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EMPLOYEE STOCK OPTION SCHEME 2020
BIOPHARMA INDUSTRIES LIMITED

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ESOP SCHEME DOCUMENT

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BIOPHARMA INDUSTRIES LIMITED
CIN: U24230MH2012PLC234567

Employee Stock Option Scheme 2020
("BioPharma ESOP 2020" or "Scheme")

Approved by Board of Directors: December 15, 2019
Approved by Shareholders: January 15, 2020
Effective Date: April 1, 2020

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ARTICLE 1: INTRODUCTION AND OBJECTIVES

1.1 NAME OF THE SCHEME

This Scheme shall be called "BioPharma Industries Limited - Employee Stock Option Scheme 2020" or "BioPharma ESOP 2020".

1.2 OBJECTIVES

The objectives of the Scheme are:

- (a) To attract, retain, and motivate talented employees including Key Technical Personnel critical for regulatory compliance
- (b) To align the interests of employees with those of shareholders
- (c) To reward employees for their contribution to Company's growth
- (d) To enable employees to participate in long-term wealth creation
- (e) To create a sense of ownership among employees

1.3 EFFECTIVE DATE

The Scheme shall come into effect from April 1, 2020.

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ARTICLE 2: DEFINITIONS

- 2.1 "Act" means the Companies Act, 2013 and rules made thereunder.
- 2.2 "Board" means the Board of Directors of the Company.
- 2.3 "Committee" means the Nomination and Remuneration Committee constituted by the Board to administer this Scheme.
- 2.4 "Company" means BioPharma Industries Limited.
- 2.5 "Employee" means:
 - (a) A permanent employee of the Company working in India or abroad; or
 - (b) A Director of the Company (excluding Independent Directors); or
 - (c) An employee of a subsidiary or holding company

But does not include:

- (a) An employee who is a Promoter or belongs to the Promoter Group; or
- (b) A Director who holds more than 10% of the outstanding equity shares

2.6 "Exercise" means the process by which the Grantee converts the vested Options into equity shares by paying the Exercise Price.

2.7 "Exercise Period" means the period within which the Grantee must exercise the vested Options.

2.8 "Exercise Price" means the price per share payable by the Grantee to exercise the Options.

2.9 "Fair Market Value" means the value of the equity shares determined by the Committee based on a valuation report from a registered valuer.

2.10 "Grant" means the issue of Options to an Employee under this Scheme.

2.11 "Grant Date" means the date on which Options are granted to an Employee.

2.12 "Grantee" means an Employee who has been granted Options under the Scheme.

2.13 "Option" means a right but not an obligation granted to an Employee to apply for equity shares of the Company at the Exercise Price.

2.14 "Option Agreement" means the agreement entered into between the Company and the Grantee setting out the terms and conditions of the Grant.

2.15 "Vesting" means the process by which the Grantee acquires the right to exercise the Options.

2.16 "Vesting Period" means the period during which the Options vest in the

Grantee.

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ARTICLE 3: ADMINISTRATION

3.1 NOMINATION AND REMUNERATION COMMITTEE

The Scheme shall be administered by the Nomination and Remuneration Committee ("Committee") constituted by the Board.

3.2 COMPOSITION OF COMMITTEE

The Committee shall consist of at least three Directors, of which at least half shall be Independent Directors.

Current Composition:

- Mr. Sandeep Kumar Agarwal (Chairman) - Independent Director
- Mrs. Priya Suresh Menon - Independent Director
- Dr. Ramesh Narayan Kulkarni - Managing Director

3.3 POWERS OF COMMITTEE

The Committee shall have the authority to:

- (a) Determine eligibility of Employees
- (b) Determine the number of Options to be granted
- (c) Determine the Exercise Price
- (d) Determine the vesting schedule
- (e) Construe and interpret the Scheme
- (f) Establish procedures for administration
- (g) Modify or amend the terms of outstanding Options
- (h) Suspend or terminate the Scheme

(i) Delegate powers to Company Secretary for administration

3.4 DECISIONS FINAL

All decisions of the Committee shall be final, conclusive, and binding on all Grantees.

