



**NATURAL CAPSULES LIMITED**  
**EMPLOYEES STOCK OPTION PLAN 2018 - (ESOP 2018)**

**1. NAME OF THE PLAN**

This plan shall be called ‘Natural Capsules Limited- Employees Stock Option Plan 2018 or ***‘ESOP 2018’***’.

**2. PURPOSE OF THE ESOP 2018**

Natural Capsules Limited is a company incorporated under the provisions of the Companies Act, 1956, has its registered office at Trident Towers, 4th floor, No.23, 100 Feet Road, Jayanagar II Block, Bangalore-560 011 and has created ESOP 2018 for its Employees with the following purposes;

- I. Reward Employee performance with ownership in the Company and to create a sense of ownership and participation amongst the Employees;
- II. To achieve sustained growth of the Company and creation of shareholder value;
- III. Encourage Employees to align their individual performances with Company goals/value creation; and
- IV. To provide means to enable the Company to attract, retain and motivate Employees and value creation.

**3. TERM OF THE SCHEME**

ESOP 2018 was approved by a special resolution passed by the shareholders of the Company at their meeting held on **21<sup>st</sup> September 2018**, and became effective on the same day (the “Effective Date”) and shall continue to be in force until (i) its termination by the Nomination, Remuneration and Compensation Committee or (ii) the date on which all of the options available for issuance under the ESOP 2018 have been issued and exercised.

**4. DEFINITIONS**

Unless repugnant to the context or meaning hereof, the following terms including their grammatical variations and cognate expression shall, shall have the following meanings:

- (i) **“Board”** means the Board of Directors of the Company and includes the Nomination Remuneration and Compensation Committee (or Compensation Committee) to extent of powers delegated by the Board and/or the Shareholders.
- (ii) **“Company”** means Natural Capsules Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Trident Towers, 4th floor, No.23, 100 Feet Road, Jayanagar II Block, Bangalore-560 011.
- (iii) **“Compensation Committee”** means Nomination and Remuneration Committee constituted in pursuance of Section 178 of the Companies Act, 2013; designated as Nomination Remuneration and Compensation Committee in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and responsible for administration, implementation, operation and superintendence of the ESOP 2018.
- (iv) **“Employee”** means
- (i) a permanent employee of the Company who has been working in India or outside;
  - (ii) a director of the Company, whether a whole time director or not but excluding an independent director of the Company; but does not include—
    - (a) a director who is an independent director on the Board of the Company;
    - (b) an employee who is a Promoter or a person belonging to the Promoter Group; or
    - (c) a director who either himself or through his relative or through anybody corporate, directly or indirectly, holds more than ten per cent of the outstanding Shares of the Company.
- (v) **“Exercise”** means making of an application in prescribed form by an Option Grantee to the Company for issue and allotment of Shares of the Company against vested Options in pursuance of the ESOP 2018 and payment of the Exercise Price and applicable Taxes.
- (vi) **“Exercise Date”** means the actual date(s) within Exercise Period on which an Option Grantee elects to Exercise all or part of Option(s) vested.

- (vii) **“Exercise Period”** means the time period mentioned in the Option Agreement after Vesting within which an Option Grantee should Exercise his right to apply for Shares against the vested Option(s).
- (viii) **“Exercise Price”** means the price payable by the Option Grantee in order to Exercise the vested Options as defined in Clause 9.4 of this ESOP 2018.
- (ix) **“Grant”** means the process by which the Company issues Options, in pursuance of the ESOP 2018, to the Option Grantee.
- (x) **“Grant Date”** means the date on which the Nomination and Remuneration and Compensation Committee (or Compensation Committee) approves the Grant.
- (xi) **“Holding Company”** means Holding company of the Company, as defined in the Companies Act, 2013.
- (xii) **“Market Price”** means the latest available closing price on a recognized stock exchange on which the Shares of the Company are listed on the date immediately prior to the Grant date and if Shares are listed on more than one stock exchange, then the closing price on the stock exchange having higher trading volume shall be considered as the Market Price.
- (xiii) **“Nominee”** in relation to an Option shall mean the person nominated by the Option Grantee in relation to Option for matters as provided under ESOP 2018.
- (xiv) **“Option”** means the stock option given to an Option Grantee which gives him a right, but not an obligation, to subscribe at a future date, the Shares offered by the Company, at a pre-determined price in accordance with this ESOP 2018.
- (xv) **“Options Agreement”** means a written or electronic agreement between the Company and the Option Grantee evidencing the terms and conditions of the Options granted and this Options Agreement shall be subject to the conditions of ESOP 2018 and all applicable laws.

