

Vardhman Special Steels Limited Employee Stock Option Plan 2025

Certified True Copy
For Vardhman Special Steels Limited

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ARTICLE 1

NAME AND OBJECTIVES OF THE PLAN

- 1.1 The Plan shall be called the Vardhman Special Steels Limited Employee Stock Option Plan 2025 ('the Plan' or 'the Scheme').
- 1.2 In today's competitive world, employees are company's most important resource and asset. Vardhman Special Steels Limited ('the company') fully recognizes the above fact and wants its employees to participate and share the fruits of growth and prosperity along with the company. The company has a vision of being the preferred partner of choice for all its stakeholders i.e. employees, clients, government and society.
- 1.3 The objectives of the Plan are:
 - i. To reward the employees' long association with the company;
 - ii. To motivate the employees with incentives, inspire loyalty and reward opportunities;
 - iii. To create a sense of ownership and participation amongst the employees; and
 - iv. To achieve sustained growth of the company and the creation of shareholder value by aligning the interests of the employees with the long term interests of the company.
- 1.4 This document sets out the features of the Plan, the benefits accruing to eligible employees under this Scheme, the duties and responsibilities of the beneficiaries and also the procedures to be followed. The document shall serve as a reference for the administration of the Plan. This document should be carefully read and understood and the procedures prescribed diligently observed for availing the benefits under the Plan.

ARTICLE 2

DEFINITIONS AND INTERPRETATIONS

I) Definitions

The terms defined in this Plan shall for the purposes of this Plan, have the meanings specified herein and terms not defined shall have the meanings as defined in the Securities and Exchange Board of India Act, 1992; SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; the Securities Contracts (Regulation) Act, 1956; the Companies Act, 2013; the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 or in any statute or re-enactments hereof, as the case may be.

- 2.1 **Applicable Law** means the legal statutes, to the extent applicable to stock options, including, but not limited to, the Income-tax Act, 1961; Companies Act, 2013; the Securities and Exchange Board of India Act, 1992; and the rules/ guidelines/ notifications issued there under, and any modifications or re-enactments thereof.



2.2 **Board of Directors / Board** means the company's Board of Directors.

2.3 **Change in Control** shall inter-alia cover:

- i. company's merger, de-merger, spin-off, consolidation, amalgamation, sale of business, dissolution;
- ii. company's sale, lease or exchange of all or substantially all of the assets or undertaking;
- iii. adoption by the company's shareholders of a plan of liquidation, dissolution or winding up;
- iv. acquisition (other than acquisition pursuant to any other sub-clause of this clause) by any company, person, entity or group of a controlling stake in the company. For this purpose 'Controlling Stake' shall mean more than 50% of the voting share capital of the company; and
- v. any other event, which in the opinion of the Board has a material impact on the company's business.

2.4 **Company** means Vardhman Special Steels Limited, a company incorporated in India under the provisions of the Companies Act, 1956 having its principal office at Chandigarh Road, Ludhiana, Punjab-141010 and its successors and assigns.

2.5 **Control** shall have the same meaning as defined under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

2.6 **Corporate Action** means one of the following events:

- (i) Rights / Bonus issue;
- (ii) Reorganization of the shares;
- (iii) Restructuring of the company;
- (iv) Other reorganization of the company in which the shares are converted into or exchanged for:
 - a different class of securities of the company; or
 - any securities of any other issuer; or
 - cash; or
 - other property.

2.7 **Director** means a member of the Board of the company.

2.8 **Employee** means

- (i) an employee as designated by the company, who is exclusively working in India or outside India; or
- (ii) 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:
 - a. an independent director;



- b. an employee who is a promoter or a person belonging to the promoter group;
- c. 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.

2.9 **Employee Stock Option Agreement** means the agreement between the company and the eligible employee, containing the terms and conditions specific to the employee's stock options. The Employee Stock Option Agreement will be subject to the terms and conditions of the Plan.

2.10 **Employer** means the company.

2.11 **Eligible employee** means an employee as determined by the Nomination & Remuneration Committee for the purpose of granting options under the Plan.

2.12 **Exercise** means submission of an application by the employee for allotment of shares, in respect of the options vested in him under the Plan, along with the exercise price payable for the shares.

2.13 **Exercise Date** means the date on which the employee elects to exercise the options.

