

Sudarshan Chemical Industries Limited (SCIL)
**Sudarshan Employee Stock Option Scheme 2018 – “Performance
Scheme”**

SUDARSHAN CHEMICAL INDUSTRIES LIMITED

SUDARSHAN EMPLOYEE STOCK OPTION SCHEME 2018 – “PERFORMANCE SCHEME”

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1 Name of the Scheme

This Scheme shall be termed the Sudarshan Employee Stock Option Scheme 2018 – “Performance Scheme” (“Performance Scheme”). “Performance Scheme” forms a part of the SUDARSHAN Employees Stock Option Plan 2018 (‘the Plan’). “Performance Scheme” has been approved by the special resolution passed on 9th August 2018 by the shareholders at the General Meeting of the Company. “Performance Scheme” shall be effective from 9th August, 2018 herein after referred as the “Effective date”.

2 Purpose of the Scheme

Sudarshan Chemical Industries Limited (“Company” or “SCIL”), a company incorporated under the Companies Act, 2013 and having its registered office at 162 Wellesley Road, Pune 411001, India, CIN being L24119PN1951PLC008409 has structured “Performance Scheme” for its Employees.

The purpose of this Scheme is as under:

- a) Drive performance and corporate strategy
- b) Retention of employees
- c) Employee ownership
- d) Hiring practice
- e) Sustainable implementation of strategy
- f) Wealth creation for employees
- g) Meritocracy
- h) Rewarding loyalty

3 Definitions and Interpretation

Unless otherwise defined, the terms mentioned herein shall have the same meaning for the purpose of “Performance Scheme” as defined in the Plan. Apart from the generality of the above,

- 3.1 “Allocable Options” for the purpose of this Scheme means Options that are allocable in accordance with Clause 7;
- 3.2 “Closing Date” shall be 30 days from the Grant Date during which Options can be accepted by the Grantee. In case such date is a non-working day, then it shall be the immediately following working day;
- 3.3 “Company Performance Targets” shall mean the annual targets set by the Company/ Board/ Committee.
- 3.4 “Eligible Employee” for the purpose of this Scheme means Employee identified in accordance with Clause 4 below to whom the Grant of Options shall be made;
- 3.5 “Eligible Options” means Allocable Options that have become Eligible Options in accordance with the Clause 8 below;
- 3.6 “Exercise Price” means the purchase price of each Share payable by the Participant/ Beneficiary for exercising the Vested Options Granted to the

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Grantee in pursuance of the Scheme as per Clause 9 below and shall be communicated in the Grant letter;

- 3.7 “Exercise Period” means the period of 5 years from the Vesting Date, subject to Clause 13 of the Plan, unless the Board/ Committee decides otherwise;
- 3.8 “Relevant Date” means the date of the meeting of the Committee on which the grant is made;
- 3.9 “Performance Options” shall mean the 80% of the total Options granted to the Eligible Employee.
- 3.10 “Performance Target Date” shall mean the date on which the Committee confirms that the Performance Targets are met by the Company for a particular financial year.
- 3.11 “Vesting Period” shall be defined as per Clause 8 below;
- 3.12 “Time Options” shall mean 20% of the total Options granted to the Eligible Employee.
- 3.13 “Company Performance Target Threshold” means 70% of the Company’s Performance Target set by the Board/Company/ Committee;
- 3.14 “Construction”
- a) The headings/ subheadings/ titles/ subtitles are only for the sake of convenience and shall not be interpreted to restrict or otherwise affect the meaning or import of the Articles/Clauses, which shall be interpreted solely in light of the contents thereof.
 - b) Where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase shall have the corresponding meanings.
 - c) Any reference to 'writing' includes printing, typing, lithography and other means of reproducing words in visible form.
 - d) The term 'including' shall mean 'including without limitation', unless otherwise specified.
 - e) Reference to any Act, Rules, Statute or Notification shall include any statutory modification, substitution or re-enactment thereof.
 - f) Unless the context otherwise requires, words denoting the masculine gender shall include the feminine gender and words denoting the singular shall include the plural and vice versa.

4 Eligibility

- 4.1 The eligibility to participate in the Plan is subject to such criteria as may be decided by the Board/ Committee at its own discretion, including, but not limited to the date on which the Employee joins the Company, grade of the Employee, period of service with the Company, criticality or any other criteria, as the Committee determines.
- 4.2 The Scheme shall be applicable to the Company and Options may be granted to the Employees of the Company, as determined by the Board/ Committee at their own discretion.

5 Grant of Options

- 5.1 The Company/ Board/ Committee shall Grant the Options to the identified Eligible Employees in accordance with the terms and conditions of “Performance Scheme” notified under the Plan

for the time being in force.