- (xvi) **“Option Grantee”** means an Employee having a right but not an obligation to Exercise an Option in pursuance of ESOP 2018.
- (xvii) **“Permanent Incapacity”** means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Option Grantee from performing any specific job, work or task which the said Employee was capable of performing immediately before occurrence of such disability, as determined by the Compensation Committee.
- (xviii) **“Promoter”** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- (xix) **“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, 2009. Provided 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.
- (xx) **“Share”** means an equity share in the Company of the face value of Rs 10/-(rupees ten Only) each or where the equity share of the Company has been split up into par value of less than Rs. 10/- (rupees ten Only), then equivalent number of equity shares of the revised par value per equity share.
- (xxi) **“Taxes”** means all applicable income tax, fringe benefit tax, tax on perquisites, employment tax, payroll tax, social security tax, social insurance, contributions, payment on account obligations, national and local tax(es) and/or any levy and/or any contribution and/or any payment (by whatever name it is called) required to be withheld, collected or accounted, in or outside India, for or in connection with the Grant, Vesting. Exercise of Options, allotment or arising due to participation in the ESOP 2018.
- (xxii) **“Natural Capsules Limited- Employees Stock Option Plan 2018’ or ‘ESOP 2018’** means this plan as set out herein and shall include any alterations, amendments, additions, deletions, modifications, or variations thereof from time to time.

(xxiii) “Vesting” means the process by which the Option Grantee becomes entitled to receive the benefit of a Grant made to him under ESOP 2018.

(xxiv) “Vesting Period or Schedule” means the period(s) during which the Vesting of Options, granted under ESOP 2018 takes place and this period(s) shall be described in detail in the Options Agreement.

Words and expressions used and not defined in here but defined in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or the Companies Act, 2013 (18 of 2013) and any statutory modification or re-enactment thereto, shall have the meanings respectively assigned to them in those legislation. 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. A reference to a Section of the ESOP 2018 also includes all sub-sections thereof and reference to any Act, rules, statute or notification or law shall include any statutory modification, substitution or re-enactment thereof.

## **5. COMPENSATION COMMITTEE**

The Nomination Remuneration Committee, constituted in pursuance of Section 178 of the Companies Act, 2013, has been designated as Nomination Remuneration and Compensation Committee for the purpose of administration, implementation, operation and superintendence of ESOP 2018 and it shall create a framework for administration, implementation, and operation in accordance with the authority delegated. Company Secretary of the Company shall act as the Compliance Officer for the implementation of the ESOP 2018 and shall act as the Secretary of the Compensation Committee.

**5.1** Nomination Remuneration and Compensation Committee is empowered to do the following and shall;

- i. Ensure compliance of all statutory/regulatory requirements, applicable laws and all matters delegated by Board/ Shareholders;
- ii. Meet at such time and place as may be necessary and convenient for the purpose of taking decisions to administer and implement the ESOP 2018;

- iii. Approve and make Grants to Option Grantees from time to time; and
- iv. Allot Shares to Option Grantees on Exercise and issue share certificates wherever required, in compliance of all statutory/regulatory requirements;
- v. Approve the appraisal process to be followed by the Company;
- vi. Lay down the criteria for being regarded as eligible Employees for Grant;
- vii. Select who are entitled to be regarded as Option Grantee;
- viii. Determine the Grant Date, number of Options and the aggregate to be granted per Option Grantee, key managerial personal, senior management, directors, Vesting Schedule, the Exercise Price, Exercise Period and such other particulars deemed necessary, and the times at which such Options shall be granted;
- ix. Determine the number of Options to be reserved for accommodating new Employees;
- x. Determining any issue relating to Grant, Vesting, Exercise, unvested Options, expired Options etc. including the right of an Option Grantee to Exercise all the Options Vested in him at one time or at various points of time within the Exercise Period;
- xi. Determining the suitable adjustments to be made for Grant of Options or for cancellation of Vested Options, before or after Exercise, in case of Option Grantees who are on long sanctioned leave or whose services have been seconded to any other person by the Company or who have joined a Subsidiary or holding company at the instance of the Company;
- xii. Determining the circumstances in which and the extent to which, Vested Options, before or after Exercise, would lapse or are liable to be cancelled, upon termination of employment on account of indiscipline or misconduct or for other reasons such as loss or damage to life and property or persistent defaults arising from negligence or otherwise, persistent under performance/ poor performance by an employee, dishonorable discharge, dismissal on disciplinary grounds, or on account of fraud or willful misconduct that has resulted, or is likely to result, in material damage to Company or its subsidiary corporations and list the conditions under which Vested Options may lapse including termination of employment.
- xiii. Subject to shareholders' approval by way of special resolution, re-price the Options which are not exercised, whether or not they have been vested, if those Options are rendered unattractive due to fall in price of Shares in the market, provided that such re-pricing shall not be detrimental to the interest of the Option Grantees;
- xiv. Specify the time periods within which the Option Grantee shall Exercise all or part of the Vested Options in the event of termination or resignation;

