

STERLING TOOLS LIMITED

Employee Stock Option Plan – 2023

1. Name, Objective and Term of the Plan

- 1.1 This Plan shall be termed as the "STL- Employee Stock Option Plan 2023" ("**ESOP Plan**" or "**Plan**").
- 1.2 The Board of Directors ("**Board**") of Sterling Tools limited ("**STL**" / "**Company**"), based on recommendation of the Nomination and Remuneration Committee ("**NRC**" / "**Committee**"), has approved the Plan for the issue of stock options to eligible employees of the Company or its subsidiary companies, at their meeting held on 30th October, 2023. The Plan shall be effective from 21st December, 2023 (herein after referred to as the "**Effective Date**") on which date the Shareholders have approved the Plan by way of a Special Resolution.
- 1.3 **The** objective of the Plan is to provide employees, of the Company and its subsidiary companies, with an additional incentive based on productivity and performance and thereby motivate them to contribute to the overall corporate growth and profitability. The Company aims to make the overall compensation structure attractive to attract, retain and suitably reward the employees and unify the interests of the Company's personnel and shareholders.
- 1.4 The Plan shall continue to be in force until:
 - i. its termination by the Board or NRC. Any such termination of the Plan shall not affect Options already granted and such Grants shall remain in full force and effect as if the Plan had not been terminated unless mutually agreed otherwise between the Grantees and the Company; or
 - ii. the date on which all the employee stock options, available for issuance under the Plan, have been issued and exercised.
whichever is earlier
- 1.5 The Board or NRC may, subject to compliance with the Applicable Laws (as defined below), at any time after, amend, suspend, or terminate the Plan. The NRC duly constituted in terms of Section 178 of the Companies Act, 2013 and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), shall act as the Compensation Committee for the administration of the Plan.

This document sets out the terms and conditions of the Plan under which the employee stock options ("**Options**") are being granted and allotted to the Employees (as defined below).

2. Definitions

In this Plan, except where the context otherwise requires, the following expressions or terms shall have the meanings indicated there against. Further, unless the context otherwise requires, words denoting the masculine gender shall include the feminine gender and words denoting the singular shall include the plural and vice versa.

- 2.1. "**Acceptance Form**" shall mean the form that the Grantee has to submit indicating his/her acceptance of the offer made to him/her to participate in the Plan.

- 2.2. **"Aggregate Exercise Price"** shall mean Exercise Price plus any taxes due from the Grantee as per Clause 19 of the Plan.
- 2.3. **"Applicable Laws"** shall mean every law relating to the Employee Stock Options, to the extent applicable, including and without limitation to the Companies Act, 2013, Securities and Exchange Board of India Act, 1992, Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (**"SEBI SBEB Regulations"**), as amended from time to time and includes any clarifications or circulars issued thereunder, all relevant tax, securities, exchange control or corporate laws of India, or amendments thereof or of any relevant jurisdiction or of any recognised stock exchange on which shares of the Company are listed or quoted.
- 2.4. **"Beneficiary"** means the person or persons, trust or trusts designated by the Grantee, or in the absence of any designation by the Grantee, a person or persons who is/are entitled by the will of the Grantee to receive the benefits specified in the Plan, the legal heirs of the Grantee, if the Grantee dies intestate and includes the Grantee's executors or administrator, if no other beneficiary is designated and able to act under the circumstances and such other persons as may be added from time to time to the class of beneficiaries by notice in writing and by the nomination form in the exercise of any powers conferred under the Plan or any other agreements forming part thereof.
- 2.5. **"Board"** means the Board of Directors of the Company.
- 2.6. **"Companies Act"** shall mean Companies Act, 2013 and includes any statutory modifications or re-enactment thereof.
- 2.7. **"Company"** shall mean Sterling Tools Limited (**"STL"/ "Company"**), an Indian company limited by shares and incorporated under the Companies Act, 1956, has its registered office located at Unit No.515, DLF Tower A, Jasola District Centre, New Delhi – 110 025. The shares of the Company are listed and publicly traded on National Stock Exchange of India Limited (**"NSE"**) and BSE Limited (**"BSE"**).
- 2.8. **"Companies Policies / Terms of Employment"** means the Company's policies for employees and the terms of employment as contained in the employment letter / contract / Company handbook, which includes provisions for securing confidentiality, non-compete and non-poaching of other Employees and customers. Policies / Terms of Employment of the Subsidiary Company, as regards an Option Grantee on the payrolls of such Subsidiary Company, shall be deemed to be "Company Policies / Terms of Employment" for such Option Grantee.
- 2.9. **"Director"** means the member of the Board of the Company.
- 2.10. **"Eligibility criteria"** means the criteria as may be determined from time to time by the NRC for granting Options to the Employees.
- 2.11. **"Employee"** means-
- a) any permanent employee (present or future) of the Company working in India or out of India; or
 - b) Director of the Company, whether a whole-time or not, but excluding an independent director; or
 - c) an employee as defined in clauses (a) or (b) of a subsidiary, in India or outside India;;

but excluding:

