

EMPLOYEE STOCK OPTION SCHEME 2025
OF
CHEMBOND MATERIAL TECHNOLOGIES LIMITED

SALIENT FEATURES OF THE SCHEME

Table of Contents

SR. NO.	PARTICULARS	PAGE NO.
1.	Preface	3
2.	Interpretations	4
3.	Authority and Powers	9
4.	Administration, Eligibility and Applicability	10
5.	Terms under the Scheme	12
6.	Compliances	16
7.	Variation of Terms of the Scheme and Authority	16
8.	Surrender of Options	17
9.	Method of Valuation	17
10.	Other Terms and Conditions	17
11.	Taxation	18
12.	Miscellaneous	18
13.	Insider Trading	19
14.	Accounting and Disclosures	20
15.	Certification	20
16.	Notices	21
17.	Governing Laws and Jurisdiction	21
18.	Severability	21
19.	Confidentiality	22

1. PREFACE

- 1.1. This Scheme shall be called **“CHEMBOND MATERIAL TECHNOLOGIES LIMITED - EMPLOYEE STOCK OPTION PLAN 2025”** (hereinafter referred to as **“CHEMBOND – ESOP 2025” / “Scheme”**).
- 1.2. The Scheme has been framed in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
- 1.3. It shall apply to Eligible Employees of the Company.
- 1.4. It shall come into force on the date as stipulated in the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
- 1.5. CHEMBOND – ESOP 2025 is subject to all applicable laws, rules, and regulations. The objective of CHEMBOND – ESOP 2025 is to reward the eligible and potential Employees who are in the employment of the Company and/or its Subsidiary Company(ies) and / or Associate Company(ies) (whether now or hereafter existing, whether incorporated in India or overseas as may be (from time to time) whether working in India or abroad be allowed under the prevailing laws, rules and regulations and / or any amendments thereto from time to time, and to the eligible Directors of the Company and/or its Subsidiary Company(ies), Associate Company(ies) for their performance and to motivate them to contribute to the growth and development of the Company.
- 1.6. This Scheme has been formulated and approved by the Nomination and Remuneration Committee and the Board of Directors of the Company at its respective meetings held on May 30, 2025 in accordance with the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as may be amended, modified, varied or re-enacted, from time to time (“SBEB Regulations”), subject to the approval of the shareholders of the Company.
- 1.7. The Scheme is established with effect from August 14, 2025 being the date of Shareholders’ Approval. The salient features of this Scheme (defined hereunder) and consequent issue of new Shares (defined hereunder) by the Company have also been approved by the shareholders of the Company at the Annual General Meeting held on August 14, 2025 and shall continue to be valid during the lifetime of the Company or till such time all options granted under the Scheme have been exercised or lapsed or

till such other time determined by the Board or Committee as per applicable provisions of the Law.

2. INTERPRETATIONS

In this Scheme unless the context otherwise requires

- 2.1. “Applicable Law” means all the applicable laws, rules, regulations, guidelines or bye-laws relating to or governing share based employee benefits and other stock incentive scheme/plans, including, without limitation, the Companies Act, 2013 read with the Companies (Share Capital & Debentures) Rules, 2014 and other applicable rules thereunder, Securities and Exchange Board of India Act, 1992, the SEBI Regulations, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, Income Tax Act 1961 and all the relevant tax, securities, exchange control or corporate laws, rules, regulations, guidelines or bye-laws of India or any relevant jurisdiction, or of any stock exchange on which the Equity Shares of the Company are listed or quoted and includes, any amendment, modification, alteration or re-enactment made to such laws, rules, regulations, guidelines or bye-laws.
- 2.2. “Applicable Tax” shall mean taxes (including perquisite taxes) or any other cess, duty, surcharge or any such amount by whatever name called in the nature thereof levied by the Authority from time to time, whether in existence now or in future.
- 2.3. “Associate Company” means a Company (present or future) which shall have the same meaning as defined under section 2(6) of the Companies Act, 2013 which also includes a Joint Venture Company;
- 2.4. “Board” means the Board of Directors for the time being of the Company;
- 2.5. “Committee” means Nomination and Remuneration Committee of the Board as constituted from time to time in accordance with the provisions of the Act and as amended from time to time read with rules made thereunder and shall also be deemed to be constituted and act as the Compensation Committee for the purposes of

Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

- 2.6. "Companies Act" means the Companies Act, 2013 and rules made thereunder and include any statutory modifications or re-enactments thereof;
- 2.7. "Company" means 'Chembond Material Technologies Limited' (formerly Chembond Chemicals Limited), (which expression unless it be repugnant to the context or meaning thereof, shall include its successors) and includes subsidiary company(ies) and / or associate company(ies) of the Company as determined by the Nomination & Remuneration Committee.
- 2.8. "Company Policies/Terms of Employment" means the Company's policies for the Employees and the terms of employment as contained in the employment letter issued to the Employee at time of joining the employment.
- 2.9. "Company Secretary" shall mean the Company Secretary of the Company.
- 2.10. "Director" shall have the same meaning as defined under section 2(34) of the Companies Act;
- 2.11. "Effective Date" shall mean the date on which the Board may decide to grant Options under this Scheme from time to time.
- 2.12. "Employee" means —
- 2.12.1. any permanent employee, whether in India or outside India, present as well as future; or
- 2.12.2. a Director of the Company, whether a whole time Director or not, including a non-executive Director who is not a Promoter or member of the Promoter Group, but excluding an independent Director; or
- 2.12.3. an employee as defined in sub-clauses (i) or (ii), of a Company including its Subsidiary or Associate Company(ies), in India or outside India, or of a Holding Company of the Company, but does not include—
- an Employee who is a Promoter or a person belonging to the Promoter group; or
 - a Director who, either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten per cent of the outstanding equity shares of the Company;
- 2.13. "Employee Stock Option Scheme" or "Employee Stock Option Plan" or "Scheme" / "CHEMBOND – ESOP 2025 " shall mean the Scheme;

- 2.14. "Eligibility Criteria" means the criteria as may be determined from time to time by the Board/ Committee for granting the Employee Stock Options to the Employees;
- 2.15. "Equity Shares" means fully paid-up Equity Shares of the Company of face value of Rs. 5/- (Rupees Five) each or any other value in compliance with the Companies Act, 2013 or any re-enactment thereof;
- 2.16. "Exercise" shall mean the making of an application by the Employee to the Company for issue of Equity Shares against the vested Options in pursuant of the Scheme.
- 2.17. "Exercise Period" means the time period after vesting within which an Employee should exercise his/her right to apply for Equity Shares against the vested option in pursuance of the Scheme;
- 2.18. "Exercise Price" means the price, if any, communicated to the Employee at the time of grant of the Options payable by an Employee for exercising the option granted to such an Employee in pursuance of the Scheme;
- 2.19. "Grade" shall mean the job band, designation, position, etc. by whatever name called, in which an Employee is classified in the organizational structure of the Company from time to time;
- 2.20. "Grant" means the issue of Options to Employees under Chembond – ESOP 2025;
- 2.21. "Grant Date" means the date on which the Board or Committee approves the grant. For accounting purposes, the grant date will be determined in accordance with applicable Accounting Standards;
- 2.22. "Holding Company" means a holding Company (present or future) as defined in sub-section (46) of section 2 of the Companies Act;
- 2.23. "Insider" shall have the same meaning assigned to it under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;
- 2.24. "Independent Director" shall have the same meaning assigned to it under the Companies Act and rules made thereunder and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;
- 2.25. "Key Managerial Personnel" shall have the same meaning as defined under Section 2(51) of the Companies Act;
- 2.26. "Market Price" means the latest available closing price, immediately prior to the date of grant of Options by the Board/ Committee, on the recognized Stock Exchange on

which the Equity Shares of the Company are listed. In case Equity Shares are listed on more than one Stock Exchange, then the closing price on the Stock Exchange where the highest trading volume on the said date shall be considered;