- xv. Approve forms of agreement for use under the ESOP 2018;
- xvi. Framing suitable policies and systems to ensure that there is no violation of Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, by any Employee/Option Grantee;
- xvii. Approving re-issue of forfeited / lapsed / cancelled Options;
- xviii. List the procedure for cashless Exercise of Options, if any including empanel brokers and financiers;
- xix. Deciding the procedure for making fair and reasonable adjustment to Grants and/or Exercise Price of Options in the case of any intervening corporate action such as bonus issue, rights issue, share split, sub-division, consolidation of Shares, merger, acquisition, demerger, sale of division or undertaking, etc.;
- xx. To remove difficulties and to settle all issues that may arise in connection with any question relating to the ESOP 2018; and
- xxi. To do all such acts, deeds and things as may be necessary, including those which may be subject to approval of Board and /or members of the Company.
- xxii. Wherever under any provision of any applicable law requires any matter to be stated, then this section shall be deemed to so state that matter and the Nomination Remuneration and Compensation Committee, shall have the discretion, power or ability and shall be deemed to be absolute to the fullest extent permissible under law to enforce to the fullest extent permitted.

The Nomination Remuneration and Compensation Committee shall be authorized to interpret the ESOP 2018, to establish, amend and rescind framework and rules relating to the ESOP 2018 and to make any other determinations that it deems necessary or desirable for the administration, operation and implementation. The Nomination Remuneration and Compensation Committee may correct any defect, omission or reconcile any inconsistency in the ESOP 2018 in the manner and to the extent the Committee deems necessary or desirable. All decision(s) of the Committee in the interpretation and administration of this ESOP 2018 in its sole and absolute discretion and shall be final, conclusive and binding on all parties.

## **6. QUANTUM OF SHARES SUBJECT TO ESOP 2018**

- 6.1** The Company subject to statutory/regulatory approvals has authorized the Board to issue not more than **3,00,000 (Three Lakh Only)** Shares of the Company in aggregate under ESOP 2018 which is subject to corporate action.
- 6.2** Further, the Option Grantees shall be granted Options, in one or more tranches and on such terms and conditions, as may be determined by the Nomination Remuneration and Compensation Committee in accordance with the provisions of this ESOP 2018, and in due compliance with other applicable laws and regulations and powers delegated by the Shareholders.
- 6.3** The Company (subject to Shareholder approval and applicable laws) reserves the right to increase or reduce such number of Shares stated above as it deems fit under ESOP 2018.
- 6.4** All Options that have lapsed (including those having lapsed by way of forfeiture) shall be added back to the number of Options that are pending to be granted The Company may make a Grant of such Options within the overall limit determined in accordance with the ESOP 2018 on such terms as the Compensation Committee may decide.
- 6.5** Where Shares are allotted consequent to an Exercise of an Option under the ESOP 2018, the maximum number of Shares that can be issued under ESOP 2018 as referred to in Clause 6.1 above will stand reduced to the extent of such Shares allotted

## **7. IMPLEMENTATION OF ESOP 2018**

The Compensation Committee shall implement ESOP 2018 directly by issuing Options and allotting Shares on Exercise, payment of Exercise Price and Taxes in one or more tranches in accordance with the provisions of this ESOP 2018, and in due compliance with other applicable laws and regulations.

