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FOR KANODIA CEMENT LIMITED

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KCL Employee Stock Options Scheme 2025

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1. Introduction:

- 1.1** This Scheme shall be called KCL Employee Stock Options Scheme 2025 (*"hereinafter referred as "Scheme"*).
- 1.2** The Scheme was formulated and approved by the Nomination and Remuneration Committee and Board of Directors in their meeting held dated 22nd March 2025 and 22nd March 2025 respectively.
- 1.3** The Scheme shall be effective from 23rd March 2025 i.e. date of Shareholders' approval.

2. Term of the Scheme:

- 2.1** The Scheme shall continue in effect unless,
- i.** terminated by the Board of Directors; or
 - ii.** the date on which all of the Options available for Grant under the Scheme have been granted and exercised, whichever is earlier.
- 2.2** Any such termination of the Scheme shall not affect Options already granted and the powers of the Committee/ Trust in relation to 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 **reward and motivate** the Employees for their association, dedication and performance;
 - 3.1.2** To **retain** the Employees to contribute to the growth and profitability of the Company;
 - 3.1.3** To **catapult the quality of life** of hard working, high performing, honest and loyal Employees and their families.
 - 3.1.4** Bringing **sense of association and ownership** with the Company and its growth.

4. Definitions:

In this Scheme the following expressions including their grammatical variations and cognate expression shall, unless repugnant to the context or meaning thereof, have the meaning assigned to them respectively hereunder:



- 4.1 **“Accrued Options”** shall mean such Unvested Options that become due for Vesting upon completion of the period stipulated in Clause 11.2 of the Scheme.
- 4.2 **“Abandonment”** means absence of an Employee from work for a period of 30 days or more without having communicated to the Company any reason of absence.
- 4.3 **“Acceptance form”** shall mean the form that the Grantee has to submit either in physical or electronic form as the case may be, indicating his acceptance of the Grant/ the Grant Letter, in accordance with this Scheme, on or before the Closing Date.
- 4.4 **“Applicable Laws”** includes every law relating to Options (as defined hereinafter) in force, without limitation to, the Companies Act, 2013, the Securities and Exchange Board of India (Share Based Employee Benefits & Sweat Equity) Regulations, 2021, as may be applicable and all relevant regulations of the Securities and Exchange Board of India particularly in connection with or upon Listing, including, the SEBI LODR Regulations, all relevant revenue, tax, corporate laws of India, to the extent applicable, as amended from time to time. The Applicable Laws includes any provision of the applicable rule(s), regulation(s), notification(s), circular(s) or any other similar form of directives issued by the competent authority under the relevant Applicable Laws.
- 4.5 **“Board of Directors” or “Board”** means the Board of the Directors of the Company and includes any committee constituted by the Board of Directors during the currency of the Scheme for implementation and administration of the Scheme.
- 4.6 **“Body Corporate”** shall have the same meaning as defined in section 2(11) of the Companies Act, 2013, as amended from time to time.
- 4.7 **“Cash Mechanism”** refers to a method whereby the Grantee shall receive Shares equivalent to the number of Options exercised, subject to the Grantee's payment of the Exercise Price, applicable taxes, and any other charges, in accordance with the terms and conditions outlined in the Scheme and specified in the Grant Letter.
- 4.8 **“Cashless Route”** means application made by the Grantee to the Trust for Exercise of the Vested Stock Options, directing the Trust to sell the requisite number of Shares of the respective Grantee for adjusting the Exercise Price and applicable income tax amount (if any) including an expense thereon and transfer the Remaining Shares in accordance with the terms and conditions of the Scheme.
- 4.9 **“Cessation Date”** refers to the date on which the Grantee either submits their **resignation letter** to the Company or receives a termination letter from the Company, as the case may be.
- 4.10 **“Closing Date”** means 30 (Thirty) days from the date of receipt of the Grant Letter by the Grantee.
- 4.11 **“Compensation Committee” or “Committee” or “NRC”** means Nomination and Remuneration Committee of the Company constituted under Section 178 of the Companies



Act, 2013, designated as Compensation Committee for the purpose of monitoring, administering, superintending, and implementing the Scheme in compliance with Applicable Laws.

- 4.12 “Company”** means Kanodia Cement Limited a Company registered in India under the provisions of the Companies Act, 1956 having CIN: U36912UP2009PLC037903 having registered office at D-19 UPSIDC Land Industrial Area, Sikandrabad, Bulandshahr, Uttar Pradesh – 203205, India.
- 4.13 “Company Policies/ Terms of Employment”** means the Company's policies for Employees and the terms of employment as contained in the employment letter and the company handbook, which includes provisions requiring a desired level of performance, securing confidentiality, non-compete and non-poaching of other employees and customers.
- 4.14 “Corporate Action”** means a change in the capital structure of the Company as a result of:
- a. bonus issue, rights issue, stock split/ sub-division of Shares or consolidation of Shares.
 - b. Merger, de-merger, reconstitution, spin-off, consolidation, amalgamation, reclassification of capital.
- 4.15 “Director”** shall have the same meaning as defined under Section 2(34) of the Companies Act, 2013, as amended from time to time.
- 4.16 “Eligibility Criteria”** means the criteria, as may be determined from time to time by the Committee for Grant of Options and referred under Clause 7 of the Scheme.
- 4.17 “Employee”** means:

Before Listing:

- a. Permanent Employee of the Company who has been working in India or outside India; or
- b. a Director of the Company, whether a Whole Time Director or not, but excluding an Independent Director.
- c. an Employee as defined in clauses (a) or (b) of a Subsidiary Company, in India or outside India.
but does not include:
 - i. an Employee who is a Promoter or a Person belonging to the Promoter Group; or
 - ii. 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.