- 2.27. "Merchant Banker" means a merchant banker as defined under Regulation 2(1)(cb) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, which is registered under Section 12 of the Securities and Exchange Board of India Act, 1992;
- 2.28. "Nomination & Remuneration Committee (NRC)" shall mean the committee of the Board of Directors of the Company as constituted by the Board from time to time, by whatever name called, in accordance with provisions of Section 178 of the Companies Act and Regulation 19 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other Applicable Laws, which has been designated to be the 'Compensation Committee' in terms of and for the purposes of the SBEB Regulations and shall be entrusted inter alia with authority to formulate, implement and administer the CHEMBOND - ESOP 2025 in terms of the Applicable Laws and the resolution passed / that may be passed by the shareholders of the Company in this regard;
- 2.29. "Option" means Employee Stock Option within the meaning of this Scheme;
- 2.30. "Option Grantee" means the holder of an option granted pursuant to this Scheme;
- 2.31. "Permanent Disability or Permanent Incapacity" means, with respect to an employee, a physical or mental impairment of sufficient severity that, in the opinion of the Company, the employee is unable to continue performing the duties the employee performed before such impairment and that impairment or condition is cited by the Company as the reason for termination of the employee's employment with the Company.
- 2.32. "Promoter" shall have the same meaning as assigned to the term under the Companies Act and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended;
- 2.33. "Promoter Group" shall have the same meaning assigned to the term under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended;

- 2.34. "Recognised Stock Exchange or Stock Exchange" means a stock exchange which has been granted recognition under section 4 of the Securities Contracts (Regulation) Act, 1956;
- 2.35. "Relative" shall have the same meaning as defined under Section 2(77) of the Companies Act;
- 2.36. "Relevant Date" means -
- 2.36.1. in the case of grant, the date of the meeting of the Board/Committee on which the grant is made; or
- 2.36.2. in the case of exercise, the date on which the notice of exercise is given to the Company by the Option Grantee;
- 2.37. "Scheme" "Plan" means CHEMBOND MATERIAL TECHNOLOGIES LIMITED - EMPLOYEE STOCK OPTION PLAN 2025;
- 2.38. "SEBI Regulations" shall mean the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 or SBEB Regulations;
- 2.39. "Securities" means securities as defined in Section 2(h) of the Securities Contracts (Regulation) Act, 1956;
- 2.40. "Secretarial Auditor" means a Company secretary in practice appointed by the Company under Rule 8 of the Companies (Meetings of Board and its Powers) Rules, 2014 to conduct secretarial audit, pursuant to applicable provisions of the Companies Act and rules made thereunder and Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- 2.41. "SEBI" means the Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992;
- 2.42. "SEBI (SBEB and Sweat Equity) Regulations" means Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended and re-enacted from time to time and includes any clarifications or circulars issued thereunder;
- 2.43. "Shares" or "Equity Shares" shall mean Equity Shares of the Company having Face Value of Rs.5 (Rupees Five) each;
- 2.44. "Subsidiary" / "Subsidiary Companies" means a Subsidiary of the Company (present or future) as per the definition under Section 2 (87) of the Companies Act;
- 2.45. "Vesting" means the process by which the Employee becomes entitled to receive the benefit of a grant made to him/her under this Scheme;

- 2.46. "Vesting Condition" means any condition subject to which the Options granted would vest in an Option Grantee;
- 2.47. "Vesting Period" means the period during which the vesting of option granted under this Scheme takes place;
- 2.48. "Vested Option" means an Option in respect of which the relevant Vesting Conditions have been satisfied and the Option Grantee has become eligible to exercise the Option.
- 2.49. "Unvested Option" means an Option in respect of which the relevant Vesting Conditions have not been satisfied and as such, the Option Grantee has not become eligible to exercise the Option.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Companies Act, 2013 and rules made thereunder including any statutory modifications or re-enactments thereof, the Securities and Exchange Board of India Act, 1992, SEBI (SBEB) Regulation 2021 (read with applicable circulars, notifications etc.) as amended from time to time, Listing Regulation, Insider Trading Regulation, Securities Contracts (Regulation) Act 1956, or the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulation, 2018 (including statutory amendment(s), modification(s), enactment(s) thereof, for the time being in force) as the case may be.

