



Orient Bell Employees Stock Option Scheme – 2021

(Amended on 09th September, 2022 & 05th March, 2024)



Approved by the Board of Directors on [13th May, 2021]

Approved by the Shareholders on [26th July, 2021]

Amended by the Shareholders through Postal ballot on [09th September, 2022]

Amended by the Compensation Committee on [05th March, 2024]

PART A: STATEMENT OF RISKS

An investment in Equity Shares / Options are subject to risk as the value of Equity Shares may go down or go up. You should carefully consider all the information in this Scheme, including the risks and uncertainties described below, before making an investment in the Equity Shares.

If profitability and financial condition of the Company gets affected, the price of our Equity Shares / Options could decline and you may lose all or part of your investment in the Equity Shares / Options. Unless specified or quantified in the Scheme, we are not in a position to quantify the financial or other implication of any of the risks.

In addition, Options are subject to the following additional risks:

- 1. Concentration:** The risk arising out of any fall in value of Shares is aggravated if the Employee's holding is concentrated in the Shares of a single Company.
- 2. Leverage:** Any change in the value of the Share can lead to a significantly larger change in the value of the Options.
- 3. Illiquidity:** The Options cannot be transferred to anybody and therefore the Employees cannot mitigate their risks by selling the whole or part of their benefits before they are exercised.
- 4. Vesting:** The Options will lapse if the employment is terminated prior to vesting. Even after the Options are vested, the unexercised Options may be forfeited if the Employee is terminated for gross misconduct.

PART B: INFORMATION ABOUT THE COMPANY

1. Business Profile of the Company:

Orient Bell Limited was incorporated on May 18, 1977. It's CIN is L14101UP1977PLC021546 and is presently having its registered office at 8, Industrial Area, Sikandrabad – 203 205. Distt. – Bulandshahr, Uttar Pradesh.

Present Business Activities of the Company are as follows:

Orient Bell Limited (OBL) is engaged in the business of manufacturing and trading of Ceramic Tiles having its plants at Sikandrabad (U.P.), Dora (Gujarat) and Hoskote (Karnataka). OBL has nationwide sales network through its various channel partners including dealers, distributors and Project Customers.

Main Objects of the Company are as follows:

- A.** To manufacture, produce, refine, treat, cure, process, prepare, import, export, purchase, sell, prospect for, take on lease, examine, explore, get win, work, quarry, smelt, calcine, raise, fabricate, design, assemble, crush, grind, dress, amalgamate, manipulate and prepare for market and generally deal in articles, goods, materials and things for industrial and other units, works, plants, factories and the under noted activities:
- a)** all kinds of ceramics, tiles, glass and glassware, insulators, asbestos, asbestos bricks, cement and cement bricks, gypsum, building materials, plastic and plastic ware, polymerites, vinyl, vinyl-asbestos and solid vinyl ware, adhesives vinyl cove base, fire bricks, fireclay, fire cement, terracotta, blocks, lime, limestone, fibre glass and fibre glassware, refractories, hospital ware including in particular but not limiting the generality of the foregoing wall tiles, floor tiles, roofing tiles, porcelain tiles, plastic and other synthetic tiles, earthenware tiles, vitreous sintered mosaic tiles, clinker tiles, refractory tiles, paving tiles, gres tiles, sanitary ware, crockery, pottery, tableware, hotel ware, decorative ware, garden ware, earthenware, stoneware, pressed ware, porcelain ware, bathroom accessories and products which may require for the manufacture and processing of above products and other products which may come out as by-products or which may be essential for fitting of fixing the above products.
 - b)** all kinds of clays, minerals, ores, sands, metals, stones, artificial stones, colours, ceramic colours, fritts, glazes, pigments, chemicals opacifiers, oxides kieselguhr and polishing wax and all products, by-products and compounds thereof.
 - c)** all kinds of kilns, equipments, plant, components, ancillaries, auxilliaris, accessories, laboratories, test house, ceramic machinery and other machinery and components and parts thereof for the manufacturing, processing etc. of the aforesaid products, by-products and allied products, including component parts thereof which may be required for the manufacture, examination, processing and storage of all or any of the products as mentioned above.

- B.** To carry on the business of paviours, builders and contractors, decorators, hardware and other building materials and requisites, brick makers, job masters and to enter into contracts for laying, polishing and completing all sorts of floorings, walls and other jobs.
- C.** To carry on the business of melters, founders, casters, galvanisers, electroplaters, aluminizers, japanners, smiths, burners, convertors, anodizer, platers, makers, smelters, refiners, stampers, forgers, rollers, machinists, turners, moulders, enamellers, stovers, welders, hardners, drawers, vulcanizers, annealers, assayers, die and pattern makers, blowers, fabricators, pressers, metallurgists, spinners, filters, punchers and carpenters.
- D.** To generate harness, develop, accumulate and distribute electric power by utilising wind energy and for that purpose to establish wind mills and also to generate power by setting up power plants, like Hydro Power, Mini Hydel Power, Micro Hydel Power, Thermal Power, Diesel Power, Multi Fuel Based Power Plants and also to generate electric power by utilising Solar Tidal, wind energy and other sources of energy for supply and distribution either directly or through State Electricity board or otherwise to consumers of electricity on a commercial basis or for the company's captive use and to establish/ construct and maintain Power Stations to generate, accumulate, supply and distribution of electricity.
- E.** To purchase, take on lease or Hire Purchase or otherwise acquire, sell, assign grant lease, sub lease or transfer, develop, promote any plant and machinery, equipment, vehicles, Wind Mill, Power Stations, buildings and real estate and to finance the industrial enterprises by way of lending and advancing money, machinery, land, building, shed or such other things as may be required by such industrial enterprises either with or without security and upon such terms and conditions as the company may think fit.

