. SEVERABILITY**

In the event any one or more of the provisions contained in this Scheme 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 Scheme in which case the Scheme shall be construed as if such invalid, illegal, or unenforceable provisions had never been set forth herein, and the Scheme shall be carried out as nearly as possible according to its original intent and terms.

