



Chambal Fertilisers and Chemicals Limited

CFCL Employees Stock Option Scheme, 2010

(amended as on 15 September 2015)

CHAMBAL FERTILISERS AND CHEMICALS LIMITED

CFCL EMPLOYEES STOCK OPTION SCHEME 2010

INDEX

SR. NO.	PARTICULARS	PAGE NO.
1.	NAME OF THE SCHEME	1
2.	PURPOSE OF THE SCHEME	1
3.	DEFINITIONS	1
4.	ELIGIBILITY	5
5.	ADMINISTRATION AND IMPLEMENTATION OF THE SCHEME	6
6.	SHARES POOL	8
7.	GRANT OF OPTIONS	8
8.	METHOD OF ACCEPTANCE	9
9.	VESTING OF OPTIONS & LOCK-IN PERIOD	9
10.	EXERCISE PRICE	10
11.	EXERCISE OF OPTIONS	10
12.	TRANSFER OF SHARES	11
13.	TERMINATION OF EMPLOYMENT	11
14.	NOTICES AND CORRESPONDENCE	13
15.	BENEFICIARY NOMINATION	13
16.	NON-TRANSFERABILITY OF OPTIONS	13
17.	CORPORATE ACTION	14
18.	TAX AND LEVIES	14
19.	LISTING OF THE SHARES	14
20.	DISCLOSURE AND ACCOUNTING POLICIES	14
21.	DISPUTE RESOLUTION	14
22.	GOVERNING LAW	15
23.	SCHEME SEVERABLE	15
24.	REGULATORY APPROVALS	15
25.	MODIFICATION OF SCHEME	15
26.	MISCELLANEOUS PROVISIONS	15
27.	TERM OF THE SCHEME	17
28.	CONFIDENTIALITY	17

1. Name of the Scheme

The employees' stock option scheme of the Company is termed as the CFCL Employees Stock Option Scheme 2010 ("Scheme") and is effective from September 16, 2010. The Scheme has been approved by the shareholders of the Company pursuant to a special resolution passed in the annual general meeting held on August 27, 2010. The Scheme has been modified pursuant to the special resolutions passed by the shareholders of the Company at the annual general meetings held on September 13, 2013 and September 15, 2015.

2. Purpose of the Scheme

Chambal Fertilisers and Chemicals Limited ("**Company**"), a company limited by shares, incorporated and registered under the Companies Act, 1956 having its registered office at Gadepan, District Kota, Rajasthan – 325 208, has structured the Scheme for its Employees (as defined later). The purpose of this Scheme is to attract, reward and motivate the Employees for high levels of individual performance as well as to retain them. The Scheme will enable them to participate in the long term growth of the Company. This purpose is sought to be achieved through the grant of Options (as defined later) to the Employees to acquire the Shares (as defined later) of the Company.

3. Definitions

In this Scheme, except where the context otherwise requires, the following expressions or terms shall have the meanings indicated there against. The terms not defined in this Scheme shall have the meanings as defined in the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Companies Act, 2013, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 or the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, or in any statutory modifications or re-enactments thereof, as the case may be.

Further, unless the context otherwise requires, words denoting the masculine gender shall include the feminine gender and words denoting the singular shall include the plural and vice versa.

3.1 "Acceptance Form" means the form that the Grantee has to submit indicating his acceptance of the offer made to him to participate in the Scheme.

3.2 "Applicable Laws" means all applicable laws, bye-laws, statutes, rules, regulations, orders, ordinances, notifications, protocols, treaties, codes, guidelines, policies, notices, directions, writs, injunctions, judgments, decrees or official directive of any court of competent authority or of any competent Governmental authority or person acting under the authority of any court of competent authority or of any competent Governmental authority of the Republic of India, as amended and modified from time to time, and includes regulations, rules, guidelines issued by the Securities and Exchange Board of India.

3.3 "Associate Company" shall have the same meaning as ascribed to it under SEBI Guidelines.

