

Draft
Sudarshan Chemical Industries Limited ('Sudarshan')
Sudarshan Stock Appreciation Rights Scheme 2020–
“Scheme”

Sudarshan Chemical Industries Limited
Sudarshan Stock Appreciation Rights Scheme 2020 – “Scheme - I”

Sudarshan Chemical Industries Limited
Sudarshan SAR Scheme 2020 – “Scheme”

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1 Name of the Scheme

This Scheme shall be termed the Sudarshan Stock Appreciation Rights Scheme 2020 – “Scheme- I” (“Scheme - I”). “Scheme” forms a part of the Sudarshan Stock Appreciation Rights Plan 2020 (‘the Plan’). “Scheme” has been approved by a special resolution passed via postal ballot on 6th August 2020 by the shareholders of the Company. “Scheme” shall be effective from 6th August 2020 herein after referred as the “Effective date”. The approval of shareholders by way of a separate resolution passed via postal ballot on 6th August 2020 has been obtained by the Company in order to grant SARs to the employees of the Subsidiary Company of the Company.

2 Purpose of the Scheme

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

The purpose of this Scheme is as under:

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

Further, the Scheme will be implemented, for and on behalf of and at the request of the Subsidiary Companies for the employees of the Subsidiary Companies (as defined under the Companies Act, 2013) of Sudarshan. The above objectives are sought to be achieved through the issue of SARs to the employees of the Company and its the Subsidiary Company .

3 Definitions and Interpretation

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

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- 3.1 “Allocable SARs” for the purpose of this Scheme means SARs that are allocable in accordance with Clause 7 below;
- 3.2 “Closing Date” shall be 30 days from the Grant Date during which SARs can be accepted by the Grantee. In case such date is a non-working day, then it shall be the immediately following working day;
- 3.3 “Company Performance Targets and Target Threshold” shall mean the annual targets set by the Company/ Board/ Committee;
- 3.4 “Eligible Employee” for the purpose of this Scheme means Employee identified in accordance with Clause 4 below to whom the Grant of SARs shall be made;
- 3.5 “Eligible SARs” means Allocable SARs that have become Eligible SARs in accordance with Clause 8 below;
- 3.6 “Exercise Price” means the price as defined under clause 5.3 below;
- 3.7 “Individual Performance Targets” shall mean the annual targets set by the Company/ Board/ Committee and agreed with the individual;
- 3.8 “Performance based SARs” shall mean the 80% of the total SARs granted to the Eligible Employee;
- 3.9 “Performance Target Date” shall mean the date on which the Committee confirms that the Performance Targets are met by the Company and Employee for a particular financial year;
- 3.10 “Time based SARs” shall mean 20% of the total SARs granted to the Eligible Employee; and
- 3.11 “Construction”
- a) The headings/ subheadings/ titles/ subtitles are only for the sake of convenience and shall not be interpreted to restrict or otherwise affect the meaning or import of the Articles/Clauses, which shall be interpreted solely in light of the contents thereof.
 - b) Where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase shall have the corresponding meanings.
 - c) Any reference to 'writing' includes printing, typing, lithography and other means of reproducing words in visible form.
 - d) The term 'including' shall mean 'including without limitation', unless otherwise specified.
 - e) Reference to any Act, Rules, Statute or Notification shall include any statutory modification, substitution or re-enactment thereof.
 - f) Unless the context otherwise requires, words denoting the masculine gender shall include the feminine gender and words denoting the singular shall include the plural and vice versa.

4 Eligibility

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

5 Grant of SAR

- 5.1 The Company/ Board/ Committee shall Grant the SARs to the identified Eligible Employees in

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accordance with the terms and conditions of “Scheme - I” notified under the Plan for the time being in force.

- 5.2 Each SAR shall be in relation to one share of the Company.
- 5.3 The Exercise Price of SAR shall be Fair Market Value as on the Grant Date.
- 5.3 Subject to Clause 7 and Clause 16 of the Plan and in accordance with Clause 8 of the Plan, the maximum number of SARs granted to any Grantee during one year under “Scheme – I” shall not exceed 1 percent of the total issued share capital (excluding outstanding warrants and conversions) at the time of the Grant unless an approval from the shareholders is taken by way of special resolution in a General Meeting.
- 5.4 The Grant of the SARs by the Board/Committee to the Grantee shall be made in writing and communicated to the Grantee in a Grant Letter. Such Grant Letter, *inter-alia*, will specify:
- a) the Grant Date;
 - b) the Closing Date;
 - c) the Vesting Period;
 - d) the number of SARs granted to Eligible Employee; and
 - e) the Exercise Price.

Each Grant Letter shall be accompanied with a prescribed Acceptance Form, requiring the Grantee to accept the grant of SAR, give a declaration that the Grantee has read the terms and conditions of the SAR Scheme.

- 5.5 A Grant made under Clause 5.1 above, is personal to the Grantee and cannot be transferred or assigned in any manner whatsoever.

6 Method of acceptance

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

7 Allocable SARs

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

8 Eligible SARs

- 8.1 Subject to Clauses 12 of the Plan, the minimum Vesting Period shall be one year from the Grant Date.
- 8.2 Subject to continued employment and in accordance with Clause 10 of the Plan and subject to Clause 12 of the Plan, SARs shall Vest with the Participant in accordance with the vesting schedule as hereunder:
- i. Immediately such Allocable SARs would become Eligible SARs as on the Performance Target Date as under:

A. Individual performance ratings is 3 or more

Particulars	% of allocable Performance SARs that will become Eligible SARs
Company Performance Target Threshold is met but the Company performance targets are not met	A percentage (restricted to a maximum of 70%) of the Allocable SARs for that year will become Eligible SARs at the discretion of the Committee and the balance of the Allocable SARs will lapse and the contract referred to in Clause 9.4 of the Plan to that extent shall stand automatically terminated without surviving any right/liability against any party.
Company Performance Targets are met	100% of the Allocable SARs for that year will become Eligible SARs
Company Performance Targets Threshold are not met	30% of the Allocable SARs for that year will become Eligible SARs and 70% of the Allocable SARs will lapse and the contract referred to in Clause 9.4 of the Plan to that extent shall stand automatically terminated without surviving any right/liability against any party.

B. Individual performance ratings is below 3

Particulars	% of allocable Performance SARs that will become Eligible SARs
Individual Performance Target (Performance rating) are not met	All of the Allocable SARs for that year will lapse and the contract referred to in Clause 9.4 of the Plan to that extent shall stand automatically terminated without surviving any right/liability against any party.

- 8.3 Subject to continued employment, Clause 10 and Clause 12 of the Plan, the Eligible SARs pursuant to Clause 8.2 of this Scheme, shall Vest with the Participant on the third anniversary of the Performance Target Date.
- 8.4 Subject to continued employment and in accordance with Clause 10, Clause 12 of the Plan, the Time based SARs granted under this Scheme shall Vest upon completion of 4 years from the Grant Date if the Participant achieves aggregate individual performance rating of 11 or more during these 4 years.

9 Maturity of SAR

- 9.1 The Participant will be eligible to receive the SARs Value in accordance with Clause 10 and 11 of the Plan upon vesting of SARs as per Clause 8.3 and Clause 8.4 above.

10 Duration of the Scheme

- 10.1 Scheme shall continue in effect unless terminated by the Company/ Committee/Board.
- 10.2 Any such termination of the SAR Scheme shall not affect SARs already granted and such SARs shall remain in full force and effect as if the SAR Scheme had not been terminated unless mutually agreed otherwise between the Participant/ Beneficiary and the Committee/ the Company.

11 Conflict

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