2.14 **Exercise Period** means the time period after vesting within which an employee may elect to exercise the options vested with him, and as defined in Article 10 of the Plan.

2.15 **Exercise Price** means the price payable by the employee for the exercise of the options granted under the Plan. This price will be determined by the Nomination & Remuneration Committee at the time of grant of options. However, in any case it would be more than the face value of the equity shares of the Company.

2.16 **Fair Market Value** means the average of the opening and the closing price of the share on the date of exercise on the recognized stock exchange in India on which company's shares are listed.

If the shares of the company are listed on more than one recognized stock exchanges in India, the FMV shall be the average of opening price and closing price of the share on the recognised stock exchange in India which records the highest volume of trading in the share.

If, on the date of exercise of the option, there is no trading in the share on any recognized stock exchange in India, the FMV shall be -



(a) the closing price of the share on any recognised stock exchange in India on a date closest to the date of exercise of the option and immediately preceding such date; or

(b) the closing price of the share on a recognised stock exchange in India, which records the highest volume of trading in such share, if the closing price, as on the date closest to the date of exercise of the option and immediately preceding such date, is recorded on more than one recognized stock exchange in India.

2.17 **Grant** means any options granted pursuant to the Plan.

2.18 **Grant date** means the date specified in the Employee Stock Option Agreement on which a grant is made by the Nomination & Remuneration committee to an eligible employee under the Plan.

2.19 **Independent Director** shall have the same meaning assigned to it under SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, as amended from time to time.

2.20 **Insider** shall have the same meaning assigned to it SEBI (Prohibition of Insider Trading) Regulations, 2015.

2.21 **Market Price** means the latest available closing price, prior to the date of the meeting of the Nomination & Remuneration Committee or Board of Directors in which the options are granted, on the stock exchange on which the shares of the company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered or as may be defined under the SEBI Regulations and amended from time to time.

2.22 **Nominee** means any person appointed by the eligible employee as provided in Article 16.8 of the Plan.

2.23 **Nomination & Remuneration Committee** means the 'Nomination & Remuneration Committee' of the Company, formed under section 178 of the Companies Act, 2013 (as amended from time to time) tasked with the responsibility of administration, implementation and superintendence of the Plan, under Article 6 of the Plan.

2.24 **Option** means the right, without any obligation, granted to the eligible employee to subscribe to shares or any resultant shares upon such terms and conditions as may be specified in the Plan.



2.25 **Permanent disability** means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps an employee from performing any specific job, work or task which the said employee was capable of performing immediately before such disablement, as determined by the Board based on a certificate of a medical expert identified by such committee.

2.26 **Plan** means the 'Vardhman Special Steels Limited Employee Stock Option Plan 2025' as set out herein and shall include any modification and variations thereof.

2.27 **Promoter** shall have the same meaning assigned to it under Regulation 2(1) (oo) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

2.28 **Promoter Group** means the same meaning assigned to it under Regulation 2(1)(pp) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Provided that where the Promoter or Promoter Group of the Company is a body corporate, the promoters of that body corporate shall also be deemed to be Promoters of the Company.

2.29 **Resultant Shares** mean the shares or other securities issued on any Corporate Action or any Change in Control.

2.30 **Retirement** means retirement as per the rules of the company.

2.31 **SEBI** means the Securities and Exchange Board of India constituted under Securities and Exchange Board of India Act, 1992.

2.32 **SEBI Regulations** means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

2.33 **Securities** mean securities as defined in section 2(h) of the Securities Contracts (Regulation) Act, 1956 and includes hybrids, derivatives and units or any instrument which entitles the owner to allotment of any kind of property, or payment of money in lieu thereof at a future date.

2.34 **Shares** mean the equity shares of the company and securities convertible into equity shares and shall include American Depository Receipts, Global Depository Receipts or other depository receipts representing underlying equity shares or securities convertible into equity shares and where the context so requires shall include the Resultant Shares also.



2.35 **Shareholder** means a person who is registered as a shareholder in the company's Register of Shareholders.

2.36 **Stock Exchange** means a stock exchange, whether within or outside India, which is notified/ recognized by any government authority as a stock exchange, for the purpose of trading in shares/ securities.