2. Abridged Financial Information:

The financial information of the Company including Balance Sheet, Profit and Loss Statement and Auditors report for the last 5 (Five) years is available at the website of the Company at a given below link:

➤ <https://www.orientbell.com/investor#financialPerformance>

3. Risk Factors for the Company:

The Management of the Company has a perception that the following risks or uncertainties may occur during the course of business such as:

a. Industry Specific Risks:

Change in government regulations or their implementation and uncertain input costs mainly power and fuel could disrupt the operations and adversely affect the business and results of the company, due to which the company may incur increased cost and penalties.

b. Dynamic scenario:

Change in technology may render our current technology obsolete and require OBL to make substantial investment which could affect the company's finance and operations.

c. Political instability or changes in the Government in India or in the Government of the states where we operate could cause us significant adverse effects:

We are incorporated in India and most of our operations, assets and personnel are located in India. Our performance and the market price and liquidity of the Equity Shares may be affected by changes in exchange rates and controls, interest rates, Government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

The Government has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Our business is also impacted by regulation and conditions in the various states in India where we operate. During past, successive Governments have pursued policies of economic liberalisation and financial sector reforms. However, there can be no assurance that such policies will be continued. Any political instability could affect the rate of economic liberalisation, specific laws and policies affecting foreign investment, the construction industry or investment in our Equity Shares. A significant change in the Government's policies, in particular, those relating to our field, could adversely affect our business, results of operations, financial condition and prospects and could cause the price of our Equity Shares to decline.

d. Risk arising from changes in interest rates and banking policies:

Increased interest rates will have a bearing on profitability and credit controls will have an effect on our liquidity and will have serious effects on adequate working capital requirements. We are dependent on various banks for arranging of our working capital requirement etc. Accordingly, any change in the existing banking policies or increase in interest rates may have an adverse impact on profitability of our company.

The above risks and uncertainties include but are not limited to risks and uncertainties regarding dependencies on few customers and suppliers, changes in the regulatory framework, adverse development in the any of the customer industries to whom substantial part of the product is given, downgrading of our credit worthiness, political instability, legal restrictions and general economic conditions affecting our industry.

4. Continuing Disclosure Requirement:

The Grantee would be entitled to receive copies of all documents that are sent to the members of the Company. This shall include the annual accounts of the Company as well as notices of the meetings and the accompanying explanatory statements.

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PART C: ORIENT BELL EMPLOYEES STOCK OPTION SCHEME – 2021

1. Introduction of the Scheme:

- 1.1 This Scheme shall be called the “Orient Bell Employees Stock Option Scheme – 2021” hereinafter referred as “the Scheme”.
- 1.2 The Scheme was approved by the Board of Directors and the Shareholders of the Company on 13th May, 2021 and 26th July, 2021 respectively.
- 1.3 The Scheme shall be effective from 26th July, 2021, being the date of Shareholders approval.

2. Term of the Scheme:

- 2.1 The Scheme shall continue in effect unless terminated by the Board of Directors.
- 2.2 Any such termination of the Scheme shall not affect Options already granted and such Options shall remain in full force and effect as if the Scheme had not been terminated unless mutually agreed otherwise between the Grantee / Nominee / Legal Heirs and the Company.

3. Purpose of the Scheme:

- 3.1 The Purpose of the Scheme includes the followings:
 - 3.1.1 To motivate the Employees to contribute to the growth and profitability of the Company.
 - 3.1.2 To retain the key Employees and reduce the attrition rate of the Company.
 - 3.1.3 To achieve sustained growth and the creation of shareholder value by aligning the interests of the Employees with the long term interests of the Company.
 - 3.1.4 To offer Options to the new Employees as a part of their salary package at the time of Employment.
 - 3.1.5 To create a sense of ownership and participation amongst the Employees to share the value they create for the Company in the years to come, and
 - 3.1.6 To provide additional deferred rewards to employees.

4. Definitions:

- 4.1 In this Scheme, except where the context otherwise requires, the following expressions or terms shall have the meanings indicated there against.

- 4.1.1** “**Applicable Law**” means every law relating to Employee Stock Option Schemes in force, including, without limitation to, Companies Act, 2013, ¹SEBI (SBEB & SE) Regulations, 2021 as amended, and all relevant revenue, tax, securities or exchange control regulations or corporate laws of India to the extent applicable.
- 4.1.2** “**Associate Company**” shall have the same meaning as defined in section 2(6) of the Companies Act. 2013, as amended from time to time.
- 4.1.3** “**Board of Directors**” means the Board of Directors of the Company.
- 4.1.4** “**Body Corporate**” shall have the same meaning as defined in section 2(11) of the Companies Act. 2013, as amended from time to time.
- 4.1.5** ²“**Committee**” means Compensation Committee (designated as such or by any other name) as defined under SEBI (SBEB & SE) Regulations, 2021 for the purpose of monitoring, administering, superintending, and implementing the Scheme.
- 4.1.6** “**Company**” means Orient Bell Limited.
- 4.1.7** “**Corporate action**” means a change in the capital structure of the Company as a result of Bonus Issue, Rights Issue, Split of Shares and Consolidation of Shares.
- 4.1.8** “**Cash Mechanism**” means a route under which the Grantee will receive the Shares equivalent to the number of the Options exercised after the Grantee has made the payment of the Exercise Price and applicable tax in accordance with the terms and conditions of the Scheme and as mentioned in grant letter.
- 4.1.9** “**Director**” means a Director appointed to the Board of Directors of the Company.
- 4.1.10** ³“**Employee**” means-
- (a) an employee as designated by the Company, who is exclusively working in India or outside India; or
 - (b) a director of the Company, whether a Whole Time Director or not, including a non-executive director who is not a Promoter or member of the Promoter Group, but excluding an Independent Director; or
- But does not include:
- (a) an employee who is a Promoter or a person belonging to the Promoter Group;
or