3. AUTHORITY AND POWERS OF THE NOMINATION AND REMUNERATION COMMITTEE / COMPENSATION COMMITTEE

- 3.1. The Board of the Company through a resolution passed at its meeting held on May 30, 2025 and the Shareholders of the Company through a special resolution passed at the 50th Annual General Meeting held on August 14, 2025, have authorised the Company to issue to the Employees of the Company and/or its Subsidiary Company(ies), Associate Company(ies) under CHEMBOND ESOP 2025, not exceeding 4,00,000 (Four Lakhs Only) Employee Stock Options exercisable into not more than 4,00,000 (Four Lakhs) Shares of face value of Rs. 5/- (Rupees Five) each fully paid-up, with each such Option conferring a right upon the Employee to be issued one Share of the Company, in accordance with the terms and conditions of such issue.

Further, the maximum number of Options to be granted per Employee per grant and in aggregate shall not exceed 30,000 (Thirty Thousand Only).

- 3.2. The maximum number of Options that shall be granted to the Eligible Employees who are in the employment of the Company and/or its Subsidiary Company(ies), Associate Company(ies) (whether now or hereafter existing, whether incorporated in India or overseas as may be from time to time and to the eligible Directors of the Company and/or its Subsidiary Company(ies), Associate Company(ies) in any one year and in aggregate under Chembond – ESOP 2025 **shall not be equal to or exceed 1% of the issued Capital (excluding outstanding warrants and conversions) of the Company**, if the prior specific approval from members of the Company through a special resolution to this effect is not obtained. The appraisal process for determining the eligibility of the Employees will be decided by the Board / Committee from time to time.
- 3.3. If an Employee Stock Option expires, lapses, is cancelled, surrendered or becomes un-exercisable due to any reason/s, it shall be brought back to the Employee Stock Options pool and shall become available for future grants, subject to compliance with the provisions of the Applicable Laws.
- 3.4. Where Shares are allotted consequent upon Exercise of an Employee Stock Option under the CHEMBOND – ESOP 2025, the maximum number of Shares that can be allotted under CHEMBOND – ESOP 2025 as referred to in Sub-clause 3(a) above shall stand reduced to the extent of such Shares allotted.
- 3.5. In case of a Share split, merger, demerger, Scheme of arrangement, amalgamation, sale of division, consolidation, rights issues, bonus issues and other corporate actions, if the revised face value of an Equity Share is less or more, than the current face value as prevailing on the date of the Scheme coming into force, the maximum number of Shares available under CHEMBOND – ESOP 2025 as specified above shall stand modified accordingly, so as to ensure that the cumulative face value (number of Shares x face value per Share) prior to such split or consolidation remains unchanged after such split or consolidation.
- 3.6. Buyback - The NRC / CC shall 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 thereof.

3.7. Funding the exercise of Options / Shares – Not applicable as the Scheme is not implemented through any Trust.

4. ADMINISTRATION, ELIGIBILITY AND APPLICABILITY

- 4.1. The CHEMBOND – ESOP 2025 shall be administered by the Board or by the Nomination and Remuneration Committee also known as Compensation Committee for this purpose. Provided that no member of such Committee / Board shall be held liable for any action collectively taken in good faith in terms of the Scheme or for securing effective and proper compliance of Guidelines.
- 4.2. The Board / Committee, in accordance with this Scheme and Applicable Laws shall:
- a. ensure compliance of all regulatory requirements;
 - b. determine the quantum of Options, Shares or benefits as the case may be, per Employee and in aggregate under a Scheme;
 - c. determine the kind of benefits to be granted under this Scheme;
 - d. determine the schedule for vesting of options and price at which the Options are to be granted from time to time (which will be the Exercise Price for the Options at a future date).
 - e. determine the exercise period within which the Employee can exercise the Options;
 - f. decide the specified time period within which the Employee shall exercise the vested Options in the event of termination or resignation;
 - g. determine the right of an Employee to exercise all the Options, as the case may be, vested in him at one time or at various points of time within the exercise period;
 - h. decide 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 any corporate actions such as rights issues, bonus issues, merger, sale of division and others.
 - i. determine the number of Options to be reserved, if any, for accommodating new employees who may join the services of the Company after commencement of the Scheme subject to their eligibility.
 - j. determine any issue relating to unvested Options, expired Options and such other matter from time to time.

- k. Amend any terms and conditions of any Options granted under the Scheme to the extent it is not inconsistent with the terms of the Scheme and not prejudicial to the interest of the Option Grantee.
- 4.3. The Committee shall frame suitable policies and procedures to ensure that there is no violation of securities laws including the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, as amended from time to time, by , the Company and its Employees, as may be applicable.
- 4.4. Approve forms, documents, deeds, writings and/or agreements for use in pursuance of the CHEMBOND – ESOP 2025.