After Listing:

- 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.
- c. an Employee as defined in clauses (a) or (b), Subsidiary, in India or outside India, of the Company.

but does not include:

- i. an Employee who is a Promoter or a Person belonging to the Promoter Group; or
- ii. 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.

- 4.18 **“ESOP Committee”** means such committee comprising of Managing Director (MD), Chief Executive Officer (CEO), and Chief Financial Officer (CFO) of the Company, to support and recommend to the Nomination and Remuneration Committee (NRC), for operational assistance in the implementation and day-to-day administration of the Scheme.
- 4.19 **“Exercise”** means making of an Exercise Application as prescribed, from time to time, by the Grantee to the Trust for transfer of Shares of the Company, to such Grantee against his Vested Options in accordance with the Scheme. The term **“Exercised”** and **“Exercisable”** shall be construed accordingly.
- 4.20 **“Exercise Application”** means a written or electronic letter submitted by the Grantee to the Trust for exercising the number of Vested Options, in the mode and manner as prescribed by the Committee and in accordance with the provisions of the Scheme.
- 4.21 **“Exercise Period”** means the time period after Vesting within which a Grantee can Exercise his right to apply for Shares against the Vested Options in accordance with procedure set out in the Scheme.
- 4.22 **“Exercise Price”** means the price payable by the Grantee for exercising the Options vested in him in pursuance to the Scheme.
- 4.23 **“Fair Market Value”** means value of Shares attached to an Options, as determined by a registered Independent Valuer at the time of grant and exercise, in accordance with the applicable accounting standards.

Note: Provided that upon Listing, the term ‘Fair Market Value’ shall be referred to the term “Market Price” as defined in the SEBI (SBE & SE) Regulations.



- 4.24 **“Fresh Allotment”** means issuance of new Shares by the Company to the Grantee upon the Exercise of Options granted under the Scheme.
- 4.25 **“Grant”** means the process by which the Company issue of Options to the Grantee under the Scheme.
- 4.26 **“Grantee”** shall mean an Eligible Employee to whom Options have been granted under the Scheme and a Grant Letter has been issued as per the terms and conditions of this Scheme.
- 4.27 **“Grant Date”** means the date the date on which the Committee approves the Grant.

Explanation: For accounting purpose, the Grant Date will be determined in accordance with applicable accounting standards.

- 4.28 **“Grant Letter”** means the written or electronic letter issued by the Company to a Grantee setting forth the terms and conditions applicable to a Grant to the Grantee under the Scheme.
- 4.29 **“Independent Director”** shall have the same meaning as defined in section 2(47) of the Companies Act, 2013, as amended and as may be applicable from time to time.
- 4.30 **“Initial Public Offer or IPO”** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time.
- 4.31 **“Listing”** means the listing of the Company’s Shares on any recognized Stock Exchange as per Applicable Laws.
- 4.32 **“Long Leave”** means an approved leave taken by the Grantee for a period of more than 3 (Three) months out of 12 (Twelve) months starting from date of Grant/ Vesting, as the case may be.

Provided that the period of Long Leave shall not include the period in which the Grantee is on a statutory leaves as per the Applicable Laws/Company Policies including the maternity leave. In all other events including approved earned leave and sick leave, the period of leave shall be included in calculating the Long Leave unless otherwise determined by the Committee.

- 4.33 **“Market Price”** shall mean 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 – If such shares are listed on more than one Recognized Stock Exchange, then



the closing price on the Recognized Stock Exchange having higher trading volume shall be considered as the Market Price.

- 4.34 “Nominee” or “Beneficiary”** means the person or persons, designated by the Grantee or in the absence of any designation by the Grantee, a person or persons who is/ are entitled by the will or probate of the Grantee to receive the benefits specified in this Scheme, the legal heirs of the Grantee, if the Grantee dies intestate and includes the Grantee'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.
- 4.35 “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.
- 4.36 “Permanent Incapacity”** means any incapacity of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents a Grantee from performing any specific job, work or task which the said Grantee was capable of performing immediately before such incapacitation, as determined by the Committee based on a certificate of a medical expert as identified by the Company.
- 4.37 “Promoter”** shall have the same meaning as defined in Section 2(69) of the Companies Act, 2013, as amended from time to time.
- 4.38 “Promoter Group”** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; as amended from time to time.
- 4.39 “Relative”** shall have the same meaning as defined in Section 2(77) of the Companies Act, 2013, as amended from time to time.
- 4.40 “Relevant Date”** means (i) in case of Grant, the date of the meeting of the Committee on which the Grant is made; and (ii) in case of Exercise, the date on which the notice of Exercise is given to the Company by the Employee.
- 4.41 “Remaining Shares”** shall mean number of remaining Shares, remained after selling such number of Shares by the Trust, to enable the Grantee to fund the payment of the Exercise Price, the amount necessary to meet his/her tax obligations and other related expenses pursuant to Exercise of Options Granted under the Scheme, to be transferred by the Trust to Grantee.
- 4.42 “Scheme”** shall mean KCL Employee Stock Options Scheme 2025, and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof from time to time.