Amended on 09th September, 2022

¹ The words ‘SEBI (SBEB) Regulations’ have been replaced with ‘SEBI (SBEB & SE) Regulations, 2021’.

² The definition of ‘Committee’ has been replaced with the new definition.

³ The definition of ‘Employee’ has been replaced with the new definition.

(b) a director who either himself or through his Relative or through any Body Corporate directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company.

Explanation - The Compensation Committee may, considering the recommendation of the ESOP Council, vary/ modify the definition of Employee based upon such parameters as it may deem fit and appropriate at its discretion from time to time.

4.1.11 “Eligibility Criteria” means the criteria, as may be determined from time to time by the Committee for grant / vesting of Options considering the recommendation of the ESOP Council.

4.1.12 ^{3a}“ESOP Council” means the group of persons formed by the Company from time to time which include the following members:

- Managing Director
- Chief Executive Officer
- Chief People Officer or Chief Human Resource Officer or Head of HR function by whatever name called.

The constitution of the ESOP Council is subject to any change as may be authorized by the Compensation Committee of the Company.

4.1.13 “Exercise” means making of an application, in such manner and on such format as may be prescribed by the Committee, from time to time, by the Grantee, to the Committee / Company for issue of Shares, against vested Options.

4.1.14 “Exercise Period” means the time period after vesting within which a Grantee should exercise his right to apply for Shares against the vested Options.

4.1.15 “Exercise Price” means the price payable by the Grantee for exercising the Options vested in him in pursuance to the Scheme.

4.1.16 “Grant” means the issue of Options to the Grantee under the Scheme.

4.1.17 “Grant Date” means the date on which the Options are granted to an Employee.

4.1.18 “Grantee” shall mean Employee to whom Options have been granted under the Scheme.

Amended on 05th March, 2024

3a. The definition of ‘ESOP Council’ has been replaced with the new definition

4.1.19 “Independent Director” shall have the same meaning as defined in regulation 16 of SEBI (LODR) Regulations and section 2(47) of the Companies Act. 2013, as amended from time to time.

4.1.20 “Market price” means the latest available closing price on a recognized stock exchange on which the Shares of the Company are listed on the date immediately prior to the relevant date.

Explanation – As the Shares of the Company are listed on more than one stock exchange, hence the closing price on the stock exchange having higher trading volume shall be considered as the market price.

4.1.21 “Options / Employee Stock Options” means a right but not an obligation granted to a Grantee to purchase or subscribe at a future date, the Shares offered by the Company, directly or indirectly, at a pre- determined price, in accordance with this Scheme.

4.1.22 “Permanent Disability” means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps a Grantee from performing any specific job, work or task which the said Grantee was capable of performing immediately before such disablement, as determined by the Committee Directors based on a certificate of a medical expert identified by the Company.

4.1.23 “Promoter” shall have the same meaning as defined in regulation 2 of ⁴SEBI (SBEB & SE) Regulations, 2021, as amended from time to time.

4.1.24 “Promoter Group” shall have the same meaning as defined in regulation 2 of ⁵SEBI (SBEB & SE) Regulations, 2021, as amended from time to time.

4.1.25 “Relative” shall have the same meaning as defined in section 2(77) of the Companies Act. 2013, as amended from time to time.

4.1.26 “Relevant date” means the date of the meeting of the Committee on which the grant is made.

4.1.27 “Scheme” shall mean **Orient Bell Employees Stock Option Scheme – 2021** and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof from time to time.

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⁴ The words ‘SEBI (SBEB) Regulations’ have been replaced with ‘SEBI (SBEB & SE) Regulations, 2021’.

⁵ The words ‘SEBI (SBEB) Regulations’ have been replaced with ‘SEBI (SBEB & SE) Regulations, 2021’.

4.1.28 ⁶“SEBI (SBEB & SE) Regulations” means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof.

Note: The term SEBI (SBEB) Regulations referred in the Scheme anywhere, will be read as SEBI (SBEB & SE) Regulations, 2021

4.1.29 “SEBI (LODR) Regulations” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof.

4.1.30 “Shares” means Equity Shares of the Company.

4.1.31 “Unvested Option” means an Option, which is not vested.

4.1.32 “Vested Option” means an Option, which has vested in pursuance to the Scheme and has thereby become exercisable.

4.1.33 “Vesting” means the process by which the Grantee becomes entitled to receive the benefit of a grant made to him under the Scheme.

4.1.34 “Vesting Date” means the date on and from which the Option vests with the Grantees and there by becomes exercisable.