2.37 **Vesting** means the process by which an employee becomes eligible to exercise his rights to apply for the company's shares, pursuant to the options granted to him under the Plan.

2.38 **Vesting date** in relation to an option, means the earliest date on which the rights under the options may be exercised by an eligible employee.

2.39 **Vesting period** means the period during which the vesting of the option granted to the eligible employee, in pursuance of the Plan takes place.

2.40 **Vested option** means an option in respect of which the relevant vesting conditions have been satisfied and the eligible employee has become eligible to exercise the option.

2.41 **Unvested option** means an option in respect of which the relevant vesting conditions have not been satisfied and as such, the eligible employee has not become eligible to exercise the option.

II) Interpretations

In this document, unless the contrary intention appears:

- the singular includes the plural and vice versa;
- the word 'person' includes an individual, a firm, a body corporate or unincorporated or any authority; and
- any word or expression importing the masculine, feminine or neuter genders only, shall be taken to include all three genders.

III) Article Headings

Article headings are for information only and shall not affect the construction of this document.

IV) References

- A reference to a clause or schedule is respectively a reference to a clause or schedule of this document. The schedules to this document, if any, shall for all purposes form part of this document.
- Reference to any Act, Rules, Statute or Notification shall include any statutory modification, substitution or re-enactment thereof.



ARTICLE 3 IMPLEMENTATION

The Plan shall be implemented by the Nomination & Remuneration Committee under the policy and framework laid down by the company's Board of Directors and in compliance of SEBI Regulations and other applicable laws.

ARTICLE 4 EFFECTIVE DATE AND PLAN DURATION

- 4.1 The Plan shall come into force on the date it is approved by the company's shareholders.
- 4.2 The Plan shall be terminated and no grants will be made after 7 years from the date of first grant (known as 'closing date').
- 4.3 If any options granted under the Plan was terminated/forfeited/lapsed under the provisions of the Plan, such options shall be available for further grants under the Plan.

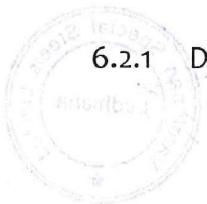
ARTICLE 5 SHARES AVAILABLE UNDER THE PLAN

- 5.1 Shares used for purposes of the Plan may be shares of authorized but un-issued shares.
- 5.2 The maximum aggregate number of shares that may be granted under the Plan is 1.243% (approx.) of total issued share capital i.e. 12,00,000 shares of face value of Rs. 10/- each.
- 5.3 Where shares are issued consequent upon exercise of an option under the Plan, the maximum number of shares that are subject to the Plan (referred to in Article 5.2 above), shall stand reduced to the extent of such shares issued.

ARTICLE 6 NOMINATION & REMUNERATION COMMITTEE

- 6.1 The company will delegate administration, implementation and superintendence of the Plan to the Nomination & Remuneration Committee (also known as 'the Committee' under the Plan) of the Company.
- 6.2 Subject to the terms of the Plan, the powers of the Nomination & Remuneration Committee with respect to the Plan, inter alia, include the power to:

- 6.2.1 Determine the employees eligible to participate in the Plan.



6.2.2 Determine the parameters, including exercise price, for grant of options to an eligible employee.

6.2.3 Assess the performance of an eligible employee for granting of the options.

6.2.4 Determine the number of options to be granted, to each eligible employee and in the aggregate, and the times at which such grants shall be made.

6.2.5 Lay down the conditions under which options may vest in employees and may lapse in case of termination of employment for misconduct.

6.2.6 Determine the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee.

6.2.7 Provide for the right of an eligible employee to exercise all the options vested in him at one time or at various points of time, within the exercise period.

6.2.8 Lay down the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price, in case of Corporate Action. In this regard, the following shall, *inter alia*, be taken into consideration by the Committee:

- a. the number and price of options shall be adjusted in a manner, such that, total value to the employee of the options remains the same after the corporate action;
- b. the vesting period and the life of the options shall be left unaltered as far as possible to protect the rights of the employee(s) who is granted such options;

6.2.9 Provide for the grant, vesting and exercise of options in case of eligible employees who are on long leave or whose services have been seconded to any other company, by the company.

6.2.10 Lay down the procedure for cashless exercise of options, if any.

6.2.11 The Committee reserves the right to determine the lock-in period for the shares issued, pursuant to exercise of option (if any).