- 3.4 “Beneficiary” means the person, persons, trust or trusts designated or nominated by the Participant or in the absence of any designation or nomination by the Participant, a person or persons who is/ are entitled by the will of the Participant to receive the benefits specified in the Scheme, the legal heirs of the Participant, if the Participant dies intestate and includes the Participant’s executors or administrator, if no other beneficiary is designated and able to act under the circumstances and such other persons as may be added from time to time to the class of beneficiaries by notice in writing and by the nomination form in the exercise of any powers conferred under the Scheme or any other agreements forming part thereof.
- 3.5 “Board” means the Board of Directors of the Company.
- 3.6 “Cause” means negligence, fraud, professional misconduct, breach of trust, moral turpitude, committing or abetting any illegal activity, violating any Company policy or terms of employment or any other applicable code of conduct, absence from office for a substantial period of time without any valid reason or authority, or any other actions or circumstances of similar nature as may be decided by the Committee in its absolute discretion.
- 3.7 “Closing Date” means the last date on which the offer of Options by the Company to a Grantee can be accepted by the Grantee. In case the last date is a non working day, then the Closing Date shall be the next working day.
- 3.8 “Committee” means the Nomination and Remuneration Committee or any other committee of the Board designated or to be designated by the Board in pursuance of the SEBI Guidelines for administration and superintendence of this Scheme pursuant to Clause 5 below.
- 3.9 “Company” shall mean Chambal Fertilisers and Chemicals Limited, a company limited by shares, incorporated and registered under the Companies Act, 1956 having its registered office at Gadepan, District Kota, Rajasthan, PIN - 325 208.
- 3.10 “Corporate Action” includes, *inter alia*, events such as rights issue, bonus issue, corporate restructuring, reduction of share capital, buyback of shares, split or consolidation of shares of the Company or any similar events.
- 3.11 “Eligible Employee” shall have the same meaning as ascribed to it in clause 4.1 of the Scheme.
- 3.12 “Employee” means:
- a) A permanent employee of the Company who is on the payroll of the Company, working in India or out of India; and
 - b) Whole-time Director(s)/ Managing Director(s) of the Company.
- 3.13 “Exercise” means making of an application by the Participant for transfer of Shares against the Vested Options held by such Participant in pursuance of this Scheme and payment of the Exercise Price.

- 3.14 “Exercise Date” means the date on which the Participant exercises his Vested Options and in case of partial exercise, means each date on which the Participant exercises part of his Vested Options.
- 3.15 “Exercise Period” in relation to a Vested Option means the time period within which the Participant should apply for Exercise of such Vested Options, which shall be a period of 8 (eight) years from the Vesting Date.
- 3.16 “Exercise Price” means the price payable by the Participant for exercising each Option granted to him in pursuance of the Scheme, in accordance with Clause 10 below, and which price shall be communicated to the Participant in the Grant Letter.
- 3.17 “FEMA Regulation” means Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 issued by Reserve Bank of India vide notification no. FEMA 20/ 2000-RB dated May 3, 2000 and shall include any alterations, amendments, additions, deletions, modifications, or variations thereof from time to time.
- 3.18 “General Meeting” means a general meeting (including extraordinary general meeting) of the shareholders of the Company held in accordance with the Articles of Association of the Company and the Applicable Laws.
- 3.19 “Grant” means the process by which a Grantee is given an Option pursuant to this Scheme.
- 3.20 “Grant Date” means the date on which the Options are granted to a Grantee by the Committee under the Scheme.
- 3.21 “Grant Letter” means the letter by which Grant of an Option is communicated to the Grantee and setting out matters incidental and ancillary thereto.
- 3.22 “Grantee” means an Eligible Employee selected by the Committee for the grant of Options under the Scheme.
- 3.23 “Independent Director” shall have the same meaning as ascribed to it under the SEBI Guidelines and the Companies Act, 2013.
- 3.24 “Market Price” means the latest available closing price, prior to the date of the meeting of the Committee in which Options are granted, on the stock exchange on which the Shares of the Company are listed. If, on the date of such meeting, the Shares are listed on more than one stock exchange, the stock exchange where there is highest trading volume on the said date shall be considered.
- 3.25 “Option” means a right, but not an obligation granted to the Participant pursuant to this Scheme to acquire and be transferred Shares of the Company at the Exercise Price determined

in accordance with Clause 10 below and upon such terms and conditions as may be specified in the Scheme and as determined by the Committee.