## **8. ELIGIBILITY**



- 8.1 Only Option Grantees as determined by the Compensation Committee in its sole discretion shall be entitled to participate in ESOP 2018.
- 8.2 Nomination Remuneration and Compensation Committee shall also determine the number of Options, Vesting Schedule, Exercise Price, Exercise Period and all other matters. Nomination Remuneration and Compensation Committee shall base their decision of appraisal on various criteria - cadre-wise or on a case by case basis, role/ designation of the Employee, grade and merit, length of service with the Company, past and current performance and future performance potential of the Employee and criticality of the position in furthering Company's interest and decide on which of the Employees should be offered Options under ESOP 2018. Decision of the Nomination Remuneration and Compensation Committee with regard to eligibility criteria or the number of Options granted to particular Option Grantee shall be final and it shall not be disputed by any person.
- 8.3 Option Grantee identified for Grant of Option(s) shall be furnished with (i) the salient features of the ESOP 2018, (ii) an Exercise Form for exercising the Option on Vesting, iii) Option Agreement containing the mutual rights and obligations of either party, (iv) Grant Date (v) Exercise Price (vi) Vesting Schedule (vii) Exercise Period and (viii) Such other particulars deemed necessary by Compensation Committee.
- 8.4 The Nomination Remuneration and Compensation Committee shall decide on the number of tranches and the intervening period between two Grants. Options shall vest after a minimum period of **1 (One) year** and not later than a maximum period of **10(Ten)** years from the date of Grant of Options. The Option Grantee shall Exercise all or part of the vested Option(s) during the Exercise Period.
- 8.5 An Employee who is a Promoter or belongs to the Promoter Group shall not be eligible to participate in ESOP 2018.
- 8.6 A director who either by himself or through his relative or through any body corporate, directly or indirectly holds more than 10% of the outstanding Shares of the Company shall not be eligible to participate in in ESOP 2018.

## 9. OPTIONS

### 9.1 Grant of Options

- i. No Options shall be offered unless the disclosures, as specified by SEBI in this regard, are made by the Company to the Option Grantees.
- ii. The Compensation Committee may from time to time in one or more tranche(s), make Grants to one or more Option Grantees, which may include recurring Grants to the same Option Grantees.
- iii. Each Option granted shall be evidenced by an Options Agreement to be approved by the Compensation Committee. The Options Agreement shall specify Option Grantee, the salient features of the ESOP 2018, an Exercise Form Grant Date, the number of Options granted, the Exercise Price, the Vesting Schedule, the Exercise Period and all the other terms and conditions. No amount is payable by the employee to the Company at the time of Grant.
- iv. Options which are granted under ESOP 2018 shall vest as per the Vesting Schedule and terms stated in the Options Agreement. There shall be a minimum vesting period of **1 (One)** year in case of all Grants.
- v. In the event of any liability for Taxes (including any tax liability due to change in the tax laws) arising on account of Grant/Vesting/Exercise of Options or Allotment of Shares or participating under the ESOP 2018, the liability for Taxes will be that of the Option Grantee alone. Prior to the delivery of any Shares pursuant to Exercise of a Grant, the Nomination Remuneration and Compensation Committee shall have the right and power to deduct or withhold, or require an Option Grantee to remit to the Company, an amount sufficient to satisfy any Taxes required with respect to such Exercise. The Nomination Remuneration and Compensation Committee shall also cause the Options/Shares held by an Option Grantee to be sold or otherwise Options alienated to meet the liability, on behalf of the Option Grantee or otherwise set off the same. The Option Grantee specifically authorizes the Company to deduct from Option Grantee salary all dues, if any for Taxes. The Company shall have no obligation to Grant Options/allot Shares until the Company's Taxes obligations, if any, have been satisfied by the Option Grantee. The Option Grantee shall indemnify the Company against any liability for Taxes or other liabilities. All tax liabilities arising on disposal of the Shares after Exercise would be to sole account of the Option Grantee and require to be handled by the Option Grantee.

**9.2** The maximum number of Shares that may be issued pursuant to the Exercise of all Options issued per Option Grantee in any financial year under this ESOP 2018 shall be less than **1%** of the issued capital (excluding warrants and conversions) of the Company at the time of grant of options and the maximum number of options that may be granted in aggregate shall not exceed **3,00,000 (Three Lakh)** Options.

**9.3 Exercise of Options**

- i. Each Option once Vested, on Exercise shall entitle the Option Grantee to get one Share. The Option Grantee may, at any time during the Exercise Period, and subject to fulfillment of all applicable conditions in the Options Agreement and applicable laws, Exercise all or part of the Vested Options by submitting an Exercise Form, accompanied by payment of an amount equivalent to the Exercise Price and Taxes in respect of such Shares to the Nomination Remuneration and Compensation Committee. The vested but unexercised portion of the Option will continue to be available to the Option Grantee or the Nominee, for Exercise, up to such time as provided for in the Option Agreement.
- ii. Mode of payment of the Exercise Price and Taxes for the Options/Shares to be acquired pursuant to any Options shall be by way of Cheque/DD/Wire transfer to designated bank account or in such manner as may be approved by the Compensation Committee from time to time and to the extent permitted by law(s) for the time being in force.
- iii. On receipt of exercise form(s) complete in all respects as stated above and subject to compliance of applicable law, the Nomination Remuneration and Compensation Committee shall make an allotment of Shares directly from the Company. The Option Grantee shall hold the Shares in physical form by way of share certificates (with prior consent of Compensation Committee) or in electronic form with any of the depositories registered with the SEBI.
- iv. The Shares allotted upon the Exercise of an Option will rank *pari- passu* in all respects with the then existing Shares of the Company.
- v. Until the allotment of the Shares (as evidenced by the appropriate entry in the books of the Company or of a duly authorized transfer agent of the Company) consequent to the Exercise of the Options, no right to vote or receive dividends or in any manner enjoy the benefits / rights as a Shareholder shall exist with respect to the Options, notwithstanding the Exercise of the Option.
- vi. The Compensation Committee shall have, in its absolute discretion, the right to reject any application which is not complete in all respects or compliant with applicable law. The