- 4.43 **“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.
- 4.44 **“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.
- 4.45 **“Shares”** means Equity Shares of the Company.
- 4.46 **“Stock Exchange or Recognised Stock Exchange”** means the National Stock Exchange of India Limited, BSE Ltd, or any other Recognised Stock Exchange in India on which the Company’s Shares to be listed in future and shall have the same meaning attributed to it under Securities Contracts (Regulation) Act, 1956, as amended.
- 4.47 **“Subsidiary Company”** shall have the same meaning as defined in section 2(87) of the Companies Act, 2013, as amended from time to time.
- 4.48 **“Trust”** mean KCL Employee Welfare Trust established by the Company under the provisions of Indian Trust Act, 1882, including any statutory modification or re-enactment thereof, for implementing the Scheme.
- 4.49 **“Unvested Options”** means Options which are not vested (whether accrued or not).
- 4.50 **“Vested Options”** means an Options which have vested in pursuance to the Scheme and has thereby become exercisable.
- 4.51 **“Vesting”** means the process by which the Grantee becomes entitled to receive the benefit of a Grant made to him under the Scheme.
- 4.52 **“Vesting Date”** means the date on and from which the Option vests with the Grantees and thereby becomes exercisable.
- 4.53 **“Vesting Period”** means the period during which the Vesting takes place.
- 4.54 **“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.*
- c) Any clause/article referring to the Employees of the Company shall include the Employees of a Subsidiary, in India or outside India, of the Company.*
- d) Any word or expression importing the masculine, feminine or neutral genders only, shall be taken to include all three genders.*
- e) Any word which is not defined under the Scheme and is not otherwise elaborated or addressed in the Grant Letter or in the Company's policies shall be interpreted in line with SEBI (SBEB & SE) Regulations, Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, Companies Act, 2013 as applicable from time to time.*
- f) Articles headings are for information only and shall not affect the construction of this document.*
- g) A reference to an article is respectively a reference to an article of this document.*
- h) 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 Trust Route wherein the Trust shall acquire the Shares through Fresh allotment by the Company.

Provided that if prevailing circumstances so warrant, the Company may change the mode of implementation of the Scheme subject to the condition that a fresh approval of the shareholders by a special resolution is obtained prior to implementing such a change and that such a change is not prejudicial to the interests of the Grantees.

- 5.2** The Shares so acquired by the Trust shall be utilised for providing the benefit to the Grantees as and when the Options are exercised, in accordance with the terms as prescribed under 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 shall delegate some or all of its administrative powers to the Trust or any other sub-committee or Person(s), as per the Applicable Laws, 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. 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 and to resolve any difficulty in relation to implementation of this Scheme and to take any action which the Committee is entitled to take.



- 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 based on, the recommendations of the ESOP committee, have powers to do following with regard to the Scheme:
- 5.6.1** To identify the Employees eligible to participate in the Scheme.
 - 5.6.2** To finalize the Eligibility Criteria(s) for Grant of Options.
 - 5.6.3** To determine the Eligible Employees qualified for Grant of Options.
 - 5.6.4** To determine the number of Options to be granted to each Grantee and in aggregate subject to the pool of Options of the Scheme.
 - 5.6.5** To Grant of Options to one or more eligible Employees.
 - 5.6.6** To allot the Shares to the Trust.
 - 5.6.7** To extend the period of acceptance of Grant.
 - 5.6.8** To calculate and decide the Exercise Price.
 - 5.6.9** To determine the Vesting Schedule for each Grantee.
 - 5.6.10** To finalize the performance criteria(s) for Vesting of Options.
 - 5.6.11** To waive off any or all the vesting condition and/or performance conditions mentioned in the Grant Letter.
 - 5.6.12** To determine the Grantees eligible for Vesting of Options.
 - 5.6.13** To decide upon the mode and manner of Exercise.
 - 5.6.14** To decide upon re-granting of the Options which were lapsed, forfeited or surrendered under any provisions of the Scheme from re granting.
 - 5.6.15** To decide upon treatment of Vested and Unvested Options in cases of cessation of employment as specified in the Scheme.
 - 5.6.16** To decide the procedure for Cash Mechanism and/or Cashless Mechanism of Exercise of Stock Option through Trust in accordance with the Applicable Law.
 - 5.6.17** To determine the right of an Employee to Exercise all the Options vested in him at one time or at various points of time within the Exercise Period.
 - 5.6.18** To determine the procedure for making a fair and reasonable adjustment to the entitlement including adjustment to the number of Options and to the Exercise Price in case of Corporate Action such as rights issues, bonus issues and others. In this regard, the following shall, inter alia, be taken into consideration by the Committee:
 - a) The number and/or 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 Grantees who have been granted such Options.
 - 5.6.19** To accelerate the Vesting of Options on a case-to-case basis, subject to completion of minimum 1 year from the date of grant.
 - 5.6.20** To determine the procedure for funding the Exercise of Options.