- d) an employee who is a promoter or a person belonging to the promoter group; or
 - e) a Director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the company.
- 2.12. **"ESOP Shares" or "ESOP"** shall mean the shares allotted to a Grantee by the Company pursuant to the exercise of Option by the Grantee.
- 2.13. **"Exercise"** means making of an application by the Grantee to the Company for allotment of Shares to him/her pursuant to conversion of any or all of the Options vested in pursuance of this Plan.
- 2.14. **"Exercise Date"** means the date on which the Grantee carries out the Exercise of Grant.
- 2.15. **"Exercise Period"** means the time period after Vesting within which the Employee or its Beneficiary should exercise his right to apply for the shares against the Vested Options in pursuance on the Plan.
- 2.16. **"Exercise Price"** means the price payable by the Grantee in order to Exercise the Options vested in him/her in pursuance of the Plan.
- 2.17. **"General Meeting"** means a general meeting (and includes an extraordinary general meeting) of the Shareholders of the Company held in accordance with the Articles of Association of the Company and the Applicable Laws.
- 2.18. **"Grant"** means making a specific offer to the Grantee for acquiring Shares through exercise of Options, as per the terms and conditions of the Plan.
- 2.19. **"Grant Date"** means the date on which the Grant is approved by the NRC under the Plan.
- 2.20. **"Grant Letter"** means the letter by which the Grant is communicated to the Grantee.
- 2.21. **"Grantee"** shall mean an Employee (including his/her Beneficiary where the context so requires) who fulfills the Eligibility Criteria as determined by the Board and to whom an offer of Grant has been made, as per the terms and conditions of the Plan
- 2.22. **"Lapsed Option"** means (i) the unvested options; or (ii) options which are vested but not exercised by the Grantee.
- 2.23. **"Lock-in Period"** means the period during which a Grantee, who becomes a member of the Company upon allotment of Shares pursuant to a valid Exercise, shall be barred from selling or otherwise transferring such Shares.
- Subject to any modifications made by the Board / NRC, as per terms and conditions of the Plan, no Shares allotted under the Plan shall have any Lock-in Period.
- 2.24. **"Long Leave"** means leave taken by the Employee for more than 60 days, which has been approved by the Company.
- 2.25. **"Market Price"** means the latest available closing price on the Stock Exchange on which the Shares of the Company are listed, immediately prior to the relevant date.

Explanation- If Shares are listed on more than one Stock Exchange, then the closing price of the Shares on the Stock Exchange having higher trading volume shall be considered as the Market Price.

- 2.26. **“Misconduct”** means any of the following acts or omissions by an Employee in addition to any provisions prescribed in the offer or Terms of Employment amounting to violation or breach of Terms of Employment as determined by the NRC after giving the Employee and opportunity of being heard, wherever required:
- i. committing of any act of misconduct warranting summary termination under law; or
 - ii. conduct which in the reasonable opinion of the Board / NRC or Superior Manager amounts to a serious breach by an Option Grantee of the obligation of trust and confidence to his employer; or
 - iii. a finding by the Board / NRC or Superior Manager that an employee has committed any material or consistent breach of any of the terms or conditions of employee service agreement including any willful neglect of or refusal to carry out any of his duties or to comply with any instruction given to him by the Board or Manager; or
 - iv. being convicted of any criminal offence (other than an offence under any road traffic legislation for which a penalty of imprisonment cannot be imposed); or being disqualified from holding office in the Company or any other company under any legislation or to be disqualified or disbarred from membership of, or be subject to any serious disciplinary sanction by, any regulatory body within the industry, which undetermines the confidence of the Board / NRC in the individual’s continued employment; or
 - v. having acted or attempted to act in any way which in the opinion of the Board / NRC or Superior Manager has brought or could bring the Company or any other Group member into disrepute or discredit; or
 - vi. breach of any Company Policies/ Terms of Employment; or
 - vii. anything not included above but defined in the Company rules or employee handbook and/or employment agreement.
- 2.27. **“Option”** means a right but not an obligation granted to a Grantee to subscribe to a specified number of Shares on the occurrence of Vesting of such Option(s) at a pre-determined price;
- 2.28. **“Option grantee”** means an employee having a right but not an obligation to exercise options granted pursuant to ESOP Plan.
- 2.29. **“Permanent Disability”** means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Employee, on a permanent basis, from performing any specific job, work or task, which said Employee was capable of performing immediately before such disablement.
- 2.30. **“Plan”** shall mean the *“STL- Employee Stock Option Plan 2023”* and shall include any alterations, amendments, additions, deletions, modifications, or variations made thereof from time to time.
- 2.31. **“Promoter”** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time.
- 2.32. **“Promoter Group”** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended from time to time.

Provided that where the Promoter or the 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.

- 2.33. **"Recognised Stock Exchange"** means National Stock Exchange of India Limited ("**NSE**"), BSE Limited ("**BSE**"), or any other stock exchange in India on which the Company's Shares are listed or to be listed in future.
- 2.34. **"Relative"** shall have the same meaning as defined under section 2(77) of the Companies Act, 2013.
- 2.35. **"Relevant Date"** means -
- (i) in the case of grant, the date of the meeting of the NRC on which the grant is made; or
 - (ii) in the case of exercise, the date on which the notice of exercise is given to the company by the employee;
- 2.36. **"Retirement"** means retirement as per the rules of the Company or any of its direct or indirect Subsidiary Company.
- 2.37. **"Rights Shares"** means offering of Shares to the existing Shareholders who hold subscription rights or pre-emptive rights that entitle them to buy newly issued Shares at a discount from the price at which they will be offered to the other Shareholders.
- 2.38. **"Shares"** means equity shares of par value of Rs.2/- (Rupee Two only) each of the Company.
- 2.39. **"Share Capital"** means the share capital of the Company.
- 2.40. **"Shareholder"** means the registered holder of a Share in the Share Capital of the Company.
- 2.41. **"Stock Option Agreement"** means a written agreement between the Grantee and the Company, confirming the grant of Stock Options or Options and evidencing the terms and conditions as stipulated in this Plan.
- 2.42. **"Subsidiary Company"** means any present or future subsidiary as defined under the Companies Act, 2013
- 2.43. **"Superannuation Age"** shall mean an age for retirement, which would be 58 years for employees other than Directors and for Directors as may be decided by Board in compliance with applicable laws.
- 2.44. **"Termination Date"** means the date of termination of employment of the Employee with the Company.
- 2.45. **"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.
- 2.46. **"Vesting"** means the process by which an Employee is given the right to apply for Shares of the Company pursuant to the Options granted to him under the Plan.