4.1.35 “Vesting period” means the period during which the vesting takes place.

4.1.36 “Whole Time Director” shall have the same meaning as defined in section 2(94) of the Companies Act, 2013, as amended from time to time.

Interpretation:

In this document, unless the contrary intention appears:

- a) The singular includes the plural and vice versa;*
- b) The word “person” includes an individual, a firm, a body corporate or unincorporated body or authority; and*
- c) Any word or expression importing the masculine, feminine or neutral genders only, shall be taken to include all three genders.*
- d) Any word which is not defined under the Scheme shall be interpreted in line with ⁷SEBI (SBEB & SE) Regulations, 2021.*

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⁶ The words ‘SEBI (SBEB) Regulations’ have been replaced with ‘SEBI (SBEB & SE) Regulations, 2021’.

⁷ The term and definition of ‘SEBI (SBEB) Regulations’ has been replaced with the new term ‘SEBI (SBEB) Regulations, 2021’ and its definition.

- e) Articles headings are for information only and shall not affect the construction of this document.*
- f) A reference to an article is respectively a reference to an article of this document.*
- g) Reference to any Act, Rules, Statute or Notification shall include any statutory modification, substitution or re-enactment thereof.*

5. Implementation & Administration:

- 5.1** The Scheme shall be implemented through direct route for extending the benefits to the eligible Employees by the way of fresh allotment and will follow cash mechanism.
- 5.2** The Company will allot fresh Shares to the Grantees upon successful exercise of Options in accordance with terms and conditions of the Scheme.
- 5.3** Subject to applicable laws and the framework laid down by the Board of Directors, the Scheme shall be administered by the Committee which may delegate some or all of its power to any other Sub – Committee or Persons for proper administration of the Scheme.
- 5.4** The Committee is authorized to interpret the Scheme, to establish, amend and rescind any rule(s) and regulation(s) relating to the Scheme and to make any other determinations that it deems necessary or desirable for the administration and implementation of the Scheme.
- 5.5** Any decision of the Committee in the interpretation and administration of the Scheme, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all the parties concerned (including but not limited to, Grantee and/or Employee and their Nominees / Legal heirs).
- 5.6** The Committee shall subject to applicable laws, inter alia, have powers to do following:
 - 5.6.1** To delegate its duties and powers in whole or in part as it may decide from time to time to any person or sub-Committee.
 - 5.6.2** To decide upon stopping the Options which were lapsed, forfeited or surrendered under any provisions of the Scheme from re granting.
 - 5.6.3** To increase or decrease the pool of Options to be granted under Scheme.
 - 5.6.4** To increase or decrease the pool of Shares to be issued under Scheme.
 - 5.6.5** To identify the Employees eligible to participate in the Scheme.
 - 5.6.6** To finalize the eligibility criteria for grant of Options.
 - 5.6.7** To determine the Employees eligible for grant of Options.
 - 5.6.8** To determine the number of Options to be granted to each Grantee and in aggregate subject to the pool of Options of the Scheme.
 - 5.6.9** To decide upon granting of Options to new Joinees.
 - 5.6.10** To determine the grant date.
 - 5.6.11** To grant Options to one or more eligible Employees.
 - 5.6.12** To calculate the exercise price after giving discount on the market price, if deems fit.
 - 5.6.13** To extend the period of acceptance of grant.
 - 5.6.14** To decide the vesting period subject to minimum and maximum period of vesting as stated in Scheme.

- 5.6.15** To determine the vesting schedule for each Grantee.
- 5.6.16** To finalize the eligibility criteria for vesting of Options.
- 5.6.17** To determine the Employees eligible for vesting of Options.
- 5.6.18** To allow Vesting of options in case of non-meeting of eligibility criteria.
- 5.6.19** To decide upon the mode and manner of exercise.
- 5.6.20** To allot Shares to Grantees upon exercise.
- 5.6.21** To decide upon treatment of vested and unvested Options in cases of cessation of employment as specified in the Scheme.
- 5.6.22** To decide upon the treatment of vested and unvested Options in the event of Corporate Actions taking into consideration the following:
- a.** the number and price of Options shall be adjusted in a manner such that the total value to the Grantee of the Options remains the same after the Corporate Action;
 - b.** the vesting period and the life of Options shall be left unaltered as far as possible to protect the rights of the Grantee who has been granted such Options.
- 5.6.23** To cancel all or any granted Options in accordance with the Scheme.
- 5.6.24** To accelerate the vesting of Options on a case to case basis, subject to completion of minimum 1 year from the date of grant.
- 5.6.25** To decide upon treatment of vested and unvested Options in cases of dispute between the Grantee and Company.
- 5.6.26** To finalize letters and other documents, if any, required to be issued under the Scheme.
- 5.6.27** To re price the Options which are not exercised, whether or not they have been vested, if the Options rendered unattractive due to fall in the price of the Shares in the market.
- 5.6.28** To establish, amend, suspend or waive such rules and regulations as it shall deem appropriate for the proper administration of the Scheme.
- 5.6.29** To appoint such agents as it shall deem necessary for the proper administration of the Scheme.
- 5.6.30** To determine or impose other conditions to the grant of Options under the Scheme, as it may deem appropriate.
- 5.6.31** To frame suitable policies and procedure to ensure that there is no violation of securities laws, including the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 as amended, by the Company or the Employees.
- 5.6.32** ⁸To decide upon the procedure for buy-back of specified securities [“specified securities” as defined under the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018] issued under Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021, if to be undertaken at any time by the company, and also to decide the applicable terms and conditions, including but not limited to:

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⁸: *New Clause inserted*

- 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 specified securities that the company may buy-back in a financial year.