Only Employees within the meaning of this Scheme are eligible for being granted Stock Options under CHEMBOND – ESOP 2025. The specific Employees to whom the Stock Options would be granted, and their Eligibility Criteria would be determined by the Board/Committee.

5. TERMS UNDER THE SCHEME

5.1. Vesting

- 5.1.1. The options granted shall vest as per terms defined under the Scheme. The NRC shall determine the Vesting Period for the Options, provided that the Options granted to Employees pursuant to the CHEMBOND - ESOP 2025 shall vest within a maximum period of 5 (five) years from the Grant Date and there shall be a gap of minimum period of 1 (one) year between the Grant Date and Vesting of these Options. Notwithstanding anything contained hereinabove, in case of death or permanent disability of an Options Grantee, while in employment, the minimum vesting period of 1 (one) year shall not apply. The Options granted shall vest so long as an Employee continues to be in the employment of the Company or the Holding Company, Associate Company, Group Company or its Subsidiary Company as the case may be based on performance metrics as may be laid by the Board / NRC from time to time. Provided further that in the event of Death or Permanent Disability of an Employee, the minimum Vesting Period shall not be applicable and in such instances, all the unvested Options shall vest with effect from date of the Death or Permanent

Incapacity. The NRC shall decide at the end of every financial year the grant to be given to the employees based on the performance and other criteria specified. Accelerated basis vesting shall happen in respect of those Eligible Employees chosen or specified by the NRC/CC such that all the options granted to such employees shall vest immediately on the expiry of 12 months from the Effective Date.

- 5.1.2. The vesting dates in respect of the Options granted under the Scheme may vary from Employee to Employee or any class thereof and/or in respect of the number or percentage of Options granted to an Employee.
- 5.1.3. Options shall vest essentially based on continuation of employment and apart from that the Board / Committee may prescribe other performance criteria / other condition(s) for vesting. The vesting may occur in tranches or otherwise.
- 5.1.4. Options granted under CHEMBOND – ESOP 2025 would vest subject to maximum period of 5 (Five) years from the date of respective grant of such Options.
- 5.1.5. The specific vesting schedule and conditions subject to which vesting would take place would be outlined by the Board / Committee in the document(s) given to the Option Grantee at the time of grant of Options.

5.2. **Lock- in**

The NRC shall decide the lock-in period for different class of employees at the time of grant of options.

5.3. **Exercise Price:**

- a. The Exercise Price of each Option shall be 3 (Three) months' average of daily opening and closing price of the Equity Shares of the Company on the recognized Stock Exchange having highest trading volume on which the Equity Shares of the Company are listed on the date immediately prior to the Grant Date, subject to a maximum discount of 30% (Thirty Percentage). However, generally there will be no discount offered and the Exercise Price shall not be lower than the face value of the Shares of the Company on the date of such Grant.
- b. Nothing herein shall prevent the NRC from changing the Exercise Price of the Options in accordance with the Applicable Laws provided that the change in Exercise Price is not detrimental to the interests of the Employees of the Company and approval of the shareholders by a special resolution has been obtained for such repricing.

- c. Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favour of the Company, or by any other online payment method as may be conveyed to the Employees.
- d. An employee shall not have the right to receive any dividend or to vote or in any manner enjoy the benefits available to a shareholder in respect of an option granted to him/her, till shares are issued to him/her upon exercise of the option.
- e. No amount shall be payable by the Option Grantee at the time of Grant.
- f. Notwithstanding anything contained hereinabove, amount paid/payable, if any, by the Employee at the time of the Grant, vesting or exercise of the Options will be forfeited if the Employee does not exercise the same within the exercise period.

5.4. Exercise Period:

The Exercise Period in respect of vested option shall be a period commencing from the relevant vesting date of such option and shall be at the discretion of the Compensation Committee subject to a maximum period of 5 (five) years from the date of respective vesting of such option.