- 5.6.21** To reprice the Exercise Price of the Options which are not exercised, whether or not they have been vested if the Options are rendered unattractive due to a fall in the value of the Shares.
 - 5.6.22** To decide upon granting of loan to the Trust to purchase the Shares of the Company.
 - 5.6.23** To finalize letters and other documents, if any, required to be issued under the Scheme.
 - 5.6.24** To establish, amend, suspend or waive such rules and regulations as it shall deem appropriate for the proper administration of the Scheme.
 - 5.6.25** To determine or impose other conditions for administration of the Scheme, as it may deem appropriate.
 - 5.6.26** To determine the procedure for buy-back of Options Granted under the Scheme, if to be undertaken at any time by the Company, and the applicable terms and conditions in accordance with the Applicable Laws.
 - 5.6.27** To appoint such agents as it shall deem necessary for the proper administration of the Scheme.
 - 5.6.28** To frame suitable policies and procedures to ensure that there is no violation of the Applicable Laws, as amended from time to time, or any statutory modification or re-enactment of law by the Company, or any of the Employees, if any, as applicable; and
 - 5.6.29** Subject to Applicable Laws, make any amendment, variation or modification under the Scheme shall not be prejudicial to the interest of the Grantees.
- 5.7** A member of Board of Directors/ Committee shall abstain from participating in and deciding on any matter relating to Grant of any Options to himself.

6. Option Pool of the Scheme:

- 6.1** The maximum number of Options that may be granted in one or more tranches, pursuant to this Scheme shall not exceed 745696 (Seven Lakhs Forty-Five Thousand Six Hundred and Ninety-Six) Options shall be convertible into equal number of Shares not exceeding 745696 (Seven Lakhs Forty-Five Thousand Six Hundred and Ninety-Six) having face value of Rs. 10/- each.
- 6.2** If any Option granted under the Scheme lapses or is forfeited or surrendered under any provision of the Scheme, shall be added back to the pool and shall be available for further Grant under the Scheme unless otherwise determined by the Committee, in accordance with Applicable Laws.
- 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 such number of Options and Shares as it deems fit, in accordance with the Applicable Laws.



7. Eligibility Criteria's:

- 7.1 The Committee, based on the regulatory requirement under applicable law and the recommendation of the ESOP Committee may, on the basis of all or any of the following criteria, decide on the Employees who are eligible for the Grant and decide upon the quantum of Options under the Scheme and the terms and conditions thereof:
- a) **Tenure & Loyalty:** It will be determined on the basis of the tenure of employment and dedication of an Employee in the Company.
 - b) **Performance of Employee:** Employee's performance on the basis of the parameters decided by the Company.
 - c) Any other criteria as decided by the Committee from time to time.
- 7.2 The Employees satisfying the Eligibility Criteria shall be termed as "**Eligible Employee**".
- 7.3 New Joinees can also participate in the Scheme and be granted Options based upon the discretion of the Committee.
- 7.4 Provided that the Employees falling under the following categories shall not be eligible to participate in the Scheme:
- a) Employees who are currently under suspension;
 - b) The Employees who have submitted their resignation or are serving their notice period;
 - c) Employees who have received disciplinary notices regarding the termination of their employment due to unauthorized absence.
- 7.5 Nothing in the Scheme or in any Option granted pursuant to the Scheme shall confer on any Eligible 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 Eligible Employee's employment at any time.

8. KCL Employee Welfare Trust:

- 8.1 KCL Employee Welfare Trust is the Trust established by the Company, which holds the Shares of the Company for the purpose of extending benefits of the Scheme to the Employees.
- 8.2 The Trust may acquire the Shares by way of fresh allotment from the Company and shall utilize such Shares for providing the benefit to the Grantees upon exercise of the Options as provided under Clause • under the Scheme.
- 8.3 The Company may implement several Employee Benefit Scheme(s) through the Trust.
- 8.4 Upon receipt of the Shares from the Company, the Trust shall become the Shareholder of the Company.
- 8.5 The Trust shall transfer the Shares to Grantees for the purpose of this Scheme. The



trustee(s) of the Trust shall administer the transfer of Shares to the Grantee as per the directions of the Committee and as stipulated in the Scheme.

- 8.6** The Trust will keep and maintain proper books of account, records and documents, for the Scheme so as to explain its transactions and to disclose at any point of time the financial position of the Scheme and in particular give a true and fair view of the state of affairs of the Scheme.
- 8.7** For the purpose of acquisition of Shares by the said Trust, the Trust may be funded by the Company, either through a loan or any other form of financial assistance permissible under Applicable Laws. Further, the Trust may take loan from banks or any other person/source under Applicable Laws.
- 8.8** Any loan provided by the Company shall be as per the loan agreement and shall be repayable by the Trust subject to availability of the funds received pursuant to exercise of Options under the Scheme and in accordance with the relevant provisions of the applicable laws & regulations.