6.2.12 To exercise such rights and to do such acts, as may be necessary or expedient in connection with the implementation, administration and superintendence of the Plan.



- 6.3 The number of members of the Nomination & Remuneration Committee, their powers and functions shall be specified, and can be varied, altered or modified from time to time by the Board of Directors, subject to such rules and regulations as may be in force. The Board may further provide that the Nomination & Remuneration Committee shall exercise certain powers only after consultation with the Board and in such case the said powers shall be exercised accordingly.
- 6.4 A simple majority of the Nomination & Remuneration Committee shall constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present, or in lieu of a meeting, acts approved in writing by a majority of the members, shall be deemed to be the acts of the Nomination & Remuneration Committee.
- 6.5 The decision of the Nomination & Remuneration Committee will be final and binding in respect of the Plan. If the members of the Nomination & Remuneration Committee are evenly divided on any issue, then the Chairman of the Nomination & Remuneration Committee will have the second or casting vote.
- 6.6 No member of the Nomination & Remuneration Committee shall be personally liable for any decision or action taken in good faith with respect to the Plan.
- 6.7 A member of the Nomination & Remuneration Committee shall abstain from participating in and deciding any matter relating to granting of any option to him.
- 6.8 The Nomination & Remuneration Committee shall frame suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, the company and its employees, as applicable.

ARTICLE 7

ELIGIBLE EMPLOYEES

The Nomination & Remuneration Committee, based on the certain criteria (which shall be decided from time to time) shall determine the eligible employees for a grant under the Plan and the terms and conditions thereof.

ARTICLE 8

GRANT OF OPTIONS



8.1 The Nomination & Remuneration Committee may from time to time make grants to one or more eligible employees, which may include recurring grants to the same eligible employee.

No amount shall be payable by an eligible employee at the time of grant of options.

8.2 The Nomination & Remuneration Committee shall determine the exercise price of the options granted under the Plan.

8.3 The grant shall be in writing and shall specify the number of options granted, the exercise price, the earliest date on which some or all of the options and the shares acquired under the grant shall be eligible for vesting, exercise period and the other terms and conditions thereto.

8.4 The eligible employee shall not assign, transfer, pledge or hypothecate his rights or obligations relating to the options, to any third party. The option shall be exercisable by such eligible employee only or in case of death or permanent disability of an eligible employee, by the eligible employee's nominees or authorised legal representative or legal heirs as specified in the Plan.

8.5 In the event that an eligible employee is transferred or deputed to an associate or subsidiary company 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.

ARTICLE 9

VESTING OF OPTIONS

9.1 There would be a minimum vesting period of two years from the date of grant.

9.2 In a case where options are granted by a company under the Plan in lieu of options held by the same person under an Employees Stock Option Scheme in another company, which has merged or amalgamated with the company, the period during which the options granted by the merging or amalgamating company were held by him, shall be adjusted against the minimum vesting period of two years.

The vesting period and other conditions for vesting shall be as decided by the Nomination & Remuneration Committee at the time of grant of options.

9.3 An option vested in an eligible employee shall entitle him to apply for the share within the exercise period and at the exercise price.

9.4 On the earliest date on which any option is eligible for the vesting or immediately thereafter, such number or percentage of the options as may be specified in

grant letter shall vest in the eligible employees, on an automatic basis, shall be deemed to have so vested and accordingly the eligible employees shall, subject to fulfillment of any other condition as may be specified under the Plan, be eligible to exercise the said options.

9.5 The Nomination & Remuneration Committee in its absolute discretion may permit the options granted, including unvested options to be exercised within such time, subject to such terms and conditions, as it may determine.

9.6 In the event, if any eligible employee:

- i) Dies whilst in the employment or engagement of the company; or
- ii) Becomes totally and permanently disabled,

all the options, granted to him under the Plan till such date shall vest in the legal heirs or nominees of the deceased eligible employee or to himself, as the case may be.

However, that in any of the above cases, the Nomination & Remuneration Committee may in its absolute discretion modify the exercise period of any options, and the other conditions of the exercise as it may deem fit, notwithstanding anything to the contrary stated elsewhere in this Plan.