- 2.47. **“Vesting Condition”** means any condition subject to which the options granted would vest in an Option Grantee.
- 2.48. **“Vesting Period”** means the period during which the vesting of the Employee Stock Option granted to the Employee, in pursuance of the Plan takes place.
- 2.49. **“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.
- 2.50. **“Vesting Schedule”** means the Schedule as may be drafted by the Board under Clause 7.3 of this Plan.

Interpretation:

In this Plan, unless the contrary intention appears:

- a) The headings/subheadings/titles/subtitles are only for the sake of convenience and shall not be interpreted to restrict or otherwise affect the meaning or import of the Clauses, which shall be interpreted solely in light of the contents thereof.
- b) Where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase shall have corresponding meanings.
- c) Any reference to ‘writing’ includes printing, typing, lithography and other means of reproducing words in visible form.
- d) The term ‘including’ shall mean ‘including without limitation’, unless otherwise specified.
- e) Reference to any Act, Rules, Statute or Notification shall include any statutory modification, substitution, or re-enactment thereof.

3. Authority and Ceiling

- 3.1. The NRC and the Board at their respective meetings held on 30th October 2023, read with approval of the NRC dated 30th October 2023 and approval of Shareholders, *vide* General Meeting dated [...], resolved to issue to Employees, under the aforesaid Plan, Options not exceeding 9,00,605 convertible into not more than 9,00,605 Shares of the Company having a par value of Rs.2/- (Rupees Two only) each fully paid up, with each such Option conferring a right upon the Employee(s) to be issued one Share of the Company, in accordance with the terms and conditions of such issue. The Company, subject to obtaining necessary approvals, reserves the right to increase or reduce such number of shares as it deems fit, in accordance with the Applicable Laws.
- 3.2. The maximum number of options to be granted per employee per grant and in aggregate in any year shall not exceed (i) one percent of the issued capital of the Company at the time of grant of options during any one year; and (ii) 9,00,605 in aggregate. The Board and / or the NRC may decide to grant such number of Options equal to or exceeding 1% of the issued share capital of the Company to any eligible Employee as the case may be, subject to the separate approval of the shareholders in a general meeting.

- 3.3. If an Employee Stock Option expires or lapses or is forfeited or becomes un-exercisable due to any other reason, the same shall become available for future Grants, subject to compliance with all Applicable Laws. The Board will have the power to re-grant such options.
- 3.4. Where Shares are issued consequent upon exercise of an Employee Stock Option under the Plan, the maximum number of Shares that can be further issued under Plan as referred to in Clause 3.1 above will stand reduced to the extent of such Shares issued.
- 3.5. In case of a consolidation where the face value of the shares is increased above Rs. 2/-, the maximum number of shares available for being granted under the Plan shall stand modified accordingly, so as to ensure that the cumulative face value (No. of shares X Face value per share) prior to such consolidation remains unchanged after the share consolidation.
- 3.6. In case of a share split where the face value of the shares is reduced below Rs. 2/-, the maximum number of shares available for being granted under the Plan shall stand modified accordingly, so as to ensure that the cumulative face value (No. of shares X Face value per share) prior to such split remains unchanged after the share split.

4. Eligibility

- 4.1. The Plan covers all Employees, as defined in Clause 2.11 hereinabove, who are in employment with the Company.
- 4.2. The NRC shall decide which of the Employees shall be granted Options under the Plan and accordingly, offer the Options to the identified Employees to the extent permissible under Applicable Laws.
- 4.3. The Plan shall be applicable to the Company, its Subsidiary Companies in India or outside India, and any successor company thereof and Options may be granted under this Plan to the Employees and Directors of the Company and its Subsidiary Companies, as determined by the NRC at its own discretion.
- 4.4. Appraisal process for determining the eligibility of the Employees will be based on designation, period of service, performance linked parameters such as work performance, Company's overall performance and such other criteria as may be recommended by the Management and approved by the Committee at its sole discretion, from time to time.
- 4.5. In determining the eligibility of an Employee to receive Options as well as in determining the number of Options to be granted to any Employee, the discretion of the NRC shall be absolute.

5. Administration of the Plan

- 5.1. The Plan shall be administered by the NRC. The NRC is authorized to interpret the Plan, to establish, amend and rescind any rules and regulations relating to the Plan, and to make any other determinations that it deems necessary or desirable for the administration and implementation of the Plan. Further, the NRC may correct any defect, omission or reconcile any inconsistency in the Plan in the manner and to the extent necessary or desirable.
- 5.2. The acts of a majority of the members of the NRC present at any meeting (at which the quorum is present) or acts approved in writing by a majority of the entire NRC shall be the acts of the

NRC for the purpose of the Plan. No member of the NRC may act upon matters under the Plan specifically relating to such NRC member. Any decision of the NRC in the interpretation and administration of the Plan, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned (including, but not limited to, Grantee and/ or Grantees and their Beneficiaries). Neither the Company nor the Board / NRC, including its members, shall be liable for any action or determination made in good faith with respect to the Plan or any Shares granted there under.