- 5.2 Subject to Clause 7 and Clause 19 of the Plan and in accordance with Clause 8 of the Plan, the maximum number of Options Granted to any Grantee during one year under “Performance Scheme” shall not exceed 1 percent of the total issued share capital (excluding outstanding warrants and conversions) at the time of the Grant unless an approval from the shareholders is taken by way of special resolution in a General meeting.
- 5.3 The Grant of the Options to the Eligible Employee upon approval by the Committee shall be made in writing in Grant Letter and communicated to the Eligible Employee. Such Grant Letter shall state the Grant Date, number of Options offered, the Exercise Price and the Closing Date etc.

6 Method of acceptance

- 6.1 In accordance with Clause 9 of the Plan, any Grantee who wishes to accept the Grant made pursuant to Clause 5 above, must deliver an Acceptance Form, prescribed by the Board/ Committee from time to time, duly completed as required therein to the Board/ Committee on or before the Closing date.
- 6.2 The Grant of Options to any Grantee who fails to return the Acceptance Form or any Acceptance Form received by the Company/ Board/ Committee after the Closing date shall not be valid and the Options granted will stand cancelled, unless the Board/ Committee determines otherwise.

7 Allocable Options

- 7.1 Subject to Clause 10 of the Plan, on every anniversary of the Grant date, 25 % of the Performance Options granted will become Allocable Options (hereinafter referred as “Allocable Options”) over 4 years from the date of Grant. Such Allocable Options will be converted into Eligible Options in accordance with Clause 8.2 below.

8 Vesting of Options

- 8.1 Subject to Clauses 13.1 and 13.2 of the Plan, the minimum Vesting Period shall be one year from the date of grant.
- 8.2 Subject to continued employment and in accordance with Clause 8.1 above and also in accordance with Clause 10 of the Plan, the Performance Options shall Vest as per the below schedule:
 - i. Immediately such Allocable Options would become Eligible Options as on the Performance Target Date as under:

A. Individual performance ratings is 3 or more

Particulars	% of allocable Performance Options that will become Eligible Options

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Company Performance Target Threshold is met but the Company performance targets are not met	A percentage (restricted to a maximum of 70%) of the Allocable Options for that year will become Eligible Options at the discretion of the Committee and the balance of the Allocable Options will lapse and the contract referred to in Clause 9.3 of the Plan to that extent shall stand automatically terminated without surviving any right/liability against any party.
Company Performance Targets are met	100% of the Allocable Options for that year will become Eligible Options
Company Performance Targets Threshold are not met	30% of the Allocable Options for that year will become Eligible Options and 70% of the Allocable Options will lapse and the contract referred to in Clause 9.3 of the Plan to that extent shall stand automatically terminated without surviving any right/liability against any party.

B. Individual performance ratings is below 3

Particulars	% of allocable Performance Options that will become Eligible Options
Individual Performance Target (Performance rating) are not met	All of the Allocable Options for that year will lapse and the contract referred to in Clause 9.3 of the Plan to that extent shall stand automatically terminated without surviving any right/liability against any party.

8.3 Subject to continued employment, Clause 10 and Clause 13 of the Plan, the Eligible Options pursuant to Clause 8.2 of this Scheme, shall Vest with the Participant on the third anniversary from Performance Target Date.

8.4 Subject to continued employment and in accordance with Clause 10 of the Plan, the Time Options shall Vest as per the below schedule:

Time Options granted under this Scheme shall vest on the 4th anniversary of the grant date provided the Participant achieves aggregate performance rating of 11 or more during these 4 years.

9 Exercise Price

9.1 The Exercise Price for the Options granted shall be the Fair Market Value of the Shares on the Grant Date.

9.2 The Aggregate Exercise Price shall be paid in full upon the Exercise of the Vested Options.

Payment must be made by one of the methods specified in Clause 12.7 of the Plan.

10 Exercise of Options

- 10.1 In accordance with Clause 12 of the Plan and subject to Clause 13 of the Plan, the Participant/ Nominee can Exercise the Vested Options immediately on or after vesting but within the Exercise Period or as per Clause 13 of the Plan as applicable. Any Vested Options not exercised within this aforesaid period shall automatically lapse at the end of the aforesaid period and the contract referred to in Clause 9.3 of the Plan shall stand automatically terminated without surviving any right/ liability for any party.

11 Duration of the Scheme

- 11.1 Scheme shall continue in effect unless terminated by the Company/ Committee.

12 Lock in

- 12.1 Subject to Clause 15 of the Plan, the Shares allotted/ transferred pursuant to the Exercise of the Vested Options under Clause 10 above shall not be subject to a lock-in unless the Board/ Committee decides otherwise.

13 Conflict

In case there is a conflict between the terms of this Scheme and the terms of the Plan, then for the purposes of this Scheme, the terms of this Scheme shall prevail, unless specifically provided otherwise in the Plan.