5.7 The Committee shall be assisted by the ESOP Council, which shall recommend the Committee the number of Options granted to individual Employees based upon the eligibility criteria as covered in article 7.1 of the Scheme.

5.8 The powers and functions of the Committee can be specified, varied, altered or modified from time to time by the Board of Directors, subject to the rules and regulations as may be in force. The Board of Directors may further provide that the Committee shall exercise certain powers only after consultation with the Board of Directors and in such case, the said powers shall be exercised accordingly.

5.9 A member of the Committee shall abstain from participating in and deciding on any matter relating to grant of any Options to himself.

6. Pool of the Scheme:

6.1 The maximum number of Options that may be granted pursuant to this Scheme shall not exceed 5,00,000 (Five Lakhs), which shall be convertible into equal number of Shares.

6.2 If any Option granted under the Scheme lapses or is forfeited or surrendered under any provision of the Scheme, such Option shall be available for further grant under the Scheme unless otherwise determined by the Committee.

6.3 Further, the maximum number of Options that can be granted and the Shares arise upon exercise of these Options shall stand adjusted in case of corporate action.

6.4 The Company reserves the right to increase or decrease such number of Options and Shares as it deems fit, in accordance with the applicable laws.

7. Eligibility Criteria's:

7.1 ²The Committee may on the basis of all or any of the following criteria and recommendation received from the ESOP Council (for grant & vesting of Options), decide on the Employees / Grantees who are eligible for the grant / vesting of Options under the Scheme and the terms and conditions thereof.

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² Modified

- Loyalty: It will be determined on the basis of tenure of employment of an Employee in the Company.
- Performance: Employee's performance during the financial year on the basis of the parameters decided by the management.
- The present and potential contribution of the Employee to the success of the Company.
- High market value/ difficulty in replacing the Employee.
- High risk of losing the Employee to competition.
- Value addition by the new entrant, if any
- Employment Terms.
- Total number of years of association of the employee with the Company.

7.2 The Employees / Grantees satisfying the eligibility criteria shall be termed as eligible Employee / Grantee.

7.3 New Joinees can also participate in the Scheme as per recommendation of the ESOP Council.

7.4 Nothing in the Scheme or in any Option granted pursuant to the Scheme shall confer on any Employee, any right to continue in the employment of the Company or interfere in any way with the right of the Company to terminate the Employee's employment at any time.

8. Grant of Options:

8.1 The Committee shall grant Options to one or more eligible Employees considering the recommendation of the ESOP Council, in accordance with the terms and conditions of the Scheme for the time being in force and subject to Employee's employment terms or his continuity in the employment.

8.2 Subject to availability of Options in the pool under the Scheme, the maximum number of Options that can be granted to any eligible Employee during any one year shall not be equal to or exceed 1% of the issued capital of the Company at the time of grant. The Committee may, considering the recommendation of the ESOP Council, decide to grant such number of Options equal to or exceeding 1% of the issued capital to any eligible Employee as the case may be, subject to the separate approval of the Shareholders in a general meeting.

8.3 The grant of Options shall be communicated to the eligible Employees in writing through grant letter specifying the vesting date, number of Options granted, exercise price, vesting schedule, and the other terms and conditions thereof.

8.4 No amount shall be payable by an Employee at the time of grant of Options.

8.5 Upon grant, an eligible Employee shall become Grantee under the Scheme.

8.6 Subject to the corporate action(s) taken by the Company, if any, the grant of 1 (One) Option to an Employee under this Scheme shall entitle the holder of the Option to apply for 1 (One) Share in the Company upon payment of exercise price, applicable taxes and other charges, if any.

- 8.7 The Options granted to the eligible Employees shall not be transferable to any other person.
- 8.8 The Options granted to the eligible Employees shall not be pledged, hypothecated, mortgaged or otherwise encumbered or alienated in any other manner.
- 8.9 As a condition to the receipt of benefits hereunder, each Grantee may be required to execute related agreements, in a form satisfactory to the Committee, which may include but are not limited to, a non-competition, confidentiality, non-solicitation, non-Interference, adherence to code of conduct or non-disclosure agreement with the Company as well as tax indemnification agreements in connection with the grant of the Options.

9. Method of Acceptance:

- 9.1 Any Grantee who wishes to accept the grant made pursuant to the Scheme, must deliver a signed copy of grant letter to the ESOP Council or to the Company Secretary within 15 days from the date of receipt of the grant letter. The Committee may extend the said period of 15 days for such duration as it may deem fit for the benefits of the Grantees.
- 9.2 Any Grantee who fails to return the signed copy of grant letter and/or fails to provide his acceptance within the above-mentioned time period shall, unless the Committee determines otherwise, be deemed to have rejected the grant and the Company is not liable to pay any such amount on such rejection.
- 9.3 The Grantee is not required to pay any amount at the time of acceptance of the offer.
- 9.4 Subject to the terms contained herein, the acceptance in accordance with this article, of a grant made to a Grantee, shall conclude a contract between the Grantee and the Company, pursuant to which each Option shall, on such acceptance, be an unvested Option.