5.3. The NRC shall, *inter alia*, do the following, subject to the terms of the Articles of Association and Applicable Laws, and the provisions on 'affirmative voting matters' therein:

- (i) Determine from time to time the Eligibility Criteria of the Employee for being covered in the Plan;
- (ii) Determine from time to time the quantum of Shares to be Granted under the Plan per Grantee and in aggregate;
- (iii) Prescribe the Vesting Period and Vesting criteria which may be common or different for each employee;
- (iv) Determine the Exercise Period within which the Grantee should Exercise the Grant failing which the offer would lapse;
- (v) Determine the conditions under which Grants made to the Grantee may lapse in case of termination for misconduct;
- (vi) Determine the right of a Grantee to Exercise all the Grants at one time or various points in time within the Exercise Period;
- (vii) Determine the Lock-in Period for the Shares if any and any adjustments to the Lock-in Period on the happening of certain events such as death, disability, superannuation, termination with Cause, other terminations, corporate actions etc;
- (viii) Determine the procedure for making a fair and reasonable adjustment to the number of Grants and to the Exercise Price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others;
- (ix) Determine the Grant and Exercise of Grants in case of Employees who are on long leave;
- (x) Approve forms of agreement for use under the Plan;
- (xi) Approve the Exercise Price and the valuation methodology of Options under the Plan;
- (xii) Determine the number of Shares and/ or the Exercise Price;
- (xiii) Determine the procedure of sale or transfer of shares;
- (xiv) Take any other actions and make any other determinations or decisions that it deems necessary or appropriate in connection with the Plan or the administration or interpretation thereof;
- (xv) Administer and reconcile any inconsistency in the Plan;
- (xvi) Perform such other functions and duties as may be required under the Applicable Laws;
- (xvii) The procedure for cashless Exercise of Option, if required;
- (xviii) Variation of terms of the Options to be carried out by way of members' approval by way of a special resolution provided it is not prejudicial to the interests of the Employees.
- (xix) the procedure for buy-back of Options granted under the Plan if to be undertaken at any time by the Company, and the applicable terms and conditions, including:
 - (i) permissible sources of financing for buy-back;
 - (ii) any minimum financial thresholds to be maintained by the Company as per its last financial statements; and
 - (iii) limits upon quantum of Options that the Company may buy-back in a financial year.

- 5.4. All decisions, determination and interpretations of the NRC shall be final and binding on all concerned.

6. Grant and Acceptance of Grant

- 6.1. Subject to the number of Options as provided in Clause 3.1 of the Plan, a Grant to any particular Employee may be made more than once under the Plan.
- 6.2. The NRC may, at its sole discretion, make a Grant to a Grantee in accordance with the terms and conditions of the Plan and to the extent permissible under the Articles of Association of the Company and other Applicable Laws.
- 6.3. The Grant by the Company to the Grantee shall be made in writing and communicated to the Grantee by a Grant Letter. The Grant Letter will include details of the number of Options being offered, the number of Shares that shall be allotted to the Grantee upon Exercise of the Options, the Exercise Price, the Exercise Period, the terms of Vesting and such other details that the Board considers appropriate. The Grantee shall submit his/her acceptance to the Company by submitting the Acceptance Form within 60 (Sixty) days of receipt of the Grant Letter, or such other time as may be specified in the Grant Letter. If Grantee fails to submit Acceptance Form within specified time, then such Options shall lapse.
- 6.4. A Stock Option Agreement shall be entered into by and between the Company and the Grantee who has communicated his acceptance in the manner specified in Clause 6.3 above. The Agreement shall contain the mutual rights and obligations of both the Parties along with other terms and conditions as stipulated in this Plan.
- 6.5. Subject to Clause 11.1 of the Plan, a Grant made under the Plan shall be personal to the Grantee and shall not be transferable to any other person or entity in any manner whatsoever.

7. Vesting Period and Vesting Conditions

- 7.1. Options granted under this Plan would not vest earlier than a minimum period of 1 (One) year and not later than maximum Period of 5 (Five) years from the date of Grant of such Options, at the discretion of and in the manner prescribed by the NRC and set out in the Grant Letter.
- In case of deputation to the Subsidiary, as the case may be, the period of employment with the respective Company may also be considered at the discretion of the NRC and thus the Option would vest essentially on passage of time. In addition to this, the NRC may from time to time, also specify certain other parameters subject to satisfaction of which the Options would vest.
- 7.2. Vesting of Option would be subject to continued employment with Company or its Subsidiary Company(ies), as the case may be.
- 7.3. The Vesting schedule and specific Vesting Conditions, subject to which vesting would take place, would be outlined in the Letter of Grant given to the Option Grantee at the time of grant of Options.
- 7.4. The Grantee shall not have the right to receive any dividend or to vote or in any manner enjoy the benefits of a shareholder in respect of the Options granted to him/her, till the Shares are issued upon the exercise of the Options.

7.5. Subsequent to the date of Vesting, the Grantee shall Exercise the Vested Options on or before the last day of the Exercise Period.

7.6. **Vesting of Options in case of Employees on long leave**

Period of long leave shall not be included in determining the vesting period in the event the Employee is on a sabbatical. However, the NRC at its discretion, may include the period of long leave in determining the vesting period. 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 NRC.