application money received, if any, in respect of such rejected applications shall be refunded to the Option Grantee after rejection.

- vii. There shall be no lock in period of the Shares allotted pursuant to Exercise of Option under ESOP 2018.
- viii. Subject to compliance of applicable law, the Employee shall have no restrictions on disposition of Shares after allotment.

#### **9.4 Exercise Period**

- i. Subject to the provisions of 9.1 herein, at the end of each period in the Vesting Schedule, the Employee has a period as mentioned in the Option Agreement to Exercise the Options covered under the each of the said Vesting periods in the Vesting Schedule.
- ii. The Compensation Committee shall have full power and authority to extend the Exercise Period for which any Option granted under ESOP 2018, as it may deem appropriate subject to maximum period of **1 (One)** year from date of vesting of such options.
- iii. Options will lapse if not Exercised within the specified Exercise Period and shall be available for being re-granted in the future to the same or to other Employees.

#### **9.5 Exercise Price**

The Exercise Price shall be equal to any price, not being lesser than the face value of the Share, as decided by the Compensation Committee and set forth in the Option Agreement.

Payment of the Exercise Price or any amount under ESOP 2018, if any, shall be made by a demand draft drawn in favour of the Company or online payment / wire transfer of funds, or in such other manner as the Committee may permit. In no event, however shall the Exercise Price per Share be less than the par value of such Share.

The Company shall ensure compliance of the accounting policies specified in Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014.

### **10. SHAREHOLDER AND OTHER STATUTORY APPROVALS**

- i. ESOP 2018 is in accordance with the provisions of Securities And Exchange Board Of India (Share Based Employee Benefits) Regulations, 2014, Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Companies Act, 2013 (18 of 2013) and all other applicable regulations and provisions of

law for the time being in force, and shall be subject to any modifications or amendments thereof effected from time to time by way of an ordinance or legislative enactment.

- ii. The Board subject to the approval of shareholders adopted the ESOP 2018 on **21<sup>st</sup> September 2018** The Board shall obtain shareholders' approval to comply with Applicable Laws and Options shall be issued only thereafter.
- iii. ESOP 2018 shall be deemed to be effective as of the date it is approved by the members of the Company at a General meeting or by postal ballot and such date is hereby designated as the Effective Date.
- iv. No Options shall be offered to Employees of the Company unless the members of the Company approve it by passing a special resolution in the general meeting or by postal ballot and the explanatory statement to the notice and the resolution proposed to be passed by members for ESOP 2018 shall include the information as specified in Companies Act, 2013 and SEBI (SBEB) Regulations, 2014 in this regard.
- v. Approval of members by way of separate resolution in the general meeting or by postal ballot shall be obtained by the Company in case of Grant of Options to identified Employees, during any one year, equal to or exceeding one per cent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of Grant of Option.
- vi. ESOP 2018 shall be subject to all applicable laws including any statutory modification(s) or re-enactment(s) thereof, and approvals from governmental authorities, if any, and to the extent required. The implementation of the ESOP 2018, the Grant of any Options and the issuance of any Shares under the ESOP 2018 shall be subject to the procurement by the Company and the Employees/Option Grantees of all approvals and permits required by any regulatory authorities having jurisdiction over the ESOP 2018, the Options or the Shares issued pursuant thereto. Option Grantees shall, if requested by the Nomination and Remuneration and Compensation Committee, provide such assurances and representations to the Company necessary or desirable to ensure compliance with all applicable legal and accounting requirements.
- vii. Shares shall not be allotted pursuant to the Exercise of an Option unless the Exercise of such Option and the issuance and delivery of such Shares shall comply with Applicable Laws and shall be further subject to the approval of counsel for the Company with respect to such compliance.

viii. Applicable law, including amendments or changes thereto shall at all times override ESOP 2018.