9. Grant of Options:

- 9.1** The Committee, on the recommendations of the ESOP Committee, shall Grant Options, to one or more Eligible Employees, 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 and other parameters as set out by the Committee in the Grant Letter.

- 9.2** The maximum number of Options that may be granted to each Eligible Employee will be determined by Committee.

Provided that options granted to eligible employees during any one year shall not be equal to or exceed 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant. The Committee may decide to Grant such number of Options equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) to any Eligible Employees the case may be, subject to the separate approval of the shareholders.

- 9.3** The Grant of Options shall be communicated to the Employees through Grant Letter specifying the Vesting conditions, number of Options granted, Exercise Price, Vesting Schedule, and other terms and conditions thereof, subject to minimum Vesting Period as specified in Clause 12.1 above.
- 9.4** No amount shall be payable at the time of Grant of Options.
- 9.5** Upon Grant, an Eligible Employee shall become Grantee under the Scheme.



- 9.6 Subject to the Corporate Action(s) taken by the Company, if any, the Grant of 1 (One) Option to an Eligible Employee under this Scheme shall entitle the holder of the Options to apply for 1 (One) Share in the Company upon payment of Exercise Price, applicable taxes and other charges, if any.
- 9.7 The Options granted shall not be transferable to any other person or organization and shall not be pledged, hypothecated, mortgaged or otherwise encumbered or alienated in any other manner.
- 9.8 The Options granted, whether vested or unvested, shall not have any voting or other rights.

10. Method of Acceptance:

- 10.1 Any Grantee who wishes to accept the Grant made pursuant to the Scheme, must deliver a signed copy of Grant Letter to the Company Secretary of the Company (authorized representative) on or before the Closing Date.
- 10.2 Any Grantee who fails to deliver 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.
- 10.3 The Grantee is not required to pay any amount at the time of acceptance of the Grant.
- 10.4 Subject to the terms contained herein, the acceptance in accordance with this clause, of a Grant made to a Grantee, shall conclude a contract between the Grantee and the Company, pursuant to which each Options shall, on such acceptance, be an Unvested Options.

11. Accrual Vesting of Options:

- 11.1 The Accrual Vesting of Options shall commence from the Grant Date subject to minimum of 1 (One) year from the Grant Date and a maximum of 3 (Three) years from the Grant Date, at the discretion of and in the manner prescribed by the Committee and set out in the Grant Letter.
- 11.2 Subject to the Grantee's continued employment with the Company, the granted Options will accrue to vest as per the suggestive schedule:



Particulars	% of Options to be accrued
Upon completion of the 1 st year from the Grant Date	33% of the total Options granted will accrue to the Grantee
Upon completion of the 2 nd year from the Grant Date	33% of the total Options granted will accrue to the Grantee
Upon completion of 3 rd year from the Grant Date	34% of the total Options granted will accrue to the Grantee

- 11.3** The above schedule for Accrual of granted options is suggestive in nature and the said Accrual of Options can vary from Grantee to Grantee as per the discretion of the Committee whose decision shall be final and binding.
- 11.4** The actual Accrual will be subject to the continued employment of the Grantee and may further be linked with certain performance criteria or other criteria from time to time, as determined by the Committee.
- 11.5** The Options not accrued during any year due to non – fulfilment of performance conditions and other conditions as specified in the Scheme and in the Grant Letter may be rolled over to a subsequent year, up to the last tranche of accrual of Options. Any such rollover shall be as per the discretion of the Committee and the rollover conditions will be specified in the Grant Letter. Accordingly, in the last tranche of accrual of options, the Options not accrued due to non – fulfilment of conditions shall lapse from the hands of the Grantee.
- 11.6** The Company reserves the right to forfeit “accrued but not vested options” of the concerned Grantee.
- 11.7** Further any fraction entitlement, to which the Grantee would become entitled to upon accrual of Options (other than the last tranche of accrual), then the Options to be actually accrued, be rounded off to nearest lower integer. Accordingly, in the last tranche of accrual, the number of the Options to be accrued shall include the Options which was not earlier accrued due to fraction adjustment.
- 11.8** The Grantee is not required to pay any amount at the time of Accrual of Options

12. Vesting of Options:

- 12.1** There shall be a minimum period of one year between the Grant of Options and Vesting of Options.
- 12.2** Subject to clause 11.2, all Options granted under this Plan shall vest in the following manner:
- a) the Accrued Options shall vest immediately with the Grantees only after listing of the Shares of the Company in the manner specified below, or as determined by the Committee.
 - (i) 33%, if the listing takes place after 1 year and within 2 years of the Grant Date;
 - (ii) 66%, if the listing takes place after 2 years and within 3 years of the Grant Date; and
 - (iii) 100%, if the listing takes place after 3 years of the Grant Date.