8. Exercise of Options

Exercise Price or Pricing Formula:

8.1. The exercise price shall not be less than the face value and shall not be more than the Market Price ('MP') of an equity share of the Company at the time of grant of option as determined by the NRC from time to time and shall be in the conformity with the applicable accounting policies/standards, if any.

Exercise Period

8.2. Subject to Clause 11 of the Plan, the Grantee may exercise Vested Options within 10 (Ten) years from the date of vesting of such Options. Such Exercise may be of all Vested Options or part of the Vested Options, subject to Clause 8.3 of the Plan.

8.3. For the purposes of the Plan, the Exercise Period for the Vested Options shall be as follows:

8.3.1. Any time after the Vesting Date and within 10 (Ten) years from the date of vesting of such Options; and

8.3.2. In the event of resignation or termination of employment, the maximum Exercise Period available with respect to Vested Options shall be 60 days from the date of resignation or termination of employment.

Exercise Procedure

8.4. The Exercise shall take place at the time and place designated by the NRC and by executing such documents as may be required under the Applicable Laws to pass a valid title of the relevant Shares to the Grantee, free and clear of any liens, encumbrances and transfer restrictions save for those set out as per terms and conditions of the Plan. In the event of Exercise of Options resulting in fractional shares, the NRC 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. Provided that the same shall not result in increase in total number of shares to be granted under this Plan, as mentioned in Clause 3.1.

8.5. A Grant shall be deemed to be validly exercised only when the Company receives a duly completed application, written or electronic, for Exercise of Options, containing such details as may be required along with the Aggregate Exercise Price (in accordance with the Plan) payable, and such other duly completed and signed documents as may be considered necessary by the Board to lawfully execute/enforce various provisions of the Plan.

- 8.6. On Exercise, the Grantee may subscribe to acquire the Shares and the Company shall allot the Shares to the Grantee or, if so requested in writing by the Grantee/ Beneficiary, to the Grantee jointly with another person, provided the Company is satisfied that all conditions of the Plan have been complied with.
- 8.7. The Board shall endeavor to ensure that the process of allotment of Shares to the Grantee, who has validly exercised his/her Grants, is completed in the immediate next meeting of the Board, on the receipt of a valid exercise form(s).
- 8.8. Notwithstanding anything else contained in this Plan, if the Grantee does not Exercise his/ her Vested Options within the time specified in Clause 8.3 and Clause 11 of the Plan, such Vested Options shall be automatically forfeited and stand cancelled.
- 8.9. The Aggregate Exercise Price and applicable taxes shall be paid in full upon the Exercise of the Grants. Payment must be made by one of the following methods:
- i) cheque, banker's cheque or demand draft issued in the name of the Company as the Board may specify; or
 - ii) by electronic mode, through banking channels, such as Real Time Gross Settlement (RTGS), National Electronic Fund Transfer (NEFT), Immediate Payment Service (IMPS) etc.
 - iii) recovery from the immediately succeeding salary payment in case of the Employees; or
 - iv) any combination of such methods of payment or any other method acceptable to the Board at its sole discretion.

9. Allotment of Shares pursuant to Exercise

- 9.1. On receipt of application(s) complete in all respects and the Aggregate Exercise Price and subject to completion of all applicable procedures with respect to Exercise as per Clause 9 of the Plan, the Company shall make an allotment of Shares directly from the Company. Prior to the allotment of Shares and pursuant to a valid Exercise, the Grantee shall be required to sign such papers as may be considered necessary by the NRC / Board to lawfully execute/enforce various provisions of the Plan.
- 9.2. Upon allotment of the Shares, the Grantees shall become members of the Company.

10. Tenure

- 10.1. The Plan shall continue in effect unless terminated as per Sub-clause 1.4. Any such termination of the Plan shall not affect Options already granted and such Grants shall remain in full force and effect as if the Plan had not been terminated unless mutually agreed otherwise between the Grantees and the Company.

11. Termination of Employment

11.1. On death of the Grantee:

In the event of death of a Grantee, the rights (including the Options already allotted in pursuance of this Plan) and obligations of the deceased Grantee, under the Plan, shall be automatically transferred to the Beneficiary of the deceased Grantee on that day. All the options granted to such deceased Grantee till the date of his/her death shall vest in the Beneficiary of the deceased Grantee. The Beneficiary shall be permitted to Exercise the Vested

Options within the Exercise Period and in accordance with other terms and conditions of the Plan as applicable to the deceased Grantee. Any Grants not exercised within the aforesaid period(s) shall automatically lapse and stand forfeited at the end of the aforesaid period(s).

11.2. On Permanent Disability of the Grantee:

In case the employee suffers a permanent incapacity while in employment, all the options granted to him/her as on the date of permanent incapacitation, shall vest in him/her on that day. In such event, the Grantee will be permitted to Exercise Vested Options within the Exercise Period and in accordance with other terms and conditions of the Plan. Any Grants not exercised within the aforesaid period(s) shall automatically lapse and stand forfeited at the end of the aforesaid period(s).

11.3. On attainment of superannuation age

In case the service of the Grantee is terminated due to retirement on attaining superannuation age, the Grantee will be permitted to Exercise the Vested Options before expiry of the Exercise Period and in accordance with other terms and conditions of the Plan. Any Unvested Options would continue to vest, and Vested Options may be exercised even after retirement on attaining superannuation age in accordance with the Company's policies and Applicable Law unless otherwise determined by the NRC prior to superannuation, whose decision would be final and binding.