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ARTICLE 4: SHARES AVAILABLE UNDER THE SCHEME

4.1 MAXIMUM SHARES

The maximum number of equity shares that may be issued under this Scheme shall be 15,00,000 (Fifteen Lakh) shares, representing 7.5% of the paid-up equity capital of the Company as on the date of shareholder approval.

4.2 SOURCE OF SHARES

Shares for the Scheme shall be made available through fresh issue by the Company. Secondary acquisition from the market is not envisaged.

4.3 LAPSED OPTIONS

Options that are forfeited, lapsed, or cancelled shall be available for future grants under the Scheme.

4.4 ADJUSTMENT FOR CORPORATE ACTIONS

In case of any corporate action such as bonus issue, stock split, or rights issue, the Committee shall make appropriate adjustments to the number of Options and/or Exercise Price to prevent dilution or enlargement.

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ARTICLE 5: ELIGIBILITY

5.1 ELIGIBLE EMPLOYEES

The following Employees shall be eligible for grant of Options:

- (a) All permanent employees who have completed at least one year of service with the Company
- (b) Directors of the Company (excluding Independent Directors and Promoter Directors)
- (c) Employees designated as "Key Technical Personnel" for regulatory purposes
- (d) Employees in managerial or supervisory positions

5.2 PRIORITY FOR KEY TECHNICAL PERSONNEL

Given the critical nature of technical personnel for a pharmaceutical manufacturing company, the following employees shall be given priority in Option grants:

- Technical Director (Approved Person under Drug License)
- Head of Quality Assurance
- Head of Quality Control
- Head of Regulatory Affairs
- R&D Head
- Production Managers

5.3 INELIGIBLE PERSONS

The following persons shall not be eligible:

- (a) Promoters or persons belonging to Promoter Group
- (b) Directors holding more than 10% of outstanding shares
- (c) Independent Directors
- (d) Employees on probation (unless specifically approved)
- (e) Employees under notice period

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ARTICLE 6: GRANT OF OPTIONS

6.1 GRANT APPROVAL

Options shall be granted by the Committee based on:

- (a) Employee's performance and potential
- (b) Criticality of role
- (c) Retention requirements
- (d) Company guidelines and limits
- (e) Regulatory compliance importance of the role

6.2 OPTION AGREEMENT

Upon grant, the Grantee shall execute an Option Agreement specifying:

- (a) Number of Options granted
- (b) Grant Date
- (c) Exercise Price
- (d) Vesting schedule
- (e) Exercise Period
- (f) Other terms and conditions

6.3 MAXIMUM GRANT TO SINGLE EMPLOYEE

No single Employee shall be granted Options exceeding 1% of the issued capital of the Company at the time of grant.

6.4 GRANT FREQUENCY

The Committee may grant Options at any time during the year. Annual grant cycles are typically in April (after performance appraisal).

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ARTICLE 7: EXERCISE PRICE

7.1 DETERMINATION OF EXERCISE PRICE

The Exercise Price shall be determined by the Committee, which may be:

- (a) Fair Market Value on the Grant Date; or
- (b) A discount to Fair Market Value (not exceeding 20%); or
- (c) Face value of shares (Rs. 10 per share)

7.2 FAIR MARKET VALUE

Fair Market Value shall be determined based on a valuation report from a registered valuer using accepted valuation methodologies.

7.3 CURRENT EXERCISE PRICE

For grants made in FY 2025-26:

- Fair Market Value: Rs. 200 per share
- Exercise Price: Rs. 200 per share (at FMV)

(Based on valuation as of April 1, 2025)

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ARTICLE 8: VESTING

8.1 VESTING SCHEDULE

Options shall vest over a period of 3 (three) years from the Grant Date as follows:

End of Year	Vesting Percentage	Cumulative Vesting

Year 1	33.33%	33.33%
Year 2	33.33%	66.66%
Year 3	33.34%	100.00%

8.2 CLIFF VESTING

No Options shall vest before completion of one year from the Grant Date (cliff period).