- a. The Options vested may be exercised by the Option Grantee at one time or at various points of time within the exercise period as determined by the Board/ Committee from time to time.
- b. The Vested Options shall be exercisable by the Employees by a written application or by electronic means to the Company expressing his/ her desire to exercise such Options in such manner and on such format as may be prescribed by the Board/ Committee from time to time. The Options shall lapse, if not exercised within the specified exercise period.

5.5. Exercise period in case of separation

a. Due to Resignation.

In the event of resignation, all vested Options which have not lapsed, shall be exercised on or before his last working day with the Company or before the expiry of the Exercise period, whichever is earlier. All unvested options on the date of submission of resignation shall stand cancelled with effect from that date.

b. Due to Termination

In the event of termination of employment (including for misconduct) during the vesting period, all Vested/Unvested Options on the date of such termination shall stand cancelled with effect from the date of such termination.

c. In Case of Retirement

In case of Retirement or early retirement approved by the Company, all vested and unvested options shall vest and may be exercised within 12 months from the date of retirement or before the expiry of the Exercise Period, whichever is earlier, failing which all the Unexercised Options shall lapse irrevocably and the rights there under shall be extinguished..

d. In Case of Death

All vested and unvested options granted to the employee shall vest immediately and exercised by the Option Grantee's nominee or legal heir within 12 months from the date of death or before the expiry of the Exercise Period, whichever is earlier, failing which all the Unexercised Options shall lapse irrevocably and the rights there under shall be extinguished.

e. In case of Permanent Disability

All vested and unvested options granted to the employee shall vest immediately and exercised by the Option Grantee, or if Option Grantee is unable to exercise due to such disability, by his / her nominee or legal heir, within 12 months from the date of such disability or before the expiry of the Exercise Period, whichever is earlier, failing which all the Unexercised Options shall lapse irrevocably and the rights there under shall be extinguished.

f. In case of Transfer

- i. In the event that an Employee, who has been granted benefits under a Scheme, is transferred or deputed to Holding Company, Group Company, Subsidiary Company or an Associate Company, as the case may be, prior to vesting or

exercise, the vesting and exercise as per the terms of Grant shall continue in case of such transferred or deputed Employee even after the transfer or deputation.

- ii. In the event that an Employee who has been granted benefits under a Scheme, is transferred pursuant to Scheme of arrangement, amalgamation, merger or demerger or continued in the existing Company, prior to the vesting or exercise, the treatment of Options in such case shall be specified in such Scheme of arrangement, amalgamation, merger or demerger provided that such treatment shall not be prejudicial to the interest of the Employee. The Options not exercised within the Exercise Period shall lapse and the Employee shall have no right over such lapsed or cancelled Options.
- iii. In case where options are granted by the Company under the Scheme in lieu of options held by an employee under any Scheme of another company which has merged, demerged, arranged or amalgamated with the Company, the period during which the options granted by the transferor company were held by such employee shall be adjusted against the minimum vesting period required under this Scheme.

g. In case of Long leave

The period of Long Leave shall not be considered in determining the Vesting Period in the event the Employee is on a sabbatical. In all other events including approved earned leave and sick leave, the period of leave shall be included to calculate the Vesting Period unless otherwise determined by the Board/ Committee.

6. COMPLIANCES

The Shares issued by the Company pursuant to exercise of options shall be listed on the Stock Exchanges where the existing Shares of the Company are listed. The Company shall obtain an in-principle approval of the recognized stock exchanges where it proposes to list the said Shares prior to the Grant of Options.

7. VARIATION OF TERMS OF THE SCHEME AND AUTHORITY

- 7.1. The Company may by special resolution of its shareholders vary the terms of the Scheme offered pursuant to an earlier resolution of the general body but not yet exercised by the Employees, if such variation is not prejudicial to the interests of the Employees.
- 7.2. The Company may re-price the Options, or Shares, as the case may be, which are not exercised, whether or not they have been vested, if the Schemes were rendered unattractive due to fall in the price of the Shares in the stock market:

Provided that the Company ensures that such re-pricing is not detrimental to the interests of the Employees and approval of the shareholders by a special resolution has been obtained for such re-pricing.

- 7.3. The Board/ Committee may, if it deems necessary, modify, change, vary, amend, suspend or terminate the CHEMBOND – ESOP 2025, subject to compliance with the Applicable Laws and Regulations.