#### **11. FEMA/RBI COMPLIANCES**

Where the Option Grantee is, at the time of the issue of Options pursuant to the ESOP 2018, a resident outside India, the issue will be made according to applicable provisions of the Foreign Exchange Management Act, 1999 (FEMA) and guidelines issued by the RBI.

#### **12. AMENDMENT, VARIATION AND TERMINATION**

**12.1** Company shall not amend, vary or terminate the terms of ESOP 2018 in any manner, which may be detrimental to the interests of the Option Grantees, provided that the Company shall be entitled to vary the terms of the ESOP 2018 to meet any regulatory requirements. In such case Company shall obtain members' approval by way of special resolution in a general meeting or-by way of postal ballot for any amendment/termination to the ESOP 2018 to the extent necessary and desirable to comply with applicable laws. The notice for passing special resolution shall contain the information as set out in Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014.

**12.2** Company may re-price the Options, which are not Exercised, whether or not they have been Vested, if ESOP 2018 were rendered unattractive due to fall in the price of the Shares in the stock market, provided that the Company ensures that such re-pricing shall not be detrimental to the interest of the Option Grantees and approval of the members in general meeting or by way of postal ballot has been obtained for such re-pricing.

**12.3** Company may by special resolution in a general meeting or by way resolution passed through postal ballot vary the terms of ESOP 2018 offered pursuant to an earlier resolution of the general body but not yet exercised by the Option Grantee provided such variation is not prejudicial to the interests of the Option Grantee. The notice for passing special resolution for variation of terms of the ESOP 2018 shall disclose full details of the variation, the rationale therefore, and the details of the Option Grantee who are beneficiaries of such variation.

#### **13. NON-TRANSFERABILITY**

- i. Options, granted to an Option Grantee under ESOP 2018 shall not be transferable to any person.
- ii. No person other than the Option Grantee to whom the Options, are granted shall be entitled to the benefit arising out of such Option (except to extent as provided in ESOP 2018).
- iii. The Option granted to the Option Grantee shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.
- iv. In the event of death of the Option Grantee while in employment, all the Options, granted to Option Grantee under ESOP 2018 till such date shall vest in the legal heirs or Nominees of the deceased Employee. All other terms and conditions of the ESOP 2018 shall apply to such Options and legal heirs or Nominees.
- v. In case the Option Grantee suffers a Permanent Incapacity while in employment, all the Options, granted under ESOP 2018 as on the date of permanent incapacitation, shall vest in him on that day. All other terms and conditions of the ESOP 2018 shall apply to such Options.
- vi. In the event of retirement of the Option Grantee, the Nomination Remuneration and Compensation Committee may decide to vest on the date of retirement all the unvested Options granted to Option Grantee under ESOP 2018 in appreciation of the contribution made by the Option Grantee to the Company. Such vested Options would be exercisable within a period of 90 days from the date of retirement.
- vii. In the event of resignation or termination of the Option Grantee, all the Options, which are granted and yet not Vested as on that day shall expire, provided that an Option Grantee shall, subject to the terms and conditions formulated by the Nomination Remuneration and Compensation Committee and applicable law be entitled to retain all the Vested Options. In respect of Vested Options, the Option Grantee shall Exercise his Options before being relieved from the services of the Company with a grace period of 30 days thereafter. Provided that an Option Grantee shall (except for matters stated in vii below) subject to the terms and conditions formulated by the Compensation Committee be entitled to retain all the Vested Options.
- viii. In case of termination of the services of the Option Grantee for reason of misconduct, termination of employment on account of indiscipline or misconduct or for other reasons such as loss or damage to life and property or persistent defaults arising from negligence or otherwise, persistent under performance/ poor performance by an Employee, dishonorable discharge, dismissal on disciplinary grounds, or on account of fraud or willful misconduct that has resulted, or is likely to result, in material damage to Company or its subsidiary corporations

or breach of trust or wrongful disclosure of any secret or confidential information or guilty to or conviction of an offence which in the opinion of the Compensation Committee involves moral turpitude or such other matters as are determined by the Compensation Committee, whether before or after the termination, vested options shall lapse with immediate effect.

- ix. In the event that an Option Grantee who has been granted Options under ESOP 2018 is transferred or deputed to the Holding, Subsidiary or an Associate company at instance of or with consent of the 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 Option Grantee even after the transfer or deputation. The Options can be exercised at any time within the Exercise Period as per ESOP 2018.
- x. Where the Option Grantee is on long leave, Vesting, Exercise of the Option will be decided at the discretion of the Nomination and Remuneration Committee.