10. Vesting of Options:

- 10.1 Vesting period shall commence from the grant date and shall be minimum 1 (One) year from the grant date and may extend upto maximum of 5 (Five) years from the grant date, at the discretion of and in the manner prescribed by the Committee. The Committee shall decide this matter considering the recommendation of the ESOP Council.
- 10.2 Vesting of Options can vary from Grantee to Grantee as per the discretion of the Committee. The Committee shall decide this matter considering the recommendation of the ESOP Council and the Committee's decision shall be final and binding.
- 10.3 The vesting schedule will be clearly defined in the grant letter of respective Grantees subject to minimum and maximum vesting period as specified in article 10.1 above.
- 10.4 The Actual vesting may further be linked with the eligibility criteria, as determined by the Committee considering the recommendation of the ESOP Council and mentioned in the grant letter.

- 10.5 The Committee considering the recommendation of the ESOP Council shall have the power to modify or accelerate the vesting schedule on a case-to-case basis subject to the minimum gap of 1 (One) Year between the grant and first vesting.
- 10.6 The Options which get lapsed due to eligibility Criteria in any of the vesting, if any, will get lapsed from the hands of the Grantee. However, the Committee, may still allow the vesting of Options for which the eligibility criteria is not met, if so deems fit.
- 10.7 Further any fraction entitlement, to which the Grantee would become entitled to upon vesting of Options, then the Options to be actually vested be rounded off to nearest lower integer.
- 10.8 The vesting of Options shall be communicated to the eligible Grantees in writing through vesting letter.

11. Exercise of Options:

- 11.1 After vesting, Options can be immediately exercised within the exercise period, either wholly or in part, through cash mechanism under which the Grantee will receive the Shares equivalent to the number of the Options exercised in accordance with the terms and conditions of the Scheme after he has submitted the exercise application along with payment of the exercise price, applicable taxes and other charges, if any.
- 11.2 The exercise period shall be a maximum of upto 3 (Three) years from the date of respective vesting. Failure to comply within this time period, shall result in lapse of vested Options in the hands of Grantee. The Committee shall decide this matter considering the recommendation of the ESOP Council.
- 11.3 The mode and manner of the exercise shall be communicated to the Grantees individually.
- 11.4 Upon valid exercise the Company will allot requisite number of Shares to the Grantee. Shares so allotted shall rank pari-passu to the existing shares of the Company.
- 11.5 Upon such allotment the Grantee shall become member of the Company.
- 11.6 Notwithstanding anything contained elsewhere in the Scheme, the Company, may not allot Shares, in the event of the Grantee being found to be involved in fraud, misfeasance, gross negligence, breach of trust or like event(s) and in such an event(s) the rights under the Options (whether vested or not) shall lapse, forthwith, without any claim on, or recourse to the Company.
- 11.7 If the vesting or exercise of Options is prevented by any law or regulation in force and the Company is forbidden to allot Shares pursuant to exercise of Options under such law or regulation, then in such an event the Company shall not be liable to compensate the Grantee in any manner whatsoever.

11.8 The Committee shall have the power to cancel all or any of the Options granted under the Scheme, if so required, under any law for the time being in force or the order of any jurisdictional court. In the event of any such cancellation, the Company shall not be liable to compensate the Grantee in any manner.

12. ¹⁰Lock in Requirements:

12.1 The shares so allotted to the Grantees pursuant to exercise of Options will not be subject to a lock-in-period and can be freely sold by the Grantees thereafter. The Compensation Committee may, however, considering the recommendation of the ESOP Council, decide/ implement/ vary/ modify the lock-in period in such manner and subject to such terms and conditions as it may deem fit and appropriate at its discretion from time to time.

13. Exercise Price:

13.1 Under this Scheme, the exercise price for Options will be decided by the Committee on the basis market price as defined in the Scheme.

13.2 The Committee has a power to provide suitable discount or charge premium on such price as arrived above. However, in any case the exercise price shall not go below the par value of Share of the Company.

13.3 Further, Committee has the power to re-price the granted Options in future if the grant made under the Scheme is rendered unattractive due to the fall in the price of Shares, after complying the conditions as mentioned in the ¹¹SEBI (SBEB & SE) Regulations, 2021.

13.4 The aggregate exercise price payable at the time of exercise shall be paid by cheque or demand draft or NEFT in the name of the Company i.e. Orient Bell Limited.

13.5 The tax amount arising at the time of exercise shall be payable at the time of exercise by cheque or demand draft or NEFT in the name of the Company i.e. Orient Bell Limited.

14. Cessation of Employment:

Subject to the employment terms of a Grantee, the following terms shall be applicable:

14.1 In the event of cessation of employment due to death

- a) All Options granted as on date of death would vest in the Legal Heirs / Nominee of the Grantee on that day. The Options would be exercisable by the Legal Heirs / Nominee within a period of 3 (Three) months from the date of death failing which all the unexercised Options shall lapse irrevocably and the rights there under shall be extinguished.

Amended on 09th September, 2022

¹⁰. Modified.

¹¹. The words 'SEBI (SBEB) Regulations' have been replaced with 'SEBI (SBEB & SE) Regulations, 2021'.