Further, Nomination and Remuneration Committee shall be entitled to vary the terms of the CHEMBOND – ESOP 2025, to meet any regulatory requirement without seeking Shareholder's approval by special resolution in terms of regulation 7 of SEBI SBEB and Sweat Equity Regulations.

8. SURRENDER OF OPTIONS

An Employee may surrender his/her vested /unvested Options at any time during / post his employment with the Company. Any Employee willing to surrender his/her Options shall communicate the same to the Board or Committee in writing. Thereafter the surrendered Options shall be brought back to the Employee Stock Options pool and shall become available for future grants.

9. METHOD OF VALUATION

The Company will follow IFRS/ IND AS/ any other requirements for accounting of the Stock Options as are applicable to the Company for the same.

Since the Company opts for expensing of share-based employee benefits using the fair value method, the following statement will not be applicable viz.

In case the Company opts for expensing of share based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value, shall be disclosed in the Directors' Report and the impact of this difference on profits and on earnings per share ("EPS") of the Company shall also be disclosed in the Directors' Report.

10. OTHER TERMS AND CONDITIONS

- 10.1. The Employee shall not have a right to receive any dividend or to vote or in any manner or enjoy the benefits of a Shareholder in respect of Employee Stock Options granted, till Shares underlying such Employee Stock Options are allotted by the Company on exercise of such Employee Stock Option.
- 10.2. Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a Shareholder of the Company (for example, bonus Shares, rights Shares, dividend, voting, etc.) in respect of any Shares covered by the Grant unless the Option Grantee Exercises the Employee Stock Option and becomes a registered holder of the Shares of the Company.
- 10.3. The Employee Stock Option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.
- 10.4. If the Company issues bonus Shares or rights Shares, the Option Grantee shall not be eligible for the bonus or rights Shares in the capacity of an Option Grantee.
- 10.5. Employee Stock Options shall not be transferable to any person except in the event of death of the Option Grantee, in which case provisions as defined in Clause 5(f)(iv) would apply.
- 10.6. No person, other than the employee to whom the Options are granted, shall be entitled to the benefits arising out of such Options, except as stated in the Scheme.
- 10.7. If the Company gets its Shares delisted from all the recognized Stock Exchange/s, the Board shall have the powers to set out terms and conditions for the treatment of Vested Options and Unvested Options in due compliance of the Applicable Laws.

11. TAXATION

- 11.1. The liability of paying taxes, if any, in respect of Employee Stock Options granted pursuant to this Scheme and the Shares issued pursuant to exercise thereof shall be

entirely on Option Grantee and shall be in accordance with the provisions of Income Tax Act, 1961 or any re-enactment thereof, read with rules issued there under and/or Income Tax Laws of respective countries as applicable to eligible Employees of Company working outside India, if any.

- 11.2. The Company shall have the right to deduct from the Employee's salary or recover any tax that is required to be deducted or recovered under the Applicable Laws. In case of non-continuance of employment, the outstanding amount of the tax shall be recovered fully on or before full and final settlement.
- 11.3. The Company shall have no obligation to deliver Shares until the Company's tax deduction obligations, if any, have been satisfied by the Option Grantee in full.

12. MISCELLANEOUS

12.1. Government Regulations

The CHEMBOND – ESOP 2025, shall be subject to all Applicable Laws to the extent applicable. The Grant of Options and allotment of Shares to the Employees under this CHEMBOND – ESOP 2025 shall be subject to the Company requiring the Employees to comply with all Applicable Laws. Further, Company will comply with all the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendment made thereof.

12.2. Inability to obtain authority:

The inability of the Company to obtain authority from any regulatory body having jurisdiction over the Company, or under any Applicable Laws, for the lawful allotment and issuance of any Shares hereunder shall relieve and wholly discharge the Company of any and all liability in respect of such inability.

- 12.3. Neither the existence of this Scheme nor the fact that an individual has on any occasion been granted an Employee Stock Option shall give such individual any right, entitlement or expectation that he has or shall in future have any such right, entitlement or expectation to participate in this Scheme by being granted an Employee Stock Option on any other occasion.
- 12.4. The rights granted to an Option Grantee upon the grant of an Employee Stock Option shall not offer the Option Grantee any rights or additional rights to compensation or

damages in consequence of the loss or termination of his office or employment with the Company for any reason whatsoever (whether such termination is ultimately held to be wrongful or unfair).