- 3.26 “Participant” means a Grantee who accepts an offer from the Company to participate in the Scheme pursuant to Clause 8 below.
- 3.27 “Permanent Incapacity” means any disability of whatsoever nature be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Employee from performing any specific job, work or task which the said Employee was capable of performing immediately before such disablement, as determined by the Committee based on a certificate of a medical expert identified by the Committee.
- 3.28 “Promoter” shall have the same meaning as ascribed to it under the SEBI Guidelines.
- 3.29 “Promoter Group” shall have the same meaning as ascribed to it under the SEBI Guidelines.
- 3.30 “Relative” shall have the same meaning as ascribed to it under the SEBI Guidelines.
- 3.31 “Scheme” means CFCL Employees Stock Option Scheme 2010 and shall include any alterations, amendments, additions, deletions, modifications or variations thereof from time to time.
- 3.32 “SEBI” shall mean Securities and Exchange Board of India constituted in terms of Securities and Exchange Board of India Act, 1992.
- 3.33 “SEBI Guidelines” means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 issued by SEBI under the Securities and Exchange Board of India Act, 1992 and includes any alterations, amendments, additions, deletions, modifications, variations or re-enactment thereof from time to time.
- 3.34 “Secondary Acquisition” means acquisition of existing Shares of the Company by the Trust on the platform of a recognized stock exchange for cash consideration.
- 3.35 “Share” means an equity Share of the Company having a face value of Rupees Ten.
- 3.36 “Shareholder” means the registered holder of a Share in the share capital of the Company.
- 3.37 “Termination Date” means the date of termination of employment of the Participant with the Company.
- 3.38 “Trust” means CFCL Employees Welfare Trust constituted by the Company for the purpose of subscription or Secondary Acquisition of Shares for holding and transferring of Shares to Participants in the manner specified in the Trust Deed and the Scheme.
- 3.39 “Trust Deed” means the deed of private Trust between the Company and the trustees, as amended from time to time, for creation of CFCL Employees Welfare Trust for the welfare of the Employees with the objective of subscription or Secondary Acquisition of Shares for

holding and transferring of Shares to Participants in the manner specified in the Trust Deed and the Scheme.

- 3.40 “Unvested Option” means an Option, which is not a Vested Option.
- 3.41 “Vested Option” means an Option, which has vested in the Participant as per Clause 9 or Clause 13 below and has thereby become exercisable.
- 3.42 “Vesting” means the process by which the Participant is given the right to apply for Shares against the Option granted to him in pursuance of the Scheme.
- 3.43 “Vesting Date” means in relation to an Option, the date on and from which that Option vests in the Participant and thereby becomes exercisable.
- 3.44 “Vesting Period” means the period during which the vesting of the Option granted to the Participant in pursuance of the Scheme takes place.
- 3.45 Construction
 - a) The headings, sub-headings, titles, sub-titles are only for the sake of convenience and shall not be interpreted to restrict or otherwise affect the meaning or import of the Articles, 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.

4. Eligibility

- 4.1 Subject to Clause 4.3 below, the following persons or classes of persons shall be entitled to participate in the Scheme (“**Eligible Employees**”):
 - a) Employees, other than Whole-time Director(s) and Managing Director(s), in the Fertiliser Division of the Company who are at grade of Senior Manager and above; and
 - b) Whole-time Director(s)/ Managing Director(s) of the Company.
- 4.2 The Committee will, based on parameters evolved or decided by it from time to time in its absolute discretion, decide which Eligible Employees should be granted Options under the Scheme and accordingly, the Company would offer the Options to the identified Eligible Employees.

- 4.3 An Employee who is a Promoter; or belongs to the Promoter Group or a director, who either by himself or through his Relative or through any body corporate, directly or indirectly, holds more than 10 percent of the outstanding equity shares of the Company, shall not be eligible to participate in the Scheme.

5. Administration and Implementation of the Scheme

- 5.1 Subject to Applicable Laws, the Scheme shall be administered by the Committee, which may delegate its duties and powers in whole or in part as it determines. The Committee shall delegate the administration of the Scheme to the Trust. The Committee is authorised to interpret the Scheme, to establish, amend and rescind any rules and regulations relating to the Scheme and to make any other determinations that it deems necessary or desirable for the administration and implementation of the Scheme. The Committee may correct any defect, omission or reconcile any inconsistency in the Scheme in the manner and to the extent the Committee deems necessary or desirable. Any decision of the Committee in the interpretation and administration of the Scheme, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned (including, but not limited to, Grantee and/ or Participants and their Beneficiaries or successors). The Committee shall in accordance with this Scheme and Applicable Laws, determine the detailed terms and conditions of the Scheme and shall *inter-alia*, in its absolute discretion, do the following:
- a) Adopt rules, regulations and policies for implementing the Scheme and amending, altering, modifying or rescinding the same from time to time. All Employees participating in the Scheme shall automatically be bound by such rules, regulations and policies adopted and/or amended by the Committee;
 - b) Identify the Employees eligible to participate under the Scheme;
 - c) Grant Options to the identified Eligible Employees and determine the Grant Date;
 - d) Determine the number of Options to be granted to each Grantee, subject to (i) the ceiling specified in Clause 6; and (ii) the condition that the number of Options granted to an Eligible Employee shall be such that the Shares issued to the Eligible Employee pursuant to the Exercise of such Options constitute less than 0.1% of the issued capital (excluding outstanding warrants and conversions) of the Company on the Grant Date;
 - e) Determine the method for exercising the Vested Options;
 - f) Determine the terms and conditions, not inconsistent with the terms of the Scheme, of any Option granted hereunder;
 - g) Approve forms or agreements for use under the Scheme;