11.4. On account of Misconduct

In case the employment of a Grantee is terminated for any Misconduct, all Grants made to the Grantee including Vested but unexercised Options; along with the Unvested Options shall stand forfeited and get automatically cancelled on such Termination Date. However, the NRC shall have the right to waive the forfeiture wholly or partly of Vested Options at its sole discretion.

11.5. On Resignation

In case the service of the Grantee is terminated by way of resignation, all unvested Options shall stand forfeited and get automatically cancelled with effect from the date of submission of resignation notice to the Company. All Vested Options, as on the date of submission of resignation notice, shall be exercisable before expiry of the Exercise Period as mentioned in the Sub-clause 8.3.2 and in accordance with other terms and conditions of the Plan.

11.6. Abandonment of employment without Company's consent

In case the Grantee has abandoned employment without submission of resignation notice to the Company, all Vested Options that have not been Exercised, and all un-vested Options, shall stand forfeited and get automatically cancelled with effect from the date on which such abandonment of employment is ascertained.

11.7. Other terminations

In case the employment of the Grantee with the Company is terminated for any other reason, other than as set out in Clauses 11.1 through 11.6 above, the NRC shall decide the terms of Exercise of the Vested Options as on the Termination Date. All unvested Options, as on the

Termination Date, shall stand forfeited and get automatically cancelled with effect from the Termination Date.

12. Lapse of Options

- 12.1. An Option shall lapse automatically and shall not be exercisable (to the extent not already exercised) at the earliest of:-
- (a) the expiry of the Exercise Period and the Option Grantee shall have no right over such lapsed or cancelled Options;
 - (b) the date of the commencement of the winding-up of the Company;
 - (c) the date on which the Option Grantee ceases to be an Employee by reason of the termination of his/her employment on the grounds that he/she has been guilty of misconduct, or has committed any act of bankruptcy or has been convicted of any criminal offence involving his/her integrity or honesty or on any other ground on which an employer would be entitled to terminate his/her employment at common law or pursuant to any applicable laws or under the employee service contract with the Company;
 - (d) the date on which the Board / NRC determines that an Option Grantee has seriously committed negligence or breach of duty, or committed breach of applicable laws, regulations and bye laws of the Company, or an Option Grantee has, during his/her employment, committed bribery, theft, leakage of confidential information in respect of the business and technology of the Company, implementation of connected transactions against the interests and reputation of the Company, or committed conduct which negatively affects the interests and reputation of Company.

13. Lock-in

- 13.1 The Shares issued upon Exercise of Vested Options shall not be subject to any lock-in period restriction after such allotment and credit to the respective demat account.

Provided that the Shares allotted on such Exercise cannot be sold, transferred or alienated in any manner during such period as required under the terms of Code of Conduct, of the Company, for Prevention of Insider Trading framed under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time.

14. Exit route in case of de-listing

- 14.1 If the Company gets delisted from all the Recognised Stock Exchanges, then the Board shall have the powers to set out the terms and conditions for the treatment of the Vested Options and the Unvested Options in due compliance of the Applicable Laws.

15. Restriction on transferability of Options

- 15.1. Save as provided in Clause 11 of the Plan, the Grants made under the Plan are personal to the Grantee.

- 15.2. The Option cannot be assigned, alienated, pledged, attached, hypothecated, sold, or otherwise transferred or encumbered by the Grantee except by will or by the laws of descent, to the extent permitted under the Applicable Law, and any purported assignment, alienation, pledge, attachment, sale, transfer, or encumbrance not permitted herein shall be void and unenforceable against the Company.

16. Rights of a Grantee as Shareholder

- 16.1. The rights of a Shareholder shall be conferred upon the Grantee only upon a valid Exercise of Option(s) and the resultant issue of Shares by the Company. Upon the allotment of the Shares, the Grantee shall become member of the Company and shall be entitled to all rights of a member including voting rights, receipt of dividend, etc. The Grantee shall, at all times, be bound by, and observe, the terms of the Articles of Association of the Company as an ordinary shareholder of the Company.

17. Beneficiary Designation

- 17.1. Each Grantee under the Plan may nominate, from time to time, any Beneficiary or Beneficiaries to whom any benefit under the Plan is to be delivered in case of his/her death before he/she receives all of such benefit. Each such nomination which revokes all prior nominations by the same Grantee, shall be in a form prescribed by the Company and shall be effective only when filed by the Grantee in writing with the Company during the Grantee's lifetime.

18. Tax Implications

- 18.1. The liability of paying taxes, if any, in respect of Options granted pursuant to this Plan and the Shares issued pursuant to Exercise thereof, shall be entirely on the Option Grantee and shall be in accordance with the provisions of the Income Tax Act, 1961 read with Rules made thereunder and / or Income Tax laws of respective countries, as applicable to eligible employees of the Company / Subsidiary Company(ies), working abroad, if any.
- 18.2. The Grantee or Beneficiary is liable to make good to the Company any tax, paid or payable by the Company, as per the Applicable Laws in respect of any Grant/ Exercise/allotment of Shares made under the Plan. The Company shall have the right to deduct or recover any tax, from the Employee's salary, that is required to be deducted or recovered under the Applicable Laws.
- 18.3. Notwithstanding anything else contained in this Plan, no Shares there from, as the case may be, shall be allotted to the Grantee/Beneficiary on Exercise of Grants, under this Plan unless any tax or other levy directly imposed on the Company as a result of the said transaction has been recovered to the satisfaction of the Company.
- 18.4. The tax obligations, if any, arising to the Grantee at the time of exercise of options or transfer of Shares acquired under the Plan (including any obligation arising on account of change in tax laws) shall be the sole responsibility of the Grantee/Beneficiary.