8.3 CONDITIONS FOR VESTING

Vesting is subject to:

- (a) Continued employment with the Company
- (b) Satisfactory performance ratings
- (c) No material breach of employment agreement
- (d) No regulatory violations attributable to the Employee

8.4 ACCELERATED VESTING

The Committee may accelerate vesting in the following circumstances:

- (a) Death of the Grantee
- (b) Permanent disability
- (c) Retirement
- (d) Change of control of the Company
- (e) At Committee's discretion for exceptional performance

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ARTICLE 9: EXERCISE OF OPTIONS

9.1 EXERCISE PERIOD

Vested Options may be exercised within a period of 3 (three) years from the date of vesting.

9.2 EXERCISE PROCESS

To exercise Options, the Grantee shall:

- (a) Submit Exercise Notice to the Company
- (b) Pay the aggregate Exercise Price
- (c) Complete necessary documentation
- (d) Comply with tax deduction requirements

9.3 MINIMUM EXERCISE

The minimum number of Options that may be exercised at any time shall be 100 Options.

9.4 ALLOTMENT OF SHARES

Upon valid exercise and receipt of Exercise Price, the Company shall allot equity shares within 30 days.

9.5 LOCK-IN PERIOD

There shall be no lock-in period for shares acquired through exercise of Options.

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ARTICLE 10: EFFECT OF TERMINATION OF EMPLOYMENT

10.1 VOLUNTARY RESIGNATION

If a Grantee resigns voluntarily:

- (a) Unvested Options shall be forfeited on the last working day
- (b) Vested but unexercised Options must be exercised within 90 days of last working day, failing which they shall lapse
- (c) Options exercised remain valid

10.2 TERMINATION FOR CAUSE

If a Grantee is terminated for cause (misconduct, fraud, regulatory violation, etc.):

- (a) All unvested Options shall be forfeited immediately
- (b) All vested but unexercised Options shall be forfeited
- (c) Committee may require buyback of exercised shares at Exercise Price

10.3 TERMINATION WITHOUT CAUSE

If a Grantee is terminated without cause (redundancy, restructuring):

- (a) Unvested Options shall be forfeited

(b) Vested Options must be exercised within 180 days of termination

10.4 RETIREMENT

Upon retirement (at superannuation age):

(a) All outstanding Options shall vest immediately

(b) Must be exercised within 1 year of retirement

10.5 DEATH

Upon death of a Grantee:

(a) All outstanding Options shall vest immediately

(b) Legal heirs may exercise within 1 year of death

10.6 PERMANENT DISABILITY

Upon permanent disability:

(a) All outstanding Options shall vest immediately

(b) Must be exercised within 1 year of disability

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ARTICLE 11: CLAWBACK PROVISIONS

11.1 CLAWBACK FOR REGULATORY VIOLATIONS

Given the regulated nature of pharmaceutical manufacturing, the Company reserves the right to clawback Options/Shares in the following cases:

(a) If the Company's Drug Manufacturing License is suspended or cancelled due to acts or omissions of the Grantee

- (b) If regulatory prosecution is initiated against the Grantee for GMP violations
- (c) If material quality failure or product recall occurs due to Grantee's negligence
- (d) If pharmacovigilance violations occur under Grantee's responsibility

11.2 CLAWBACK FOR FRAUD OR MISCONDUCT

Options/Shares may be clawed back if the Grantee is found guilty of:

- (a) Fraud or embezzlement
- (b) Material misstatement of financial information
- (c) Gross misconduct
- (d) Breach of confidentiality

11.3 CLAWBACK MECHANISM

Clawback may be effected by:

- (a) Forfeiture of unvested Options
- (b) Forfeiture of vested but unexercised Options
- (c) Requirement to repay gains from exercise of Options
- (d) Buyback of shares at Exercise Price

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ARTICLE 12: TAX IMPLICATIONS

12.1 TAX LIABILITY

The Grantee shall be solely responsible for all tax obligations arising from the grant, vesting, exercise, or sale of Options/Shares.