#### **14. LISTING**

In case, allotment of Shares is made under ESOP 2018, shares so allotted shall be listed immediately in all recognized stock exchange where the existing shares are listed. As and when an Exercise and allotment is made, the Company shall notify the concerned stock exchange(s) as per the statement as specified by SEBI. Options shall be granted under the ESOP 2018 after obtaining the in-principle approval of the Stock Exchanges.

#### **15. CERTIFICATE FROM AUDITORS**

The Board shall at each annual general meeting place before the Shareholders a certificate from the auditors of the Company that ESOP 2018 has been implemented in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and in accordance with the resolution of the Company in the general meeting.

#### **16. ACCOUNTING POLICIES**

The Company shall follow and conform to the requirements of the 'Guidance Note on Accounting for employee share-based Payments' (Guidance Note) / Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India (ICAI) from time to time, including the disclosure requirements and accounting policies prescribed therein.



**17. LOAN FACILITY**

The Board may, at its discretion, decide to give loans to the Option Grantee for subscribing to Shares under this ESOP 2018 in accordance with the provisions of the Act and other applicable law. The Board may also empanel a third party to give loans or any other form of financial assistance to acquire or subscribe to the Shares in accordance with the provisions of applicable law. Company may permit the empanelled stock brokers/financiers for cashless exercise and to fund the Option Grantee for payment of Exercise Price and Taxes at the risk and cost of the Employee and the same shall be adjusted against the sale proceeds of some or all the Shares, subject to the provisions of the applicable law or regulations and consent of Option Grantee.

**18. INABILITY TO OBTAIN AUTHORITY**

- i. The inability of the Company to obtain authority from any regulatory/statutory body having jurisdiction, which authority is deemed by the Company to be necessary to the lawful issuance of any shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or allot such Shares as to which requisite authority shall not have been obtained.
- ii. In the event of any Option Grantee has paid any application money towards shares (not taxes) to the Company under the ESOP 2018, and the Company is unable to allot Shares to such Employee due to inability to obtain authority or due to changes in any regulations or relevant guidelines, the Company shall promptly refund the money subject to such terms and conditions as the Committee shall impose as sole and exclusive remedy. However, the Company shall not be liable to pay any premium or loss of profits to any such Option Grantee.

**19. ADJUSTMENTS - CHANGE IN CAPITAL STRUCTURE / CORPORATE ACTION**

- i. **Issue of bonus Shares** - Subject to required action(s) by Shareholders of the Company, all the Options including those which are Vested but were not Exercised and/or, as well as the Exercise Price per Share covered by each such outstanding Option, shall be proportionately adjusted for any increase in the number of issued Shares resulting from issue of bonus Shares without the receipt of consideration by the Company.
- ii. **Issue of rights Shares**- Subject to required action(s) by Shareholders of the Company, all the Options including those which are Vested but were not Exercised and/or the price per equity Share covered by each such outstanding Option, shall be proportionately adjusted for any increase in the number of issued equity Shares resulting from the issue of rights Shares.

- iii. **Dissolution or Liquidation** - In the event of the proposed dissolution or liquidation of the Company, the Nomination and Remuneration Committee will notify each Option Grantee as soon as practicable prior to the effective date of such proposed transaction. To the extent Option Grantee has not been previously Exercised, a Grant shall terminate immediately prior to the consummation of such proposed action.
- iv. **Change in Share capital structure / Corporate action(s)** - All Options shall be adjusted, by the Compensation Committee, as to all aspects including number of Options or Shares, Exercise Price, type of Shares, Vesting Period and Exercise Period, in the event of all changes in the Share capital structure / corporate action(s) including but limiting to re-organization, consolidation, acquisition, merger, amalgamation, combination or exchange of shares, demerger, sale of division or undertaking , share split, or of any changes affecting the Share capital. Without prejudice to the generality of the foregoing, permissible adjustments shall include forfeiture with or without cash compensation, issuance of Options or securities of another entity or any other action whatsoever that the Compensation Committee decides in its absolute discretion and as per applicable law. The Compensation Committee's determination shall be final, binding, and conclusive.
- v. The Grant of Options under this ESOP 2018 shall in no way affect the right of Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

## **20. RIGHTS OF THE OPTION HOLDER**

The Option Grantee shall not have right to receive any dividend or to vote or in any manner enjoy the benefits of a Shareholder in respect of Option granted to him, till Shares are issued upon Exercise of Option.