19. Listing of the Shares

- 19.1. Subject to the provisions of Applicable Laws and approval of the stock exchanges (including obtaining in-principal approval), the new Shares issued and allotted to the Employees in

pursuance of Exercise of Options granted under this Plan, shall be listed on the Recognised Stock Exchanges on which the equity shares of the Company are listed from time to time.

20. Modification of Plan

The NRC may, pursuant to a special resolution, passed at a General Meeting at any time and from time to time:

- 20.1. Revoke, add to, alter, amend or vary all or any of the terms and conditions of the Plan or all or any of the rights and obligations of the Grantees, subject to such alteration not being prejudicial to the interests of the Company; Provided that no variation, alteration, addition or amendment to the Plan can be made if it is detrimental to the interest of the Grantees unless prior written consent of the affected Grantees is obtained towards the same;
- 20.2. Formulate separate sets of special terms and conditions in addition to those set out herein, to apply to each class or category of Grantees separately and each of such sets of special terms and conditions shall be restricted in its applications to such Grantees.

21. Governing Law and Jurisdiction

- 21.1. This Plan and all agreements thereunder shall be governed by and construed in accordance with the Applicable Laws.
- 21.2. The Courts of NCT Delhi, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this Plan.
- 21.3. Nothing in this clause will however limit the right of the Company to bring proceedings against the Employee in connection with this Plan:
 - (i) in any other court of competent jurisdiction; or
 - (ii) concurrently in more than one jurisdiction.
- 21.4. The Grantee agrees and acknowledges that the Grantee has read a copy of the Plan. Any term of the Plan that is contrary to the requirement of the Applicable Laws or any other Applicable Laws or other Indian regulations shall not apply to the extent it is contrary.
- 21.5. If any of the provisions mentioned in this Plan are determined to be invalid or unenforceable, the remaining provisions shall remain in effect and binding on the parties to the fullest extent permitted by law.

22. Arbitration

- 22.1. In the event of a dispute arising out of or in relation to the provisions of this Plan (including a dispute relating to the construction or performance thereof), the relevant parties shall attempt in the first instance to resolve such dispute through an amicable settlement. In case of failure, the matter shall be referred for final determination to a sole arbitrator appointed jointly by the Grantee and the Board and the decision of such an arbitrator shall be final and binding on the Company and the Grantee. The arbitration proceedings shall be held in NCT Delhi, as the Board may, at its sole discretion decide, under and in accordance with the Arbitration and Conciliation Act, 1996 and any statutory modification or re-enactment thereof. The arbitrator shall give a reasoned award in writing. The arbitrator shall also decide on the costs of the arbitration proceedings. The parties shall submit to the arbitrator's award and the award shall only be enforceable in a competent court of law at the place where arbitration proceedings have been held.

23. Regulations and Approvals

- 23.1. The Grant and the obligation of the Company to allot Shares with respect to such Grants shall be subject to the Applicable Laws and rules and regulations made thereunder and obtaining all such approvals from governmental agencies as may be deemed necessary or appropriate by the Board.
- 23.2. The NRC may make such changes to the Plan as may be necessary or appropriate to comply with the rules and regulations of any government authority.
- 23.3. The implementation of the Plan, the offer of the Grants and the issuance of any Shares under this Plan shall be subject to the procurement by the Company and the Grantees/Beneficiaries of all approvals and permits required from any regulatory authorities having jurisdiction over the Plan, the Grants and the Shares issued pursuant thereto. The Grantees/Beneficiaries under this Plan will, if requested by the Board, provide such assurances and representations to the Company or the Board, as the Board may deem necessary or desirable to ensure compliance(s) with all Applicable Laws and other legal and accounting requirements.

24. Notices and Correspondence

- 24.1. Any notice required to be given by a Grantee to the Company or any correspondence to be made between a Grantee and the Company may be given or made to the Company at the registered office of the Company as may be notified by the Company in writing.
- 24.2. Any notice required to be given by the Company to a Grantee or any correspondence to be made between the Company and a Grantee shall be given or made by the Company or the NRC on behalf of the Company at the address provided by the Grantee in his/her Acceptance Form.

25. Indemnification

- 25.1. To the fullest extent permitted by law, the Company shall indemnify and hold harmless the members of the Board / NRC from and against any and all liabilities, costs and expenses incurred by such persons as a result of any act or omission to act in connection with the performance of such person's duties, responsibilities and obligations under the Plan, other than such liabilities, costs and expenses as may result from the gross negligence, willful misconduct or criminal acts of such persons.

26. Miscellaneous

- 26.1. No right to a Grant: Neither the adoption of the Plan, nor any action of the NRC shall be deemed to give a Grantee any right of the Grant to acquire Shares or to any other rights hereunder except as may be evidenced by the Grant Letter. The rights of the Grantee shall be limited only to the extent of and on the terms and conditions expressly set forth therein, or in the Plan as the case may be.
- 26.2. No employment rights conferred: Nothing contained in the Plan or in any Grant made hereunder shall (i) confer upon any Employee any right with respect to continuation of employment with the Company, or (ii) interfere in any way with the right of the Company to terminate his/her employment at any time, or (iii) afford the Option Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his/her office or employment with the company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).