- b) The remaining tranches of the Unvested Options, subject to accrual in accordance with Clause 11.2, shall vest according to the following schedule: 33% and 34% Vesting at end of each year of continued service from the date of Grant depending on the quantum of the first tranche of Vesting.

For example, if the first tranche comprises 33% of the Accrued Options, the remaining Options shall vest in two further tranches as follows: the second tranche will vest 33% at the end of the second year, and the third tranche will vest 34% at the end of the third year, in line with the schedule mentioned above.

- 12.3 In the event of a Listing occurring prior to the completion of one year from grant date, the initial Vesting of 33% shall take place upon the completion of one year from the said Grant Date, provided that the three months have been completed after the Listing. The remaining tranches of the Unvested Options shall vest 33% and 34% at the end of each year of continued service from the date of Grant.

- 12.4 Vesting of Options would be subject to following:

- a. **Continued / Uninterrupted Employment:** The Grantee must remain continuously employed with the Company. The Grantee must not have submitted a resignation, received notice of termination, or be in a notice period at the time of vesting.
- b. **Achievement of Performance Criteria:** The Grantee must meet or exceed the performance criteria or any additional relevant metrics as outlined in the Grant Letter.
- c. **Listing of the Equity shares of the Company.**

- 12.5 The Grantee is not required to pay any amount at the time of Vesting of Options.

- 12.6 The Vesting of Options shall be communicated to the eligible Grantees in writing through Vesting Letter.

13. Exercise Price:

- 13.1 Under this Scheme, the Exercise Price;

- a) **Before Listing:** will be based upon the Fair Market Value of the Company as per the last available valuation report.
- b) **Upon Listing:** will be based on the Market Price of the Shares as defined in the Scheme.

- 13.2 Further, the Committee at its sole discretion may provide discount upto 50% on such price as arrived above. However, in any case, the Exercise Price of the Option shall not go below the face value of the Share of the Company.



- 13.3 Further, the Committee has the power to re-price the grants/higher discount 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 Applicable Laws.
- 13.4 The aggregate Exercise Price payable at the time of Exercise shall be paid by the Grantee (if not opting for financing the Options), by cheque, demand draft, deduction from salary (if salary of the month of Exercise is not paid and is sufficient for payment of Exercise Price) or NEFT/RTGS/ UPI payments /Online bank transfer to the Trust, i.e. KCL Employee Welfare Trust.
- 13.5 The tax amount arising at the time of Exercise of Options shall be payable by the Grantee at the time of Exercise by cheque, demand draft, deduction from salary (if salary of the month of Exercise is not paid and is sufficient for payment of Exercise Price) or NEFT/RTGS/ UPI payments /Online bank transfer to the Company.
- 14. Exercise of Options:**
- 14.1 After Vesting, Options can be exercised either wholly or partly, within a maximum Exercise Period of 2 (Two) years from the date of Vesting of Options, after submitting the Exercise Application along with payment of the Exercise Price, applicable taxes and other charges, if any.
- 14.2 Failure to Exercise of Options within this time period, shall result in lapsing of Vested Options in the hands of Grantee and shall be added back to the pool. The said lapsed options shall then be treated as per clause 6.2 of the Scheme.
- 14.3 The Grantee may avail the financing facility if provided by the Company or permit the Grantee to avail financing through empanelled stockbrokers for the payment of Exercise Price, the amount necessary to meet his/her tax obligations and other charges, if any. In such a case, transfer of Shares shall be made by the Trust to the Grantees only after the receipt of Exercise Application, Exercise Price, applicable taxes and other charges, if any.
- 14.4 Upon valid Exercise (*receipt of Exercise Application along with Exercise Price, applicable taxes and other charges, if any*), the Grantee will receive requisite number of Shares through the Trust, equivalent to the number of the Options so exercised. i.e., for every one Option the Grantee Exercises will entitle him/her to receive one Share in accordance with the terms and conditions of the Scheme.
- 14.5 Upon such transfer of Shares by the Trust, the Grantee shall become a member of the Company.
- 14.6 The mode and manner of the Exercise shall be communicated to the Grantees individually by the Committee from time to time.
- 14.7 Notwithstanding anything contained elsewhere in the Scheme, the Company/ Trust may



not allot/ transfer Shares, in the event of the Grantee being found to be involved in fraud, misfeasance, misconduct, moral turpitude, gross negligence, breach of trust, breach of employment or employment related contracts 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 against the Company/ Trust by the Grantee, without any recourse to the Grantee.

- 14.8** In case if there is an alleged fraud, misfeasance, misconduct, moral turpitude, gross negligence, breach of trust, breach of employment or employment related contracts or like event(s) on part of Grantee and the proceedings are underway in form of any police investigations or in any court of law, then the time period of Exercise of Options shall pause for such Grantee and shall resume post clearance only.
- 14.9** If the Vesting or Exercise of Options is prevented by any law or regulation in force and the Trust is forbidden to transfer Shares pursuant to Exercise of Options under such law or regulation, then in such an event the Trust shall not be liable to compensate the Grantee in any manner whatsoever.
- 14.10** 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.