- 12.5. The Option 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 Employee Stock Option in whole or in part.
- 12.6. Participation in CHEMBOND – ESOP 2025 shall not be construed as any guarantee of return on equity investment. Any loss due to fluctuations in the market price of the Shares and the risks associated with the investments are that of the Employee alone.
- 12.7. In case the Company grants option/s, to the employee/s of its Holding/Subsidiary/Group/Associate company/ies (“entities”), the Company may transfer such cost incurred to the respective entities and the Company shall disclose the same in the 'notes to accounts' of the financial statements of the Company as well as the respective entities.

13. INSIDER TRADING ETC.

The Employee shall ensure that there is no violation of:

- 13.1. SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time; and
- 13.2. SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003; and
- 13.3. Any other regulations to prevent fraudulent or harmful practices relating to the Securities Market.

The Employee shall keep the Company, the Board, and the Committee fully indemnified in respect of any liability arising for violation of the above provisions.

14. ACCOUNTING AND DISCLOSURES

- 14.1. The Company shall follow the laws/regulations applicable to accounting and disclosure related to Employee Stock Options, including but not limited to SEBI (SBEB and Sweat Equity) Regulations as well as section 133 of the Companies Act, the Guidance Note on Accounting for Employee Share-based Payments and/ or any

relevant Accounting Standards as may be prescribed by the Regulatory authorities from time to time, including the disclosure requirements prescribed therein.

- 14.2. The Company shall make disclosures to the prospective Option Grantees containing statement of risks, information about the Company and salient features of the Scheme document of the CHEMBOND – ESOP 2025 in a format as prescribed under SEBI (SBEB and Sweat Equity) Regulations, 2021.
- 14.3. The Company shall disclose details of Grant, Vest, Exercise and lapse of the Employee Stock Options in the Directors' Report or in an annexure thereof as prescribed under SEBI (SBEB and Sweat Equity) Regulations or any other Applicable Laws as in force.

15. CERTIFICATION

The Board of Directors shall at each annual general meeting place before the shareholders, a certificate from the secretarial auditors of the Company that the Scheme(s) has been implemented in accordance with the prescribed regulations and in accordance with the resolution of the Company in the general meeting.

16. NOTICES

All notices of communication required to be given by the Company to an Option Grantee by virtue of this CHEMBOND – ESOP 2025 shall be in writing or electronic mode.

Any communication to be given by an Option Grantee to the Company in respect of CHEMBOND – ESOP 2025 shall be in writing and shall be sent to the Company Secretary & Compliance Officer of the Company.

17. GOVERNING LAWS AND JURISDICTION

- 17.1. The terms and conditions of the CHEMBOND – ESOP 2025 shall be governed by and construed in accordance with the Applicable Laws, as amended from time to time.
- 17.2. The Courts/National Company Law Tribunal, as the case may be, in Mumbai, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this CHEMBOND – ESOP 2025.
 - a. Nothing in this Clause shall however limit the right of the Company to bring proceedings against any Employee in connection with this CHEMBOND – ESOP 2025 in any other court of competent jurisdiction; or
 - b. Concurrently in more than one jurisdiction.

18. SEVERABILITY

In the event any one or more of the provisions contained in this Scheme shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this Scheme in which case the Scheme shall be construed as if such invalid, illegal, or unenforceable provisions had never been set forth herein, and the Scheme shall be carried out as nearly as possible according to its original intent and terms.

19. CONFIDENTIALITY

An employee to whom the option has been granted must keep the details of the CHEMBOND – ESOP 2025 and all other documents in connection thereto strictly confidential. In case of any breach of this Clause on confidentiality, all unexercised Options shall stand cancelled immediately. Such powers shall lie with the NRC and the decision and judgment of NRC regarding breach of this Clause on confidentiality shall be final, binding and non questionable.

For Chembond Material Technologies Limited
(formerly Chembond Chemicals Limited)

Sd/-

Name: Suchita Singh

Designation: Company Secretary

Place: Navi Mumbai

Date: August 14, 2025