- h) Determine the conditions under which the Options Vested in Employees may lapse in case of termination of employment for misconduct;
- i) Determine whether or not an Option Vested in a Participant should lapse in the event of any Cause in relation to that Participant, as determined by the Committee in its absolute discretion;
- j) Determine the procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of a Corporate Action, in accordance with the SEBI Guidelines;
- k) Determine the terms and conditions for the Grant, Vesting and Exercise of Options in case of Employees who are on long leave or whose services have been seconded to any other company or who have joined any other company at the instance of the Company;
- l) Determine the procedure for cashless Exercise of Options, if required;
- m) Determine the exact proportion and the exact period over which the Options would Vest in a Participant and may provide for different Vesting periods for different Participants keeping in mind the superannuation date for a Participant. The Committee may revise the period of Vesting in case of premature retirement of a Participant which is specifically approved by the Company;
- n) Determine the time period within which the Participant shall Exercise the Vested Options in the event of termination or resignation of an employee.
- o) Determine the treatment of the Options held by a Participant in case of suspension of services or in case of any inquiry for a Cause in relation to that Participant;
- p) Arrange to get the Shares issued under the Scheme, listed in the stock exchanges on which the equity shares of the Company are listed;
- q) Construe and interpret the terms of the Scheme and the Options granted pursuant to the Scheme;
- r) Frame suitable policies and procedures to ensure compliance of securities laws, as amended from time to time, including the 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, by the Trust, the Company and its employees, as applicable; and
- s) Supervise the Trust and resolve any issue that arises in the administration of the Scheme through the Trust and to direct the trustees as and when required for smooth and proper administration of the Scheme, as per the Applicable Laws.

- 5.2 All decisions made by the Committee in the matters referred to above shall be conclusive and binding on all parties concerned (including, but not limited to, Grantee and/ or Participants and their Beneficiaries and/or successors). Neither the Company nor the Committee shall be liable for any action or determination made in good faith with respect to the Scheme or any Option granted thereunder.
- 5.3 The numbers of members of the Committee and their powers and functions can be specified, varied, altered or modified from time to time by the Board, subject to the provisions of Applicable Laws.
- 5.4 In terms of Regulation 3 (1) of the SEBI Guidelines, the implementation of the Scheme shall be done solely by the Trust. The Trust shall be responsible for the administration and implementation of all activities as contained in the Trust Deed including, *inter alia*, pertaining to the subscription of shares, purchase of shares from the secondary market, holding the inventory, funding of the shares, transfer of shares pursuant to Exercise of Options, maintaining of records, availing of loans, cashless Exercise of Options, receipt of purchase consideration, repayment of loans and ensuring compliance with the Scheme, SEBI Guidelines and any other Applicable laws.

6. Shares Pool

Subject to Clause 17 below, the number of Shares that may be transferred pursuant to Exercise of all Options granted to the Participants under this Scheme shall not exceed 41,62,000 (Forty One Lac Sixty Two Thousand) Shares which is equivalent to 41,62,000 (Forty One Lac Sixty Two Thousand) Options. The Company reserves the right to increase or reduce such number of Shares as it deems fit, in accordance with Applicable Laws;

Provided that the Secondary Acquisition in a financial year by the Trust and the total number of Shares under Secondary Acquisition held by the Trust shall at no times exceed the limits prescribed under the SEBI Guidelines.

7. Grant of Options

- 7.1 The Committee may offer the Options to a Grantee in accordance with the terms and conditions of the Scheme for the time being in force.
- 7.2 Each Option will entitle the Participant, upon its Exercise, to one Share of the Company.
- 7.3 Subject to Clause 17 below, the maximum number of the Shares that may be transferred pursuant to the Exercise of the Options to each Participant under this Scheme shall be less than 0.1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of Grant of Options. Further, the face value of the Shares to be transferred to the non-resident Employees shall not exceed the limit provided in FEMA Regulation.