- b) All other terms and conditions of the Scheme shall apply to such Options. Provided that, in order to exercise the Options of the deceased Grantee, the Legal Heirs / Nominee have to submit the following documents to the Committee and the Committee may at its discretion waive off the requirement to submit any of the documents:

A. In case nominee is not appointed

- Copy of the succession certificate / probate of will / letter of administration.
- No objection certificate from the other legal heirs.
- Photo copy of the death certificate duly attested by the proper authority (English translated version if in the vernacular language)
- Specimen signature of the person(s) in whose name Shares are to be transmitted (duly attested by the bank)
- Copy of PAN card of the applicant (self – attested).
- Copy of address proof (self – attested)

B. In case nominee is appointed

- Photo copy of the death certificate duly attested by the proper authority (English translated version if in the vernacular language)
- Specimen signature of the person(s) in whose name Shares are to be transmitted (duly attested by the bank)
- Copy of PAN card of the applicant (self – attested).
- Copy of address proof (self – attested)

14.2 In the event of cessation of employment due to permanent disability

All Options granted to Grantee as on date of permanent disability would vest in him/her on that day. The Options would be exercisable within a period of 3 (Three) months from the date of permanent disability, failing which all the unexercised Options shall lapse irrevocably and the rights there under shall be extinguished.

14.3 In the event of cessation of employment due to resignation or termination *(not due to misconduct or ethical/ compliance violations)*

- a) All unvested Options, on the date of cessation, shall expire and stand terminated with effect from that date unless otherwise determined by the Committee whose decision will be final and binding.
- b) All vested Options as on that date shall be exercisable by the Grantee by last day of employment in the Company or before expiry of exercise period, whichever is earlier. The vested Options not so exercised shall lapse irrevocably and the rights thereunder shall be extinguished.

14.4 In the event of cessation of employment due to retirement/superannuation

- a) All unvested Options, on the date of cessation, shall expire and stand terminated with effect from that date unless otherwise determined by the Committee whose decision will be final and binding.

- b) All vested Options as on that date shall be exercisable by the Grantee by last day of employment in the Company or before expiry of exercise period, whichever is earlier. The vested Options not so exercised shall lapse irrevocably and the rights thereunder shall be extinguished.

14.5 In the event of cessation of employment due to termination (*due to misconduct or ethical/ compliance violations*)

If a Grantee is terminated due to misconduct or ethical/ compliance violations, all Options granted whether vested or not shall stand terminated with immediate effect unless otherwise determined by the Committee, whose determination will be final and binding.

- 14.6** In the event that a Grantee is **transferred or deputed to an Associate Company** prior to vesting or exercise of Options, the vesting and exercise of Options, as per the terms of grant, shall continue in case of such transferred or deputed Grantee even after the transfer or deputation.

- 14.7** In the event of a Grantee going on **Long Leave**, i.e. absence from the office for more than three months, the treatment of Options granted to him/her, whether vested or not, shall be determined by the Committee, whose decision shall be final & binding.

- 14.8** In the event where a **Dispute arises between Grantee and the Company**, vesting and/or exercise of Options will be put on hold till the date of settlement, to the satisfaction of the Committee.

- 14.9** The Committee may modify the terms for cessation of employment as mentioned in foregoing paras 14.1 to 14.8.

15. Terms and Conditions of Shares:

- 15.1** Nothing herein is intended to or shall give the Grantee, any right to status of any kind as a Shareholder of the Company in respect of any Share covered by the grant unless the Grantee exercises the Options and becomes the registered Shareholder of the Company.

- 15.2** The Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to exercise Options in whole or in part.

- 15.3** The Grantee shall abide by the Company's Code of Conduct for prevention of insider trading and Code of practices and procedures for fair disclosure of unpublished price sensitive information adopted by the Company under SEBI (Prohibition of Insider Trading) Regulations, 2015.

- 15.4** The maximum quantum of benefits that will be provided to every eligible Employee under the Scheme will be the difference between the market value of Company's Share on the Stock Exchanges as on the date of exercise of Options and the exercise price paid by the Employee.

16. Notices and correspondence:

- 16.1** Any notice required to be given by a Grantee to the Company or the Committee or any correspondence to be made between an Grantee and the Company or the Committee may be given or made to the Company/ Committee at the corporate office or registered office of the Company or at the place as may be notified by the Company/ Committee in writing or at the specific designated email id of the Company.
- 16.2** Any notice, required to be given by the Company or the Committee to a Grantee or any correspondence to be made between the Company or the Committee and an Grantee shall be given or made by the Company or the Committee on behalf of the Company at the address provided by the employee while accepting the option granted to him or at the official email Id of the Grantee.

17. Nomination of Beneficiary:

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

18. Corporate Action:

- 18.1** Except as hereinafter provided, any grant made shall be subject to adjustment, by the Committee, at its discretion, as to the number and price of Options or Shares, as the case may be, in the event of 'corporate action' as defined herein.
- 18.2** If there is a 'corporate action' of the Company before the Options granted under this Scheme are exercised, the Grantee shall be entitled on exercise of the Options, to such number of resultant Shares to which he/she would have been entitled as if all of the then outstanding Options exercised by him/her, had been exercised before such 'Change in the Capital Structure' had taken place and the rights under the Options shall stand correspondingly adjusted. In the event of a corporate action, the Committee, subject to the provisions of applicable laws, shall make fair and reasonable adjustments under the Scheme, as it deems fit, with respect to the number of Options, exercise price and make any other necessary amendments to the Scheme for this purpose. The vesting period and life of the Options shall be left unaltered as far as possible.
- 18.3** In the event of severance of employment of a Grantee, as a part of reconstitution / amalgamation / sell-off or otherwise, the Options granted and not exercised before such reconstitution / amalgamation / sell-off, shall be exercised as per the terms and conditions determined in the relevant Scheme of such reconstitution / amalgamation / sell-off.