ARTICLE 10

EXERCISE OF OPTIONS

10.1 Exercise period shall be two years from the date of vesting of the options and an eligible employee can exercise all the vested options at one time or at such intervals within the exercise period, as may be decided by Nomination & Remuneration Committee.

10.2 The eligible employees may, at any time during the exercise period, and subject to fulfilment of conditions of the grant, exercise the options by submitting an application to the Company, to allot shares to him pursuant to the exercise of the vested options, accompanied by payment of an amount equivalent to the exercise price in respect of such options. In the event of exercise of options resulting in fractional shares, the Nomination & Remuneration Committee shall be entitled to round off the number of shares to be issued to the adjusted nearest whole number, and exercise price shall be correspondingly adjusted.

10.3 Except as otherwise provided, payment of the exercise price for the shares to be acquired pursuant to any options shall be made either by:

- (i) cheque, RTGS, NEFT or any other electronic mode of fund transfer, or
- (ii) the eligible employee's authority to the company to deduct such amount from his salary due and payable, or
- (iii) such other consideration as may be approved by the Board from time to time to the extent permitted by applicable law, or
- (iv) a combination of any of the abovementioned methods.

10.4 The Nomination & Remuneration Committee is entitled to specify such period(s) during which the options may be permitted to be exercised.

Provided however that in case of cessation of employment, the eligible employee shall be entitled to exercise the options in accordance with the provision of Article 12, notwithstanding the exercise date period specified hereinabove in this sub-article, but subject to the provisions of any law or regulation at the time being in force.

10.5 The shares allotted upon the exercise of an option will rank pari passu in all respects with the then existing issued shares of the company.

10.6 Lock in period: The Nomination & Remuneration Committee reserves the right to determine the lock-in period for shares issued pursuant to the exercise of options.

ARTICLE 11

DIVIDEND

11.1 The employees shall not have a right to receive any dividend or to vote or in any manner enjoy the benefits of a shareholder in respect of option granted to them, till shares are issued on exercise of option.

11.2 An eligible employee shall be entitled to receive any dividends declared by the company in respect of the shares issued, pursuant to the options granted to him, provided that the eligible employee has exercised the options and has become a registered shareholder of the company.

ARTICLE 12

CESSATION OF EMPLOYMENT

12.1 If an eligible employee's employment with the company terminates otherwise than due to "Cause" as specified in Article 12.3, then all the unvested options, will lapse on the date of notice of such termination of employment. However, the eligible employee shall be eligible to exercise all the vested options within 30 days of his termination of employment with the company or such extended period as decided by the Nomination & Remuneration Committee.

12.2 In case of extension of service of an eligible employee upon his retirement, the options would continue to vest as per the conditions of his grant letter in the manner as if no retirement happened.



12.3 If an eligible employee's employment is terminated with the company due to "Cause", then all the outstanding options, whether vested or not, will lapse on the date of notice of such termination of employment.

'Cause' for the purpose of the Plan shall mean, as determined by the Nomination & Remuneration Committee and shall include,

- (i) the engaging by the eligible employee in wilful, reckless or grossly negligent conduct which is determined by the Nomination & Remuneration Committee to be detrimental to the interest of the company or any of its affiliates, monetarily or otherwise,
- (ii) fraud, misfeasance, breach of trust or wrongful disclosure of any secret or confidential information about the company,
- (iii) the eligible employee's pleading guilty to or conviction of a felony,
- (iv) Violation of any of the terms of employment contract.

12.4 If an eligible employee's employment with the company terminates due to:

- (i) Death;
- (ii) Permanent disability;

all the options, granted to him under the Plan till such date shall vest in the legal heirs or nominees of the deceased eligible employee or to himself.

However, that in any of the above cases, the Nomination & Remuneration Committee may in its absolute discretion modify the exercise period of any options, and the other conditions of the exercise as it may deem fit, subject to Article 15 of the Plan.

ARTICLE 13 EXIT ROUTE FOR THE EMPLOYEES

The eligible employee is free to sell the shares in the market, subject to the terms and conditions of the Plan.

ARTICLE 14 CORPORATE ACTION OR CHANGE IN CONTROL

14.1 A grant made under the Plan shall be subject to adjustment by the Nomination & Remuneration Committee at its discretion as to number of options, exercise price of options, the time period of vesting or exercise as the case may be, in the event of 'Corporate Action' or 'Change in Control' as defined herein.