- 7.4 The Grant of the Options by the Committee to the Grantee shall be made in writing and communicated to the Grantee by way of a Grant Letter. Such a Grant Letter shall state:
- a) the number of Options offered;
 - b) the Exercise Price;
 - c) the Closing Date of accepting the offer;
 - d) the conditions subject to which Vesting would take place; and
 - e) the terms and conditions of the Grant.

The Grantee shall, along with the Grant Letter, be also furnished with the disclosures prescribed by SEBI and under the Applicable Laws. .

- 7.5 The Closing Date shall not be more than 60 (Sixty) days from the Grant Date.
- 7.6 An offer made under clause 7.1 above is personal to the Grantee and cannot be transferred in any manner whatsoever.

8. Method of Acceptance

- 8.1 Any Grantee who wishes to accept an offer made pursuant to Clause 7 above must deliver duly completed Acceptance Form, prescribed by the Committee from time to time, to the Committee on or before the Closing Date stated in the Grant Letter.
- 8.2 Any Grantee who fails to return the Acceptance Form on or before the Closing Date shall, unless the Committee determines otherwise, be deemed to have rejected the offer. Any Acceptance Form received after the Closing Date shall not be valid, unless determined otherwise by the Committee. Options that are not accepted by the Grantee in accordance with this provision will be available for Grant by the Committee to any other Eligible Employee(s) as it may deem fit in its absolute discretion, in accordance with this Scheme.
- 8.3 Upon receipt of a duly completed Acceptance Form from the Grantee in respect of the Grant, the Grantee will become a Participant. The Committee may then issue to the Participant a statement, in such form as it deems appropriate, showing the number of Options to which the Participant is entitled pursuant to the acceptance of such offer and the number of Shares for which the Participant will be entitled to acquire pursuant to such Options.

9. Vesting of Options & lock-in period

- 9.1 Subject to the terms contained herein, the acceptance in accordance with Clause 8 above, 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.
- 9.2 Options Granted under this Scheme would Vest not earlier than one year and not later than five years from the date of Grant of such Options. Vesting of Options would be a function of continued employment with the Company (passage of time) and achievement of performance

criteria as specified by the Committee and communicated in the Grant Letter. The specific Vesting schedule and conditions subject to which Vesting would take place would be outlined in the Grant Letter given to the Option Grantee at the time of Grant of Options.

- 9.3 Notwithstanding anything contained in this Scheme, the Committee may not Vest any of the Options already Granted or Vest such lesser number of Options already Granted, in the event it is found that the Participant has not met the performance criteria specified in the Grant Letter or if there is any Cause in relation to that Participant.
- 9.4 In case the Participant complies with all the pre-Vesting conditions, an authorised official of the Company would intimate the Participant about the number of Options Vested.

10. Exercise Price

Save as provided under sub-Clause b) of Clause 25, the Exercise Price of the Option shall be the Market Price of the Shares.

11. Exercise of Options

- 11.1 The Vested Options shall be exercisable according to the terms and conditions as determined and set forth under the Scheme.
- 11.2 Subject to Clause 13.1, the Participant alone can Exercise the Vested Options.
- 11.3 Subject to Clauses 9 and 13, the Participant can Exercise the Vested Options within the Exercise Period. Such exercise may be of all Vested Options or part of the Vested Options. However, no fraction of a Vested Option shall be exercisable.
- 11.4 Exercise of the Options shall take place at the time, place and manner prescribed by the Committee and by executing such documents as may be required under the Applicable Laws to pass a valid title to the relevant Shares to the Participant, free and clear of any liens, encumbrances and transfer restrictions save for those set out therein.
- 11.5 An Option shall be deemed to be exercised only when the Trust / Committee receives written or electronic notice of Exercise along with requisite details such as the demat account number (if applicable) of the Participant and the Exercise Price from the Participant entitled to exercise the Option.
- 11.6 On Exercise, the Participant can acquire the Shares on full payment of the Exercise Price and taxes, if any, required to be deducted or collected by the Company in respect of Exercise of the Options, and the Trust shall transfer the Shares to the Participant, or, if requested in writing by the Participant, to the Participant jointly with another person. Subsequent to transfer, no Participant should seek to sell or otherwise transfer the Shares until there is a confirmation from the Company that the listing procedures with respect to the transferred Shares, if applicable, have been completed.