26.3. Corporate actions: In the event the Company is involved (i) in a Plan for merger, demerger, reconstitution, consolidation, dissolution, liquidation or reorganization, exchange of Shares, share swaps, sale of all or substantially all of the assets of the Company or a transaction similar thereto having material impact on the business of the Company, (ii) any stock dividend, stock split, reverse stock split, stock combination, rights issue, bonus issues or other changes in the capital structure of the Company or (iii) any other event which in the judgment of the of the NRC in consultation with the Board necessitates action of making a fair and reasonable adjustment to the number of Grants and/or Exercise Price, such adjustment shall be made in a manner that the Board considers prudent and reasonable, in accordance with SEBI Regulations and other Applicable Laws. Any such determination shall not be detrimental to the interest of the Grantees. In this regard the following shall, *inter-alia*, be taken into account by the NRC and the Board:

- ◆ The number and Exercise Price of Options shall be adjusted in the manner such that the total value of the Options to a Grantee remains the same after the Corporate Action.
- ◆ The Vesting Period shall be left unaltered as far as possible to protect the rights of the Grantees who have been granted such Options.

If a change of control occurs, the Board may make such adjustments at its discretion as are necessary or appropriate in light of the change of control (including, without limitation, the substitution of stock other than stock of the Company), provided that the Board determines that such adjustments do not have a substantial adverse economic impact on the Grantee as determined at the time of the adjustments.

26.4. Adherence to Applicable Laws: The Grantee shall comply with all Applicable Laws.

26.5. Accounting and Disclosure requirements:

26.5.1. The Company shall follow the Applicable Laws / regulations applicable to the Employee Stock Options and Accounting Standard Ind AS 102 on Share based Payments and/ or any other relevant accounting standards as may be prescribed by the Central Government in terms of Section 133 of the Companies Act and / or the Institute of Chartered Accountants of India ("ICAI") from time to time, including any disclosure requirements prescribed therein.

26.5.2. The Company shall disclose, in accordance with SEBI Regulations and other Applicable Laws, the details of Grant, Vest, Exercise, and lapse of Employee Stock Options in the Director's Report or in an annexure thereof as prescribed under the Applicable Laws in force.

26.5.3. The Company shall endeavor to provide to the Grantees all developments in the Company that it considers relevant and material with respect to the Plan.

26.6. This Plan shall not confer on any person any legal or equitable rights against the Company or the Board directly or indirectly or give rise to any cause of action at law or in equity against the Company or the Board.

26.7. The Company shall bear the costs of establishing and administering this Plan, including any costs of the Company's auditors or any independent financial adviser in relation to the preparation of any confirmation by them or provision of any other service in relation to this Plan.

- 26.8. The Grantee shall comply with the Applicable Laws, as well as any code of conduct or such similar policy procedure or system formulated or adopted by the Board and communicated to the Grantee from time to time. Any violation of the Applicable Laws or code of conduct may result in cancellation of the Grants as well as subject the Grantee to disciplinary action at the discretion of the Company.
- 26.9. Participation in the Plan shall not be construed as any guarantee of return on the equity investment. Any loss due to fluctuations in the price/ value of the equity and the risks associated with the investments is that of the Option Grantee alone. The Option Grantee is encouraged to make considered judgment and seek adequate information /clarifications essential for appropriate decision.
- 26.10. The inability of the Company to obtain approval from any regulatory body having jurisdiction over the Company, or under any Applicable Laws, for the lawful issuance of any Options hereunder shall relieve and wholly discharge the Company from any and all liability in respect of the failure to issue such Options.
- 26.11. Neither the existence of this Plan nor the fact that an individual has on any occasion been granted an Option shall give such individual any right, entitlement or expectation that he/she has or will in future have any such right, entitlement or expectation to participate in this Plan by being granted an Option on any other occasion.
- 26.12. The Option Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he/she may suffer by reason of being unable to exercise an Option in whole or in part except as provided in this Plan.
- 26.13. This Plan is purely at the discretion of the Company.
- 26.14. Breach of any of the terms of the Plan by the Employee shall entitle the Company to refuse to grant further options or allot Shares or extend any other benefit to such defaulting Employee, without incurring any liability to the Employee in this regard.
- 26.15. This 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.

27. Confidentiality

Option Grantees must keep the details of the Plan and all other documents in connection thereto strictly confidential and must not disclose the details with any of his/her peer, colleagues, or with any employee and/or associate of the Company or that of its affiliates. In case Option Grantee is found in breach of this Confidentiality Clause, the Company has un-disputed right to terminate any Agreement and all unexercised Options shall stand cancelled immediately. The decision and judgment of the Company regarding breach of this Confidentiality Clause shall be final, binding and cannot be questioned by Option Grantee. In case of non-adherence to the provisions of this clause, the Board will have the authority to deal with such cases as it may deem fit.

The Option Grantee agrees that the Company may be required to disclose information of the Option Grantee during the process of implementation of the Plan or while availing services relating to ESOP consulting, advisory services or ESOP Management services and/or any other such incidental services. The Option Grantee hereby accords his/her consent that such confidential information regarding his Option entitlements may be disclosed by the Company to its officers, professional advisors, agents and consultants on a need-to-know basis.

28. Severability

If any of the provisions mentioned in this Plan are determined to be invalid or unenforceable, the remaining provisions shall remain in effect and binding on the parties to the fullest extent permitted by Applicable Law.

29. Set-off

The Shares allotted under the Plan shall be subject to set-off or counterclaim of amounts owed by the Grantee to the Company, to the extent permitted under the Applicable Laws.