14.2 The existence of the Plan and the grants made hereunder shall not, in any way, affect the right or the power of the Board of Directors or the shareholders or the company to make, or authorise any 'Corporate Action' or any 'Change in Control'

including any issue of shares, debt or other securities having any priority or preference with respect to the shares or the rights thereof.

Nothing contained in the Plan shall be construed to prevent the company from taking any 'Corporate Action' or 'Change in Control', whether or not such action would have an adverse effect on the Plan or any grant made under the Plan. No employee or other person shall have any claim against the company or the new company/ new entity that is formed or takes over a part of whole of the business of the company, as a result of such action.

14.3 If there is a 'Corporate Action' before the options granted under this Plan are exercised, the employee shall be entitled, on exercise of the options, to such number of Resultant Shares to which he would have been entitled, as if all the options not exercised by him had been exercised by him before such 'Corporate Action' had taken place and the rights under the options shall stand correspondingly adjusted.

14.4 The shares in respect of which the options are granted, are shares as presently constituted. However, if prior to the expiry of the exercise period there is a 'Corporate Action', the number of shares with respect to which the options may thereafter be exercised shall, in the event of:

- (i) an increase in the number of Resultant Shares, be proportionately increased, and the exercise price, be proportionately reduced.
- (ii) a reduction in the number of Resultant Shares, be proportionately reduced, and the exercise price, be proportionately increased.

Provided further that in case the provisions of applicable law restrict/prohibit the issue of shares at a discount to its par value, the exercise price shall not be less than the amount as prescribed under such law.

14.5 In case of Corporate Action/ Change in Control, the decision of the Nomination & Remuneration Committee shall be final and binding.

ARTICLE 15

AMENDMENT OR TERMINATION OF THE PLAN

15.1 The Board of Directors in its absolute discretion may from time to time amend, alter or terminate the Plan or any grant or the terms and conditions thereof, provided that no amendment, alteration or termination in any grant previously made may be carried out, which may be detrimental to the interest of the employees however in compliance of SEBI Regulations.



Provided further, that the Board will not, without the approval of the shareholders, amend the Plan to increase the aggregate number of shares, which may be issued pursuant to the provisions of the Plan.

15.2 Without prejudice to the above, the Board of Directors may, without any reference to or consent of the employee concerned, amend the Plan or grant or make any agreement, to comply with any law, regulation or guideline, which is or may hereinafter, become applicable to the Plan.

ARTICLE 16

GENERAL

16.1 No right to a grant

Neither the adoption of the Plan, nor any action of the Board of Directors or Nomination & Remuneration Committee, shall be deemed to give an eligible employee any right to be granted any option to acquire shares or to any other rights hereunder, except as may be evidenced by an Employee Stock Option Agreement, duly executed between the company and the eligible employee.

16.2 Listing of shares

The Company shall take necessary steps for listing of shares allotted under the Scheme immediately upon exercise on all the recognised stock exchange(s), where the securities of the Company are listed.

The company shall apply for obtaining the in-principle approval from the stock exchanges where it proposes to list the shares, before exercise of the options by the eligible employees.

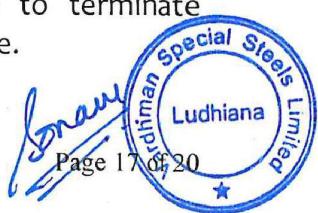
16.3 General risks

Participation in the Plan shall not be construed as any guarantee of return on the equity investment. Any loss due to fluctuations in the market price of the equity and the risks associated with the investment are that of the eligible employee alone.

16.4 No employment rights conferred

Nothing contained in the Plan or in any grant made hereunder shall:

- (i) Confer upon any eligible employee any right with respect to continuation of employment or engagement with the company, or
- (ii) Interfere in any way with the right of the company to terminate employment or services of any eligible employee at any time.



16.5 Tax deduction/ recovery

The company shall have the right to deduct/ recover all taxes payable either by itself or by the eligible employee, in connection with all grants/ options/ shares under the Plan, by way of deduction at source from salary and, in addition, to require any payments necessary to enable it to satisfy such obligations.