12.2 TAX TREATMENT (FOR INFORMATION)

Current tax treatment under Indian tax laws:

(a) AT GRANT: No tax implication

(b) AT VESTING: No tax implication

(c) AT EXERCISE: The difference between Fair Market Value on exercise date and Exercise Price is taxed as perquisite (salary income).
Company shall deduct TDS.

(d) AT SALE: Capital gains tax on difference between sale price and Fair Market Value on exercise date.
- Short-term (held < 24 months): Added to income, taxed at slab rate
- Long-term (held > 24 months): 20% with indexation

12.3 TDS DEDUCTION

The Company shall deduct TDS on perquisite value at exercise and deposit with Income Tax Department.

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ARTICLE 13: RIGHTS OF GRANTEES

13.1 NO SHAREHOLDER RIGHTS UNTIL EXERCISE

Until Options are exercised and shares are allotted:

- (a) Grantee has no voting rights
- (b) Grantee has no dividend rights

(c) Grantee has no right to participate in bonus or rights issues

13.2 NOT TRANSFERABLE

Options are personal to the Grantee and are not transferable except:

- (a) By will or laws of inheritance
- (b) To legal heirs upon death

13.3 NO RIGHT TO EMPLOYMENT

Grant of Options does not confer any right to continued employment with the Company.

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ARTICLE 14: SCHEME AMENDMENT AND TERMINATION

14.1 AMENDMENT

The Board/Committee may amend the Scheme from time to time. However, amendments that adversely affect outstanding Options shall require consent of affected Grantees.

14.2 TERMINATION

The Board may terminate the Scheme at any time. Termination shall not affect Options already granted.

14.3 SHAREHOLDER APPROVAL

Certain amendments may require shareholder approval as per Companies Act.

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ARTICLE 15: DISCLOSURES

15.1 ANNUAL DISCLOSURES

The Company shall make disclosures in the Directors' Report regarding:

- (a) Total Options granted, vested, exercised, lapsed during the year
- (b) Exercise Price
- (c) Employee-wise details for senior management
- (d) Diluted EPS

15.2 REGISTER OF OPTION HOLDERS

The Company shall maintain a Register of Option Holders with:

- (a) Name and address of Grantee
- (b) Number of Options granted
- (c) Grant Date and Exercise Price
- (d) Vesting and exercise details

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ARTICLE 16: CURRENT STATUS OF THE SCHEME

16.1 OPTIONS POOL

Total Options authorized:	15,00,000
Options granted to date:	8,50,000
Options exercised:	2,20,000
Options lapsed/forfeited:	80,000
Options outstanding (unvested):	3,50,000

Options outstanding (vested): 2,00,000

Options available for grant: 6,50,000

16.2 KEY GRANTS TO TECHNICAL PERSONNEL

Employee	Position	Options	Exercise Price
Dr. Rajendra Patil	Technical Director	50,000	Rs. 150
Mrs. Deepika Jain	Head - QA	40,000	Rs. 150
Dr. Anita Shah	Head - QC	40,000	Rs. 150
Mr. Suresh Sharma	Production Manager	30,000	Rs. 175
Ms. Priya Desai	Regulatory Manager	25,000	Rs. 175
[Other employees]	Various	5,65,000	Various

ARTICLE 17: APPLICABLE LAW

17.1 GOVERNING LAW

This Scheme shall be governed by and construed in accordance with the laws of India.

17.2 COMPLIANCE

The Scheme shall be implemented in compliance with:

- (a) Companies Act, 2013 and rules
- (b) Income Tax Act and rules
- (c) SEBI regulations (if applicable in future)
- (d) Other applicable laws

ANNEXURE: FORM OF OPTION AGREEMENT

[Template of Option Agreement to be executed with each Grantee - available separately]

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END OF ESOP SCHEME DOCUMENT

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