18.4 In the event of a dissolution or liquidation of the Company, any vested Options outstanding under the Scheme shall be cancelled if not exercised prior to such event and no compensation shall be payable in respect of the Options so cancelled.

19. Recovery of applicable taxes:

19.1 All Options granted/ Shares allotted under the Scheme shall be subject to all applicable taxes, if any, and the Company may recover such taxes accordingly from the Grantee.

19.2 An Employee beneficiary shall pay all tax and discharge all other liabilities to which he may become subject to as are result of his participation in this Scheme or exercise of options.

20. Disclosure and Accounting Policies:

20.1 The Company shall comply with the requirements of IND-AS and shall use Fair value method.

20.2 Compensation cost will be booked in the books of account of the Company over the vesting period.

21. Taxability on the Employee:

21.1 The exercisable options are subject to the applicable provisions of the Income Tax Act, 1961. There would be a double point of Taxation on the Employee.

- **Point 1:-** At the time of exercise of the Options the difference between the market price of the shares as on date of exercise of the Options and the Exercise Price will be added as a perquisite under salary in the month of exercise. The employee will be liable to pay the taxes at the individual slab rate in which he falls.

Eg: Exercise Price= Rs. 25 per option / Market Price of share on exercise = Rs. 100 per shares / Perquisite = Rs.100 – Rs.25 = Rs.75/- per share.

Suppose employee falls in 30% slab, his perquisite tax will be Rs.23/-

- **Point 2:-** At the time of sale of the shares of the company by the employee, through stock exchange. Employee has to pay STCG/LTCG at the time of sale as the case may be.

22. Surrender of Options:

22.1 Any Grantee to whom the Options are granted under this Scheme, may at any time, surrender his Options to the Company. In such case the Company would not be liable to pay any compensation to the Grantee on account of his surrender of Options. The Options so surrendered will be added back to the pool of the Scheme and pursuant to this the Grantee shall cease to have all rights and obligations over such Options.

23. Arbitration:

23.1 In the event of a dispute arising out of or in relation to the provisions of this Scheme (including a dispute relating to the construction or performance thereof), the relevant parties shall attempt

in the first instance to resolve such dispute through an amicable settlement. The attempt to bring about an amicable settlement shall be considered to have failed as soon as one of the parties hereto, after reasonable attempts, which attempt shall continue for not more than 30 days, gives 10 days' notice thereof to the other party in writing.

23.2 In case of such failure, either party may refer the dispute to a single arbitrator to be appointed by Managing Director or CEO of the Company. The arbitration proceedings shall be held in New Delhi, India under and in accordance with the Arbitration and Conciliation Act, 1996 and any statutory modification or re-enactment thereof. The arbitrator shall give a reasoned award in writing. The arbitrator shall also decide on the costs of the arbitration proceedings. The parties shall submit to the arbitrator's award and the award shall be enforceable in competent court of law at New Delhi, India.

24. Governing Law:

24.1 This Scheme and all related documents thereunder shall be governed by and construed in accordance with the ¹²SEBI (SBEB & SE) Regulations, 2021 and other applicable laws of India.

24.2 Any term of the Scheme that is contrary to the requirement of the ¹³SEBI (SBEB & SE) Regulations, 2021 or any other applicable laws shall not apply to the extent it is contrary.

24.3 The Courts at New Delhi shall have exclusive jurisdiction on any matter arising out of this Scheme.

25. Regulatory Approvals:

25.1 The implementation of the Scheme, the Granting of any Option under the Scheme and the issuance of any Shares under this Scheme shall be subject to the procurement by the Company and the Employee/ Beneficiary of all approvals and permits, if any, required by any regulatory authorities having jurisdiction over the Scheme. The Employee/ Beneficiary under this Scheme will, if requested by the Committee/ Company, provide such assurances and representations to the Company or the Committee, as the Committee may deem necessary or desirable to ensure compliance with all applicable legal and accounting requirements.

26. Modification of Scheme:

26.1 Subject to the applicable laws, the Committee may, at any time:

26.1.1 Revoke, add to, alter, amend or vary all or any of the terms and conditions of the Scheme or all or any of the rights and obligations of the Grantee;

Amended on 09th September, 2022

~~12.~~ & ~~13.~~ The words 'SEBI (SBEB) Regulations' have been replaced with 'SEBI (SBEB & SE) Regulations, 2021'.

26.2 Any amendment, variation or modification under the Scheme shall not be prejudicial to the interest of the employees of the Company.

26.2.1 Formulate various sets of special terms and conditions in addition to those set out herein, to apply to the specific Grantee or class or category of Grantees. Each of such sets of special terms and conditions shall be restricted in its application to those specific Grantee or class or category of such Grantees.

27. Confidentiality:

27.1 Notwithstanding anything contained in this Scheme, the Grantee shall not divulge the details of the Scheme and/or his holdings to any person except with the prior written permission of the Committee unless so required to do under the applicable laws or any statutes or regulations applicable to such Grantee.

For and on behalf of the Board of Directors of Orient Bell Limited

Place: New Delhi
Date : 05th March, 2024

Sd/-
Madhur Daga
Managing Director

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