16.6 Dissolution or liquidation

In the event of a dissolution or liquidation, the Nomination & Remuneration Committee shall inform each eligible employee, as soon as practicable/ permissible under applicable laws, of the same.

16.7 Confidentiality

The eligible employee shall ensure complete confidentiality in respect of all documents, matters and discussions in relation to the Plan, grant, the Employee Stock Option Agreement or any connected matter. In case of any violation, the Nomination & Remuneration Committee reserves the right to cancel the grant (including vested options) or impose any financial penalty, without prejudice to the other action which may be taken in this regard.

16.8 Nomination of beneficiary

The eligible employee may appoint any person(s) as nominee(s) for the purpose of exercising the rights on his death/ permanent disability, subject to the terms and conditions of the Plan. The eligible employee shall appoint such nominee(s) by submitting a letter in the form specified by the Nomination & Remuneration Committee in this regard. The eligible employee has the right to revoke/ change such nomination. The nominee(s) shall alone be entitled to exercise the rights of the eligible employee concerned in the event of the death/ permanent disability of the eligible employee.

16.9 Insider trading

The eligible employee shall ensure that there is no violation of:

- Insider Trading Regulations of the country and/or the recognised stock exchange on which the shares of the company are listed.
- Other applicable restrictions for prevention of Fraudulent and/or Unfair Trade Practices relating to the securities market.

The Nomination & Remuneration Committee shall be entitled to frame such rules and regulations as may be necessary to ensure that there is no violation of the above referred regulations.



The eligible employee shall keep the company or the Board or the Nomination & Remuneration Committee, fully indemnified in respect of any liability arising for violation of the above provisions.

16.10 New Employee Stock Option Plans

Nothing contained in the Plan shall be construed to prevent the company from implementing another Employee Stock Option Plan, directly or through any Trust settled by company, which is deemed by the company to be appropriate or in its best interest, provided such other action would not have any adverse impact on the terms of this Plan or any grant made under this Plan. No eligible employee or other person shall have any claim against the company and/or Trust as a result of such action.

16.11 Shareholders' approval

After the Plan is adopted by the company's Board of Directors, the same will be placed before the shareholders of the company in a General Meeting or be made available for inspection if approval of the shareholders is sought by Postal Ballot. The shareholders shall, by passing a Special Resolution, approve the Plan. After the approval of shareholders, the Plan shall become effective from the date specified as 'effective date'.

16.12 Notice and correspondences

Any notice required to be given by, or any correspondence from, an eligible employee to the company/ Nomination & Remuneration Committee, may be given at the company's registered office, or such other address as may be notified in writing.

16.13 Disputes

Any disputes or differences of any nature arising hereunder shall be referred to the Nomination & Remuneration Committee and its decision shall be final and binding in all respects. If the members of the Nomination & Remuneration Committee are evenly divided on any issue, then the Chairman of the Nomination & Remuneration Committee shall have a second or casting vote.

16.14 Plan severable

The Plan constitutes the entire document in relation to its subject matter and supersedes all prior agreements and understandings, whether oral or written, with respect to such subject matter.



In the event that any term, condition or provision of the Plan being held to be a violation of any applicable law, statute or regulation the same shall be severable from the rest of the Plan and shall be of no force and effect and the Plan shall remain in full force and effect as if such term, condition or provision had not originally been contained in the Plan.

16.15 Arbitration

All disputes arising out of or in connection with the Plan or the grant shall be referred to for arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996. The place of Arbitration shall be Ludhiana, Punjab, India.

16.16 Governing laws

The Plan shall be construed in accordance with the laws of India and subject to the jurisdiction of Court in Ludhiana, Punjab, India only.

IN WITNESS WHEREOF THE following Directors of the Company have hereunto set their respective hand and seal on the 11th day of December, 2025.

SIGNED BY THE WITHINNAMED

For Vardhman Special Steels Limited

1) Sachit Jain

(Sachit Jain)
Chairman & Managing Director

2) Soumya Jain

(Soumya Jain)
Executive Director

In the presence of

1) Sonam

Sonam Dhingra
C/o Vardhman Sp. Steels Ltd.
Chandigarh Road,
Ludhiana.

2)

Che
Sarjag Guptha
C/o Vardhman Sp. Steels Ltd.
Chandigarh Road,
Ludhiana