15. Cessation of Employment:

15.1 In the event of cessation of employment due to Death:

All Options (whether accrued or not) granted to Grantee as on date of death, whether Vested or Unvested shall immediately vest in the Legal Heirs / Nominee of the Grantee on that date. The Options would be exercisable by the Legal Heirs / Nominee registered with the Company within such time period as determined by the Committee or before the expiration of the Exercise Period (as per clause 14.1), whichever is earlier, failing which all the Unexercised Options shall lapse irrevocably and the rights there under shall be extinguished and such lapsed Options shall be available for further grants as Clause 6.2 of the Scheme.

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 Company, to the satisfaction of the Committee and the Committee may in its discretion waive off the requirement to submit any of the documents:

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.



- ✓ Photocopy 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 issued (duly attested by the bank).
- ✓ Demat Account details.
- ✓ Copy of PAN card of the applicant (self – attested).
- ✓ Copy of address proof (self – attested).
- ✓ Any other data / details / document as the Committee may deem fit.

In case Nominee is appointed

- ✓ Photocopy 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 issued (duly attested by the bank).
- ✓ Demat Account details.
- ✓ Copy of PAN card of the applicant (self–attested).
- ✓ Copy of address proof (self–attested).
- ✓ Any other data / details / document as the Committee may deem fit.

15.2 In the event of cessation of employment due to Permanent Incapacity:

All Options (whether accrued or not) granted to Grantee as on date of Permanent Incapacity, whether Vested or Unvested shall immediately vest in him/her/the Legal Heirs or Nominee on that day. The Options would be exercisable Nominee registered with the Company within such time period as determined by the Committee or before the expiration of the Exercise Period (as per clause 14.1), whichever is earlier failing which all the Unexercised Options shall lapse irrevocably and the rights there under shall be extinguished and such lapsed Options shall be available for further grants as Clause 6.2 of the Scheme.

All other terms and conditions of the Scheme shall apply to such Options.

15.3 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 Cessation Date, shall expire and stand terminated with effect from that Cessation Date.
- b) All Vested Options as on last working day with the Company or its Subsidiary, as the case may be shall be exercisable by the Grantee within 30 days from the last working day with the Company or its Subsidiary, as the case may be or before the expiration of the Exercise Period (as defined in Clause 14.1), whichever is earlier. The Vested Options not so exercised shall lapse irrevocably and the rights there under shall be extinguished irrevocably and such lapsed Options shall be available for further grants as Clause 6.2 of the Scheme.



15.4 In the event of cessation of employment due to Retirement/ Superannuation:

- a) All Unvested Options, on the last working day with the Company or its Subsidiary, as the case may be, , will continue to vest in accordance with the respective Vesting Schedules even after retirement or superannuation in accordance with the Applicable Law.
- b) All Vested Options as on last working day with the Company or its Subsidiary, as the case may be, shall be exercisable by the Grantee within 30 days from the last working day with the Company or its Subsidiary, as the case may be or before the expiration of the Exercise Period (as defined in Clause 14.1), whichever is earlier, failing which all the unexercised Options shall lapse irrevocably and the rights there under shall be extinguished and such lapsed Options shall be available for further grants as Clause 6.2 of the Scheme.

15.5 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 (whether accrued or not) granted whether vested or not shall stand terminated with immediate effect.

- 15.6** In the event of a Grantee going **on Long Leave**, the treatment of Options granted to him/her, whether vested or not, shall be determined by the Committee whose decision shall be final & binding.
- 15.7** In the event that a Grantee is **transferred or deputed to Subsidiary Company or vice versa** prior to Vesting or Exercise of Options, the Vesting and Exercise of Options, as per the terms of grant, shall continue even after the transfer or deputation of such Grantee.
- 15.8** In the event that a Grantee is transferred pursuant to the scheme of arrangement, amalgamation, merger or de-merger or continued in the existing Company, prior to the Vesting or Exercise, the treatment of Option in such a case shall be specified in such scheme of arrangement, amalgamation, merger or de-merger provided that such treatment shall not be prejudicial to the interest of the Grantee.
- 15.9** In the event of **Abandonment of service by a Grantee**, all Options (Vested Options or Unvested Options) at the time of Abandonment of service, shall stand terminated forthwith. The date of Abandonment of service by the Grantee shall be decided by the Committee at its sole discretion which decision shall be binding on such Grantee.
- 15.10** 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.



- 15.11** The Committee may modify the terms for cessation of employment as mentioned in foregoing paras 15.1 to 15.10.

16. Foreign Exchange Laws

- 16.1** In case any Options are granted to any Employee, being person resident outside India, the provisions of the Foreign Exchange Management Act, 1999 and the rules or regulations made thereunder as amended and enacted from time to time shall be applicable and the Company has to comply with such requirements as prescribed from time to time in connection with Grant, Vesting and Exercise of Options thereof.

17. Listing of the Equity Shares

- 17.1** In the event of an IPO, subject to the approval of the stock exchanges, the Shares issued and allotted on Exercise of the Options shall be listed on the Recognised Stock Exchanges on which the Shares of the Company are listed.