- 11.7 The Shares transferred on the Exercise of the Vested Options shall not be subject to any lock-in period.
- 11.8 The payment of Exercise Price and taxes, if any, required to be deducted or collected by the Trust / Company in respect of Exercise of the Options shall be made by the Participant to the Trust / Company, as may be applicable.

12. Transfer of Shares

- 12.1 Upon completion of a valid Exercise of Options as set out in Clause 11 above, the Trust shall transfer the Shares to the Participant.
- 12.2 The Trust shall acquire or purchase through Secondary Acquisition or subscribe to the Shares and thereby, *inter-alia*, utilize such Shares for the purpose of providing them to the Participants upon Exercise of the Options under the Scheme. For the purpose of Secondary Acquisition or subscription of Shares by the Trust, the Trust shall be funded by the Company, either through a loan or any other form of financial assistance permissible under Applicable Laws.
- 12.3 The Trust shall transfer the Shares to Participants in the manner specified in the Trust Deed. The trustees of the Trust shall administer the transfer of Shares to the Participant as per the directions of the Committee and as stipulated in the Scheme.
- 12.4 Upon transfer of the Shares, the Participants shall become members of the Company. The Shares to be transferred shall rank pari-passu in all respects with the outstanding Shares of the Company.
- 12.5 At the time of transfer of Shares pursuant to a valid Exercise, the Participant will be required to sign such document(s) as may be considered necessary by the Trust or Committee or Company to lawfully execute or enforce various provisions of the Scheme.

13. Termination of Employment

13.1 On death of a Participant

In the event of death of a Participant while in the employment of the Company, all the Options granted to him till such date and lying unvested shall vest in the Beneficiary of the deceased Participant on that day. All the Vested Options shall be permitted to be exercised by the Beneficiary within 3 (three) years from the date of death or before the expiry of the Exercise Period, whichever is earlier. Subject to the provisions of this Clause, this Scheme shall apply *mutatis mutandis* to Exercise of Options by the Beneficiary and transfer of Shares to the Beneficiary.

13.2 On disability of Participant

In the event of Permanent Incapacity of a Participant while in the employment of the Company, all the Options granted to him till such date of Permanent Incapacity and lying

unvested, shall vest in him on that day. All the Vested Options shall be permitted to be exercised by the Participant within 3 (three) years from the Termination Date or before the expiry of the Exercise Period, whichever is earlier.

13.3 On Attainment of superannuation age

In case of retirement of the Participant on attaining superannuation age or a retirement specifically approved by the Company, all the Unvested Options granted to him and are due for vesting within one year from the date of such retirement, shall vest in him on the concerned Vesting Date. The remaining Unvested Options shall immediately stand cancelled and forfeited. All Vested Options including those vested by operation of this clause should be exercised within 3 (three) years from the Termination Date or before the expiry of the Exercise Period, whichever is earlier.

13.4 Termination with Cause

In case the termination of employment of a Participant with the Company is with Cause, his Options, Vested and Unvested, may be forfeited on the Termination Date at the discretion of the Committee. In such a case, the contract referred to in Clause 9.1 above shall stand automatically terminated.

13.5 Other terminations

- a) In case the service of the Participant with the Company is terminated for reasons other than those specified in Clauses 13.1 to 13.4 above, all the Vested Options as on the Termination Date shall be permitted to be exercised within 90 (ninety) days from the Termination Date or before the expiry of the Exercise Period, whichever is earlier. In case of termination of service due to resignation by the Participant, all the Vested Options as on the Termination Date shall be exercised by the Participant no later than such Participant's last working day with the Company. All the Unvested Options on the Termination Date shall stand cancelled and forfeited.
- b) In the event of transfer or deputation of the Participant to any Associate Company, the Vesting and Exercise as per the terms of the Scheme shall continue in case of such transferred or deputed Participant even after the transfer or deputation. However, if the service of such Participant is terminated with or suspended by such Associate Company for any of the reasons mentioned in clauses 13.1 to 13.5 hereof, the provisions of the respective clause shall apply *mutatis mutandis* in respect of the Options held by such Participant.
- c) If a Participant is suspended from the services of the Company or to whom a show cause notice has been issued or against whom an enquiry is being or has been initiated for any reason whatsoever including but not limited to any Cause, all Options granted to such Participant, including the Vested Options which were not exercised, may be suspended

or kept in abeyance or cancelled at the sole discretion of the Committee. In case of Options that have been suspended or kept in abeyance, the same may be vested in the concerned Participant on such additional terms and conditions, as may be imposed by the Committee in its absolute discretion.