## **21. CONFIDENTIALITY**

- i. All Employees who have been granted Options under the ESOP 2018 shall not divulge the details of the ESOP 2018 to any person except with the prior permission of the Nomination Remuneration and Compensation Committee.
- ii. In case Option Grantee is found in breach of this confidentiality clause, the Company has undisputed right to terminate any agreement and all unexercised Options shall stand cancelled immediately. The decision and judgment of the Nomination Remuneration and Compensation

Committee of the Company regarding breach of this confidentiality clause shall be final and binding.

- iii. On acceptance of Grant, the Option Grantee agrees that the Company may be required to disclose information of the Option Grantee during the process of administering, implementation of this ESOP 2018, 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 consent that such confidential information including his data subject to privacy and data regarding his Options entitlements may be disclosed by the Company to its officers, professional advisors, agents and consultants on a need to know basis.

**22. EXHAUSTIVE AND SEVERABLE**

This ESOP 2018, and the Option Agreement constitutes the entire understanding in relation to its subject matter. The ESOP 2018 supersedes all other agreements and understandings whether oral or written with respect to such subject matter.

In the event any one or more of the provisions contained in this ESOP 2018 shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this ESOP 2018, but this ESOP 2018 shall be construed as if such invalid, illegal or unenforceable provision had never been set forth herein, and this ESOP 2018 shall be carried out as nearly as possible according to its original terms and intent.

**23. NO RIGHT TO A GRANT AND NO EMPLOYMENT RIGHTS CONFERRED**

- i. Neither the adoption of the ESOP 2018, nor any action of the Board / Nomination Remuneration and Compensation Committee shall be deemed to give any person any right to be granted any Option or to any other rights hereunder except as may be evidenced by Option Agreement duly executed by the Company and an Option Grantee.
- ii. Nothing contained in the ESOP 2018 or in any Grant made hereunder shall:
  - (a) confer upon any Option Grantee any right with respect to continuation of employment or engagement with the Company, or
  - (b) interfere in any way with the right of the Company to terminate employment or services of any Option Grantee at any time.

- iii. ESOP 2018 does not form part of any contract of employment between the Company and the Employee in addition to and not in subrogation of any such terms and conditions.
- iv. The rights granted to an Option Grantee upon the Grant of Options shall not accord 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.
- v. The Option Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to Exercise an Option in whole or in part.

**24. NEW PLAN(S)**

Nothing contained in the ESOP 2018 shall be construed to prevent the Company directly or through any trust settled by the Company, from implementing any other new plan for granting stock options and/or share purchase rights, which is deemed by the Company to be appropriate or in the best interests of its employees, whether or not such other action would have any adverse impact on ESOP 2018. No Employee or other person shall have any claim against the Company as a result of such action.

**25. DISPUTES & GOVERNING LAW**

- i. Any disputes or differences of any nature arising in relation to the ESOP 2018, any Option hereunder or in relation to any rights or obligations hereunder or under any Option Agreement or under the Stock Option Agreement shall be referred to the Nomination Remuneration and Compensation Committee and its decision shall be final and binding in all respects.
- ii. If the Nomination Remuneration and Compensation Committee are evenly divided on any issue, then the dispute shall be referred to the Board whose decision on the matter shall be final and binding in all respects.
- iii. All disputes, if any still pending for what so ever reason arising out of or in connection with the ESOP 2018 shall be referred to arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996. The seat of arbitration shall be Bangalore, Karnataka.
- iv. The ESOP 2018 shall by construed in accordance with the laws of India.
- v. Nothing in this clause will however limit the right of the Company to bring proceedings against any Employee /Option Grantee in connection with this ESOP 2018:
  - (i) in any other court of competent jurisdiction; or

(ii) con-currently in more than one jurisdiction

**26. GENERAL**

- i. The ESOP 2018 shall not confer on any person including Option Grantee any legal or equitable rights (other than that to which he would be entitled as an ordinary member of the Company) against the Company either directly or indirectly or give rise to any cause of action in law or in equity against the Company.
- ii. Participation in the ESOP 2018 shall not be construed as any guarantee of return on equity investment. Any loss due to fluctuations in the Market Price or fair value of the equity and the risks associated with the investments are that of the Option Grantee alone.
- iii. The Employee undertakes not to utilize any unpublished information available at his disposal to indulge in insider trading and shall give an undertaking to the effect in a form prescribed by the Company. The Employee/Option Grantee shall ensure that there is no violation of any Applicable Law including SEBI's regulations on insider trading, substantial acquisition of shares and fraudulent practices. The Employee /Option Grantee shall keep the Company and its Board indemnified and shall hold them harmless against any loss, damages, costs or liabilities arising in connection with a violation of applicable law.