18. Lock-in Period

- 18.1** The Shares allotted to the Grantees pursuant to Exercise of Options shall be subject to no lock-in period from the date of allotment.

19. Other terms and conditions:

- 19.1** 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 Grantee Exercises the Options and becomes the registered Shareholder of the Company.
- 19.2** 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 an Options in whole or in part.

20. Notices and correspondence:

- 20.1** Any notice required to be given by a Grantee to the Company or any correspondence to be made between a Grantee and the Company or the Committee may be given or made to the Company Secretary of the Company or to be emailed at esop@kanodiagroup.co.in.
- 20.2** Any notice, required to be given by the Company/ Committee to a Grantee or any correspondence to be made between the Company/ Committee and a Grantee shall be given or made by the Company Secretary of the Company at the address in the records of the Company or at the official email id of the Grantee.

21. Nomination of Beneficiary:



- 21.1 Each Grantee under the Scheme is required to nominate, from time to time, any person 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.

22. Corporate Action:

- 22.1 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.
- 22.2 If there is a 'Corporate Action' by 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.
- 22.3 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 not prejudicial to the interest of the Grantee.
- 22.4 In the event of a dissolution or liquidation of the Company, all unvested Options shall stand cancelled and all outstanding vested options 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.

23. Disclosure and Accounting Policies:

- 23.1 The Company shall comply with the disclosure and accounting policies as prescribed by appropriate authority from time to time under the provisions of the Companies Act, 2013 and other Applicable Laws. The Company shall comply with the requirements of applicable ICAI Guidance Note on Accounting for Employee Share-Based Payments Guidance/IND – AS and shall use fair value method and the fair value of Options would be calculated as per the prescribed method under the applicable regulations.



- 23.2 Compensation cost will be booked in the books of accounts of the Company over a Vesting Period.

24. **Taxability on the Grantee:**

- 24.1 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: Perquisite Taxation: At the time of Exercise of the Options the difference between the Fair 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. as a perquisite under salary in the month of Exercise, as per **Section 17(2)(vi)** of the Income Tax Act, 1961. The Grantee will be liable to pay the taxes at the individual slab rate in which he falls.

The applicable taxes will be based on the individual's income tax slab, and the tax will be deducted at source (TDS) by the employer under **Section 192** of the Income Tax Act.

Additionally, **Rule 3(8)** of the **Income Tax Rules, 1962** provides the method for determining the value of the perquisite in the case of ESOPs.

Point 2: -At the time of sale of the Shares of the Company by the Employee, the requisite capital gain taxes (*Long term Capital Gain/ Short term Capital Gain*) will be applicable.

Note: The income tax provisions shall be applicable as per current regulations and norms of Income Tax Act, 1961.

25. **Surrender of Options:**

- 25.1 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.

26. **Arbitration:**

- 26.1 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.



- 26.2** In case of such failure, either party may refer the Dispute to and finally resolved by arbitration under the Arbitration and Conciliation Act, 1996, as amended or re-enacted from time to time. The arbitration panel shall consist of a sole arbitrator to be appointed by mutual consent of the Parties. In case the Parties are unable or fail to appoint a sole arbitrator, such arbitrator shall be appointed in accordance with Arbitration and Conciliation Act, 1996. Arbitration awards thus rendered shall be final and binding upon the Parties.
- 26.3** 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 in English, whose decision shall be final and binding on the Parties. The arbitrator shall also have the authority to award costs of the arbitration, including legal fees and other costs. The cost of arbitration shall be borne by the Parties to the Dispute(s). The parties shall submit to the arbitrator's award and the award shall be enforceable in competent court of law at New Delhi, India.
- 26.4** Notwithstanding the provisions of this Dispute Clause, the Parties shall have the right to seek interim or injunctive relief from any court of competent jurisdiction, pending the final decision or award of the arbitrator.
- 27. Governing Law:**
- 27.1** This Scheme and all related documents thereunder shall be governed by and construed in accordance with the Applicable Laws of India.
- 27.2** Any term of the Scheme that is contrary to the requirement of any Applicable Laws shall not apply to the extent it is contrary.
- 27.3** The Courts at New Delhi, India shall have exclusive jurisdiction on any matter arising out of this Scheme.
- 28. Regulatory Approvals:**
- 28.1** The implementation of the Scheme, the Granting of any Options under the Scheme and the issuance of any Shares under this Scheme shall be subject to the procurement by the Company and the Grantee / Nominee / Legal Heirs of all approvals and permits, if any, required by any regulatory authorities having jurisdiction over the Scheme. The Grantee / Nominee / Legal Heirs 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.
- 28.2** The Board shall make all the relevant disclosures in the Board's Report in relation to the



Scheme as are required under the Act and other Applicable Laws.

29. Modification of Scheme:

29.1 Subject to the Applicable Laws, the Committee may, at any time:

- a) 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.
- b) 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.

29.2 Make any amendment, variation or modification under the Scheme shall not be prejudicial to the interest of the Grantees of the Company.

30. Confidentiality:

30.1 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.

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