13.6 Long Leave

Duly approved long leave of the Participant shall not have any effect on the Scheme as applicable to the Participant.

14. Notices and correspondence

14.1 Any notice or correspondence required to be given or made by a Participant to the Company or the Committee or the Trust, may be given or made to the Company or the Committee or the Trust at the address mentioned below or such other address as may be notified by the Company or the Trust in writing:

a) Address for communication to the Company or the Committee

Company Secretary
Chambal Fertilisers and Chemicals Limited
'Corporate One', 1st Floor, 5, Commercial Centre, Jasola, New Delhi – 110 025

b) Address for communication to the Trust

The Trustees
CFCL Employees Welfare Trust
'Corporate One', 1st Floor, 5, Commercial Centre, Jasola, New Delhi – 110 025

Envelope containing the notice or correspondence should be super-scripted with a notation **“Notice or Correspondence under CFCL ESOP Scheme 2010”**.

14.2 Any notice or correspondence required to be given or made by the Company or the Committee or the Trust to a Participant shall be given or made by the Company or the Committee or the Trust at the official address (including official e-mail address) of the Participant or at the address provided by the Participant in his Acceptance Form.

15. Beneficiary nomination

Each Participant 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 death of the Participant. Each such nomination shall revoke all prior nominations by the same Participant, shall be in a form prescribed by the Company and will be effective only when filed by the Participant in writing with the Company during the Participant's lifetime.

16. Non-transferability of Options

Save as provided in Clause 13.1, the Options granted herein, are personal to the Participant. The Options cannot be assigned, mortgaged, pledged, attached, hypothecated, sold or otherwise alienated,

transferred or encumbered by the Participant otherwise than by will or by the laws of inheritance, to the extent permitted under the Applicable Laws and any purported assignment, mortgage, alienation, pledge, attachment, sale, transfer or encumbrance not permitted herein shall be void and unenforceable against the Company.

17. Corporate Action

In the event of Corporate Action, the Committee, subject to the provisions of the Scheme, may determine the number of Options (vested as well as unvested) and/ or the Exercise Price in respect of the Options to be such number and/ or Exercise Price as is appropriate in accordance with the SEBI Guidelines and other Applicable Laws.

18. Tax and Levies

All the Options granted under the Scheme shall be subject to applicable taxes and levies. The Company or Committee shall withhold or recover from the concerned Participant such taxes and levies as may be imposed by the Government, on Grant, Exercise of Options, or transfer of Shares under the Scheme, as the case may be.

Notwithstanding anything else contained in the Scheme, no Shares shall be transferred to the Participant or his Beneficiary, on Exercise of the Options under the Scheme unless taxes and levies as mentioned above are recovered.

19. Listing of the Shares

Subject to the SEBI Guidelines and approval of the stock exchanges, the new Shares issued and allotted to the Trust, if any, shall be listed on the recognized stock exchanges on which the Shares are listed from time to time.

20. Disclosure and accounting policies

The Company shall comply with the accounting policies and disclosure requirements prescribed under the SEBI Guidelines in connection with Grant and Exercise of Options.

21. Dispute Resolution

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 (Thirty) days, gives 10 (Ten) days notice thereof to the other party in writing.

The Courts of Delhi, India shall have exclusive jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of the Scheme. This provision is for the benefit of the

Company only and nothing in this Clause will limit the right of the Company to bring proceedings against any Grantee or Participant in connection with this Scheme:

- (i) in any other court of competent jurisdiction; or
- (ii) concurrently in more than one jurisdiction.

22. Governing Law

This Scheme, the Options and all agreements thereunder shall be governed by and construed in accordance with the Applicable Laws of India.

23. Scheme severable

The Options are subject to the Scheme. Any term of the Scheme that is contrary to the requirement of the SEBI Guidelines or any other Applicable Laws or other Indian regulations shall not apply to the extent it is contrary.

24. Regulatory approvals

The implementation of the Scheme, the granting of any Option under the Scheme and the transfer of any Shares under this Scheme shall be subject to the procurement by the Company and the Participants of all approvals and permits required by any regulatory authorities having jurisdiction over the Scheme, the Options and the Shares transferred pursuant thereto. The Participants under this Scheme will, if requested by the Committee, 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.

25. Modification of Scheme

The Committee may pursuant to a special resolution passed at a General Meeting or through postal ballot at any time and from time to time:

- a) Revoke, add to, alter, amend or vary all or any of the terms and conditions of the Scheme;
- b) Alter the Exercise Price, if the issued Options become unattractive due to fall in market price of the Shares.

Provided that except as required in pursuance of SEBI Guidelines or Applicable Law, no variation, alteration, addition or amendment to the Scheme or the Exercise Price can be made if it is detrimental to the interest of the Participant or Grantee.

26. Miscellaneous Provisions

- 26.1 The Participant (or the Beneficiary) shall have no rights as a shareholder of the Company with respect to the Options or Shares under this Scheme (including any right to receive dividend or voting rights) until the Shares have been transferred to such Participant (or the

Beneficiary) in accordance with this Scheme and name of the Participant (or the Beneficiary) has been entered in the register of members of the Company as the holder of the Shares.

- 26.2 Unless the Options are Granted to the Participant, neither the adoption of the Scheme nor any action of the Board or the Committee or the Trust or the shareholders of the Company shall be deemed to give an Employee, any right to claim or be Granted any Option or a right to acquire Shares under the Scheme.
- 26.3 This Scheme shall not form part of any contract of employment between the Company and an Eligible Employee and the rights and obligations of any Eligible Employee under the terms of his office or employment shall not be affected by his participation in this Scheme or any right which he may have to participate in it and this Scheme shall afford such an Eligible Employee no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason. It is clarified that nothing contained herein or in the Grant Letter shall give or confer upon the Grantee or the Participant, any right for continuation of any employment with the Company or interfere in any way with the right of the Company to terminate the employment of such Employee.
- 26.4 This Scheme shall not confer on any person any legal or equitable rights against the Company or the Committee directly or indirectly or give rise to any cause of action at law or in equity against the Company or the Committee.
- 26.5 The Participant shall comply with the provisions of all securities laws including the 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 well as any Code of Conduct or such similar policies, procedures or systems formulated or adopted by the Company or the Committee and communicated to the Participant from time to time. Any violation of the Applicable Laws or Code of Conduct may result in cancellation of all Vested and Unvested Options as well as subject the Participant to disciplinary action at the discretion of the Company.
- 26.6 The Company shall bear the costs of establishing and administering this Scheme, including any costs of the Company's auditors or any independent financial adviser in relation to the preparation of any confirmation by them or provision of any other service in relation to this Scheme.
- 26.7 A Grantee shall, before accepting a Grant, obtain all necessary consents that may be required to enable him to accept the Grant and Trust to transfer to him in accordance with the provisions of this Scheme, the Shares due to be transferred upon the Exercise of his Vested Options. By accepting a Grant, the Grantee thereof is deemed to have represented to the

Company or the Committee or the Trust that he has obtained all such consents. Compliance with this paragraph shall be a condition precedent to an acceptance of a Grant by a Grantee.

- 26.8 The existence of this Scheme and the Grants made hereunder shall not in any way affect the right or the power of the Company to make or authorize any change in capital structure (including any issue of shares, debt or other securities having any priority or preference with respect to the then existing Shares (including Shares underlying the Options) or the rights thereof) or to prevent the Company from taking any Corporate Action or change its capital structure which is deemed by the Company to be appropriate or in its best interest.
- 26.9 The acceptance of the Grant is entirely voluntary and the Company or the Committee does not guarantee any return on Shares.
- 26.10 Notwithstanding anything else contained in this Scheme, Options not Vested due to non-fulfillment of the stipulated conditions, Vested Options not exercised within the Exercise Period or the period specified in Clause 13 (as applicable) and any Options Granted but not Vested or Exercised within the stipulated time due to any reasons, shall, unless otherwise determined by the Committee, lapse and these Options will be available for Grant by the Committee to any other Eligible Employee(s) as it may deem fit in its absolute discretion, whether under the present Scheme or under a new scheme, subject to compliance with the provisions of Applicable Laws. The terms relating to Exercise Price, Exercise Period, Vesting, etc. in respect of such lapsed Options to be granted as aforesaid, will be determined by the Committee at the time of Grant as it may deem fit in its absolute discretion, subject to compliance with all Applicable Laws.

27. Term of the Scheme

- 27.1 The Scheme shall continue in effect unless terminated by the Company.
- 27.2 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 Participants and the Committee or the Company.

28. Confidentiality

The Participant 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 any statutes or regulations applicable to such Participant.